

**TESSERENT LIMITED**  
**ABN 13 605 672 928**  
**NOTICE OF GENERAL MEETING**

Notice is given that a General Meeting of the members of Tesseract Limited (**Tesseract** or **Company**) will be held at BDO, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria at 10.30 am AEDT on Friday 21 December 2018.

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**BUSINESS**

**RESOLUTION 1 - APPROVAL OF THE ISSUE OF CONSIDERATION SHARES**

To consider, and if though fit, to pass the following resolution as an ordinary resolution:

*That, for the purposes of ASX Listings Rules 7.1 and 7.3, and for all other purposes, approval is given for the Company to issue the Consideration Shares on the terms and conditions set out in the Explanatory Statement to the vendors of the shares in Asta Solutions Pty Ltd.*

**Short Explanation**

On 27 July 2018 the Company announced that it had entered into a binding term sheet to acquire Asta Solutions Pty Ltd. On 13 November 2018 the Company signed a formal agreement with Asta Solutions Pty Ltd and the sellers, and announced this to ASX. Part of the consideration for this acquisition will be paid, subject to the Shareholder's approval, by the issue of Consideration Shares. This resolution is to seek approval for the issue of the Consideration Shares for the purposes of ASX Listing Rule 7.3. ASX Listing Rule 7.1 limits the number of equity securities that a listed entity may issue in any 12 month period to 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Under Listing Rule 7.3 an issue approved by shareholders is not counted for these purposes.

**Voting Exclusion Statement**

The Company will disregard any votes cast in favour on Resolution 1 by any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**RESOLUTION 2 - APPROVAL OF THE ISSUE OF PLACEMENT SHARES**

To consider, and if though fit, to pass the following resolution as an ordinary resolution:

*That, for the purpose of ASX Listing Rules 7.1 and 7.3 and for all other purposes, approval is given for the Company to issue Shares to professional and sophisticated investors to raise up to \$3 million on the terms and conditions set out in the Explanatory Statement.*

**Short Explanation**

The Company propose to issue Shares to sophisticated investors by way of a placement. The number of the Shares to be issued and the proposed use of the funds raised are set out in section 3 of the Explanatory Statement. ASX Listing Rule 7.1 provides that a listed entity must not, subject to specified exceptions, issue or

agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. The effect of Resolution 2 will be to allow the Company to issue the Placement Shares during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour on Resolution 2 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **RESOLUTION 3 – APPROVAL OF ISSUE OF NED OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 NED Options to each of its non-executive directors (total 3,000,000 NED Options), being Mr Stefano Bertamini and Mr Greg Baxter on the terms and conditions set out in the Explanatory Statement.*

### **Short Explanation**

The Company proposes to issue 1,500,000 NED Options to each of the non-executive directors Mr Stefano Bertamini and Mr Greg Baxter as part of their remuneration package. The NEDs are related parties of the Company by virtue of being Directors and therefore the issue of the NED Options requires Shareholder approval under ASX Listing Rule 10.11. An issue of securities under ASX Listing Rule 10.11 approved by Shareholders is an exception to ASX Listing Rule 7.1. The effect of Resolution 3 will be to allow the Company to issue the 3,000,000 NED Options to the NED's, without using the Company's 15% annual placement capacity.

### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this resolution by the NEDs and/or their nominees, or any associates of them (**Resolution 3 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 3 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this resolution if:

- (a) the proxy is either:
  - (i) a member of the KMP; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this resolution.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with remuneration of a member of the KMP.

#### **RESOLUTION 4 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR BILL ANGELIDIS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue a total of 12,571,428 (in two tranches) Director Options to Mr Bill Angelidis and/or his nominee on the terms and conditions set out in the Explanatory Statement.*

#### **Short Explanation**

Following the completion of the Asta Acquisition, Mr Bill Angelidis, the current director of Asta, will be appointed to the Board as a director of the Company. The Company proposes to issue 12,571,428 Director Options to Mr Bill Angelidis as part of his remuneration package. Mr Bill Angelidis is a related party to the Company because the Company has reasonable grounds to believe that he will become a related party in the future as a result of his appointment as a Director (section 228(6) of the Corporations Act). Therefore the issue of the Director Options to Mr Bill Angelidis requires Shareholder approval under ASX Listing Rule 10.11. An issue of securities under ASX Listing Rule 10.11 approved by Shareholders is an exception to ASX Listing Rule 7.1. The effect of Resolution 4 will also be to allow the Company to issue the 12,571,428 Director Options to Mr Bill Angelidis, without using the Company's 15% annual placement capacity.

#### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this resolution by Mr Bill Angelidis and/or his nominees, or any associates of them (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (iii) a member of the KMP; or
  - (iv) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

#### **EXPLANATORY STATEMENT**

An Explanatory Statement in respect of the Resolutions set out above is enclosed with this Notice of Meeting. Expressions defined in the Explanatory Statement have the same meaning when used in this Notice of Meeting.

**By Order of the Board**

Oliver Carton  
Company secretary

19 November 2018

## VOTING ENTITLEMENTS

In accordance with section 1074E(2)(g) of the Corporations Act and regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), persons holding shares at 7.00 pm (Melbourne time) on Wednesday 19 December 2018 will be treated as Shareholders. This means that if you are not the registered holder of a relevant Share at that time you will not be entitled to attend and vote in respect of that Share at the meeting.

## PROXIES

A Shareholder who is entitled to attend and vote at the General Meeting may appoint up to two proxies to attend and vote on behalf of that Shareholder. A Proxy Form is included with this Notice. If you require an additional Proxy Form, please contact Computershare Investor Services Pty Limited.

If a Shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that Shareholder's votes that each proxy may exercise. If the appointment does not specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded. The Proxy Form must be signed by the Shareholder or their duly appointed attorney, or in the case of a body corporate, executed in accordance with the corporation's constitution, or signed by a duly authorised officer or attorney. A proxy need not be a Shareholder of the Company.

To be effective, the Company must receive the completed Proxy Form signed by the Shareholder and, if the form is signed by the Shareholder's attorney or authorised officer of a corporation, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 10.30 am (Melbourne time) on 19 December 2018, by post or fax to the Company's share registrar, Computershare Investor Services Pty Limited, as listed below.

BY MAIL:	BY FAX:	BY EMAIL
Tesseract Limited  C/- Computershare Investor Services Pty Limited GPO Box 242, Melbourne, Victoria, 3001, Australia	Tesseract Limited  C/- Computershare Investor Services Pty Limited Fax 1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)	<a href="http://www.investorvote.com.au">www.investorvote.com.au</a>  for Intermediary online subscribers only (custodians) - electronically at <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a>

## BODY CORPORATE REPRESENTATIVES

- A corporation, by resolution of its directors, may authorise a person to act as its representative to vote at the meeting.
- A representative appointed by a corporation may be entitled to execute the same powers on behalf of the corporation as the corporation could exercise if it were an individual shareholder of the Company.
- To evidence the authorisation, either a certificate of body corporate representative executed by the corporation or under the hand of its attorney or an equivalent document evidencing the appointment will be required.
- The certificate or equivalent document must be produced prior to the meeting.

## VOTING BY PROXIES

Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit. If a proxy abstains from voting and the directions on the

proxy require that person to vote, the votes not exercised by the proxy will be given to the Chairman to vote in accordance with the directions on the Proxy Form.

Subject to the statement below, if a Shareholder appoints the Chairman of the General Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that Shareholder, in favour of that item on a poll.

Please read the directions on the Proxy Form carefully, especially if you intend to appoint the Chairman of the General Meeting as your proxy.

### **UNDIRECTED PROXIES**

The Chairman will vote undirected proxies in favour of all resolutions on the agenda for the General Meeting. The Company recommends that Shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution.

If you complete a proxy form that authorises the Chairman to vote on your behalf as proxyholder, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, you will be expressly authorising the chair to exercise your proxy in accordance the Chairman's stated voting intention on all resolutions.

If you wish to appoint the Chairman as your proxyholder but you do not want to put him in the position to cast your votes in accordance with Chairman's stated voting intention, you can direct the Chairman by completing the appropriate box on the Proxy Form, to vote against or abstain from voting on the resolutions.

# EXPLANATORY STATEMENT

## INTRODUCTION

The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the business of the meeting and the Resolutions proposed to be considered at the General Meeting. This Explanatory Statement forms part of the Notice of Meeting which it accompanies and should be read in conjunction with it.

