



NOVATTI GROUP LIMITED
ACN 606 556 183

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
AND
PROXY FORM

Date of Meeting
Tuesday, 27 November 2018

Time of Meeting
11.30am (AEDT)

Place of Meeting:
William Buck | Spring & Exhibition Rooms
Level 20, 181 William Street
MELBOURNE VICTORIA 3000

NOVATTI GROUP LIMITED
ACN 606 556 183

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of the shareholders of Novatti Group Limited (**Company**) will be held at held at 11.30am (AEDT) on Tuesday, 27 November 2018 at William Buck, Spring & Exhibition Rooms, Level 20, 181 William Street, Melbourne VIC 3000 (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 25 November 2018 at 7pm (AEDT). Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition: A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director – Peter Pawlowitsch

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

"That, for the purpose of clause 6.3(c) of the Constitution and for all other purposes, Peter Pawlowitsch, a Director, retires and being eligible, is re-elected as a Director."

4. Resolution 3 - Re-election of Director – Brandon Munro

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

"That, for the purpose of clause 6.3(c) of the Constitution and for all other purposes, Brandon Munro, a Director, retires and being eligible, is re-elected as a Director."

5. Resolution 4 - Approval of 10% Placement Capacity

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

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by any person who is expected to participate in the issue of Equity Securities under this Resolution and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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.

6. Resolution 5 - Ratification of Prior Issue of Shares - Listing Rule 7.1

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the issue under Listing Rule 7.1 by the Company of 1,600,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: 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 Chairman 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.

7. Resolution 6 – Proposed Issue of Options to Director - Peter Pawlowitsch

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

"That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 2,500,000 Incentive Options to Mr Peter Pawlowitsch or his nominee, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Peter Pawlowitsch and his nominees or an associate of those persons. However, the Company need 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 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: A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

8. Resolution 7 – Proposed Issue of Options to Director - Peter Cook

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

“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 2,500,000 Incentive Options to Mr Peter Cook or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Peter Cook and his nominees or an associate of those persons. However, the Company need 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 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: A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

9. Resolution 8 – Proposed Issue of Options to Director – Brandon Munro

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

“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 1,500,000 Incentive Options to Mr Brandon Munro or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Brandon Munro and his nominees or an associate of those persons. However, the Company need 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 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: A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

10. Resolution 9 – Proposed Issue of Options to Director – Paul Burton

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

“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Incentive Options to Mr Paul Burton or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Paul Burton and his nominees or an associate of those persons. However, the Company need 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 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: A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

11. Resolution 10 – Proposed Issue of Options to Director – Kenneth Lai

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

“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Incentive Options to Mr Kenneth Lai or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Kenneth Lai and his nominees or an associate of those persons. However, the Company need 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 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: A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

12. Resolution 11 – Proposed Issue of Options to Director – Steven Zhou

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

“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Incentive Options to Mr Steven Zhou or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Steven Zhou and his nominees or an associate of those persons. However, the Company need 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 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: A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Dated 9 October 2018

BY ORDER OF THE BOARD



Ian Hobson
Company Secretary

NOVATTI GROUP LIMITED
ACN 606 556 183

EXPLANATORY STATEMENT

1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 11.30am (AEDT) on Tuesday, 27 November 2018 at William Buck, Spring & Exhibition Rooms, Level 20, 181 William Street, Melbourne VIC 3000.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Statement.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolutions 1 and 6 to 11 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report;
or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolutions 1 and 6 to 11 as proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) above and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or

- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at <https://www.novattigroup.com/annualandhalfyearlyreports> and click on the direct link;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

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

4. Resolution 1 - Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of itself, and a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act was amended in 2011 by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)*.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorization for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 - Re-election of Director – Peter Pawlowitsch

Clause 6.3 of the Constitution requires that a Director (excluding the managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

At each annual general meeting, where the Company has three or more Directors, one-third of the Directors (rounded down to the nearest whole number) must retire (except for the managing Director).

A Director who retires under clause 6.3 of the Constitution is eligible for re-election.

The Company currently has six Directors (including one managing Director).

