



TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

ABN 98 057 335 672

NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at
The Celtic Club, 48 Ord Street, West Perth, Western Australia
on 31 August 2017 at 9.00am (WST).**

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

***Should you wish to discuss any matter please do not hesitate to contact the Company by
telephone on (08) 9226 2235.***

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of Transaction Solutions International Limited will be held at:

| | |
|-----------------|-----------------------------------|
| The Celtic Club | Commencing |
| 48 Ord Street | at 9:00am (Western Standard Time) |
| West Perth | on Thursday |
| WA 6005 | 31 August 2017. |

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 9:00am (Western Standard Time).

Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting. Your proxy form is enclosed.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

ABN 98 057 335 672

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Transaction Solutions International Limited (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 31 August 2017 at 9.00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 29 August 2017 at 5pm (WST).

AGENDA

Ordinary business

1. Annual Report

To table and consider the Annual Financial Report of the Company and its controlled entities for the period ended 31 March 2017, which includes the financial report and director's report in relation to that financial period and the auditor's report on the financial report.

2. Resolution 1 – Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 March 2017."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the voter may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair of the meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Director – Mr Gary Foster

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

"That Mr Gary Foster, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Short Explanation: Mr Foster has been a Director of the Company since 25 February 2010 and was last re-elected to the Board on 19 August 2010. Mr Foster was the Company's Managing Director from 25 August 2010 until 31 March 2017. Mr Foster is presented for re-election in accordance with the rotation requirements of the Company's Constitution.

4. Resolution 3 – Re-election of Director – Mr Jeffery Lai

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

"That Mr Jeffery Lai, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Short Explanation: Mr Lai was appointed a Director on 30 June 2017. Mr Lai is presented for re-election in accordance with Article 6.3(j) of the Company's Constitution.

5. Resolution 4 – Re-election of Director – Mr Gernot Abl

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

"That Mr Gernot Abl, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Short Explanation: Mr Abl was appointed a Director on 30 June 2017. Mr Abl is presented for re-election in accordance with Article 6.3(j) of the Company's Constitution.

6. Resolution 5 – Ratification of Prior Issue of Shares

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 106,250,000 Shares each at an issue price of \$0.016 which raised \$1,700,000 (before costs) on the terms and conditions in the Explanatory Memorandum (Placement)."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the Placement and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

7. Resolution 6 – Ratification of Prior Issue of Options

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 60,625,004 Options each with an exercise price of \$0.03 each and an expiry date of 30 June 2018 on the terms and conditions in the Explanatory Memorandum (Placement Options)."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the Option Issue and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

8. Resolution 7 – Approval of Employee Incentive Scheme

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

"That, for the purposes of Listing Rule 7.2 Exception 9(b) and for all other purposes Shareholders approve the issue of securities under the "Employee Incentive Plan" for a period of 3 years commencing on the date of this Meeting on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by the Directors of the Company and any of their associates. However, the Company will not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the chair of 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.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for the Company; 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.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Special business

9. Resolution 8 – Approval of 10% Placement Capacity

To consider, and if thought fit, to pass as a **special resolution** with or without amendment the following:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Short Explanation: ASX Listing Rule 7.1A permits eligible entities to obtain shareholder approval to issue an additional 10% of the entities' issued ordinary securities during a 12 month period. Shareholder approval must be given by a special resolution at an annual general meeting.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - (b) 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
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Dated: 26 July 2017

BY ORDER OF THE BOARD



MR PHILLIP MACLEOD
Company Secretary

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

ABN 98 057 335 672

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 31 August 2017 at 9.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

2. Annual Financial Report

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 March 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. Shareholders may view the Company annual financial report on its website at www.tsnltd.com.au or the ASX website at www.asx.com.au.

Shareholders will be offered the following opportunities:

- (a) Discuss the Annual Financial Report for the financial period ended 31 March 2017.
- (b) Ask questions and make comment on the management of the Company.
- (c) Ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the presentation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

3. Resolution 1 – Remuneration Report

The Remuneration Report of the Company for the year ending 31 March 2017 is set out in the director's report of the Company's annual financial report. The Remuneration Report sets out the Company's remuneration arrangements for executive and non-executive Directors and executive employees of the Company.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

Under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election. The Company encourages all Shareholders to cast their votes on Resolution 1 (Remuneration Report).