## 1 GENERAL - ACQUISITION OF ASTA SOLUTIONS PTY LTD

### 1.1 Introduction

On 27 July 2018 the Company announced that it had entered into a binding term sheet to acquire Asta Solutions Pty Ltd (**Acquisition**). The reasons for the Acquisition are set out in section 1.3 below. The Company also proposes to raise up to \$3 million (**Capital Raising**) by way of a private placement to professional and sophisticated investors (**Placement**). The Capital Raising and the reasons for it are described in section 3 below.

### 1.2 Asta Solutions Pty Ltd

Founded in 1999, Asta has grown to be a leading end-to-end IT services provider across Australia and New Zealand. With a solid track record of business growth, underpinned by a strong people culture and excellent relationships with clients and business partners, Asta has flourished into a high growth IT specialist. Asta CEO Bill Angelidis will join the Tesseract Board as part of the transaction.

### 1.3 Reasons for the Acquisition

Furthering Tesseract's successful strategic initiative to expand into the growing market for secure managed networks, the company recognised the need to address security in related high-growth market segments such as cloud and blockchain. By deploying core security technology throughout the fabric of a customer's IT infrastructure, Tesseract strengthens its position as "trusted partner" with its customers. Over a 19-year period, Asta has also built deep trust relationships with its customers and assists those customers with the roll-out of new technologies. With the adoption of new technologies, security is often a major consideration. The new joint business will be able to offer a breadth of technology, underpinned by deep security expertise.

Tesseract signed a partnership agreement with Asta in November 2017 (announced on the ASX on 20 November 2017) as a first step in exploring this strategy. In working together, the two companies have been able to develop and validate a business model around the two companies' complementary technologies and skill sets.

Synergies expected from the combined businesses will include;

- 1.3.1. highly complementary, client base, offering and vision;
- 1.3.2. a significant opportunity for cross-selling of products and services into the combined 350+ customer base;
- 1.3.3. significant internal efficiencies;
- 1.3.4. improved economies of scale; and
- 1.3.5. enhanced workforce capability and alignment.

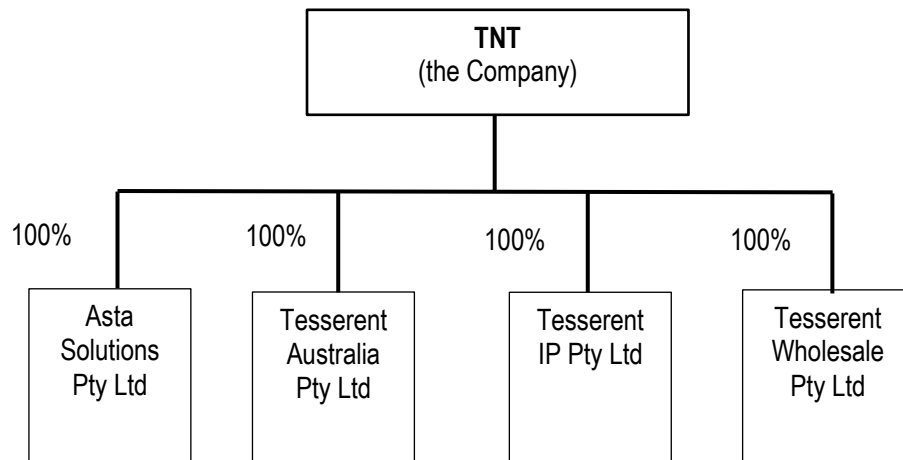
Both organisations have a strong track record of innovation. Future innovation will focus on revenue generating blockchain development, cloud facilitation, further development of the

company's core security platform, and the deployment of cutting-edge software-defined networking solutions.

Asta's existing and forecast strong revenue, cash and EBITDA performance, will enable the business to further accelerate growth. Supporting the strategic and tactical synergies, the acquisition will also provide for increased staff career development and recognition opportunities.

