

ASX ANNOUNCEMENT

15 May 2017

Despatch of Retail Entitlement Offer Information Booklet and Notices to Shareholders

On 8 May 2017, Novatti Group Limited ACN 606 556 183 (**Novatti** or **Company**) announced an accelerated one for four pro rata non-renounceable entitlement offer of fully paid ordinary shares in Novatti (**New Shares**) to raise approximately \$3.25 million (**Entitlement Offer**). The Entitlement Offer comprises an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). On 10 May 2017, Novatti announced the successful completion of the Institutional Entitlement Offer raising approximately \$1.67 million.

Novatti is pleased to advise that in accordance with the timetable for the Entitlement Offer, the information booklet for the Retail Entitlement Offer, a copy of which was lodged with ASX on 10 May 2017, and personalised Entitlement and Acceptance Forms, are being despatched to eligible retail shareholders today.

Notifications to eligible and ineligible shareholders, copies of which are attached to this announcement, will be dispatched today.

For more information please contact the Company's share registry – Automic Registry Services on 1300 288 664 or the Company Secretary on +61 8 9388 8290.

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

15 May 2017

Dear Shareholder

Novatti Group Limited Entitlement Offer Notice to shareholders

On 8 May 2017, Novatti Group Limited ACN 606 556 183 (**Novatti**) announced a one for four pro rata accelerated non-renounceable entitlement offer of fully paid ordinary shares in Novatti (**New Shares**) to raise approximately \$3.25 million (**Entitlement Offer**).

The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed on 10 May 2017. Further details of the retail component of the Entitlement Offer (**Retail Entitlement Offer**) are set out in the Information Booklet lodged with ASX on 10 May 2017.

Hunter Capital Advisors Pty Ltd have been appointed lead manager to the Entitlement Offer. The Entitlement Offer is not underwritten.

The proceeds of the Entitlement Offer will be applied to the proposed acquisition of basis2 and costs associated with the acquisition, general working capital, and the costs of the Entitlement Offer. Further information about basis2 is set out in the announcement of 8 May 2017 and an investor presentation announced that same day.

Terms of the Entitlement Offer

The offer price for the Entitlement Offer is \$0.14 per New Share (**Offer Price**). Under the Entitlement Offer, eligible shareholders will be able to subscribe for one New Share for every four existing shares held at 7.00pm (AEST) on 10 May 2017 (**Record Date**) at the Offer Price (**Entitlements**).

Novatti will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Class Order 08/35. The Information Booklet and notice given in accordance with section 708AA(2)(f) of the Corporations Act have been lodged with ASX and are available to view on the ASX website (www.asx.com.au). Shareholder approval is not required for Novatti to make the offer under the Entitlement Offer.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares, and holdings on different registers or sub-registers will not be aggregated to calculate Entitlements.

Eligible shareholders may also apply for additional New Shares in excess of their Entitlement at the same price as under the Entitlement Offer (**Top-Up Facility**). Additional New Shares will only be available under the Top-Up Facility where there is a shortfall between applications for New Shares received from eligible shareholders and the number of New Shares proposed to be issued under the Entitlement Offer. There is no guarantee that applicants under this Top-Up Facility will receive all or any of the shares that they apply for under the Top-Up Facility.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

Proposed timetable

Novatti expects that the Entitlement Offer will be conducted according to the following timetable:

Activity	Date
Trading halt (before market open)	4 May 2017
Announcement of the Entitlement Offer and Appendix 3B and cleansing notice lodged	8 May 2017
Institutional Entitlement Offer opens	8 May 2017
Institutional Entitlement Offer closes	8 May 2017
Announcement of results of Institutional Entitlement Offer and release of the Retail Entitlement Offer documentation to ASX (before commencement of trading following the trading halt)	10 May 2017
Trading halt is lifted, and Existing Shares resume trading on an ex-entitlement basis	10 May 2017
Record Date for Entitlement Offer (7.00pm (AEST))	10 May 2017
Information Booklet and Entitlement and Acceptance Form despatched, and announcement of despatch	15 May 2017
Retail Entitlement Offer opens	15 May 2017
Settlement of the Institutional Entitlement Offer	15 May 2017
Updated Appendix 3B for New Shares issued under the Institutional Entitlement Offer lodged (if required)	15 May 2017 (before noon)
Expected issue and quotation of New Shares issued under the Institutional Entitlement Offer	16 May 2017
Closing date for acceptances under the Retail Entitlement Offer (5.00pm (AEST))	24 May 2017
Announcement of results of the Retail Entitlement Offer and under-subscriptions	25 May 2017
Settlement of the Retail Entitlement Offer	26 May 2017
Expected issue of New Shares under the Retail Entitlement Offer	29 May 2017
Updated Appendix 3B for New Shares issued under the Retail Entitlement Offer lodged (if required), along with other required information (e.g. distribution schedule)	29 May 2017 (before noon)
Expected quotation of New Shares under the Retail Entitlement Offer	30 May 2017
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	2 June 2017

* *This timetable is indicative only. The directors may vary these dates subject to the ASX Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares. The directors of Novatti also reserve the right not to proceed with the whole or part of the Entitlement Offer any time prior to the issue of the New Shares under the Entitlement Offer. In that event, the relevant application monies (without interest) will be returned in full to applicants.*

Capital structure

The capital structure of Novatti following the issue of New Shares, assuming the maximum number of New Shares is issued under the Entitlement Offer, will be as follows (ignoring the effect of rounding Entitlements):

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

* Assumes full subscription of the Entitlement Offer and no Options are exercised before the Record Date.

