

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

Notice is given that the Annual General Meeting of the members of Tesseract Limited (**Tesseract** or **Company**) will be held at BDO, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria at 10.30 am AEDT on Friday 30 November 2018.

BUSINESS

FINANCIAL REPORT

To receive and consider the Annual Financial Statements, the Directors' Report and Audit Report of the Company and its Controlled Entities for the financial period ended 30 June 2018.

The above documents are contained in the Annual Report. Shareholders who have elected to receive an electronic copy of the Annual Report can download a copy at www.tesseract.com/tesseractannualreport. Shareholders who have elected to receive a hard copy of the Annual Report will receive one with this Notice of Meeting.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following non-binding resolution:

That the Remuneration Report contained in the Directors' Report for the financial period ended 30 June 2018 be adopted.

Short Explanation

The Corporations Act requires listed companies to put to Shareholders at the Annual General Meeting a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the 2018 Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the Annual General Meeting. As stated, Resolution 1 is non-binding.

Voting Exclusion Statement

The Company will disregard any votes cast on the proposed resolution for adoption of the remuneration report by or on behalf of: (a) a Key Management Personnel (**KMP**) named in the Remuneration Report; or (b) a Closely Related Party of a KMP, whether the votes are cast as a Shareholder, proxy or in any other capacity. However, the Company will not disregard a vote cast by a KMP or Closely Related Party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a Closely Related Party of a KMP. If the proxy is the Chairman, and the proxy does not specify the way in which the proxy should vote, the Chairman intends to vote in favour of the resolution.

Important for Resolution 1

If you are KMP or a Closely Related Party of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

RESOLUTION 2 - RETIREMENT OF DIRECTOR BY OPERATION OF THE CONSTITUTION AND RE-ELECTION

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

That, having been elected during the year and retired pursuant to the Constitution of the Company, Mr Robert Langford be re-elected as a director.

Short Explanation

The Company's Constitution requires a director appointed during the year to retire at the first Annual General Meeting held after their election. Mr Langford was appointed as a director on 8 February 2018. He must therefore retire and has offered himself for re-election.

RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a special resolution:

That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Shares equal 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 and otherwise on the terms and conditions set out in the Explanatory Statement.

Short Explanation

ASX Listing Rule 7.1A provides that a listed entity such as the Company may seek shareholder approval at its annual general meeting to allow it to issue equity securities up to 10% of its issued capital over a period up to 12 months after its Annual General Meeting. This is in addition to the 15% permitted by ASX Listing Rule 7.1. That approval is the purpose of Resolution 3.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 3 by any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUES OF SECURITIES

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

That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify prior issues of Securities on the terms and conditions set out in the Explanatory Statement.

Short Explanation

The Company issued Shares to investors before the Meeting, as detailed in the Explanatory Statement. ASX Listing Rule 7.4 provides that a company may in general meeting by shareholder approval ratify a previous issue of securities (provided that the previous issue did not breach ASX Listing Rule 7.1) and those securities will then be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1. That approval is the purpose of Resolution 4.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 5 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN AND ISSUE OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN

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

That, for the purposes of ASX Listing Rule 7.1, 7.1A and 7.2 Exception 9(b) and for all other purposes, approval is given for the Company to adopt the Employee Share Option Plan (ESOP) and issue securities at the discretion of the Board in accordance with the provisions of the ESOP and on the terms and conditions set out in the Explanatory Statement.

Short explanation

The Board adopted an Employee Share Option Plan (**ESOP**) on 12 October 2018 to assist in the reward, retention and motivation of employees. ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. There are a number of exceptions to this set out in ASX Listing Rule 7.2, including Exception 9, which allows the issue of securities to an employee incentive plan such as the ESOP, provided that shareholders have approved the issue of securities within the last three years. That approval is the purpose of Resolution 5.

Voting Exclusion Statement

In accordance with ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by a Director or any associate of a Director. However, the Company will not disregard a vote if 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 it is cast by the person changing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – APPROVAL OF ISSUE OF CHAIRMAN OPTIONS TO MR ROBERT LANGFORD

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

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Chairman Options to Mr Robert Langford or his nominee on the terms and conditions set out in the Explanatory Statement.

