

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Emerchants Limited

ABN

93 104 757 904

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                               |                           |
|---|-----------------------------------------------------------------------------------------------|---------------------------|
| 1 | +Class of +securities issued or to be issued                                                  | Unlisted options.         |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 500,000 unlisted options. |

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+ See chapter 19 for defined terms.

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3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Unlisted options issued to employees under the Company's Employee Share Option Plan on the following principal terms:

- Vesting on 01.09.2016;
- Expiry date 30.09.2016;
- Exercise price \$0.40; and
- subject to three (3) of the following five (5) key metrics being met for the options to vest:

- a) Total loads for FY16 in excess of \$450m;
  - b) Gross margin percentage for FY16 in excess of 85%;
  - c) Total active accounts at the end of FY16 in excess of 1.1m;
  - d) EBITDA for FY16 being equal to or greater than \$4.48m; and
  - e) EBT for FY16 being equal to or greater than \$2.94m,
- together the 'performance hurdles'.

One of (d) or (e) above has to be one of the 3 required metrics in order for the options to vest. Should the performance hurdles not be fully achieved, the options will be pro-rata vested on a sliding scale, provided the total percentage of the three performance hurdles achieved is > 90%.

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+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	No.
5	Issue price or consideration	Nil.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Unlisted options issued to employees under the Company's Employee Share Option Plan.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes.
6b	The date the security holder resolution under rule 7.1A was passed	N/A.
6c	Number of +securities issued without security holder approval under rule 7.1	N/A.

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6d	Number of +securities issued with security holder approval under rule 7.1A	N/A.
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting).	N/A.
6f	Number of +securities issued under an exception in rule 7.2	N/A.
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A.
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements.	N/A.
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements.	<p>Zero (0) remaining issue capacity under rule 7.1.</p> <p>2,604,511 remaining issue capacity under rule 7.1A.</p> <p>Total: 2,604,511</p>
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	15 October 2013.

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+ See chapter 19 for defined terms.

8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		115,223,604	EML - Fully paid ordinary shares (includes the 9,500,000 fully paid ordinary shares released from voluntary escrow announced to ASX on 29.08.2013 that were in escrow until 18.07.2014).
		5,555,555	EML - Fully paid ordinary shares in escrow until 03.08.2014.
		3,888,888	EML - Fully paid ordinary shares in escrow to 20.11.2014.  <b>(Total EML - 124,668,047)</b>
	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		4,800,000	\$1.45 options expiring 18.07.2014.
		666,668	\$1.30 options expiring 01.06.2014.
		1,200,000	\$1.45 options expiring 18.07.2014.
		2,000,000	\$0.50 options expiring 05.01.2015 and vesting 02.01.2015.
		1,000,000	\$0.50 options expiring 04.02.2015 and vesting 01.02.2015.
		11,500,000	\$0.15 options expiring 30.09.2015 and vesting 21.09.2015.
		2,600,000	\$0.40 options expiring on 30.09.2016 and vesting on 1.09.2016.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There is currently no dividend policy in place.	

+ See chapter 19 for defined terms.

## Part 2 - Pro rata issue

11	Is security holder approval required?	N/A.
12	Is the issue renounceable or non-renounceable?	N/A.
13	Ratio in which the +securities will be offered	N/A.
14	+Class of +securities to which the offer relates	N/A.
15	+Record date to determine entitlements	N/A.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A.
17	Policy for deciding entitlements in relation to fractions	N/A.
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A.
19	Closing date for receipt of acceptances or renunciations	N/A.
20	Names of any underwriters	N/A.
21	Amount of any underwriting fee or commission	N/A.
22	Names of any brokers to the issue	N/A.
23	Fee or commission payable to the broker to the issue	N/A.

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24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A.
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A.
28	Date rights trading will begin (if applicable)	N/A.
29	Date rights trading will end (if applicable)	N/A.
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A.
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A.
33	<sup>+</sup> Issue date	N/A.

<sup>+</sup> See chapter 19 for defined terms.

### Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.



40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>					
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	<p>Number and +class of all +securities quoted on ASX (including the +securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 80px;"></td> <td style="height: 80px;"></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.

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- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Company secretary)

Date: 15 October 2013

Print name: Yasmin Broughton

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	97,929,159 (includes 15,692,942 Shares issued under the rights issue on 26 July 2012 and 19,463,883 fully paid ordinary Shares issued on 3 August 2012 ratified by shareholders at the AGM on 13 November 2012)
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<ol style="list-style-type: none"> <li>1. Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Nil.</li> <li>2. Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - 3,888,888 fully paid ordinary shares issued on 20 November 2012 as approved by shareholders at the AGM on 13 November 2012.</li> <li>3. Number of partly paid +ordinary securities that became fully paid in that 12 month period – Nil.</li> </ol>
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil.
<b>“A”</b>	101,818,047

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<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	15,272,707
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>The number of equity securities issued or agreed to be issued in the previous 12 month period <i>not counting</i> those issued under an exception in rules 7.2, 7.1A, or with security holder approval under rule 7.1 or rule 7.4 are set out below:</p> <ol style="list-style-type: none"> <li>1. 120,000 Shares issued on 6 August 2013.</li> <li>2. 15,272,707 Shares to be issued on 30 August 2013 pursuant the Placement.</li> </ol> <p><i>Note:</i> Shareholder approval was obtained on 29 June 2011 under Listing Rule 7.2 exception 9 to establish an Employee Share Option Plan and within a 3 year period of that approval, securities issued pursuant to the Employee Share Option Plan will not count towards the 15% placement capacity under Listing Rule 7.1.</p>
“C”	22,850,000
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	101,818,047 x 0.15 = 15,272,707
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	15,272,707
<p><b>Total</b> [“A” x 0.15] – “C”</p>	<p>15,272,707 – 15,272,707= Nil</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	101,818,047
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	10,181,804
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	The number of equity securities issued or agreed to be issued in the previous 12 month period under rule 7.1A are set out below: <ol style="list-style-type: none"> <li>1. 7,577,293 Shares to be issued on 30 August 2013 pursuant to the Placement.</li> </ol>
<b>“E”</b>	7,577,293

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<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
<b>"A" x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	10,181,804
<b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i>	7,577,293
<b>Total</b> ["A" x 0.10] – "E"	2,604,511 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>

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+ See chapter 19 for defined terms.