Previous Voting Results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Proxy Restrictions

Pursuant to the Corporations Act, if you appoint a member of the Key Management Personnel (other than the Chair) or any Closely Related Party as your proxy to vote on this Resolution 1, ***you must direct the proxy how they are to vote***. Where you do not direct such a person on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

If you appoint the Chair as your proxy, and you do not direct the Chair on how to vote on this Resolution 1, then by signing and returning the proxy form you are giving express authorisation for the Chair to vote all undirected proxies **FOR Resolution 1** even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

4. Resolution 2 – Re-election of Director – Mr Gary Foster

The Constitution requires that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

The Constitution provides that a Director who retires under these circumstances is eligible for re-election. Mr Foster was appointed as a Director on 25 February 2010 and was the Company's Managing Director from that date until 31 March 2017. Mr Foster is the Director longest in office since his last election (on 25 August 2010), retires by rotation and offers himself for re-election.

Qualifications

Mr Foster holds a Graduate Certificate of Management and a Certificate III in Agriculture and is a member of the Australian Institute of Company Directors. He was instrumental in building one of the largest independent electronic transaction companies in Australia. Mr Foster has been in executive leadership and management roles for three financial and e-transaction payment companies and is co-founder of the TSI India business.

Other Material Directorships

Mr Foster is Chairman of Pearl Global Limited (formerly Citation Resources Limited).

Independence

The Board considers Mr Foster is not an independent Director.

Board Recommendation

The Directors (apart from Mr Foster) recommend that Shareholders vote in favour of the re-election of Mr Foster.

5. Resolution 3 – Re-election of Director – Mr Jeffrey Lai

The Constitution requires that a Director appointed by the Board must retire at the next AGM following their appointment and is eligible for re-election at that meeting. Mr Lai was appointed by the Board on 30 June 2017 and as required by the Constitution retires and offers himself for re-election at this meeting.

Qualifications

Mr Lai holds a Masters of Business Administration from INSEAD and a Bachelor of Engineering with Honours from University of Melbourne. He has previously held senior management roles with Accenture PLC and Arthur D. Little covering strategy, digital and transformation for the banking and telecom/technology sectors; and advising on acquisitions and new ventures. Mr Lai was appointed as the Company's CEO on 20 March 2017.

Other Material Directorships

Mr Lai does not hold directorships in any other listed companies.

Independence

The Board considers Mr Lai is not an independent Director.

Board Recommendation

The Directors (apart from Mr Lai) recommend that Shareholders vote in favour of the re-election of Mr Lai.

6. Resolution 4 – Re-election of Director – Mr Gernot Abl

The Constitution requires that a Director appointed by the Board must retire at the next AGM following their appointment and is eligible for re-election at that meeting. Mr Abl was appointed by the Board on 30 June 2017 and as required by the Constitution retires and offers himself for re-election at this meeting.

Qualifications

Mr Abl holds a Commerce/Law degree from the University of Western Australia. He and has considerable commercial experience with technology start-ups and in the strategic corporate development of companies.

Other Material Directorships

Mr Abl is currently the Managing Director of eSports Mogul Asia Pacific Limited.

Independence

The Board considers Mr Abl is an independent Director.

Board Recommendation

The Directors (apart from Mr Abl) recommend that Shareholders vote in favour of the re-election of Mr Abl.

7. Resolution 5 – Ratification of Placement

7.1 Background

On 10 August 2016 the Company announced the placement of 106,250,000 Shares at a price of 1.6 cents each and 53,125,004 attaching Options to raise \$1,700,000 before costs (**Placement**). The funds raised were to be used for working capital requirements and activities required to progress a potential opportunity to acquire the balance of equity in TSi India from its majority shareholder. The Company also agreed to issue 7,500,000 Options as part consideration of the capital raising fee to the managing broker of the Placement.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 of the issue of Shares under the Placement to sophisticated and professional investors who are not related parties or associates of related parties of the Company.

7.2 Listing Rule 7.4

Shares under the Placement were issued within the Company's 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval. The effect of Shareholders passing Resolution 5 by ratifying the issue of the Shares under the Placement will be to restore the Company's ability to issue securities within that limit, to the extent of the 106,250,000 Shares.

