

8 May 2017

ENTITLEMENT OFFER CLEANSING NOTICE

UNDER SECTION 708AA(2) (F) OF THE CORPORATIONS ACT 2001 (CTH) (ACT)

Background

Novatti Group Limited (ACN 606 556 183) (**Novatti** or **Company**) announced today that it will be undertaking an accelerated non-renounceable Entitlement Offer of approximately 23,220,956 fully paid ordinary shares (**New Shares**) on the basis of 1 New Share for every 4 Shares held to raise \$3.25m with a Record Date of 10 May 2017 (**Offer or Entitlement Offer**).

The offer price for the Entitlement Offer will be 14 cents per share.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for one new ordinary share in the Company for every four existing shares held at 7.00pm (AEST) on 10 May 2017 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer includes an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). Hunter Capital Advisors Pty Ltd will act as the lead manager to the Entitlement Offer (**Lead Manager**).

Details of Securities to be issued

Class of Securities	Ordinary Shares
ASX Code of Securities	NOV
Expected date of issue	16 May 2017 for New Shares issued under the Institutional Entitlement Offer 29 May 2017 for New Shares issued under the Retail Entitlement Offer
Total Number of New Shares to be Issued (assuming full subscription)	Approximately 23,220,956

Information required under section 708AA(2)(f) of the Act

For the purpose of section 708AA(7) of the Act, the Company advises:

- (a) The Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Act as notionally modified by CO 08/35.
- (b) The Company is providing this notice under section 708AA(2)(f) of the Act as notionally modified by CO 08/35.
- (c) As at the date of this notice, the Company has complied with:
 - (i) The provisions of Chapter 2M of the Act as they apply to the Company, and
 - (ii) Section 674 of the Act.
- (d) As at the date of this notice, there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - A. The assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - B. The rights and liabilities attaching to the New Shares.
- (e) Information regarding the potential effect of the issue of New Shares pursuant to the Entitlement Offer on the control of the Company, and the consequences of that effect, is set out below.

The issue of New Shares will be dilutive to shareholders who do not take up their Entitlements under the Offer. The potential effect which the Offer will have on the control of the Company depends on several factors including the demand amongst Eligible Shareholders and the size of the Shortfall.

The potential effect of the Offer on the control of the Company is as follows (assuming that no Options are exercised prior to the Record Date):

- (i) If all eligible shareholders take up their Entitlements under the Offer, then the Offer will have no effect on the control of the Company.
- (ii) If some eligible shareholders do not take up all of their Entitlements under the Offer, then their percentage shareholding and voting power in the Company will be diluted.

In addition other eligible shareholders may be successful in applying for New Shares under the Offer which will be dilutive to eligible shareholders who do not take up all of their Entitlement.

- (iii) The percentage shareholding and voting power of ineligible shareholders will also be diluted by New Shares issued under the Offer, as a result of ineligible

shareholders not being able to participate in the Offer and the relevant shares forming part of the shortfall to be dealt with at the discretion of the directors.

The effect the Entitlement Offer will have no change of control of the Company is in paragraph (e) above and the table below and is attributable to eligible shareholders successfully applying for New Shares under the Retail Entitlement Offer.

The Directors and their associates have expressed an intention to participate in the Offer to the extent set out in the table below.

Director	Shareholding on Record Date	% Holding	Entitlement	Intention to participate ¹	Shareholding upon allotment of Entitlement Offer Shares	% Holding Post-Entitlement Offer ³
Peter Cook	10,707,904	11.5%	2,676,976	400,000	11,107,904	9.6%
Peter Pawlowitsch	1,875,000	2.0%	468,750	468,750	2,343,750	2.0%
Brandon Munro	1,250,000	1.3%	312,500	312,500	1,562,500	1.3%
Paul Burton	-	-	-	-	-	-
Kenneth Lai	10,335,000	11.1%	2,583,700	2,583,700 ²	12,918,750	11.1%

Notes:

- (1) The Directors' intentions are indicative as at the date of Novatti's announcement of the Entitlement Offer and subject to change without notice.
- (2) Subscribed for pursuant to the Institutional Entitlement Offer.
- (3) Assumes that the Entitlement Offer is fully subscribed and no Options are exercised before the Record Date.

The issued share capital of the Company is as follows:

Existing Shares on issue as at 8 May 2017 (announcement of the Entitlement Offer)	92,883,826
New Shares issued under the Entitlement Offer	23,220,956
Total number of Shares after the Entitlement Offer*	116,104,782

These numbers assume that no Options are exercised and there is full subscription of the Entitlement Offer. The number of New Shares issued under the Offer may have to be increased if existing Option Holders exercise their options and are registered shareholders by the Record Date.

If you have any queries in relation to the Offer please contact Ian Hobson, Company Secretary on +61 8 9388 8920. Investors can view all of the Company's announcements in relation to the Offer, including the Offer Document, on the Company's website at www.novatti.com and at www.asx.com.au under the Company's ASX code NOV.