



## **TRANSACTION SOLUTIONS INTERNATIONAL LIMITED**

ABN 98 057 335 672

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### **NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at  
Level 1, 8-12 Market Street, Fremantle, Western Australia  
on 29 August 2018 at 10:00am (WST).**

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*This Notice of Annual General 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) 9430 5033.***

## TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

### Venue

The Annual General Meeting of Transaction Solutions International Limited (**Company**) will be held at:

Level 1	Commencing
8-12 Market Street	at 10:00am (Western Standard Time)
Fremantle	on Wednesday
WA 6160	29 August 2018.

### 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 10:00am (Western Standard Time).

### Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- Hand to the Company's registered office at 108 Forrest Street, Cottesloe, Western Australia, 6011;
- Facsimile to fax number +61 (8) 9431 9800;
- Post to PO Box 159, Fremantle, Western Australia, 6959; or
- Email to [pmacleod@gapcs.com.au](mailto:pmacleod@gapcs.com.au),

so that it is received not later than 10:00am (WST) on 27 August 2018.

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## VOTING AND PROXIES

1. 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.
2. 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.
3. The Chairman of the Meeting will vote undirected proxies in favour of all Resolutions. In relation to Resolutions 1 and 3 the proxy form expressly authorises the Chairman to exercise the proxy even though the resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Any undirected proxies held by a Director, any member of the Key Management Personnel or any of their Closely Related Parties (who are not the Chairman of the Meeting) will not be voted on Resolutions 1 and 3.
4. In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have set a date and time to determine the identity of those Shareholders entitled to attend and vote at the Meeting. The date is 27 August 2018 at 5.00pm (Western Standard Time).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

# TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

## ABN 98 057 335 672

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### 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 Level 1, 8-12 Market Street, Fremantle, Western Australia on Wednesday, 29 August 2018 at 10:00am (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 27 August 2018 at 5pm (WST).

### AGENDA

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#### 1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 31 March 2018, which includes the Financial Report and Director's Report, Remuneration Report and the Auditor's Report.

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#### 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 2018."*

**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.
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#### 3. Resolution 2 – 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 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."*

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#### 4. Resolution 3 – Approval to Issue Options to Mr Jeffrey Lai

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

*"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 30,375,000 Director Options to Mr Jeffrey Lai or his nominee, to be issued on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Lai and his nominee, 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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#### 5. Resolution 4 – 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."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who may participate in the issue of Equity Securities under this Resolution and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely by reason of being a Shareholder, 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 2018

**BY ORDER OF THE BOARD**



**MR PHILLIP MACLEOD**  
Company Secretary

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# TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

## ABN 98 057 335 672

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### EXPLANATORY MEMORANDUM

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#### 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 Level 1, 8-12 Market Street, Fremantle, Western Australia on 29 August 2018 at 10:00am (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.

In accordance with section s250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 1 and 3 if:

- (a) the person is either:
  - (i) a member of the Key Management Personnel of 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 Resolutions 1 and 3.

However, the prohibition does not apply if:

- (c) the proxy is the Chairperson; and
- (d) the appointment expressly authorises the Chairperson to exercise the proxy even if Resolutions 1 and 3 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

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#### 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 2018 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's annual financial report on its website at [www.tsnltd.com.au](http://www.tsnltd.com.au) or the ASX website at [www.asx.com.au](http://www.asx.com.au).

Shareholders will be offered the following opportunities:

- (a) Discuss the Annual Financial Report for the financial period ended 31 March 2018.
- (b) Ask questions about, or make comment on, the management of the Company.

- (c) Ask questions about, or make comment on, the Remuneration Report.
- (d) Ask the auditor questions about:
  - (i) the conduct of the audit;
  - (ii) the preparation and content of the Auditor's Report;
  - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit.

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 content of the Auditor's Report; and
- (b) the conduct of the audit of the Financial Report.

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

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### 3. Resolution 1 – Remuneration Report

The Remuneration Report of the Company for the year ending 31 March 2018 is set out in the Director's Report of the 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. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

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") on whether another general meeting be held (within 90 days) at which all of the Directors (other than the Managing Director) who were in office at the date of approval for the applicable Director's Report 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. However, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, Shareholders should be aware that if 25% or more of the votes are cast against the Remuneration Report at the next annual general meeting the consequences are that all Directors (other than the Managing Director) may be up for re-election.