7.3 Specific Information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval of the First Tranche Placement pursuant to Listing Rule 7.4:

- (a) 101,875,000 Shares were issued on 17 August 2016 and 4,375,000 Shares on 24 August 2016.
- (b) The Shares were issued at a price of \$0.016 per Share.
- (c) The Shares are fully paid ordinary shares issued on the same terms and conditions as the Company's existing Shares on issue.
- (d) The Shares were issued to sophisticated and professional investor clients of Sanlam Private Wealth Pty Ltd and Seneca Financial Solutions Pty Ltd and are not related parties of the Company.
- (e) The funds raised will be used for working capital requirements and activities required to progress a potential opportunity to acquire the balance of equity in TSi India from its majority shareholder.
- (f) A voting exclusion statement is included in the Notice.

8. Resolution 6 - Ratification of Option Issue

8.1 General

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of 60,625,004 unlisted Options as part of the Placement outlined in section 7.1 above. The options are exercisable at 3 cents each and expire 30 June 2018.

8.2 Listing Rule 7.4

The Options were issued within the Company's 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval. The effect of Shareholders passing Resolution 6 by ratifying the issue of the Options will be to restore the Company's ability to issue securities within that limit without the requirement to obtain prior shareholder approval.

8.3 Specific Information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval of the Option Issue pursuant to Listing Rule 7.4:

- (a) 50,937,500 Options were issued on 17 August 2016 and 9,687,504 Options issued on 24 August 2016.
- (b) 53,125,004 Options were issued for nil consideration with one Option being attached to every 2 Shares issued under the Placement. 7,500,000 Options were issued for nil consideration as part consideration for management of the Placement to the nominee of Sanlam Wealth Management Pty Ltd.
- (c) The terms and conditions of the Options are set out in section 8.4 below. The Shares issued upon exercise of the Options will rank equally in all respects with the Company's existing issued Shares.
- (d) 53,125,004 Options were issued to participants in the Placement, who were all sophisticated and professional investor clients of Sanlam Private Wealth Pty Ltd and Seneca Financial Solutions Pty Ltd. 7,500,000 Options were issued to the nominee of Sanlam Private Wealth Management Pty Ltd. None of these subscribers are related parties of the Company.
- (e) No funds were raised from the issue of the Options.
- (f) A voting exclusion statement is included in the Notice.

8.4 Terms of Options

The Options the subject of Resolution 6 were issued on the following terms:

- (a) Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).
- (c) Each Option will expire at 5:00 pm (WST) on 30 June 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) Within 15 Business Days after the later of the following:
 - (i) the Exercise Date; and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information, but in any case no later than 20 Business Days after the Exercise Date, the Company will:
 - (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and

- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
 - (h) Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
 - (i) The Company will not apply for quotation of the Options on ASX.
 - (j) If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (l) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
 - (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
 - (n) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
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9. Resolution 7 – Approval of Employee Incentive Scheme

9.1 Background

The Board adopted the Employee Incentive Plan in July 2017 to enable the Company to issue options or performance rights to eligible participants being employees (full and part-time), directors, relevant contractors, casual employees and prospective parties in these capacities.

The Employee Incentive Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth and assist with reward and retention of eligible participants.

A copy of the Employee Incentive Plan will be made available for inspection at the Meeting. A summary of the Employee Incentive Plan is set out in Schedule 1.

The Employee Incentive Plan replaces the incentive plan that was the subject of Shareholder approval at the 2011 annual general meeting.

The current Employee Incentive Plan is in accordance with ASIC class order CO 14/1000 which expanded the class of financial products that could be offered (ie performance or incentive rights can be issued as well as shares and options) and expanded the categories of persons who can participate (ie certain contractors and casual employees).

9.2 Regulatory Requirements

Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Employee Incentive Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the placement limits imposed by Listing Rule 7.1 on the number of securities that may be issued without shareholder approval. Listing Rule 7.2 exception 9(b) provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

If an offer is made to a Director to participate in the Employee Incentive Plan then separate Shareholder approval will need to be obtained.

9.3 Recommendation

The Board recommends that Shareholders approve the issue of securities under the Employee Incentive Plan. It will allow the Company to issue securities for the benefit of participants of the Employee Incentive Plan whilst preserving the Company's placement limits of issuing securities and provide flexibility in the manner in which the Employee Incentive Plan is managed.

10. Resolution 8 – Approval for 10% Placement Capacity

10.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

If Shareholders approve Resolution 8, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 5.2 below).

The effect of Resolution 8 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

10.2 Requirements of ASX Listing Rule 7.1A

(a) Eligible entities

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as its market capitalisation at 26 July 2017 was approximately \$17.5 million.

