

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Tesseract Limited

ABN

13 605 672 928

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Shares)
Unlisted Converting Notes
Unlisted Converting Note Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 48,598,112 Shares
300,000 Converting Notes
1,800,000 Converting Note Options |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Shares - Fully paid ordinary shares

Converting Notes – \$1.00 Converting Notes converting on or before 16 December 2021 at various conversion rates as set out in the General Meeting of Shareholders held on 3 December 2019 (**the General Meeting**) Explanatory Statement.

Converting Note Options – call options exercisable at \$0.10 issued on the basis of 6 options for every Converting Note expiring 1 October 2022

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<p>Shares - Yes</p> <p>Converting Notes – no, however on exercise the Shares issued will rank equally</p> <p>Converting Note Options – no, however on exercise the Shares issued will rank equally</p>
<p>5 Issue price or consideration</p>	<p>Shares: -</p> <p>20,198,112 issued on conversion of \$0.05 options expiring 19 March 2020</p> <p>12,400,000 issued to contractor for services at a price of \$0.05 per Share.</p> <p>15,000,000 issued on conversion of Converting Notes at a rate of \$0.05 per Share</p> <p>1,000,000 issued to employee as part of remuneration</p> <p>Converting Notes: - \$1.00 per Converting Note</p> <p>Converting Note Options – nil, issued for entering into the Converting Notes</p>

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Shares –</p> <p>12,400,000 issued to contractor for services at a price of \$0.05 per Share.</p> <p>15,000,000 issued on conversion of Converting Notes at a rate of \$0.05 per Share</p> <p>1,000,000 issued to employee as part of remuneration</p> <p>20,198,112 issued on conversion of \$0.05 options expiring 19 March 2020</p> <p>Converting Notes – to assist with the acquisition of PS&C subsidiaries and working capital</p> <p>Converting Note Options – for provision of the Converting Notes</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>29 November 2019</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>13,400,000 Shares</p> <p>133,750 Converting Notes</p> <p>802,500 Converting Note Options</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>nil</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<p>166,250 Converting Notes issued with approval at the General Meeting</p> <p>997,500 Converting Note Options issued with approval at the General Meeting</p> <p>15,000,000 Shares issued on conversion of Converting Notes approved at the General Meeting</p> <p>20,198,112 issued on conversion of \$0.05 options expiring 19 March 2020 approved at General Meeting held on 21 December 2018</p>		
6f	Number of +securities issued under an exception in rule 7.2	N/A		
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A		
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A		
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1		
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<p>28,400,000 Shares – 21 January 2020</p> <p>Converting Notes – 21 January 2020</p> <p>Converting Note Options – 21 January 2020</p> <p>20,198,112 Shares – 22 January 2020</p>		
		<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 50%;">Number</td> <td style="width: 50%;">+Class</td> </tr> </table>	Number	+Class
Number	+Class			

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

8 Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in section 2 if applicable)	417,544,591	Fully paid ordinary shares
---	-------------	----------------------------

⁺ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	500,000	Call options expiring 8 May 2020 exercisable at 50c
	NED Options	
	1,000,000	\$0.10 call options vesting 21 December 2018 expiring 30 November 2021
	1,000,000	\$0.125 call options vesting 21 December 2019 expiring 30 November 2021
	1,000,000	\$0.15 call options vesting 21 December 2020 expiring 30 November 2021
	Chairman's options	
	1,000,000	\$0.10 call options vesting 8 February 2018 expiring 30 November 2021
	1,000,000	\$0.125 call options vesting 8 February 2019 expiring 30 November 2021
	1,000,000	\$0.15 call options vesting 8 February 2020 expiring 30 November 2021
	10,000,000	Call options exercisable at 5c per option expiring 3 December 2020.
	28,657,445	Call options exercisable at 5c per option expiring 19 March 2020

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Employee options 100,000	\$0.10 call options expiring 1 March 2022
100,000	\$0.125 call options vesting 1 March 2020 expiring 1 March 2022
100,000	\$0.15 call options vesting 1 March 2021 expiring 1 March 2022
300,000	\$0.05 call options expiring 22.07.2021
Employee Options 2 3,000,000	\$0.075 call options expiring 18.04.2021
Broker options 1,100,000	\$0.10 call options expiring 19 March 2021
500,000	\$0.10 call options expiring 29 March 2021
Dec Employee Options 1,000,000	\$0.075 expiring 29 Nov 2022
1,000,000	\$0.10 exercisable 29 Nov 2020 expiring 29 Nov 2022
1,000,000	\$0.125 exercisable 29 Nov 2021 expiring 29 Nov 2022
NED Dec Options 3,291,666	\$0.05 call options expiring 19 March 2020
Warrants issued to Pure Asset Management Pty Ltd	25,000,000
Acquisition Warrants	49,586,777 Acquisition Warrants expiring 6 Dec 2022
Converting Notes	9,166,250 Converting Notes
Converting Note Options	54,802,5000 Converting Note Options