Short Explanation

The Company proposes to issue 3,000,000 Chairman Options to its current Chairman Mr Robert Langford as part of his remuneration package. Mr Robert Langford is a related party to the Company by virtue of being a Director and therefore the issue of the Chairman Options requires Shareholder approval under ASX Listing Rule 10.11. An issue of securities under ASX Listing Rule 10.11 approved by Shareholders is an exception to ASX Listing Rule 7.1. The effect of Resolution 6 will be to allow the Company to issue the 3,000,000 Chairman Options to Mr Langford, without using the Company's 15% annual placement capacity.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution by Mr Robert Langford and/or his nominees, or any associates of them (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

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

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

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

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

RESOLUTION 7 – APPROVAL OF ISSUE OF EQUITY SECURITIES TO MR JULIAN CHALLINGSWORTH

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

That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue Equity Securities to Mr Julian Challingsworth, the Company's Chief Executive Officer, or his nominee, on the terms and conditions set out in the Explanatory Statement.

Short Explanation

The Company proposes to issue various Equity Securities as set out in the Explanatory Statement as part of his remuneration package. Mr Julian Challingsworth is not a related party to the Company. ASX Listing Rule 7.1 prohibits issue of securities by an entity in excess of 15% of its issued capital without shareholder's approval. If a Company does not wish for an issue of securities to come from its 15% placement capacity, it will need to ask shareholders for approval to issue those securities. That approval is the purpose of Resolution 7.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 7 by any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons (namely, by Mr Julian Challingsworth and/or his nominees, or any associates of them). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

EXPLANATORY STATEMENT

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

A handwritten signature in black ink, appearing to read 'Ol. Carton', is positioned above the typed name and title.

By Order of the Board

Oliver Carton
Company secretary

26 October 2018

VOTING ENTITLEMENTS

In accordance with section 1074E(2)(g) of the Corporations Act and regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), persons holding shares at 7.00 pm (Melbourne time) on Wednesday 28 November 2018 will be treated as Shareholders. This means that if you are not the registered holder of a relevant Share at that time you will not be entitled to attend and vote in respect of that Share at the meeting.

PROXIES

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

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

To be effective, the Company must receive the completed Proxy Form signed by the Shareholder and, if the form is signed by the Shareholder's attorney or authorised officer of a corporation, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 11:00 am (Melbourne time) on 28 November 2018, by post or fax to the Company's share registrar, Computershare Investor Services Pty Limited, as listed below.

BY MAIL:	BY FAX:	BY EMAIL
Tesseract Limited	Tesseract Limited	www.investorvote.com.au
C/- Computershare Investor Services Pty Limited GPO Box 242, Melbourne, Victoria, 3001, Australia	C/- Computershare Investor Services Pty Limited Fax 1800 783 447	for Intermediary online subscribers only (custodians) - electronically at www.intermediaryonline.com

BODY CORPORATE REPRESENTATIVES

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

VOTING BY PROXIES

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

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

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

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

UNDIRECTED PROXIES

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

If you complete a proxy form that authorises the Chairman to vote on your behalf as proxyholder, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, you will be expressly authorising the chair to exercise your proxy in accordance the Chairman's stated voting intention on all resolutions even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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

EXPLANATORY STATEMENT

INTRODUCTION

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

FINANCIAL STATEMENTS AND REPORT

At the Annual General Meeting, Shareholders will be given an opportunity to ask questions and comment on the Directors' Report, Financial Statements and Independent Auditor's Report for the financial period ended 30 June 2018.

Shareholders who have elected not to receive a hard copy of the Company's 2018 Annual Report can view or download a copy from the Company's website at www.tesseract.com.au. The Company's auditors will be present at the meeting and be available to answer questions as to the conduct of the audit and the auditor's report.