Peter Pawlowitsch, a Director since 19 June 2015 and re-elected on 16 November 2016, is one of the two Directors who retires and seeks re-election. His details are set out in the Annual Report.

The Board unanimously supports the re-election of Peter Pawlowitsch.

6. Resolution 3 - Re-election of Director – Brandon Munro

Clause 6.3 of the Constitution requires that a Director (excluding the managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

At each annual general meeting, where the Company has three or more Directors, one-third of the Directors (rounded down to the nearest whole number) must retire (except for the managing Director).

A Director who retires under clause 6.3 of the Constitution is eligible for re-election.

The Company currently has six Directors (including one managing Director).

Brandon Munro, a Director since 12 October 2015 and re-elected on 16 November 2016, is one of the two Directors who retires and seeks re-election. His details are set out in the Annual Report.

The Board unanimously supports the re-election of Brandon Munro.

7. Resolution 4 - Approval of 10% Placement Capacity

7.1 General

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital at the time of the issue over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 4, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in Section 7.2 below).

The effect of Resolution 4 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue at the time of the 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.

If and when the Company does utilise the 10% Placement Capacity within the 12 months following the AGM, assuming Resolution 4 is passed, the Company will be required to give ASX details of who the allottees are and how many Equity Securities they each received. In addition the Company will be required to release by way of ASX announcement the information set out in Listing Rule 3.10.5A, namely:

- (a) details about the dilution to the existing Shareholders caused by the issue of Equity Securities under the 10% Placement Capacity;
- (b) if cash is raised, an explanation why a pro rata issue or other type of issue allowing existing shareholders to participate was not adopted instead of or as well as using the 10% Placement Capacity;
- (c) details about any underwriting and underwriting fees paid, and
- (d) details about any other fees or costs incurred in connection with the issue of Equity Securities under the 10% Placement Capacity.

The Directors believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman intends to vote all available proxies in favour of Resolution 4.

Resolution 4 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 Resolution 4 for it to be passed.

7.2 ASX Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

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.

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 approximately \$21,000,000.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of Equity Securities on issue, being the Shares (ASX Code: NOV).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

- (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
- (d) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

7.3 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 Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 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 five ASX trading days of the date in Section 7.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

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

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

being the **10% Placement Capacity Period**.

(c) Risk of voting dilution

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

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

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	Dilution			
	Issue Price (per Share)	\$0.108 50% decrease in Issue Price	\$0.215 Current Issue Price	\$0.323 50% increase in Issue Price
157,508,332 (Current)	Shares issued	15,750,833 Shares	15,750,833 Shares	15,750,833 Shares
	Funds raised	\$1,693,215	\$3,386,429	\$5,079,644
236,262,498 (50% increase)	Shares issued	23,626,250 Shares	23,626,250 Shares	23,626,250 Shares
	Funds raised	\$2,539,822	\$5,079,644	\$7,619,466
315,016,664 (100% increase)	Shares issued	31,501,666 Shares	31,501,666 Shares	31,501,666 Shares
	Funds raised	\$3,386,429	\$6,772,858	\$10,159,287

*The number of Shares on issue (variable A in the formula) 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 Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 8 October 2018.
2. The issue price set out above is the closing price of the Shares on ASX on 8 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. 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.
5. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

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

(d) Purpose of Issue under 10% Placement Capacity

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

- (i) as cash consideration in which case the Company intends to use funds raised to continue expansion of the Flexepin, China payments and TransferBridge businesses and SaaS based sales of the Novatti payments platform; or
- (ii) as non-cash consideration for product development and expansion. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (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 entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities 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 corporate, financial and broking advisers (if applicable).

(f) Previous Approval under ASX Listing Rule 7.1A

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 27 November 2017. In the 12 months preceding the date of the 2018 Annual General Meeting, the Company issued a total of 21,903,957 Equity Securities, representing approximately 16% of the total number of Equity Securities on issue at 27 November 2017.