The New Shares will be fully paid and rank equally with existing ordinary shares on issue in the capital of Novatti.

Eligibility of shareholders to participate in the Entitlement Offer

The Entitlement Offer is only available to eligible shareholders. An eligible shareholder means a registered holder of ordinary shares in the capital of Novatti as at 7.00pm (AEST) on the Record Date who:

- (a) has a registered address in Australia or New Zealand or is a shareholder that Novatti has otherwise determined is eligible to participate;
- (b) subject to a determination by Novatti as outlined in paragraph (a), is not in the United States and is not a nominee or custodian acting for the account or benefit of a person in the United States; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Eligible shareholders will receive an Information Booklet and personalised Entitlement and Application Form.

Ineligible shareholders

If you are not an eligible retail shareholder you cannot participate in the retail Entitlement Offer. Novatti will separately notify those shareholders who are not eligible retail shareholders.

Further information

If you have any queries, please contact Novatti's share registry, Automic Registry Services on 1300 288 664, the Company Secretary on +61 8 9388 8290 or, alternatively, consult your stockbroker, solicitor, accountant or other professional financial adviser.

On behalf of the directors, I thank you for your continued support of Novatti.

Yours faithfully

NOVATTI GROUP LIMITED



Peter Pawlowitsch
Chairman

15 May 2017

Dear Shareholder

**Novatti Group Limited Entitlement Offer
Notice to ineligible shareholders**

On 8 May 2017, Novatti Group Limited ACN 606 556 183 (**Novatti**) announced a one for four pro rata accelerated non-renounceable entitlement offer of fully paid ordinary shares in Novatti (**New Shares**) to raise approximately \$3.25 million (**Entitlement Offer**).

The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed on 10 May 2017. Further details of the retail component of the Entitlement Offer (**Retail Entitlement Offer**) are set out in the Information Booklet lodged with ASX on 10 May 2017.

The proceeds of the Entitlement Offer will be applied to the proposed acquisition of basis2 and costs associated with the acquisition, general working capital, and the costs of the Entitlement Offer. Further information about basis2 is set out in the announcement of 8 May 2017 and an investor presentation announced that same day.

Terms of the Entitlement Offer

The offer price for the Entitlement Offer is \$0.14 per New Share (**Offer Price**).

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

Novatti will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Class Order 08/35. On 10 May 2017, Novatti lodged an Information Booklet for the Entitlement Offer with ASX, a copy of which will be sent to each eligible shareholder (along with a personalised Entitlement and Acceptance Form) on 15 May 2017. Shareholder approval is not required for Novatti to make the offer under the Entitlement Offer.

Eligible shareholders may also apply for additional New Shares in excess of their Entitlement at the same price as under the Entitlement Offer (**Top-Up Facility**). Additional New Shares will only be available under the Top-Up Facility where there is a shortfall between applications for New Shares received from eligible shareholders and the number of New Shares proposed to be issued under the Entitlement Offer. There is no guarantee that applicants under this Top-Up Facility will receive all or any of the shares that they apply for under the Top-Up Facility.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

Eligibility of shareholders to participate in the Entitlement Offer

The Entitlement Offer is only available to eligible shareholders. Novatti has determined under ASX Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act that it would be unreasonable to make offers to shareholders in all countries in connection with the Retail Entitlement Offer. Accordingly, this letter is to inform you that Novatti has determined that you are not an eligible shareholder and you are therefore ineligible to apply for the New Shares. You are not required to do anything in response to this letter.

A person is eligible to participate in the Entitlement Offer as an eligible shareholder where the person is a registered holder of ordinary shares in the capital of Novatti as at 7.00pm (AEST) on the Record Date who:

- (a) has a registered address in Australia or New Zealand or is a shareholder that Novatti has otherwise determined is eligible to participate;
- (b) subject to a determination by Novatti as outlined in paragraph (a), is not in the United States and is not a nominee or custodian acting for the account or benefit of a person in the United States; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

As you do not satisfy the criteria for eligibility, Novatti is unfortunately unable to extend the Entitlement Offer to you.

New Shares equivalent to the number of New Shares you would have been entitled to if you were an eligible retail shareholder will be allocated to eligible retail shareholders who subscribe for New Shares in excess of their entitlement under the Retail Entitlement Offer or under a shortfall offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for these entitlements in respect of any New Shares that would have been offered to you if you were eligible.

Further information

If you have any queries, please contact Novatti's share registry, Automic Registry Services on +61 2 9698 5414, the Company Secretary on +61 8 9388 8290 or, alternatively, consult your stockbroker, solicitor, accountant or other professional financial adviser.

Yours faithfully

NOVATTI GROUP LIMITED



Peter Pawlowitsch
Chairman