#### 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.

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#### **4. Resolution 2 – Re-election of Director – Mr Gernot Abl**

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 Abl was appointed as a Director on 30 June 2017. Mr Abl was re-elected to the Board on 31 August 2017 pursuant to Article 6.3(j) of the Constitution and will retire at the Meeting by rotation and being eligible and offering himself for re-election, seeks approval to be re-elected as a Director.

##### **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.

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#### **5. Resolution 3 – Approval to Issue Options to Mr Jeffrey Lai**

Resolution 3 seeks Shareholder approval so that the Company may grant 30,375,000 Director Options to Director Mr Jeffrey Lai as part of the incentive component of his remuneration pursuant.

Mr Lai was appointed as the Chief Executive Officer (**CEO**) of the Company on 20 March 2017. Under the terms of Mr Lai's executive service agreement Mr Lai is entitled, subject to Shareholder approval, to be granted Options upon the achievement of specified performance milestones, which were negotiated and agreed by the Board at that time. Mr Lai was subsequently appointed as a Director of the Company on 30 June 2017 while retaining his position of CEO under the terms of his executive service agreement.

Mr Lai (or his nominee) will receive the following Director Options, subject to Shareholder, on the achievement of the following performance milestones:

- (i) 3,375,000 Director Options upon the achievement of \$250,000 in revenues within 12 months;
- (ii) 6,750,000 Director Options upon the achievement of \$2,000,000 in revenues within 36 months;
- (iii) 20,250,000 Director Options upon the Company achieving a positive operating cashflow for two consecutive quarters within 36 months;
- (iv) 27,000,000 Director Options upon the Company sustaining a market capitalisation of above \$100 million for two consecutive quarters.

As at the date of this Notice, the performance milestones set out in paragraphs (i), (ii) and (iii) above have been achieved. Accordingly, the Company is proposing to issue 30,375,000 Director Options to Mr Lai.

The Company will seek Shareholder approval to issue the Director Options set out in paragraph (iv) above following achievement of the relevant performance milestone.

The Director Options have an exercise price of 135% of the volume weighted average closing price of the Shares calculated over the last 5 days the Shares were traded prior to the date of issue and expire two years from the date of issue. The complete terms of the Director Options are set out in Schedule 1.

The Board currently consists of Mr Gary Foster, Mr Gernot Abl and Mr Jeffrey Lai.

The non-associated Directors have taken the view that the issue of the Director Options is part of Mr Lai's reasonable arms-length remuneration as CEO and Managing Director of the Company and that as a result, approval under Chapter 2E of the Corporations Act is not required.

Mr Lai abstains from making a recommendation to Shareholders on Resolution 3 as he has a material personal interest in the outcome as the recipient of the Director Options.

#### 5.1 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in the opinion of ASX, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As a Director Mr Lai is a related party of the Company. Accordingly, approval is sought pursuant to Listing Rule 10.11 from Shareholders for the issue of the Director Options to Mr Lai (or his nominee).

Listing Rule 10.11 provides that for Shareholders to approve an issue to a related party, the notice of meeting must include particular information set out in Listing Rule 10.13. This information is as follows:

- (a) the Director Options are proposed to be issued to Mr Lai or his nominee;
- (b) the maximum number of securities to be issued is 30,375,000 Director Options;
- (c) the Company will issue the Director Options to Mr Lai (or his nominee) no later than 1 month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (d) Mr Lai is a related party of the Company by virtue of being a Director;
- (e) The Director Options are each exercisable at 135% of the volume weighted average closing price of the Shares calculated over the last 5 days on which Shares were traded prior to the date of issue and expire two years from the date of issue. The full terms of the Options are set out in Schedule 1;
- (f) A voting exclusion statement is included in the Notice; and
- (g) No funds will be raised from the issue of the Director Options as they are being issued for nil cash consideration as part of the incentive component of the remuneration of Mr Lai.

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## 6. Resolution 4 – Approval for 10% Placement Capacity

### 6.1 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 4, 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 4 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 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).