1 RESOLUTION 1 - REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, listed entities are required to put to Shareholders at their Annual General Meeting a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

As stated the resolution is non-binding however if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the report, then there are the following consequences. The Corporations Act was amended in June 2011 to introduce the "two-strikes" rule. The two strikes rule provides that if at least 25% of the votes cast (excluding KMP and their Closely Related Parties) on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, members will have the opportunity to vote on a Spill Resolution.

A Spill Resolution is a resolution that a separate meeting be called where all Directors other than the Managing Director retire and can be re-elected.

The Directors recommend that all Shareholders vote in favour of the Remuneration Report.

As stated the Company will disregard any votes cast on the proposed resolution for adoption of the remuneration report by or on behalf of:

- (a) a KMP; or
- (b) a Closely Related Party of a KMP.

2 RESOLUTION 2 - RETIREMENT OF DIRECTOR BY OPERATION OF THE CONSTITUTION AND RE-ELECTION

The Tesseract Constitution requires a director appointed during the year to retire at the first Annual General Meeting held after their appointment. Mr Langford was appointed as a director on 8 February 2018. He must therefore retire and has offered himself for re-election. Details of the Directors are contained in the Directors' Report section of the Annual Report.

The Directors recommend that all Shareholders vote in favour of this resolution. Mr Langford will not chair the meeting concerning this resolution. The Chairman of this resolution intends to vote open proxies in favour of it.

The Company's Constitution requires one third of the directors (other than the Managing Director) to retire at each Annual General Meeting, being the directors longest in office since being re-elected by Shareholders

at the date of the Annual General Meeting. Mr Keith Glennan retires under this rule effective from the end of this meeting. Although he is eligible to do so, Mr Glennan has decided not to seek re-election.

3 RESOLUTION 3 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

3.1 Introduction

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined and explained below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (defined below) equal to 10% of its issued capital (10%) Placement Capacity without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$9.98m (based on the number of Shares on issue and the closing price of Shares on the ASX on 22 October 2018).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company has only 1 class of quoted Equity Securities being the Shares (ASX: TNT) and the number of Shares that the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (detailed below) should the Shareholders approve Resolution 3.

The effect of Resolution 3 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue on the date of 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.

Note that Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the meeting must be in favour of the resolution for it to be passed.

3.2 The number of Shares to be issued

The Number of Shares that the Company may issue under the 10% Placement Capacity will be calculated according to the following formula:

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

- A: is the number of Shares on issue 12 months before the date of the issue or agreement,
 - (i) Plus the number of fully paid Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

- (ii) Plus the number of partly paid Shares that become fully paid in the previous 12 months;
- (iii) Plus the number of fully paid Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rule 7.1 and 7.4; and
- (iv) Less the number of fully paid Shares cancelled in the 12 months.

D: is 10%

E: is the number of Shares 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 holders of Shares under ASX Listing Rule 7.1 or 7.4.

By applying the above formula the number of Shares that may be issued under the 10% Placement Capacity is 13,133,438 Shares.

3.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

3.3.1. Minimum Price

The minimum price at which the Equity Securities will issued will be 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 3.3.1(i), the date on which the Equity Securities are issued.

3.3.2. Risk of economic and voting dilution

Any issue of Shares under the 10% Placement Capacity will dilute the interest of the Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by the Shareholders and the Company issues the maximum number of Shares available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be shown in the table below.

The table below shows the dilution of existing Shares calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Shares on issue as at 19 October 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable A in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price / Share	\$0.0365	\$0.073	\$0.1095
			Issue Price	

		(50% decrease in Issue Price)		(50% increase in Issue Price)
131,334,383 (Current Variable A*)	Shares issued – 10% voting dilution	13,133,438 Shares	13,133,438 Shares	13,133,438 Shares
	Funds raised	\$479,370	\$958,741	\$1,438,111
197,001,574 (50% increase in Variable A)	Shares issued – 10% voting dilution	19,700,157 Shares	19,700,157 Shares	19,700,157 Shares
	Funds raised	\$719,056	\$1,438,111	\$2,157,167
262,668,766 (100% increase in Current Variable A)	Shares issued – 10% voting dilution	26,266,877 Shares	26,266,877 Shares	26,266,877 Shares
	Funds raised	\$958,741	\$1,917,482	\$2,876,223

* The number of Shares on issue (Variable A) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The above table assumes:

1. There are currently 131,334,383 Shares on issue. This number excludes any Shares that may be issued pursuant to resolutions being put to members in accordance with this Notice of Meeting.
2. The Company issues the maximum possible number of Shares under the 10% Placement Capacity.
3. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
4. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
5. 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%.
6. 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 General Meeting.

