



NOVATTI GROUP LIMITED
ACN 606 556 183

**NOTICE OF GENERAL MEETING
EXPLANATORY STATEMENT
AND PROXY FORM**

Date of Meeting: 28 May 2020

Time of Meeting: 11.00am (AEST)

Place of Meeting: Level 3, 461 Bourke Street, Melbourne Vic. 3000

IMPORTANT INFORMATION REGARDING MEETING ATTENDANCE AND VOTING

As a consequence of the global COVID-19 pandemic and the Federal and State Government guidance and restrictions on travel and public gatherings, the Company has put in place special arrangements for the Meeting. In line with these restrictions and in the interests of the health and safety of Shareholders, personnel and the broader community, Shareholders will not be allowed to attend the Meeting in person.

**ALL RESOLUTIONS WILL BE DECIDED BASED ON PROXY VOTES
WHICH MUST BE RECEIVED BY 11.00AM (AEST) ON 26 MAY 2020.**

How can Shareholders participate?

- Shareholders are strongly urged to appoint the Chair of the Meeting as their proxy. Shareholders can complete the Proxy Form to provide specific instructions on how a Shareholder's vote is to be exercised on each item of business, and the Chair of the Meeting must follow your instructions. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice.
- The Meeting will consist only of the items of business set out in the Notice. There will be no separate address or presentation by the Chair or Managing Director.
- Shareholders may, however, submit questions to the Company in advance of the Meeting by emailing the Company Secretary, Ian Hobson, at ianhobson@bigpond.com by 11.00am (AEST) on 26 May 2020. Responses to all valid questions received prior to that time will be lodged on the ASX announcements platform prior to the commencement of the Meeting. Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its operations.
- The Meeting will be accessible to all Shareholders via a live webinar, which will allow Shareholders to listen and observe the Meeting. To register and access the Meeting by webinar Shareholders should register by clicking here or copying the link below to your web browser: <https://us02web.zoom.us/j/84062957308?pwd=YVZ4ZmtDQUtXYlZuelRKMU0zTjI0Zz09> and you will be emailed a link to join the Meeting. The registration link will also be available on the Company's website at www.novatti.com

NOVATTI GROUP LIMITED
ACN 606 556 183

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the shareholders of Novatti Group Limited ACN 606 556 183 will be held at 11.00am (AEST) on 28 May 2020 at Level 3, 461 Bourke Street, Melbourne Vic 3000.

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 26 May 2020 at 7.00pm (AEST).

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1.

AGENDA

1. Resolution 1 – Ratification of prior issue of shares – Listing Rule 7.4 (Emersion Acquisition – Tranche 1)

To consider and, if thought fit, to pass with or without amendment, the following resolution 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 7,493,256 fully paid ordinary shares to the parties and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who received Tranche 1 Shares or an associate such a person. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Approval for the issue of shares – Listing Rule 7.1 (Emersion Acquisition – Tranche 2)

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue of 9,231,744 fully paid ordinary shares to the parties and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who will receive Tranche 2 Shares or any associates of such a person. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Ratification of prior issue of convertible notes – Listing Rule 7.4

To consider and, if thought fit, to pass with or without amendment, the following resolution 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 3,500,000 convertible notes, and any and all securities issued on conversion of those notes, to the parties and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate such a person. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 – Ratification of prior issue of free-attaching options – Listing Rule 7.4

To consider and, if thought fit, to pass with or without amendment, the following resolution 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 3,500,000 options to subscribe for fully paid ordinary shares, and any and all securities issued on exercise of those options, to the parties and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate such a person. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Resolution 5 – Approval for issue of remuneration shares to Mr Peter Pawlowitsch – Listing Rule 10.11

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Company to issue to Mr Peter Pawlowitsch (and/or his nominees) of up to 600,816 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion and Prohibition

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Peter Pawlowitsch (and/or his nominees) or any of his associates. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or 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 who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

6. Resolution 6 – Approval for issue of remuneration shares to Mr Kenneth Lai – Listing Rule 10.11

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Company to issue to Mr Kenneth Lai (and/or his nominees) of up to 197,368 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion and Prohibition

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Kenneth Lai (and/or his nominees) or any of his associates. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or 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 who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

7. Resolution 7 – Approval for issue of remuneration shares to Mr Paul Burton – Listing Rule 10.11

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Company to issue to Mr Paul Burton (and/or his nominees) of up to 263,158 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion and Prohibition

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Paul Burton (and/or his nominees) or any of his associates. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or 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 who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Dated 24 April 2020

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 general meeting of the Company to be held at 11.00am (AEST) on 28 May 2020 at Level 3, 461 Bourke 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.