#### 1.4 Corporate Structure of the Group after the Acquisition

After the Acquisition, the Company will become the parent company of 4 corporate entities. The diagram below illustrates the corporate structure of the Company group after the Acquisition and Capital Raising:



#### 1.5 Terms and conditions of the Acquisition Agreement

Tesseract and the Asta Vendors entered into the Acquisition Agreement on 13 November 2018. The key terms and conditions of the Acquisition Agreement are summarised as follows:

<b>Acquisition</b>	Acquisition of all of the shares in Asta for the purchase price specified below on a cash free, debt free basis and assuming a normal level of working capital
<b>Asta Vendors</b>	Angelidis Investments Pty Ltd ABN 28 079 270 563;  G & N Lord Superannuation Pty Ltd ACN 149 250 957 ATF GNR Superannuation Fund; and  Blockchain Global Ltd ACN 601 628 497  (together, <b>Asta Vendors</b> )
<b>Purchase price</b>	4 x normalised FY18 EBITDA, being \$4.4m
<b>Purchase price structure</b>	\$1.1m in cash and 37.5m Shares issued at \$0.088 per Share. 10% of shares to be escrowed for 3 months, 30% to be escrowed for 9 months, 30% to be escrowed for 12 months and 30% escrowed for 24 months.



## 1.6 Advantage of the Acquisition and the issue of the Consideration Shares

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- 1.6.1. the Acquisition represents an attractive business opportunity for the Company. See section 1.3 above; and
- 1.6.2. issuing the Consideration Shares rather than paying the full Purchase Price in cash will preserve the cash resources of the Company.

## 1.7 Disadvantage of the proposals in the Acquisition Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- 1.7.1. the Capital Raising, and the issue of the Consideration Shares will have a dilutionary effect on the current holdings of Shareholders;
- 1.7.2. there are risk factors associated with the change of nature and scale of the Company's activities; and
- 1.7.3. in connection with the Acquisition, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Acquisition, which represents sunk, but necessary, costs to the Company.

## 2 RESOLUTION 1 - APPROVAL OF THE ISSUE OF CONSIDERATION SHARES

### 2.1 General

As noted in section 1.5 above, part of the consideration for the Acquisition will be the issue of Shares to the Asta Vendors (**Consideration Shares**).

Resolution 1 seeks Shareholder approval for the issue of the Consideration Shares to the Asta Vendors.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of this Resolution 1 will be to allow the Company to issue the Considerations Shares to the Asta Vendors during the period of 3 months after this meeting (or a longer period if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

### 2.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Consideration Shares:

- 2.2.1. the Consideration Shares will be issued to Asta Vendors, namely Angelidis Investments Pty Ltd ABN 28 079 270 563; G & N Lord Superannuation Pty Ltd ACN 149 250 957 ATF GNR Superannuation Fund; and Blockchain Global Ltd ACN 601 628 497;
- 2.2.2. the maximum number of the Consideration Shares to be issued is 37,500,000;

- 2.2.3. the Consideration Shares will be issued no later than 3 months after the date of this meeting (or such later date approved by ASX) and it is intended that issue of all the Considerations Shares will occur on the same date;
- 2.2.4. the Consideration Shares will be issued to the Asta Vendors for nil cash consideration in partial satisfaction of the consideration for their respective shares in the capital of Asta;
- 2.2.5. the Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than the voluntary escrow conditions set out in para 1.5;
- 2.2.6. no funds will be raised from the issue; and
- 2.2.7. a voting exclusion statement has been included in the Notice.

### 3 RESOLUTION 2 – APPROVAL OF THE ISSUE OF PLACEMENT SHARES

#### 3.1 Introduction

As noted in section 1.1 above, the Company proposes to raise up to \$3 million (**Capital Raising**) by way of a private placement to professional and sophisticated investors (**Placement**).

#### 3.2 The Capital Raising

The Company proposes to invite subscriptions from sophisticated and institutional investors for a maximum number of Shares calculated by using the formula in section 3.3.1 below (**Placement Shares**), at the Issue Price per Placement Share to raise up to \$3 million (**Placement**). Resolution 2 seeks Shareholder approval for the issue of the Placement Shares.