Shareholders should also note that there are risks that:

- (i) the market price of the Company's Shares may be significantly lower on the issue date than on the date of the General Meeting; and
- (ii) the Shares may be issued at a price that is at discount to the market price for those Shares on the date of issue.

3.3.3. Date of Issue

The Shares may be issued under the 10% Placement Capacity commencing on the date of the General Meeting and expiring in the first to occur of the following:

- (i) 12 months after the date of this General Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the company's activities) or 11.2 (disposal of the company's major undertaking).

(10% Placement Capacity Period)

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature and scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

3.3.4. Purpose of Issue under the 10% Placement Capacity

The Company may issue Shares under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration for the Acquisition or other acquisitions of new assets and investments (including expenses associated with such acquisitions), and general working capital of the Company'
- (ii) as non-cash consideration for the acquisitions of new assets and investments.

The Company will comply with its disclosure obligations under ASX Listing Rule 7.1A(4) and 3.10.5A under issue of any Equity Securities.

3.3.5. Application policy under the 10% Placement Capacity

The recipients of the Shares to be issued under the 10% Placement Capacity have not been dully determined. However, the recipients of Shares could consist of current Shareholders, or new investors (or all of them). None of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, by having regard to:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to an entitled issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Shares on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from legal, corporate, financial and broking advisers (if applicable).

3.3.6. Previous approval under ASX Listing Rule 7.1A

The Company has not previously sought approval from Shareholders under ASX Listing Rule 7.1A.

3.3.7. Voting exclusion statement

As stated in the Notice of Meeting, the Company will disregard any votes cast on Resolution 3 by any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As at the date of this Notice of Meeting, the Company has not invited any existing Shareholder to participate in an issue of Shares under ASX Listing Rule 7.1A. No existing Shareholders will therefore be excluded from voting on Resolution 3.

4 RESOLUTION 4 – RATIFICATION OF PRIOR ISSUES OF SECURITIES

4.1 General

The Company has issued a number of Shares to various parties during the last 12 months. Those parties, the number of Shares, and purposes for the issues, are set out in Schedule 1.

The Board is allowed to issue up to 15% of its issued capital without Shareholder approval each 12 months under ASX Listing Rule 7.1. The Shares the subject of this Resolution 4 were issued without Shareholder approval and were within the limit under ASX Listing Rule 7.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies a previous issue of securities (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these Securities. By ratifying these issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to, and in accordance with, ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- 4.2.1. The number of securities issued is set out in Schedule 1;
- 4.2.2. the issue price of the Securities was as set out in Schedule 1;
- 4.2.3. the terms of the Securities were as set out in Schedule 1;
- 4.2.4. the names of the persons to whom the Company issued the Securities were as set out in Schedule 1;
- 4.2.5. the funds raised from the issue of the Securities were used for the purposes set out in the table in Schedule 1:

5 RESOLUTION 5 - APPROVAL OF EMPLOYEE SHARE OPTION PLAN AND ISSUE OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN

5.1 Background

The Company has adopted an Employee Share Option Plan (**ESOP**). The key terms and provisions of the ESOP are set out in Schedule 2. A copy of the rules of the ESOP will be tabled at the Meeting and will be provided to any shareholder who requests a copy.

The Company is now seeking shareholder approval for the ESOP.

The Board adopted the ESOP to assist in reward, retention and motivation of employees by enabling them to acquire options under the ESOP. The employees of the Company have been, and will continue to be instrumental in growth of the Company. The Board considers that the ESOP is an appropriate method to reward employees for their performance, to provide long term incentives for participation in the Company's future growth and motivate and generate loyalty from employees.