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

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

2. Proxies

As a consequence of the global COVID-19 pandemic and the Federal and State Government guidance and restrictions on travel and public gatherings, the Company has put in place special arrangements for the Meeting and Shareholders will not be allowed to attend the Meeting in person (please refer to further information on the cover page of this Notice). **All Resolutions will be decided based on proxy votes** and, accordingly, Shareholders are encouraged to complete, sign and return the Proxy Form to the Company in accordance with the instructions thereon.

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.

3. Resolution 1 - Ratification of prior issue of shares - Listing Rule 7.4 (Emersion Acquisition – Tranche 1)

3.1 Background

On 2 April 2020, the Company announced to ASX that it had entered into an agreement to acquire the business known as 'Emersion', a leading business process integration and payments platform, and associated assets from Emersion Software Systems Pty Ltd (**Seller**) for a consideration comprising a \$1,000,000 cash component and an equity component comprising 16,725,000 Shares, all of which will be subject to voluntary escrow until 31 March 2021 (**Acquisition**).

The \$1,000,000 in cash is payable over monthly instalments of varying amounts until June 2021, with the first payment of \$100,000 due at completion. The share consideration is issued to the Seller and third party nominees of the Seller (including to holders of outstanding convertible notes in the Seller) in two tranches, the first being 7,493,256 Shares (**Tranche 1 Shares**) at completion (under the Company's remaining Listing Rule 7.1 issue capacity) and the balance of 9,231,744 Shares (**Tranche 2 Shares**) following the Company obtaining Shareholder approval for their issue (under Listing Rule 7.1).

Completion of the acquisition took place on 9 April 2020, on which date the Tranche 1 Shares were issued within the 15% annual limit set out in Listing Rule 7.1 (described below). By issuing the Tranche 1 Shares, the Company's capacity to issue further Equity Securities without Shareholder approval within those limits was accordingly reduced.

Resolution 1 seeks Shareholder approval for the prior issue of the Tranche 1 Shares. It is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution. Shareholders' attention is drawn to the voting exclusion statement in relation to the Resolution.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3.2 Listing Rules 7.1 and 7.4

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.

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, the Resolution seeks shareholder approval to allow the Company to substantially refresh its 15% share issue capacity.

3.3 Specific Information Required by Listing Rule 7.5

In accordance with the requirements of Listing Rule 7.5 the following information is provided:

- The Tranche 1 Shares were issued at the nomination of the Seller to various holders of convertible notes previously issued by the Seller. None of the recipients are related parties of the Company.
- The number of securities issued was 7,493,256 Shares.
- The Tranche 1 Shares were issued on 9 April 2020.
- The Tranche 1 Shares were issued as part consideration for the Acquisition and not for cash.
- The Tranche 1 Shares were issued on the same terms and rank equally with all other fully paid ordinary shares currently on issue.
- The purpose of the issue of the Tranche 1 Shares was to partly satisfy payment of the consideration for the Acquisition.
- A summary of the terms of the agreement for the Acquisition is set out in the Company's ASX announcement of 2 April 2020.

4. Resolution 2 - Approval for the issue of shares – Listing Rule 7.1 (Emersion Acquisition – Tranche 2)

4.1 Background

Resolution 2 seeks Shareholder approval for the issue of the Tranche 2 Shares in connection with the Acquisition. Section 3.1 provides information on the Acquisition. It is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution. Shareholders' attention is drawn to the voting exclusion statement in relation to the Resolution.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

4.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 3.2. The effect of this Resolution will be to allow the Company to issue the Tranche 2 Shares without using the Company's 15% share issue capacity.