The Equity Securities issued in the preceding 12 month period comprise those issues as are set out in Schedule 2.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

8. Resolution 5 – Ratification of prior issue of shares - Listing Rule 7.1

On 13 June 2018, the Company announced to ASX that it had acquired the business of Vasco Pay Pty Ltd in consideration for the payment of \$150,000 and the issue of 1,600,000 Shares.

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any 12 month period other than the amount which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12 month period (**15% share issue capacity**).

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of those Listing Rules if shareholders subsequently ratify it and the issue did not breach Listing Rule 7.1.

The Company is seeking shareholder approval to ratify the 15 June 2018 issue of 1,600,000 Shares to the vendors of Vasco Pay Pty Ltd under the Company's 15% share issue capacity.

The Shares issued rank equally with all Shares then and currently on issue. The closing Share price on ASX on the day of issue was \$0.23 and, on that basis, the value of Shares issued on that day is \$368,000.

Without shareholder approval pursuant to Listing Rule 7.4, the issue will be counted towards the Company's 15% share issue capacity and will therefore reduce the Company's capacity to issue securities in the future without obtaining shareholder approval.

Accordingly, this resolution seeks shareholder approval to allow the Company to refresh its 15% share issue capacity. The directors of the Company unanimously recommend that shareholders vote in favour of Resolution 5.

9. Resolutions 6 to 11 – Proposed grant of Options to Directors

9.1 Background

Resolutions 6 to 11 propose the issue of Incentive Options to Directors.

Listing Rule 10.11 provides that the prior approval of Shareholders is required for the issue of equity securities to a related party. If approval is given for the issue of securities under Listing Rule 10.11, approval is not required under Listing Rule 7.1. Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purpose of this meeting, a “related party” includes a director of the Company. Accordingly, the proposed grant of Incentive Options to the Directors involves the provision of a financial benefit to related parties of the Company.

Where no exception is applicable (as is the case in these circumstances), Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that Company, the public company must:

- (a) obtain the approval of members in the way set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months after the approval is obtained.

The information required by Chapter 2E of the Corporations Act to be provided to shareholders is contained within this Explanatory Statement and the Notice.

In addition, as all of the Directors have a material personal interest in the issue of the securities that are the subject of Resolutions 6 to 11, the Company seeks approval under section 195 of the Corporations Act so that Shareholders may pass a resolution to deal with this matter.

The purpose of the issue is to align the interest of Directors with those of the Company and its shareholders. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company’s operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Board considers that the most appropriate means of achieving this is to provide the Directors with an opportunity to participate in the Company’s future growth and give them an incentive to contribute to that growth.

The issue of options as part of the remuneration packages of company directors is a well-established practice of micro-cap publicly listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the Directors.

In determining the number of Incentive Options to be issued and their terms of grant, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms, and the recent market price of the Shares.

The Company is proposing to issue an aggregate of 9,500,000 Incentive Options to the Directors with “vesting” linked to the achievements of certain specified milestone events as follows:

Name	Position	Incentive Options (Milestone 1)	Incentive Options (Milestone 2)	Incentive Options (Milestone 3)	Incentive Options (Total)
Peter Pawlowitsch	Non-Executive Chairman	833,334	833,333	833,333	2,500,000
Peter Cook	Managing Director	833,334	833,333	833,333	2,500,000
Brandon Munro	Non-Executive Director	500,000	500,000	500,000	1,500,000
Paul Burton	Non-Executive Director	333,334	333,333	333,333	1,000,000
Kenneth Lai	Non-Executive Director	333,334	333,333	333,333	1,000,000
Steven Zhou	Non-Executive Director	333,334	333,333	333,333	1,000,000

The Incentive Options will be issued free of charge and within one month after the date of the Meeting, however the relevant number of Incentive Options that are linked to a specific milestone will not “vest” (ie are not exercisable) unless and until the relevant milestone has been achieved within the prescribed timeframe or a “Change of Control Event” occurs during that period (see the terms and conditions in Schedule 3 for further details.). If neither of these events occurs within the prescribed timeframe, then the relevant number of Incentive Options will automatically lapse.

In addition, all “unvested” Options will be forfeited and automatically lapse upon the recipient terminating or being removed from their role with the Company, unless the Board determines otherwise. See the terms and conditions in Schedule 3 for further details.