Shareholders should note that as at the date of this Notice of Meeting no securities have been issued under the ESOP.

5.2 ASX Listing Rules 7.1

Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12 months period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

Listing 7.1A requires special shareholder approval for a further issue of equity securities if, over a rolling 12 months period, the amount of equity securities issued is more than 10% of the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.2 Exception 9 provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under Listing Rule 7.1 and the further 10% limit under Listing Rule 7.1A if the issue of securities is made under an employee incentive scheme and that employee incentive scheme was approved by shareholders no more than 3 years before the date of issue. The ESOP is regarded as an employee incentive scheme for the purpose of Listing Rule 7.2.

The Company intends that the issue of securities under the ESOP not be included when undertaking the calculations pursuant to Listing Rules 7.1 and 7.1A. Accordingly, it is seeking shareholder approval in order for the Company to be able to issue securities pursuant to the ESOP and have those options qualify under Exception 9 of Listing Rule 7.2.

Under section 208 of the Corporations Act and ASX Listing Rules 10.11 and 10.14, any specific issue of securities to a director (and/or its associate) or other relevant persons under an employee incentive scheme will need additional shareholder approval. The Company will seek such additional approval before issuing any securities under the ESOP where required.

6 RESOLUTION 6 – APPROVAL OF ISSUE OF CHAIRMAN OPTIONS TO MR ROBERT LANGFORD

6.1 General and Background

The Company proposes, subject to obtaining Shareholder approval, to issue a total of 3,000,000 Chairman Options to its Chairman, Mr Robert Langford, on the terms as set out in in this Notice and Explanatory Statement.

Mr Langford was appointed Chairman of the Company on 8 February 2018. The previous Chairman, and all other Non-Executive Directors, have been issued with options as part of their remuneration as directors as described in the Prospectus relating to the Company's IPO.

This Resolution 6 seeks Shareholder approval to issue Chairman Options to Mr Langford as part of his remuneration as Chairman. The number of Chairman Options to be issued is the same as the number issued to the Previous Chairman, while the exercise price has been adjusted to reflect the current Share price.

The objective of the issue of the Chairman Options and of this Resolution 6 is to provide Mr Langford with a mechanism to participate in the development of the Company and an incentive for his involvement with, and commitment to, the Company.

6.2 Key terms and conditions of the Chairman Options

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

No	Exercise price	Vesting date	Expiry date
1,000,000	\$0.10	8 February 2018	30 November 2021
1,000,000	\$0.125	8 February 2019	30 November 2021
1,000,000	\$0.15	8 February 2020	30 November 2021

The Chairman Options will be vested if the Chairman remains as Chairman on the vesting dates. If he ceases to be Chairman but remains as a director, half of any unvested Chairman Options will lapse at the discretion of the Board. If he ceases to be a director, all unvested Chairman Options will lapse at the discretion of the Board

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

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

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

6.3 ASX Listing Rules 10.11 and 10.13

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

Mr Robert Langford is a related party of the Company by virtue of being a Director. Chairman Options qualify as an Equity Security as they will entitle Mr Robert Langford to acquire Shares in the Company.

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

- 6.3.1. The name of the person: Mr Robert Langford, the Chairman and non-executive Director of the Company, or his nominee;
- 6.3.2. the maximum number of Chairman Options to be issued is 3,000,000;
- 6.3.3. the Company will issue the 3,000,000 Chairman Options within 1 month following this meeting;

- 6.3.4. the Chairman Options will be granted for nil cash consideration. The key terms and conditions of the issue is set out in section 6.2 above;
- 6.3.5. voting exclusion statement – this is included in the Notice; and
- 6.3.6. no funds will be raised from the issue of the Chairman Options. The funds raised from exercise of the Chairman Options will be used for working capital purposes.