(b) Shareholder approval

Shareholders must approve the 10% Placement Capacity by special resolution at the annual general meeting. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 8 for it to be passed.

(c) Equity Securities

Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has only one class of Equity Securities quoted on ASX being fully paid ordinary Shares.

(d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity

If Resolution 8 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

(AxD)-E

| | |
|---|---|
| A | The number of fully paid shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none">• plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;• plus the number of partly paid shares that became fully paid in the 12 months;• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4;• less the number of fully paid shares cancelled in the 12 months. |
| D | 10% |
| E | The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4. |

(e) **Interaction between ASX Listing Rules 7.1 and 7.1A**

The 10% Placement Capacity under ASX Listing Rule 7.1A is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has 1,945,136,208 Shares on issue as at the date of this Notice. If Resolution 8 is passed, the Company will be permitted to issue (as at the date of this Notice):

- 291,770,431 Equity Securities under ASX Listing Rule 7.1; and
- 194,513,620 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

10.3 Information for Shareholders as required by ASX Listing Rule 7.3A

(a) **Minimum price**

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) **Risk of economic and voting dilution**

If Resolution 8 is passed and the Company issues securities under the 10% Placement Capacity, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity

Securities may be issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Variable 'A' in ASX Listing Rule 7.1A.2 | | Dilution | | |
|--|----------------------------|---|--------------------------|---|
| | | 0.45 cents 50% decrease in Issue Price | 0.9 cents Issue Price | 1.8 cents 100% increase in Issue Price |
| Current Variable A 1,945,136,208 Shares | 10% Voting Dilution | 194,513,620 Shares | 194,513,620 Shares | 194,513,620 Shares |
| | Funds raised | \$875,311 | \$1,750,623 | \$3,501,245 |
| 50% increase in current Variable A 2,917,704,312 Shares | 10% Voting Dilution | 291,770,431 Shares | 291,770,431 Shares | 291,770,431 Shares |
| | Funds raised | \$1,312,967 | \$2,625,934 | \$5,251,868 |
| 100% increase in current Variable A 3,890,272,416 Shares | 10% Voting Dilution | 389,027,241 Shares | 389,027,241 Shares | 389,027,241 Shares |
| | Funds raised | \$1,750,623 | \$3,501,245 | \$7,002,490 |

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- No Options are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that

those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- The issue price is 0.9 cents, being the closing price of the Shares on ASX on 26 July 2017.

The Company's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 31 August 2017 (the date of this Meeting) and expires on the earlier of:

- 31 August 2018, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking) (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

(d) **Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued expenditure on the Company's current assets and operations including general working capital; or
- non-cash consideration for acquisition of new assets and investments or for the payment of goods and services provided to the Company. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) **Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the 10% Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The recipients will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the recipients are not known but may include existing substantial Shareholders and/or new Shareholders. No recipient under the 10% Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the 10% Placement Capacity and it is possible that their shareholding will be diluted.

If the 10% Placement Capacity is used to acquire new assets or investments, then it is likely that the recipients will be the vendors of the new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(f) **Details of Equity Securities issued in the 12 months preceding the date of the Meeting**

On 31 August 2016, the Company received Shareholder approval for the 10% Placement Capacity at its 2016 annual general meeting. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 31 August 2016) is nil.

The total number of Equity Securities on issue at 31 August 2016 was 2,035,761,212 (1,945,136,208 Shares and 90,625,004 Options). The total number of Equity Securities issued or expected to be issued in the 12 months before this Meeting is nil.

(g) **Voting exclusion**

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

11. Enquiries

Shareholders may contact the Company Secretary, Phil MacLeod on (+ 61 8) 9226 2235 if they have any queries in respect of the matters set out in these documents.

12. Voting and Proxies

A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the 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.

The chairman of the Meeting will vote undirected proxies on, and in favour of, all of the proposed Resolutions (including Resolution 1 (Adoption of Remuneration Report)). In relation to Resolution 1, the proxy form expressly authorises the chairman of the Meeting to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year 31 March 2017. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 29 August 2017 at 5:00pm (Western Standard Time).

13. Definitions

In this Explanatory Memorandum and Notice:

10% Placement Capacity means the capacity to issue additional Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.

Annual General Meeting and Meeting means the meeting convened by this Notice.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

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

Board means the board of Directors.