### 6.2 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.

(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 4 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 10% Placement Capacity**

If Resolution 4 is passed, the Company may issue or agree to issue, during the 12 month period after the date of this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A	The number of fully paid shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none"><li>• plus the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;</li><li>• plus the number of partly paid shares that became fully paid in the 12 months;</li><li>• plus the number of fully paid ordinary shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;</li><li>• less the number of fully paid ordinary shares cancelled in the 12 months.</li></ul>
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 the 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 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 not less than 75% of the volume weighted average price (VWAP) for Equity 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 4 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 (in the same class) 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 of \$0.09.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		0.45 cents <b>50% decrease in Issue Price</b>	0.9 cents <b>Issue Price</b>	1.8 cents <b>100% increase in Issue Price</b>
<b>Current Variable A</b> 2,174,194,960 Shares	<b>10% Voting Dilution</b>	217,419,496 Shares	217,419,496 Shares	217,419,496 Shares
	<b>Funds raised</b>	\$978,388	\$1,956,775	\$3,913,551
<b>50% increase in current Variable A</b> 3,261,292,440 Shares	<b>10% Voting Dilution</b>	326,129,244 Shares	326,129,244 Shares	326,129,244 Shares
	<b>Funds raised</b>	\$1,467,582	\$2,935,163	\$5,870,326
<b>100% increase in current Variable A</b> 4,348,389,920 Shares	<b>10% Voting Dilution</b>	434,838,992 Shares	434,838,992 Shares	434,838,992 Shares
	<b>Funds raised</b>	\$1,956,775	\$3,913,551	\$7,827,102

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% 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 25 July 2018.

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 10% Placement Capacity under ASX Listing Rule 7.1A is valid from 29 August 2018 (the date of this Meeting) and expires on the earlier of:

- 29 August 2019, 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 new Equity 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 purpose of the issue;
- 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 Equity 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 2017, the Company received Shareholder approval for the 10% Placement Capacity at its 2017 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 29 August 2017) is 282,240,581 (229,058,752 Shares; 53,181,818 Options; and 11 convertible notes). The total number of Equity Securities on issue at 29 August 2017 was 2,035,761,212 (1,945,136,208 Shares and 90,625,004 Options). The total number of Equity Securities issued in the 12 months before this Meeting is 13.9% of the total number of Equity Securities on issue at 29 August 2017.

The details of Equity Securities issued during the 12 months preceding the date of the meeting are:

Date of issue:	23 August 2017
Number of Equity Securities:	180,876,934
Class of Equity Securities and summary of terms:	Fully paid ordinary shares
Name of recipient or basis on which recipients were determined:	The Shares were issued as part consideration to the vendors on the acquisition of Decipher Works Pty Ltd.
Price:	1.098 cents per share
Discount to market price on the date of issue:	The Shares were issued at an approximate 0.002 cent discount to the market price of 1.1 cents.
Non-cash consideration:	The Shares were issued for total non-cash consideration of \$1,985,524
Current value of non-cash consideration:	\$1,627,892 based on a Share price of 0.9 cents.

Date of issue:	3 April 2018
Number of Equity Securities:	48,181,818 Shares and 48,181,818 Options.
Class of Equity Securities and summary of terms:	Fully paid ordinary shares and unlisted Options exercisable at 1.7 cents each expiring 3 April 2020.
Name of recipient or basis on which recipients were determined:	The Shares were issued to sophisticated investors under Section 708 of the Corporations Act. The recipients were not related parties of the Company.
Price:	1.1 cents per Share. The Options were issued for free attaching to the Shares on the basis of 1 Option for every 1 Share issued.
Discount to market price on the date of issue:	The Shares were issued at a 0.2 cent premium to the market price of 0.9 cents.
Total cash consideration received:	\$530,000 from the Share issue. No funds were raised from the issue of Options.
Amount of cash consideration spent:	Nil
Use of cash consideration:	Funds raised from the issue of the Shares will be used to further the Company's cybersecurity acquisition model and for general working capital.