6.4 Section 208 of the Corporations Act

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

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

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

The grant of the Chairman Options constitutes giving a financial benefit and Mr Robert Langford is a related party of the Company by virtue of being the Company's Director. One of the exceptions to section 208 is the payment of reasonable remuneration. The Board reviewed the fees to be paid to the Chairman of the Company (Mr Robert Langford) and has recommended the issue of the Chairman Options as being reasonable remuneration having regard to the responsibilities involved in the office and the functions to be performed by the Chairman. In particular the fees match the fees paid to the previous Chairman.

6.5 ASX Listing Rules 7.1 and 7.2

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

7 RESOLUTION 7 – APPROVAL OF ISSUE OF EQUITY SECURITIES TO MR JULIAN CHALLINGSWORTH

7.1 General and background

On 27 July 2018 the Company announced the appointment of Julian Challingsworth as CEO. Mr Challingsworth has previously acted as Managing Director and Partner of The Litmus Group for over 10 years and a board member of PPB Advisory. In addition to advising over 20 organisations on growth acceleration strategies in Australia, Asia and Europe, Julian was a key driver in growing Litmus' multiple business units in Australia and internationally before it was acquired by PPB Advisory. Shareholders should refer to the announcement dated 27 July 2018 for further information on his background.

As part of Mr Challingsworth's remuneration package, and as set out in the 27 July 2018 announcement, Mr Challingsworth will be issued securities as set out in 7.2 below (together, **CEO Securities**) subject to shareholder approval.

In general terms, ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a listed company can issue or agree to issue without shareholder approval (15% placement capacity) where an exemption to the rule does not apply. If a Company does not wish for an issue of securities to come from its 15% placement capacity, it can ask shareholders for approval to issue those securities. This Resolution 7 seeks that approval.

7.2 Equity Securities to be issued

Subject to the Shareholder's approval to this resolution, the Company proposes to issue the following Equity Securities to Mr Challingsworth:

Series No	Class	number	Date of issue/	vesting condition	Expiry date if vesting condition not met
1	Shares	1,000,000	Within 1 month of the date of this meeting	N/A	N/A
2	Options exercisable at nil consideration	Right to acquire 2,000,000 Shares	Within 1 month of the date of this meeting	Completion of acquisitions adding in excess of \$10m in annual revenue	1 July 2020
3	Options exercisable at nil consideration	Right to acquire 1,000,000 Shares	Within 1 month of the date of this meeting	Subject to Series 2 Options not vesting Completion of acquisitions adding between \$1m and \$10m in annual revenue	1 July 2020
4	Options exercisable at nil consideration	Right to acquire 3,000,000 Shares	Within 1 month of the date of this meeting	The Company achieving a market capitalisation in excess of \$50m for 5 consecutive trading days	1 July 2020
5	Options exercisable at nil consideration	Right to acquire 3,000,000 Shares	Within 1 month of the date of this meeting	The Company achieving a market capitalisation in excess of \$75m for 5 consecutive trading days	1 July 2020
6	Options exercisable at nil consideration	Right to acquire 4,000,000 Shares	Within 1 month of the date of this meeting	The Company achieving a market capitalisation in excess of \$100m for 5 consecutive trading days	1 July 2020
7	Options exercisable	The number that is 5% of amount of capital raised	Within 1 month of the date of	Recipient to manage raising funds through	1 July 2020

	at \$0.015 per option	from investors during the period divided by \$0.15	this meeting	issues of capital	
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7.3 Technical information required by ASX Listing Rule 7.3

ASX Listing Rule 7.3 sets out information which must be provided in the Notice of General Meeting and Explanatory Statement where Shareholders will consider a resolution pursuant to ASX Listing Rule 7.1. Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of CEO Securities:

- 7.3.1. the maximum number of CEO Securities to be issued – please refer to the information provided in section 7.2 above;
- 7.3.2. the date by which the CEO Securities will be issued – please refer to the information provided in section 7.2 above;
- 7.3.3. the issue price - all securities will be issued for a nil consideration because these CEO Securities form part of the incentive package of Mr Challingsworth's employment;
- 7.3.4. the CEO Securities will be issued to Mr Julian Challingsworth and/or his nominee;
- 7.3.5. the terms of the CEO Securities - please refer to the information provided in section 7.2 above;
- 7.3.6. voting exclusion statement – this is included in the Notice; and
- 7.3.7. no funds will be raised from the issue of the CEO Securities. The funds raised from any exercise of the options will be used as the Company's working capital.