Details of these milestones and timeframes for achievement are as follows:

- Milestone 1:** The 20-day VWAP achieving a price greater than or equal to 130% of the November 2018 20-day VWAP at any time during the period commencing 1 December 2018 and ending 30 November 2019 (inclusive).
- Milestone 2:** The 20-day VWAP achieving a price greater than or equal to 160% of the November 2018 20-day VWAP at any time during the period commencing 1 December 2018 and ending 30 November 2020 (inclusive).
- Milestone 3:** The 20-day VWAP achieving a price greater than or equal to 190% of the November 2018 20-day VWAP at any time during the period commencing 1 December 2018 and ending 30 November 2021 (inclusive).

The exercise price for the Incentive Options will be equal to the November 2018 20-day VWAP. The Incentive Options will expire on 30 November 2022 after which date all of the Incentive Options not yet exercised automatically lapse.

The terms and conditions of the Incentive Options are set out in Schedule 3.

Listing Rule 10.11 and Chapter 2E of the Corporations Act require shareholder approval to be obtained for the issue of options to related parties.

9.2 Chapter 2E Corporations Act Requirements

In accordance with Section 219 of the Corporations Act the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolutions 6 to 11:

- (a) The proposed recipients are the related parties to whom the proposed resolutions would permit a financial benefit to be given. They are related parties of the Company by virtue of Section 228 of the Corporations Act (ie they are Directors).
- (b) The nature of the financial benefit to be given to the related parties is the issue of the Incentive Options for no consideration on the terms and conditions set out in Schedule 3.

On the basis of the indicative value as calculated below, the value of Incentive Options proposed to be issued to the related parties is as follows:

Name	No. Incentive Options	Indicative Value (\$)
Peter Pawlowitsch ¹	2,500,000	133,750
Peter Cook	2,500,000	133,750
Brandon Munro ¹	1,500,000	80,250
Paul Burton	1,000,000	53,500
Kenneth Lai	1,000,000	53,500
Steven Zhou	1,000,000	53,500

Notes:

1. Inclusive of 500,000 Options for sitting on the Board Operations Committee

The relevant base salaries per annum (including superannuation) of the Directors and the total financial benefit to be received by them for the year ended 30 June 2019, when added to the implied "value" to be received by each of them as a result of the issue of options that are the subject of Resolutions 6 to 11 are as follows:

Director	Position	Annual Remuneration ¹ \$	Value of Options to be Issued \$	Total Financial Benefit \$
Peter Pawlowitsch ²	Non-Executive Chairman	100,000	133,750	233,750
Peter Cook	Managing Director	400,000	133,750	533,750
Brandon Munro ²	Non-Executive Director	50,000	80,250	130,250
Paul Burton ³	Non-Executive Director	40,000	53,500	93,500
Kenneth Lai	Non-Executive Director	30,000	53,500	83,500
Steven Zhou	Non-Executive Director	30,000	53,500	83,500

Notes:

1. Annual remuneration as from 1 November 2018. Figures shown on an annualised basis.
2. Inclusive of \$20,000 annual remuneration for sitting on the Board Operations Committee.
3. Inclusive of \$10,000 annual remuneration for Chairing the Board Audit and Risk Committee.

- (c) The Board declines to make a recommendation to Shareholders in relation to Resolutions 6 to 11 due to each of their material personal interests in the outcome of the Resolutions (as applicable) on the basis that they are to be granted securities in the Company should Resolutions 6 to 11 be passed.
- (d) All of the Directors have an interest in the outcome of proposed Resolutions 6 to 11. Details of the benefits and costs to the Company are contained herein.
- (e) Excluding any securities proposed to be allotted to the related parties pursuant to Resolutions 6 to 11, the Directors and their associates have a relevant interest in the securities of the Company as set out below:

Name	Shares		Options	
	Direct	Indirect	Direct	Indirect
Peter Pawlowitsch	-	2,343,750	-	1,000,000 ¹
Peter Cook	-	11,107,904	-	5,000,000 ¹
Brandon Munro	-	1,562,500	-	1,000,000 ¹
Paul Burton	-	-	750,000 ²	5,000,000 ¹
Kenneth Lai	-	-	750,000 ²	-
Steven Zhou	-	-	-	-

Notes:

- Options exercisable at 20 cents each, expiring 30 June 2019.
- Options exercisable at 25 cents each, expiring 31 May 2019.