ASX Listing Rule 7.1 provides that a listed entity must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Placement Shares during the period of 3 months after this meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### 3.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- 3.3.1. the maximum number of Placement Shares will be calculated by the following formula:  
  
*\$3 million / 80% of 5 days VWAP before the date of issue;*
- 3.3.2. the Placement Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- 3.3.3. the issue price per Share will be at least 80% of the VWAP of the Shares over the last 5 days on which sales in the Shares were recorded before the day on which the issue was made (**Issue Price**);

3.3.4. the Placement Shares will be issued to sophisticated and institutional investors, and in deciding the specific recipients of the Placement Shares, the Company will have regard to:

- (i) the effect of the issue of the Shares on the control of the Company;
- (ii) the circumstances of the Company at that time;
- (iii) prevailing market conditions; and
- (iv) advice from legal, corporate, financial and broking advisers (if applicable);

3.3.5. the Placement Shares will be fully paid ordinary shares in the Company issued on the same terms and conditions as the Company's existing Shares; and

3.3.6. the Company intends to use the funds raised from the issue of the Placement Shares for the purposes set out in section 3.4.

### 3.4 Use of funds

The Company intends to use the funds raised by the Placement to pay some of the cash consideration for the Asta acquisition and to provide working capital.

## 4 RESOLUTION 3 – APPROVAL OF ISSUE OF NED OPTIONS

### 4.1 General and Background

The Company proposes, subject to obtaining Shareholder approval, to issue a total of 3,000,000 NED Options to its non-executive directors (**NEDs**), on the terms as set out in in this Notice and Explanatory Statement.

The NEDs were appointed directors of the Company in 2015. They have previously been issued with options as part of their remuneration package as directors as described in the Prospectus relating to the Company's IPO.

The NEDs have also converted fees payable for their Director services into Shares following the Shareholder approval of the NED Fee Conversion Plan obtained at the 2017 Annual General Meeting of the Company.

This Resolution 3 seeks Shareholder approval to issue NED Options to Mr Stefano Bertamini and Mr Greg Baxter, being the NEDs, as part of their remuneration package. The exercise price and vesting of the NED Options have been adjusted to reflect the current Share price and date.

The objective of the issue of the NED Options and of this Resolution 3 is to provide the NEDs with a mechanism to participate in the development of the Company and a long-term incentive for their involvement with, and commitment to, the Company.

### 4.2 Key terms and conditions of the NED Options

NED Options are call Options which enable the NEDs to subscribe for 1 Share upon exercise of each NED Option. The NED Options will be issued to each NED on the following key terms:

No	Exercise price	Vesting date	Expiry date
500,000	\$0.10	21 December 2018	30 November 2021
500,000	\$0.125	21 December 2019	30 November 2021

500,000	\$0.15	21 December 2020	30 November 2021
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The NED Options will be vested if the NED remains as a director on the vesting dates. If the NED ceases to be a director, his unvested NED Options will lapse at the discretion of the Board.

The NED Options may only be exercised after being vested and before the Expiry Date. After this time, any unexercised NED Options will automatically lapse.

Shares issued on exercise of NED Options will rank equally in all respects with then existing Shares in the Company.

Note that the Company will not apply for quotation of the NED Options to ASX.

#### **4.3 ASX Listing Rules 10.11 and 10.13**

ASX Listing Rule 10.11 provides that, subject to certain exceptions (none of which are relevant here), shareholder approval must be obtained where an entity issues Equity Security to a related party.

The NEDs are related parties of the Company by virtue of being Directors. The NED Options qualify as an Equity Security as they will entitle the NEDs to acquire Shares in the Company.

Pursuant to and in accordance with the requirements of the ASX Listing Rules 10.13, the following information is provided in relation to the proposed issue of NED Options:

- 4.3.1. The name of the person: Mr Stefano Bertamini, non-executive Director of the Company, and/or his nominee, and Mr Greg Baxter, non-executive Director of the Company, and/or his nominee;
- 4.3.2. the maximum number of NED Options to be issued is:
  - (i) 1,500,000 NED Options to Mr Stefano Bertamini; and
  - (ii) 1,500,000 NED Options to Mr Greg Baxter;
- 4.3.3. the Company will issue the 3,000,000 NED Options within 1 month following this meeting;
- 4.3.4. the NED Options will be granted for nil cash consideration. The key terms and conditions of the issue is set out in section 3.2 above;
- 4.3.5. voting exclusion statement – this is included in the Notice; and
- 4.3.6. no funds will be raised from the issue of the NED Options. The funds raised from exercise of the NED Options will be used for working capital purposes.