In addition, should Mr Challingsworth cease to be employed by the Company prior to the expiry date, then Series no's 2, 3 and 7 securities lapse at the discretion of the Board to the extent they have not vested at the time he ceases. Series no's 4, 5 and 6 do not lapse under those conditions.

GLOSSARY

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of directors of the Company.

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

CEO Securities means the Equity Securities proposed to be issued to the Company's CEO Mr Challingsworth, subject to the Shareholder's approval and on the terms and conditions set out in section 7 of the Explanatory Statement.

Chairman Option means an option to acquire a Share issued to the Chairman of the Company with the terms and conditions set out in this Notice and issued pursuant to Resolution 6.

Closely Related Party means in relation to a member of Key Management Personnel;

(a) a spouse or child of the member; or

(b) a child of the member's spouse; or

(c) a dependant of the member or of the member's spouse; or

(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 dealings with the entity; or

(e) a company the member controls; or

(f) a person prescribed by the regulations to the Corporation Act for the purposes of the above paragraphs.

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

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

Directors means the directors of the Company.

Employee Share Option Plan or **ESOP** means the employee share option plan adopted by the Board on 12 October 2018.

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

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

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

KMP or **Key Management Personnel** means a member of Key Management Personnel named in the Remuneration Report;

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

Remuneration Report means the Remuneration Report contained in the Directors' Report section of the Company's 2018 Annual Report.

Resolution means a resolution in this Notice of Meeting.

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

Shareholder means a registered holder of a Share.

Schedule 1
Prior issues of securities

Date of issue announcement	No of securities	Date of issue	Class	Issue Price (\$)	Close market price (\$)	Discount (%)	Consideration cash (\$)	Consideration non cash – current value	Purpose of issue	Persons issued to or basis on which those persons were determined
16.05.18	700,000	16.05.18	Ordinary shares	0	0.085	N/A	0	N/A	Employee incentive	employees
18.05.18	352,000	18.05.18	Ordinary shares	0.075	0.084	10.7	26,400	N/A	Payment to contractor	contractor
21.06.18	360,000	21.06.18	Ordinary shares	0	0.067	N/A	0	N/A	Employee incentive	employees
12.10.18	950,000	12.10.18	Ordinary shares	0	0.069	N/A	0	N/A	Employee incentive	employees
25.05.18	4,072,860	04.06.18	Ordinary shares	0.07	0.071	1.4	285,100	N/A	Placement for sales growth and working capital.	Clients of Phillip Capital
25.05.18	3,070,000	06.06.18	Ordinary shares	0.07	0.071	1.4	214,900	N/A	Placement for sales growth and working capital	Clients of Phillip Capital

Schedule 2 Key terms of ESOP

The Company has established an ESOP, the salient terms of which are as follows:

1. **Eligible persons** – eligible persons are all full and part time employees and contractors of the Company, except for directors. Directors are ineligible to participate. The Board has the discretion to determine which of the eligible employees participate, and to what extent;
2. **Terms of issue** – the terms of issue of options, such as issue price, exercise price, exercise period and any other criteria such as performance of option holder, are at the discretion of the Board.
3. **Expiry date of options issued** – options issued expire in normal circumstances either 10 years from the date of issue or such other period determined by the Board. Generally, if an employee ceases employment for any reason, that employee has a certain period to exercise any options, following which they lapse.
4. **Limit on securities to be issued** – The Board may not allot more than 5% of the then issued capital of the Company under the ESOP.
5. **No substantial issue to single employee** – the Board may not allot options to a particular employee if, as a result of the exercise of those options, that employee would hold more than 5% of the issued shares of the Company.
6. **Other terms required under the ASX Listing Rules** – the issue of Options and the Options themselves are subject to the ASX Listing Rules and all terms required under those rules apply to Options.

A copy of the ESOP Rules is available to any shareholder on request by email – investor@tesseract.com.