4.3 Specific Information Required by Listing Rule 7.3

In accordance with the requirements of Listing Rule 7.3 the following information is provided:

- The Tranche 2 Shares will be issued to the Seller and at the nomination of the Seller to holders of convertible notes previously issued by the Seller and a lender to the Seller. None of the recipients are related parties of the Company.
- The number of securities to be issued is 9,231,744 Shares.
- The Tranche 2 Shares will be issued on the same terms and rank equally with all other fully paid ordinary shares currently on issue.
- The Tranche 2 Shares will be issued within 3 months after the date of the Meeting.
- The Tranche 2 Shares are to be issued as part consideration for the Acquisition and not for cash.
- The purpose of the issue of the Tranche 2 Shares is to partly satisfy payment of the consideration for the Acquisition.
- A summary of the terms of the agreement for the Acquisition is set out in the Company's ASX announcement of 2 April 2020.

5. Resolution 3 – Ratification of prior issue of convertible notes – Listing Rule 7.4

5.1 Background

On 7 November 2019, the Company announced to ASX that it had entered into binding term sheets for the issue of Convertible Notes for the amount of \$2,275,000 to professional and sophisticated investors. This issue was followed by an announcement to ASX on 24 February 2020 that the Company had entered into further binding term sheets for the issue of additional Convertible Notes for the amount of \$1,225,000 to professional and sophisticated investors on the same terms as the earlier issue, for an aggregate \$3,500,000 issue of Convertible Notes.

A summary of the terms and conditions of issue of the Convertible Notes is set out in Schedule 2. These provide for, among other things, one free-attaching Option to be issued for each Convertible Note issued. The issue of the Options is the subject of Resolution 4 (see Section 6).

The Convertible Notes were issued within the Company's 15% share issue capacity. By issuing the Convertible Notes, the Company's capacity to issue further Equity Securities without Shareholder approval within that limit was accordingly reduced.

Resolution 3 seeks Shareholder approval for the prior issue of the Convertible Notes. It is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution. Shareholders' attention is drawn to the voting exclusion statement in relation to the Resolution.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

5.2 Listing Rules 7.1 and 7.4

A summary of Listing Rules 7.1 and 7.4 is set out in Section 3.2. The effect of this Resolution will be to allow the Company to substantially refresh its 15% share issue capacity.

5.3 Specific Information Required by Listing Rule 7.5

In accordance with the requirements of Listing Rule 7.5 the following information is provided:

- The Convertible Notes were issued to professional and sophisticated investor clients of Baker Young Stockbrokers, which acted as lead manager to the offers.
- The number of securities issued was 3,500,000 Convertible Notes.
- A summary of the terms and conditions of issue of the Convertible Notes is set out in Schedule 2.
- 2,275,000 Convertible Notes were issued on 19 November 2019 and the balance of 1,225,000 were issued on 26 February 2020.
- The Convertible Notes were issued at an issue price and face value of \$1.00 each. An aggregate of \$3,500,000 was raised from the issue of the Convertible Notes.
- The purpose of the issue of the Convertible Notes was to enable the Company to drive the continuing growth in its core payments business units and in particular fund further growth in payment processing, the new Visa Issuing business and completion of the European E-Money licence.
- A summary of the terms and conditions of the agreement for the issue of the Convertible Notes is set out in Schedule 2.

6. Resolution 4 – Ratification of prior issue of free-attaching options – Listing Rule 7.4

6.1 Background

The Options were issued as free-attaching to the Convertible Notes (as detailed in Section 5.1) within the Company's 15% share issue capacity. By issuing the Options, the Company's capacity to issue further Equity Securities without Shareholder approval within that limit was accordingly reduced.

Resolution 4 seeks Shareholder approval for the issue of the Options. It is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution. Shareholders' attention is drawn to the voting exclusion statement in relation to the Resolution.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

6.2 Listing Rules 7.1 and 7.4

A summary of Listing Rules 7.1 and 7.4 is set out in Section 3.2. The effect of this Resolution will be to allow the Company to substantially refresh its 15% share issue capacity.

6.3 Specific Information Required by Listing Rule 7.5

In accordance with the requirements of Listing Rule 7.5 the following information is provided:

- The Options were issued free-attaching to recipients of the Convertible Notes, being professional and sophisticated investor clients of Baker Young Stockbrokers, which acted as lead manager to the offers.
- The number of securities issued was 3,500,000 Options.
- The exercise price for each Option is \$0.25 and the exercise period expires on 30 October 2022. The terms and conditions of the Options are set out in Schedule 3.
- The Options were issued on 19 March 2020.

- The Options were issued for nil consideration as free-attaching to the Convertible Notes the subject of Resolution 3.
- No funds were raised by the issue of the Options. Any funds raised from their exercise will be used for working capital purposes.