#### **4.4 Section 208 of the Corporations Act**

Section 208 of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- 4.4.1. obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- 4.4.2. give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the NED Options constitutes giving a financial benefit and the NEDs are related parties of the Company by virtue of being Company Directors. One of the exceptions to section 208 is the payment of reasonable remuneration. The Board, in the absence of the NEDs has recommended the issue of the NEDs Options as being reasonable remuneration having regard to the responsibilities involved in the office and the functions to be performed by the NEDs.

#### **4.5 ASX Listing Rules 7.1 and 7.2**

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the NED Options as approval is being obtained under ASX Listing Rule 10.11 (Exception 14 under ASX Listing Rule 7.2). Accordingly, the issue of NED Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1

### **5 RESOLUTION 4 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR BILL ANGELIDIS**

#### **5.1 General**

The Company proposes, subject to obtaining Shareholder approval, to issue a total of 12,571,428 Director Options in two tranches to its proposed Director, Mr Bill Angelidis, on the terms set out in in this Notice and Explanatory Statement.

The first tranche of the issue comprises 4,000,000 Director Options with the terms and conditions set out in section 5.2 below (**First Tranche Director Options**). The second tranche of the issue comprises 8,571,428 Director Options with the terms and conditions set out in section 5.3 below (**Second Tranche Director Options**).

Mr Bill Angelidis is currently a director of Asta and will become a Director of the Company following the completion of the Asta Acquisition. The objective of the issue of the Director Options to Mr Bill Angelidis and of this Resolution 4 is to provide Mr Angelidis with a mechanism to participate in the development of the Company and an incentive for his involvement with, and commitment to, the Company in the future.

#### **5.2 Key terms and conditions of the First Tranche Director Options**

The Company proposes to issue the First Tranche Director Options on the following key terms:

- 5.2.1. Each First Tranche Director Option entitles the holder (Mr Bill Angelidis and/or his nominee) to subscribe for one Share in the Company;
- 5.2.2. Each First Tranche Director Option has an exercise price of \$0.08;
- 5.2.3. Number of the First Tranche Director Options to be issued: 4,000,000;
- 5.2.4. Expiry Date: 3 years after the date of issue of the First Tranche Director Options;
- 5.2.5. The First Tranche Director Options have no vesting conditions;
- 5.2.6. The First Tranche Director Options may only be exercised before the Expiry Date. After this time, any unexercised First Tranche Director Options will automatically lapse;
- 5.2.7. Shares issued on exercise of the First Tranche Director Options will rank equally in all respects with then existing Shares in the Company; and
- 5.2.8. The Company will not apply for quotation of the First Tranche Director Options to the ASX.

### 5.3 Key terms and conditions of the Second Tranche Director Options

The Company proposes to issue the Second Tranche Director Options on the following key terms:

- 5.3.1. Each Second Tranche Director Option entitles the holder (Mr Bill Angelidis and/or his nominee) to subscribe for one Share in the Company;
- 5.3.2. The exercise price of the Second Tranche Director Options is nil;
- 5.3.3. Number of the Second Tranche Director Options to be issued: 8,571,428;
- 5.3.4. Expiry Date: 30 September 2019;
- 5.3.5. The Second Tranche Director Options will be vested if:
  - (i) the Company delivers a complete and ready to commercialise blockchain cyber security solution whitepaper by 30 June 2019;
  - (ii) the Company invoices at least \$500,000 for blockchain or AI related services by 30 June 2019; and
  - (iii) business performance for the Asta business for Financial Year 2019 is maintained in comparison to Financial Year 2018.
- 5.3.6. The Second Tranche Director Options may only be exercised after being vested and before the Expiry Date. After this time, any unexercised Director Options will automatically lapse;
- 5.3.7. Shares issued on exercise of the Second Tranche Director Options will rank equally in all respects with then existing Shares in the Company; and
- 5.3.8. The Company will not apply for quotation of the Second Tranche Director Options to the ASX.

### 5.4 ASX Listing Rules 10.11 and 10.13

ASX Listing Rule 10.11 provides that, subject to certain exceptions (none of which are relevant here), shareholder approval must be obtained where an entity issues Equity Security to a related party.