- (f) ASX sets out best practice recommendations for ASX-listed companies, including a suggestion that non-executive directors should not receive options or bonus payments. These guidelines are not prescriptive and do not require a “one size fits all” approach to corporate governance. In the Board’s view, the guideline is inappropriate considering the Company’s circumstances, where the preservation of the Company’s cash resources is key and the retention of high quality and well-credentialed non-executive directors is considered important to the ongoing development and growth of the Company and its business.

There is no other information known to the Directors or the Company that is reasonably required by Shareholders to make a decision whether or not it is in the Company’s interests to pass Resolutions 6 to 11, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities of the Company). The Directors believe that the Incentive Options proposed to be issued to the Directors are a cost-effective benefit for small companies that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders given that their vesting and exercise is linked to the market value of the underlying Shares.

Potential Benefits

If the Incentive Options are issued pursuant to the proposed resolutions, the Company considers the following benefits arise:

- The Directors will have a vested interest in the affairs of the Company. The Incentive Options are a form of performance-based incentive and their “vesting” is linked to the market price of the Shares. An increase in the market price of Shares to achieve the relevant milestones will also benefit all Shareholders.
- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.

- The exercise of the Incentive Options will provide working capital for the Company at no significant cost. If all the Incentive Options proposed to be issued pursuant to Resolutions 6 to 11 are ultimately exercised, funds will be raised, though the exact amount will not be determinable until the date of the Meeting and the operation of the cashless exercise facility as part of the terms and conditions of the Incentive Options (as set out in Schedule 3). Assuming an exercise price of 21.5 cents (see commentary as regards valuation of the Incentive Options below) and no use of the cashless exercise facility, an amount of \$2,042,500 would be raised.

Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 9,500,000 Incentive Options pursuant to Resolutions 6 to 11 is that there will be a dilution of the issued share capital if the Incentive Options are exercised. Based on 155,508,332 Shares currently on issue the exercise of the proposed Incentive Options would have a dilution effect of approximately 6.03% of non-associated Shareholders' interest in the Company.

However, if the other existing Options on issue held by third parties were also to be exercised into Shares, the dilution effect would be 5.1%. The Company has the following Options on issue (as at the date of the Notice):

Options expiring 30 June 2019 exercisable at 20c	22,815,000
Options expiring 31 December 2019 exercisable at 20c	3,306,334
Options expiring 31 May 2019 exercisable at 25c	1,500,000
Total	27,621,334

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Options other than, if the Options are exercised at a time when the market price of the Shares is greater than the exercise price of the Options, there will be detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

The market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at the time any of the Incentive Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company.

In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

	Date	Price
Low	5 October 2017	15.5 cents
High	8 December 2017	48.5 cents
Last Price	8 October 2018	21.5 cents

The value of Incentive Options to be issued has been calculated using the Black-Scholes option pricing model as of 5 October 2018. The value of an option calculated by the Black-Scholes option pricing model is a function of a number of variables. The indicative value of the Incentive Options has been calculated using the following variables:

	Incentive Options
Valuation date	8 October 2018
Exercise price	21.5 cents
Maximum option life	4 years
Underlying share price	21.5 cents
Vesting dates	On achieving milestones
Risk free rate of return	1.95%
Vesting probability – milestone 1	70%
Vesting probability – milestone 2	50%
Vesting probability – milestone 3	30%
Volatility	66%
Notional Indicative Value	\$0.10

The underlying Share price of 21.5 cents is based on the closing Share price on ASX as at 8 October 2018 (being the last practical date before this Notice was finalised) and is a representative figure of what the November 2018 20-day VWAP may be when calculated.

