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ASX ANNOUNCEMENT AND PRESS RELEASE

TSI INDIA OPTION AGREEMENT and TSN OPERATIONS UPDATE

HIGHLIGHTS

- **CX Option Agreement lapsed 30th April 2017 – extension not requested**
- **Indian ATM market continues to slowly recover post Government currency changes**
- **Opportunities continue to be evaluated for TSN expansion strategy**

OPTION AGREEMENT

Further to the announcement released by TSN on the 14th February 2017, the Board of TSN has determined not to exercise or seek a further extension to the CX Option Agreement (expired 30th April 2017) to purchase the remaining ~75% balance of TSI India. Under the Shareholders Agreement between TSN and CX Partners, TSN retains the right of first offer over the remaining 75% of TSI India.

For clarity, regardless of the Option Agreement that has now lapsed, TSN can put another offer to CX Partners. Should TSN wish to make a new offer for the remaining ~75% balance of TSI India in the future, further assessment would be undertaken.

From the current information available, it is evident the Indian ATM market is continuing to slowly recover from the regulatory changes made by the Modi Government of India in November 2016. It is expected the Indian ATM market will restabilise in the coming months.

TSN intends to continue to monitor the opportunity, although no conclusions can be drawn that any deal will proceed in the future. From discussions previously held with institutional investors in relation to a capital raising for TSN, both on a debt and equity basis, Cadmon Advisory (advisors to TSN) report that interest in the space continues to be strong.

TSI INDIA OPERATIONS UPDATE

As indicated in the above commentary, the new currency policies and regulatory changes in India are yet to stabilise. All banks and independent ATM deployers have seen a reduction in transaction volumes. For TSI India, revenues were marginally impacted (see chart below). Further, increased costs were incurred during the period due to one off costs such as:

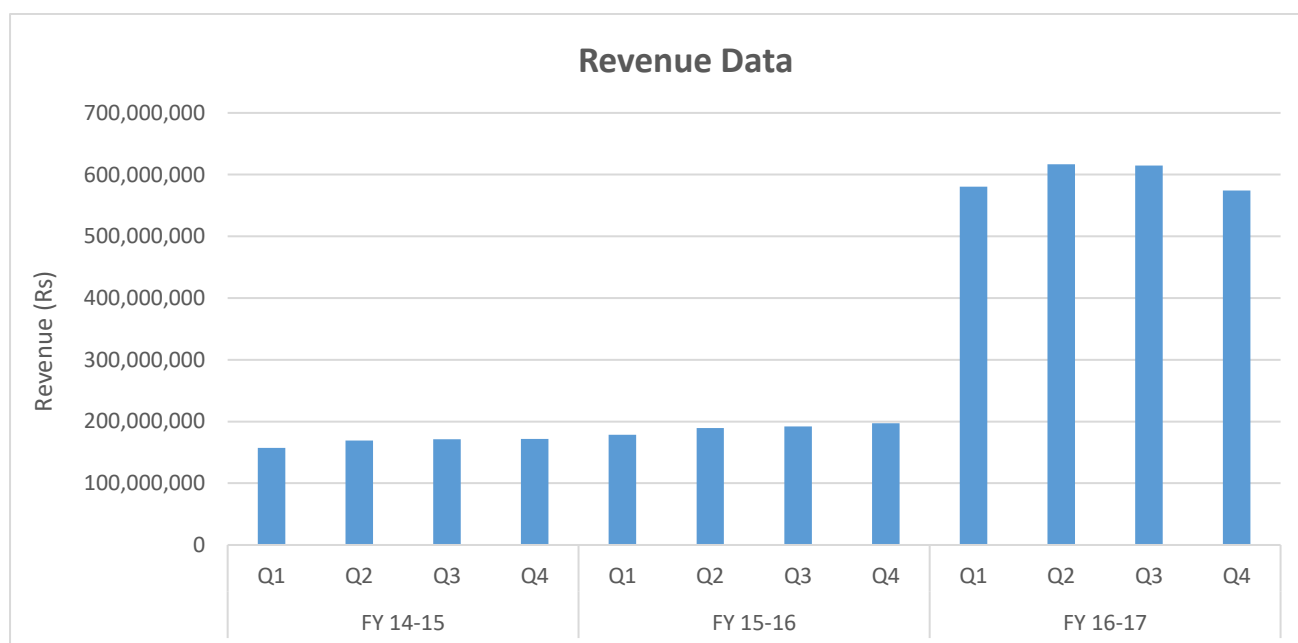
- a) the swap out of all ATM cash cassettes across the entire TSI India ATM network;
- b) recalibration of ATM cassettes; and

c) increased cash management costs for the replacement of old for new currency.

This has reflected in TSI India incurring a negative EBITDA for the March quarter.

Cash supplied by the RBI/banks to ATMs has been a major challenge, as the government continues to balance demand for new notes introduced into circulation.

It is expected that India will see a stabilisation over the coming months. In the meantime, TSI India remains active in seeking organic and inorganic value add opportunities for growth.



Source: TSI India

TSN BUSINESS UPDATE

Since the appointment of new CEO, Mr Jeffrey Lai, TSN has been active in seeking new opportunities for growth.

TSN aims to focus on business growth by pursuing opportunities in financial payments and the “fintech” space that can create value by leveraging on our client base and market knowledge.

One such opportunity is the recently announced deal with Novatti Group Limited (ASX: NOV). TSN signed a value-added reseller agreement with Novatti on 12 April 2017 to market Novatti’s payment solution in India. The areas that will be jointly targeted are: branchless banking, agent banking, voucher management, electronic value distribution, digital wallet and remittance.

TSN is now implementing processes required to introduce the Novatti payment solution to banks in India.

In addition, TSN is evaluating other opportunities as part of the expansion strategy beyond its existing business portfolio. TSN has identified the following broad fintech areas as attractive: digital banking, smart banking, cyber security and risk/compliance. These areas are in nascent stage of development, particularly in Asia, and have significant growth potential in the coming years.

Our approach to commercialising innovative and unique fintech opportunities in these areas is to introduce them to our existing clients in India as well as explore further growth areas in other emerging markets in Asia.

TSN remains in a strong cash position with approximately \$2.5 million in cash. As indicated, TSN is tapping into numerous established sources to identify opportunities and will continue to keep the market updated of its progress.

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About TSN and TSI India

Transaction Solutions International (TSN) was founded in 2005 by current directors, Paul Boyatzis and Gary Foster, Australian nationals with considerable experience in the financial services industry. Based on their knowledge of financial markets in more developed countries, TSI India was formed to take advantage of the opportunity to create shareholder value by creating scalable operations in the field of e-transactions and payments within India. TSN and its subsidiaries hold a 24.89% equity interest in TSI India.

At the time of entering India, TSI India was first to market with its unique recurring revenue outsourcing model, focussed on partnering with Banks to increase the size of its bank branded ATM network.

Today, TSI India remains firmly entrenched in the e-transaction sector. With the implementation of recent agreements, TSI India will become one of the largest operators of ATMs in India, with approximately 14,000 ATMs under management along with its automated Bill Pay solutions for utility companies.