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

January 20 Options 1,000,000	Call options exercisable at \$0.075 expiring 16 December 2021
Managing Director Replacement Options	See table below

Right to acquire Number of Shares:	Condition:	Expiry Date:
1,000,000	SP achieving \$0.075 for no less than 60 consecutive days	3 October 2021
1,000,000	SP achieving \$0.10 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.15 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.20 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.25 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.30 for no less than 60 consecutive days	3 October 2021

	Joint Managing Director Options	See table below, options expire 3 October 2021

Number of Options to be exercised:	Exercise Condition:
2,000,000	Exercised at sign-on, Shares to be escrowed for 180 days from issue
1,000,000	SP achieving \$0.075 for no less than 60 consecutive days
1,000,000	SP achieving \$0.10 for no less than 60 consecutive days
2,000,000	SP achieving \$0.15 for no less than 60 consecutive days
2,000,000	SP achieving \$0.20 for no less than 60 consecutive days
2,000,000	SP achieving \$0.25 for no less than 60 consecutive days
2,000,000	SP achieving \$0.30 for no less than 60 consecutive days

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Unchanged

Part 2 - Pro rata issue

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has security holders who will not be sent new offer documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Company secretary)

Date: 22 January 2020

Print name: OLIVER CARTON

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital		
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated		
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	143,334,383	
Add the following:	07.02.19	10000000
• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2	12.02.19	300000
• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval	19.03.19	23128000
• Number of partly paid +ordinary securities that became fully paid in that 12 month period	29.03.10	11300000
<i>Note:</i>	15.04.19	240,000
• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i>	1.05.19	3600000
• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i>	1.05.19	440740
• <i>It may be useful to set out issues of securities on different dates as separate line items</i>	2.07.19	32,700,002
	3.07.19	1855555
	11.07.19	23,105,556
	16.09.19	1,000,000
	18.10.19	1,000,000
	24.10.19	1,600,000
	16.05.19	700000
	23.07.19	7,985,556
	23.07.19	7,050,000

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	16.09.19	1,590,000
	16.12.19	100,000,000
	16.12.19	2,000,000
	16.12.19	2,000,000
	21.01.20	15,000,000
	22.01.20	20,198,112
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0	
“A”	403,359,406	

Step 2: Calculate 15% of “A”

“B”	0.15
	<i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	60,503,911

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used

Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 	18.10.19	600,000	
		03.12.19	185,185
		03.12.19	3,000,000
		16.12.19	16,528,926
		08.1.20	3,798,169
		08.1.20	1,000,000
		21.1.20	12,400,000
		21.1.20	1,000,000
		21.1.20	2,675,000
		21.1.20	802,500
Note:			
• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i>			
• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i>			
• <i>It may be useful to set out issues of securities on different dates as separate line items</i>			
“C”	41,989,780		

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining

+ See chapter 19 for defined terms.

<i>placement capacity under rule 7.1</i>	
<p>"A" x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	60,503,911
<p>Subtract "C"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	41,989,780
<p>Total ["A" x 0.15] – "C"</p>	<p>18,514,131</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	403,359,406
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	40,335,940
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	0

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	40,335,940
<p>Subtract “E”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	0
<p>Total [“A” x 0.10] – “E”</p>	<p style="text-align: center;">40,335,940</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.

ASX ANNOUNCEMENT TESSERENT LIMITED

MELBOURNE – 22 January 2020

Cleansing Notice

This notice is given by Tesseract Limited (Company) under Section 708A(5)(e) of the Corporations Act 2001 (Cth) (Corporations Act).

The Company hereby confirms that:

(a) the Company has issued fully paid ordinary shares and/or options (Securities) in the number, at the issue price, on the terms and for the purposes as set out in the ASX Appendix 3B lodged on 22 January 2020.

(b) the Securities were issued without disclosure to investors under Part 6D.2 of the Corporations Act;

(c) the Company is providing this notice under paragraph 5(e) of section 708A of the Corporations Act;

(d) as at the date of this notice the Company, as a disclosing entity under the Corporations Act, has complied with:

- (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (ii) section 674 of the Corporations Act as it applies to the Company; and

(e) as at the date of this announcement, there is no excluded information of the type referred to in Sections 708A(7) and 708A(8) of the Corporations Act.

About Tesseract

Tesseract is a specialist in managed cyber security. Tesseract has built its own platform for the delivery of managed cyber-security, which it deploys for the management of its own customers and also licenses to partners around the world to enable them to deliver effective cyber-security management to their customers.

For more information, please visit the company's web site at www.tesseract.com.

Contact

Oliver Carton, Company Secretary

Phone: +61 (0)3 9880 5559

E-mail: investor@tesseract.com

+ See chapter 19 for defined terms.