Further details of the terms and conditions of the Incentive Options to be issued are outlined above and in Schedule 3.

9.3 Listing Rule 10.13 Requirements

In compliance with the information requirements of Listing Rule 10.13 members are advised of the following particulars in relation to the proposed issue of Incentive Options under Resolutions 6 to 11:

(a) Maximum number of options to be issued:

9,500,000 Incentive Options

(b) Date by which the Company will issue options:

No later than one month after the date of the Meeting.

(c) Price at which options to be issued:

Nil - The Options are being issued to remunerate the directors as an incentive for future services.

(d) Names of the allottees:

Peter Pawlowitsch, Peter Cook, Brandon Munro, Paul Burton, Kenneth Lai and Steven Zhou, or their nominees.

(e) Terms of issue:

The Incentive Options will be issued for no consideration and on the terms and conditions as outlined in Schedule 3.

(f) Intended use of funds raised:

The Incentive Options will be issued for no consideration. There are no funds being raised from the allotment as the Options will be issued as an incentive for future services. Funds raised through the exercise of the Incentive Options will be used to continue expansion of the Flexepin, China payments and TransferBridge businesses and SaaS based sales of the Novatti payments platform, and for working capital purposes.

(g) Dates of allotment:

Allotment will occur on one date.

Schedule 1 - Definitions

In this Notice and the Explanatory Statement:

\$ means Australian Dollars.

20-day VWAP means the VWAP over a period of 20 consecutive trading days.

AEDT means Australian Eastern Daylight-Savings Time.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2018.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

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

Board means the board of Directors.

Chair or Chairman means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Novatti Group Ltd (ACN 606 556 183).

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Incentive Option means an Option on the terms and conditions set out in Schedule 3 and elsewhere in this Notice.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice:

Notice means this notice of meeting.

November 2018 20-day VWAP means the VWAP ending on and including the date of the Meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Statement.

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

Shareholder means a shareholder of the Company.

VWAP means volume weighted average price of Shares traded on ASX.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa.

Schedule 2 - Equity Securities issued since 2017 AGM

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
14.12.17	500,000	Fully paid ordinary shares	Option holders	Issue Price \$0.20 each Discount-92%	Total cash consideration	\$10,000
					Amount of cash consideration spent and description of what consideration was spent on	\$10,000 Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil
15.12.17	1,200,000	Fully paid ordinary shares	Option holders	Issue Price \$0.20 each Discount-92%	Total cash consideration	\$240,000
					Amount of cash consideration spent and description of what consideration was spent on	\$240,000 Working Capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil
9.2.18	120,000	Fully paid ordinary shares	Option holders	Issue Price \$0.20 each Discount-62%	Total cash consideration	\$24,000
					Amount of cash consideration spent and description of what consideration was spent on	\$24,000 Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
14.2.18	64,600	Fully paid ordinary shares	Option holders	Issue Price \$0.20 each Discount-70%	Total cash consideration	\$12,920
					Amount of cash consideration spent and description of what consideration was spent on	\$12,920 Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil
6.03.2018	18,213,041	Fully paid ordinary shares	Placement to sophisticated investors Ms Li & Mr Wei	Issue Price \$0.19217 each Discount-25%	Total cash consideration	\$3,500,000
					Amount of cash consideration spent and description of what consideration was spent on	Nil
					Intended use for remaining cash consideration	Working capital
					Non-cash consideration paid and current value of that non-cash consideration	Nil
6/3/2018	96,666	Fully paid ordinary shares	Option holders	Issue Price \$0.20 each Discount-25%	Total cash consideration	\$19,333
					Amount of cash consideration spent and description of what consideration was spent on	\$19,333 Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
5/06/2018	1,600,000	Fully paid ordinary shares	Vendors of Vasco Pay Pty Ltd	Issue Price \$0.23 each. Discount -N/A	Total cash consideration	N/A
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	\$368,000 \$350,000

Schedule 3 – Terms and Conditions of Incentive Options

The terms and conditions of the Incentive Options (**Options**) are as follows:

