

ASX Announcement

25 October 2018

Novatti to become an AUD Utility Token Anchor on the Stellar Network

Highlights

- Novatti to Launch the Novatti AUD Utility Token, The First Australian Dollar-Backed Utility Token on the Stellar network
- Novatti to become an anchor on the Stellar network

Novatti Group Limited (ASX:NOV) ('Novatti' or 'the Company') is pleased to announce that Novatti will launch the Novatti AUD Utility Token, the first Australian Dollar-Backed Utility Token. As an Anchor for the Stellar Network, consumers and institutions will be able to use the Novatti platform to instantly accept and settle payments in AUD, as well as easily access foreign exchanges via a lightning-fast global network. The Novatti AUD Utility Token, a token on the Stellar Network is one-to-one backed by the Australian dollar (AUD). Held in trust by Novatti, one Novatti AUD Utility Token will always be equivalent to one Australian dollar.

With the Novatti AUD Utility Token, consumers and institutions, once KYC'd, will be able to use one platform to instantly accept and settle payments in AUD, as well as easily access foreign exchanges via a lightning-fast global network.

Novatti's reserve holdings will be held by Novatti's licensed subsidiary Flexewallet Pty Ltd, which has an Australian Financial Services License for non-cash payments and is registered as a Remittance Network Provider with the regulator AUSTRAC.

As the Novatti AUD Utility Tokens are tethered to Australian dollars, the tokens in circulation will always have an equal matching reserve of AUD. This gives consumers and institutions the freedom to use a digital currency and the Stellar Network without fear of fluctuations in the underlying value of the digital currency.

Novatti will be the first AUD anchor on the Stellar Network. An anchor is an entity entrusted to create tokens for the Stellar Network that are redeemable for, and backed by the anchor. All money transactions on the Stellar Network occur in the form of digital currency issued by anchors, so anchors act as a bridge between existing fiat currencies and the Stellar Network. As an anchor to the Stellar Network, Novatti will accept inbound payments, process withdrawals and transfers, and initiate transactions for any KYC'd consumer or enterprise that seeks to transact via a Novatti user-facing platform or portal.

The official launch is scheduled for 19 November 2018. Revenues to Novatti will be dependent upon the ongoing uptake and usage requirements for an AUD Utility Token, with fees to Novatti primarily being made when holders of the Novatti AUD Utility Token convert their funds to Australian dollars into an Australian bank account.

About Stellar:

Stellar is an open distributed ledger network that allows any currency or asset to be digitally issued, transferred, and exchanged over the internet. The Stellar protocol has a built-in order book, pathfinding algorithm, and network token that together allow assets to move seamlessly between participants. Transactions on Stellar are validated by decentralized nodes that anyone can run, yet the network is highly scalable and energy efficient thanks to a novel consensus system called Stellar Consensus Protocol (SCP). SCP was developed by Professor David Mazières, who leads the secure computer systems group at Stanford and is the Chief Scientist at the Stellar Development Foundation.

About the Stellar Development Foundation:

The Stellar Development Foundation (SDF) is a non-profit organization founded in 2014. SDF helps build and maintain Stellar, a free, open-source network that connects diverse financial systems and lets anyone build low-cost financial services. Additionally, SDF supports the Stellar community through education, grant programs, and technical leadership of Stellar's open source projects. The Foundation is obligated by its charter to distribute 95% of the network's native asset, lumens, to ensure the operational and economic decentralization of the network.

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About Novatti Group Limited

Novatti is an award-winning global software technology, utility billing and payment services provider. Both through technology and services, Novatti helps economies, corporations and consumers digitise cash transactions. Novatti's robust and efficient software solutions include Consumer Digital Wallets, Branchless Banking, Mobile Money, Bill Payments, Remittance Services and Voucher Management Systems. Novatti's transaction processing services include Flexepin, an open-loop cash voucher service, Flexewallet for remittance and compliance services, Chinapayments.com for bill payment services for Chinese consumers and Vasco Pay a prepaid reloadable Visa card.

www.novattigroup.com

** Flexewallet Pty Ltd, Holder of AFSL No 448066 and an Austrac authorised Remittance Network Provider*