Date of issue:	3 April 2018
Number of Equity Securities:	5,000,000
Class of Equity Securities and summary of terms:	Unlisted Options exercisable at 2 cents each expiring 3 April 2020.
Name of recipient or basis on which recipients were determined:	The Shares were issued to nominees of participating brokers to a placement of Shares and Options completed on 3 April 2018. The recipients were not related parties of the Company.
Non-cash consideration:	The Options were issued as part of the fee payable for management of a placement of Shares and Options. No funds were raised from the issue of the Options.
Discount to market price on the date of issue:	The Shares were issued at a 0.2 cent discount to the market price of 3.2 cents.
Current value of non-cash consideration:	Based on a Black Scholes option pricing model the Options have a current value of \$15,000.

Date of issue:	Convertible notes issued 15 December 2017 and became equity securities with shareholder approval for the convertibility of the convertible notes on 31 May 2018.
Number of Equity Securities:	11
Summary of terms:	Convertible notes have a total face value of \$670,000; a maturity date of 15 December 2019; 10% interest accrued daily and compounding monthly payable at maturity; and a conversion price of 1.1 cents per Share.
Name of recipient or basis on which recipients were determined:	The convertible notes were issued to staff, management and directors of the Company.
Price:	The convertible notes will be convertible into a maximum of 74,332,909 Shares comprising a maximum of 60,909,091 Shares for the repayment of the face value of the notes and a maximum of 13,423,818 Shares for repayment of interest.
Discount to market price on the date of issue:	The convertible notes are a new class of equity security with a conversion price of 1.1 cents. The Share price on the date of issue was 1.2 cents and at the date of the convertible notes becoming equity securities was 0.6 cents.
Total cash consideration received:	The convertible notes were issued for total cash consideration of \$670,000.
Amount of cash consideration spent:	Nil
Use of cash consideration:	Funds raised from the issue of the convertible notes will be used to provide funding for working capital requirements including evaluation of cybersecurity acquisition opportunities.

(g) **Voting exclusion**

A voting exclusion statement is included in the Notice. 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 10% Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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## 7. Enquiries

Shareholders may contact the Company Secretary, Phil MacLeod on (+ 61 8) 9430 5044 if they have any queries in respect of the matters set out in these documents.

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## 8. 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.

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report thereon, in respect to the financial year ended 31 March 2018.

**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.

**Auditor's Report** means the Auditor's report on the Financial Report.

**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.

**Director Option** means an Option exercisable at 135% of the volume weighted average closing price of the Shares calculated over the last 5 days the Shares were traded prior to the date of issue, expiring two years from the date of issue and otherwise with the terms and conditions in Schedule 1.

**Directors' Report** means the annual Directors' Report prepared under Chapter 2M of the Corporations Act for the Company.

**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.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company.

**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.

**Remuneration Report** means the Remuneration Report of the Company in respect of the financial year ended 31 March 2018 contained in the Directors' Report.

**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 1

### TERMS AND CONDITIONS OF DIRECTOR OPTIONS

1. Each Option entitles the holder to one Share.
2. The Options are exercisable at any time prior to 5.00 pm Western Standard Time two years after the date of issue ("**Expiry Date**"). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price of the Options is 135% of the 5 day volume weighted average closing price of Shares prior to the date of issue.
4. The Options will not be listed on ASX and may only be transferred with the consent of the Board of the Company.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date ("**Exercise Date**").
6. 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 admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
7. Shares issued on the exercise of the options rank equally with the then issued Shares.
8. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity (where Options have vested, if applicable) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

**PROXY FORM**  
**TRANSACTION SOLUTIONS INTERNATIONAL LIMITED**  
ACN 98 057 335 672

**ANNUAL GENERAL MEETING**

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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 Level 1, 8-12 Market Street, Fremantle, WA, on 29 August 2018 at 10:00am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, and to the extent permitted by law, 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="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director (Gernot Abl)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Issue Options to Jeffrey Lai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

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## 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's registered office at 108 Forrest Street, Cottesloe, WA, 6011; or
- (b) by facsimile transmission to the Company on facsimile number +618 9431 9800; or
- (c) post to Transaction Solutions International Limited, PO Box 159, Fremantle, WA, 6959; or
- (d) email to the Company at [pmacleod@gapcs.com.au](mailto:pmacleod@gapcs.com.au);

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