Mr Bill Angelidis is a related party of the Company because he will become a director of the Company following the completion of the Asta Acquisition. The Company therefore has reasonable grounds to believe that Mr Bill Angelidis qualifies as a related party as provided in section 228(6) of the Corporations Act. The Director Options proposed to be issued qualify as Equity Securities as they will entitle Mr Bill Angelidis to acquire Shares in the Company.

Pursuant to and in accordance with the requirements of the ASX Listing Rules 10.13, the following information is provided in relation to the proposed issue of the Director Options:

- 5.4.1. The name of the person: Mr Bill Angelidis, the proposed Director of the Company, and/or his nominee;
- 5.4.2. the maximum number of Director Options to be issued to Mr Bill Angelidis and/or his nominee is 12,571,428 (first tranche of 4,000,000 and second tranche of 8,571,428);
- 5.4.3. the Company will issue the 12,571,428 Director Options within 1 month following this Meeting;

- 5.4.4. the Director Options will be granted for nil cash consideration. The key terms and conditions of the issue (including exercise price) are set out in sections 4.2 and 5.3 above;
- 5.4.5. voting exclusion statement – this is included in the Notice; and
- 5.4.6. no funds will be raised from the issue of the Director Options. The funds raised from the exercises of the Director Options will be used as the Company's working capital and/or in other matters where the Board determines to be appropriate.

## **5.5 Section 208 of the Corporations Act**

Section 208 of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- 5.5.1. obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- 5.5.2. give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit and Mr Bill Angelidis is a related party of the Company (reason of which is explained above in section 5.4). One of the exceptions to section 208 is the payment of reasonable remuneration. The Board reviewed the fees to be paid to the proposed director of the Company, being Mr Bill Angelidis, and has recommended the issue of the Director Options as being reasonable remuneration having regard to the responsibilities likely to be involved in the office and the functions likely to be performed by Mr Bill Angelidis.

## **5.6 ASX Listing Rules 7.1 and 7.2**

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options as approval is being obtained under ASX Listing Rule 10.11 (Exception 14 under ASX Listing Rule 7.2). Accordingly, the issue of the Director Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

## GLOSSARY

**Acquisition** means the acquisition by the Company of all of the shares in Asta Solutions Pty Ltd ACN 086 783 851. See sections 1.1 to 1.5.

**Acquisition Agreement** means the agreement for the acquisition of the Asta Shares. See section 1.5.

**Asta** means Asta Solutions Pty Ltd ACN 086 783 851.

**Asta Shares** means all of the shares in Asta.

**Asta Vendors** and **Vendors** means the vendors of the Asta Shares under the Acquisition Agreement.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** means the capital raising of \$3 million by way of a private placement to professional and sophisticated investors. See sections 3.1 and 3.2.

**Company** and **Tesserent** means Tesserent Limited ACN 605 672 928.

**Consideration Shares** has the meaning given to it under section 2.1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Director Option** means an option to acquire a Share issued to the Director or proposed director of the Company with the terms and conditions set out in this Notice and issued pursuant to Resolution 4.

**Equity Security** has the meaning given to it in Chapter 19 of the ASX Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**First Tranche Director Options** has the meaning given to it in section 5.1.

**General Meeting, Meeting** means the meeting convened by the Notice.

**Issue Price** has the meaning given to it in section 3.3.3.

**NED** means a non-executive director of the Company.

**NED Option** means an option to acquire a Share with the terms and conditions set out in this Notice and issued to the Company's non-executive directors pursuant to Resolution 3.

**Notice of Meeting** and **Notice** means this notice of meeting including the Explanatory Statement.

**Placement** means the private placement of Shares to professional and sophisticated investors under the Capital Raising. See sections 3.1 and 3.2.

**Placement Shares** means Shares issued under the Placement.



**Resolution** means a resolution in this Notice of Meeting.


**Second Tranche Director Options** has the meaning given to it in section 5.1.


**Share** means fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**VWAP** means the volume weighted average market price as defined in Chapter 19 of the ASX Listing Rules.

## Lodge your vote:

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



### Vote online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 182361**

**SRN/HIN:**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10.30 am (AEDT) on Wednesday 19 December 2018**

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Tesseract Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Tesseract Limited to be held at BDO, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria at 10.30 am (AEDT) on Friday 21 December 2018 and at any adjournment or postponement of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Approval of the issue of Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of the issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of issue of NED Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of issue of Director Options to Mr Bill Angelidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /