

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.	2,500,000 unlisted options issued to the Non-executive Directors of the Company.
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)	<p>(a) Each option is an option to acquire one ordinary share in the Company on payment of an exercise price of \$0.10 per option and is only exercisable during the period from 1 March 2016 to 31 March 2016 inclusive.</p> <p>(b) The options are subject to voluntary escrow from their issue date until 29 February 2016 (inclusive) (Escrow Period). This means that the Non-Executive Directors will not be able to transfer the options during the Escrow</p>

+ See chapter 19 for defined terms.

Period without the Company's consent.

- (c) Subject to the relevant Non-Executive Director remaining a director of the Company, the options will vest in 7 tranches over the period from 31 December 2013 to the end of the relevant period, being 30 June 2014 (Vesting Period). Tranche 1 will vest on 31 December 2013 and will comprise 524,017 options. The remaining 6 tranches of options will vest in equal tranches on the last day of each month over the remaining Vesting Period and each tranche will comprise one sixth of the remaining 1,975,983 options. Tranche 7 will vest on 30 June 2014.
- (d) An option, even though issued, will not be capable of exercise until it has vested. Once vested, each option is only exercisable by the relevant Non-Executive Director during the period from 1 March 2016 to 31 March 2016 (inclusive). Any option that is not exercised before 5.00pm (Sydney time) on 31 March 2016 will automatically expire.
- (e) While the options are not being granted under the Company's Employee Share Option Plan (ESOP), to the extent that the rules of the ESOP are capable of applying to the options, the options are also subject to the terms and conditions of the ESOP. For the avoidance of doubt, the good leaver/bad leaver provisions of the ESOP do not apply to the options.

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they

No.

	participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	
5	Issue price or consideration	AU\$468,778 total Non-executive Director fees foregone for the period 1 March 2013 to 30 June 2014.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Unlisted options issued to the Non-executive Directors of the Company in lieu of Director's fees payable to them for the period 1 March 2013 to 30 June 2014, as approved by shareholders at the AGM on 13 November 2013.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	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.
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	N/A.

+ See chapter 19 for defined terms.

	values. Include the source of the VWAP calculation.											
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>	10 December 2013.										
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>115,223,604</td> <td>EML - Fully paid ordinary shares.</td> </tr> <tr> <td>5,555,555</td> <td>EML - Fully paid ordinary shares in escrow until 03.08.2014.</td> </tr> <tr> <td>3,888,888</td> <td>EML – Fully paid ordinary shares in escrow to 20.11.2014.</td> </tr> <tr> <td></td> <td>(Total EML – 124,668,047)</td> </tr> </tbody> </table>	Number	+Class	115,223,604	EML - Fully paid ordinary shares.	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.		(Total EML – 124,668,047)
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3,888,888	EML – Fully paid ordinary shares in escrow to 20.11.2014.											
	(Total EML – 124,668,047)											

9	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.
		1,212,121	Nil exercise price options expiring on 30.09.16 and vesting on 01.09.16.
		2,500,000	\$0.10 options expiring on 31.03.16 and vesting on 1.03.16.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There is currently no dividend policy in place.	

Part 2 – Pro rata issue

+ See chapter 19 for defined terms.

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 Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	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
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	+Issue date	N/A

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

+ See chapter 19 for defined terms.

- 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 | |
| 40 | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
 If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment <p>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</p> | |
| 41 | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p> | |
| 42 | Number and +class of all +securities | |

quoted on ASX (including the
+securities in clause 38)

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.
 - 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

Print name

Yasmin Broughton

Date 10 December 2013

+ 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

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert 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>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • Include only ordinary securities here – other classes of equity securities cannot be added • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items 	<p>Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Nil.</p> <p>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.</p> <p>Number of partly paid +ordinary securities that became fully paid in that 12 month period – Nil.</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil.
“A”	101,818,047
Step 2: Calculate 15% of “A”	
“B”	0.15 [Note: this value cannot be changed]

Multiply “A” by 0.15	15,272,707
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert 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"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<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> <p>120,000 Shares issued on 6 August 2013.</p> <p>15,272,707 Shares to be issued on 30 August 2013 pursuant the Placement.</p> <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
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<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>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	15,272,707
Total [“A” x 0.15] – “C”	<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

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
<p>“A”</p> <p><i>Note: number must be same as shown in Step 1 of Part 1</i></p>	101,818,047
Step 2: Calculate 10% of “A”	
<p>“D”</p> <p><i>Note: this value cannot be changed</i></p>	0.10
Multiply “A” by 0.10	10,181,804
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <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> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>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:</p> <p>7,577,293 Shares to be issued on 30 August 2013 pursuant to the Placement.</p>
“E”	7,577,293
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	10,181,804
<p>Subtract “E”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	7,577,293

Total ["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.