Business Day has the same meaning as in the ASX Listing Rules.

Chair or Chairman means the chairman of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Transaction Solutions International Limited ABN 98 057 335 672.

Constitution means the Constitution of the Company.

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

Director means a director of the Company.

Employee Incentive Plan means the Employee Incentive Plan with the terms summarised in Schedule 1.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice means this notice of meeting.

Option means an option to acquire a Share.

Placement Period means the period during which Shareholder approval under Listing Rule 7.1A is valid.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

\$ means Australian dollars unless otherwise stated.

In this Notice, words importing the singular include the plural and vice versa.

SCHEDULE 2

SUMMARY OF TERMS OF EMPLOYEE INCENTIVE PLAN (Resolution 7)

- | | |
|---|--|
| 1. Purpose | The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer any of options or performance rights to assist with reward, retention, motivation and recruitment of eligible participants. |
| 2. Eligible Participants | Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary, relevant contractors and casual employees and prospective parties in these capacities (" Eligible Participants "). |
| 3. Offers | Subject to any necessary Shareholder approval, the Board may offer options or performance rights to Eligible Participants for nil consideration. |
| 4. Expiry Date | The expiry date of any options or performance rights will be determined by the Board. |
| 5. Vesting Conditions and Lapse | <p>An option or performance right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon the vesting of the options or performance rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles.</p> <p>An option or performance right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or permanent disablement) and upon misconduct by a participant.</p> |
| 6. Shares issued on vesting | Each option or performance right entitles the holder to one fully paid ordinary share on exercise or vesting. |
| 7. Transferability and quotation | An option or performance right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the options or performance rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on the exercise of the options or vesting of the performance rights. |
| 8. No voting or dividend rights | The options or performance rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the options or performance rights are vested and the underlying Shares have been issued. |
| 9. No participation rights | The options or performance rights do not entitle the holder to participate in the issue of securities unless the options or performance rights are exercised or vested and Shares have been issued before the record date for determining entitlements. |

- | | |
|--|--|
| 10. Limitation on number of securities | Securities to be issued under the Employee Incentive Plan when aggregated with the number of Shares issued during the previous 5 years under any employee incentive scheme of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit. |
| 11. Administration of the Employee Incentive Plan | The Employee Incentive Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Employee Incentive Plan as it considers appropriate. |
| 12. Operation | The operation of the Employee Incentive Plan is subject to the Listing Rules and the Corporations Act. |
| 13. Application of Subdivision 83A-C of the <i>Income Tax Assessment Act 1997 (Cth)</i> | Subdivision 83A-C (deferred inclusion of gain in assessable income) of the <i>Income Tax Assessment Act 1997 (Cth)</i> applies to the Employee Incentive Plan and holders of securities issued under the Employee Incentive Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities. |

PROXY FORM
TRANSACTION SOLUTIONS INTERNATIONAL LIMITED
ACN 98 057 335 672

ANNUAL GENERAL MEETING

I/We being a Shareholder/Shareholders of the Company and entitled to attend and vote at the Meeting hereby appoint,

OR

the Chair as my/our proxy

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, WA, on 31 August 2017 at 9.00am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

The proxy is to vote on the Resolutions referred to in the Notice as follows:

| | | For | Against | Abstain |
|--------------|---------------------------------------|----------------------|----------------------|----------------------|
| Resolution 1 | Remuneration Report | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Resolution 2 | Re-election of Director (Gary Foster) | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Resolution 3 | Re-election of Director (Jeffrey Lai) | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Resolution 4 | Re-election of Director (Gernot Abl) | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Resolution 5 | Ratification of Share Issue | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Resolution 6 | Ratification of Option Issue | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Resolution 7 | Approval of Employee Incentive Scheme | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Resolution 8 | Approval of 10% Placement Capacity | <input type="text"/> | <input type="text"/> | <input type="text"/> |

If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is * []% of the Shareholder's votes*/ [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

Authorised signature/s

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company
Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received:

- (a) by delivery to the Company office at Ground Floor, 41 – 47 Colin Street, West Perth, WA, 6005; or
- (b) by facsimile transmission to the Company on facsimile number +618 9226 2237; or
- (c) post to Transaction Solutions International Limited, PO Box 233, West Perth, WA, 6872; or
- (d) email to the Company at pmacleod@gapcs.com.au;

so that it is received not less than 48 hours prior to the time of commencement of the Meeting.