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share (**Share**) in Novatti Group Limited ACN 606 556 183 (**Company**).
- (b) Each Option is exercisable at a price equal to the volume weighted average price of Shares on ASX for the 20 trading days ending on and including 27 November 2018 (**Exercise Price**).
- (c) The Options will expire at 5.00pm (AEDT) on 30 November 2022 (**Expiry Date**).
- (d) The Options are classified according to specific milestones (as set out in paragraph (e)) and are not exercisable unless and until the relevant milestone has been achieved or a Change of Control Event (as defined in paragraph (f)) has occurred within the prescribed timeframe (**Vesting**). If Vesting of the relevant Options has not occurred within the prescribed timeframe, the relevant number of Options shall automatically lapse.
- (e) The milestones and timeframes for achievement are as follows.
 - Milestone 1:** The 20-day VWAP achieving a price greater than or equal to 130% of the November 2018 20-day VWAP at any time during the period commencing 1 December 2018 and ending 30 November 2019 (inclusive).
 - Milestone 2:** The 20-day VWAP achieving a price greater than or equal to 160% of the November 2018 20-day VWAP at any time during the period commencing 1 December 2018 and ending 30 November 2020 (inclusive).
 - Milestone 3:** The 20-day VWAP achieving a price greater than or equal to 190% of the November 2018 20-day VWAP at any time during the period commencing 1 December 2018 and ending 30 November 2021 (inclusive).
- (f) A **Change of Control Event** shall be taken to mean:
 - (i) the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares and that the takeover bid has become unconditional; or
 - (ii) the announcement by the Company that shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party and the Court, by order, approves the proposed scheme of arrangement.
- (g) Options are exercisable at any time from their date of Vesting up until the Expiry Date by notice in writing to the Company accompanied by payment of the Exercise Price.
- (h) If an Optionholder or the person who nominated the Optionholder to receive the Options, as the case may be, ceases to be employed or engaged by the Company (or a member of the Company's corporate group) or, if a director of the Company (**Director**), ceases to be a Director then, unless the Company's board of Directors determines otherwise, the Optionholder automatically forfeits their interest in any Options that have not yet been exercised and all such Options shall automatically lapse.
- (i) (i) Notwithstanding the requirement for payment of the Exercise Price in accordance with paragraph (g), in order to exercise some or all of the Options, the holder may, subject to sub-paragraph (i)(iv), elect to pay the Exercise Price by using the cashless exercise facility provided for under this paragraph (i) (**Cashless Exercise Facility**).

- (ii) The Cashless Exercise Facility entitles the holder to set-off the Exercise Price against the number of Shares which the holder is entitled to receive upon exercise of the holder's Options. By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set-off.
- (iii) If the holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options.

O = Number of Options.

MSP = Market value of the Shares (calculated using the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date).

EP = Option exercise price.

- (iv) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with subparagraph (i)(iii)) is zero or negative, then the holder will not be entitled to use the Cashless Exercise Facility.
- (j) The Options are non transferable.
- (k) All Shares issued upon exercise of the Options will rank *pari passu* in all respects with the then existing Shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Options.
- (l) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to its shareholders, the Company will if practicable given the timetable for the issue send a notice to each holder of Options as soon as reasonably practicable before the record date referable to that issue to give holders an opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) If from time to time on or prior to the Expiry Date the Company makes an issue of Shares to its shareholders by way of capitalisation of profits or reserves (a **Bonus Issue**), then upon exercise of their Options, Optionholders will be entitled to have issued to them (in addition to the Shares which would otherwise be issued to them upon such exercise) the number of Shares of the class which would have been issued to them under that Bonus Issue (**Bonus Shares**) if on the record date for the Bonus Issue they have been registered as holder, if, immediately prior to that date, they had fully exercised their Options and the Shares the subject of such exercise had been duly allotted and issued to them. The Bonus Shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue will rank *pari passu* in all respects with the other Shares allotted upon exercise of the Options.
- (n) There is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a Bonus Issue) during the currency of the Options.

- (o) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.



If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

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[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: NOV

Your proxy voting instruction must be received by **11.30am (AEST) on Sunday, 25th November 2018** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