7. Resolutions 5, 6 and 7 - Approval for the issue of remuneration shares to directors

7.1 Background

Resolutions 5, 6 and 7 seek Shareholder approval for the issue of Shares to three Directors (or their nominees) in lieu of directors' fees in cash for the period 1 April 2019 to 30 June 2020.

In order to preserve the Company's cash, the Company's Chairperson, Mr Peter Pawlowitsch, and Non-Executive Directors, Mr Kenneth Lai and Mr Paul Burton, have agreed, subject to Shareholder approval, to receive their fees (excluding superannuation) in Shares (**Remuneration Shares**) in lieu of cash. No cash payments by way of Director's fees for this period have been made to these Directors.

The issue price of the Remuneration Shares has been calculated by reference to the VWAP for the period 1 April 2019 to 31 March 2020, being \$0.19. If Shareholders do not approve the issue of the Remuneration Shares, the remuneration will be paid in cash. The table below sets out the number of Remuneration Shares that will be issued to these Directors (or nominees) based on an issue price of \$0.19 and the dilutionary effect on Shareholders (assuming no further Shares, other than the Tranche 2 Shares for the Acquisition which are the subject of Resolution 2, are issued):

	Issue Price per Share*	Director's Fees 1 April 2019 to 30 June 2020 (Excl Super)	Number of Shares in lieu	Dilution effect on existing shareholders
Peter Pawlowitsch	\$0.19	\$114,155	600,816	0.33%
Kenneth Lai	\$0.19	\$37,500	197,368	0.11%
Paul Burton	\$0.19	\$50,000	263,158	0.14%
Total		\$201,655	1,061,342	0.58%

The Directors, other than Mr Pawlowitsch, Mr Lai and Mr Burton, unanimously recommend that Shareholders vote in favour of Resolutions 5, 6 and 7.

7.2 Listing Rule 10.11 and Chapter 2E Corporations Act

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

Mr Pawlowitsch was appointed a Director on 19 June 2015, and Mr Lai and Mr Burton were appointed on 31 May 2016. Accordingly, they are related parties as they are Directors. Accordingly, Shareholder approval pursuant to Listing Rule 10.11 is required.

Approval pursuant to Listing Rule 7.1 (described in Section 3.1) is not required for the proposed issue as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to the Directors (or their nominees) will not be included in the use of the Company's 15% share issue capacity pursuant to Listing Rule 7.1.

Chapter 2E Corporations Act

Chapter 2E of the Corporations Act prohibits a company from giving a financial benefit to a related party of the company unless either:

- the giving of the financial benefit falls within one of the exceptions to the provisions; or
- shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of the Remuneration Shares constitutes the giving of a financial benefit.

The Board, apart from Mr Peter Pawlowitsch, Mr Kenneth Lai and Mr Paul Burton, has considered the application of Chapter 2E of the Corporations Act and have formed the view that the giving of the financial benefit in the form and quantum of the proposed Remuneration Shares comprises reasonable remuneration given the circumstances of the Company, the terms of issue of the Remuneration Shares and the responsibilities held by the recipients of the Shares and, accordingly, the issue of the Remuneration Shares falls within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act and the Company will not seek approval pursuant to section 208 for their issue.

7.3 Specific Information Required by Listing Rule 10.13

In accordance with the requirements of Listing Rule 10.13 the following information is provided:

- The recipients are Mr Peter Pawlowitsch, Mr Kenneth Lai and Mr Paul Burton
- Each of the recipients are related parties because they are Directors.
- The number of Shares to be issued are 600,816 to Mr Pawlowitsch, 197,368 to Mr Lai and 263,158 to Mr Burton.
- The Remuneration Shares will be issued on the same terms and rank equally with all other fully paid ordinary shares currently on issue.
- The Remuneration Shares will be issued within one month after the date of the Meeting.
- The price per Remuneration Share of \$0.19 has been calculated as the VWAP for the period during which the remuneration will not be paid in cash, namely 1 April 2019 to 31 March 2020.
- The primary purpose of the grant of the Remuneration Shares is to preserve cash resources of the Company and in lieu of payment of Director's fees in cash. No funds will be raised from this share issue.
- Details of each of the recipients' current total remuneration package with the Company are as follows:

Director	Annual Director's Fees (Incl. Super) \$	Securities-based payments \$	Total Financial Benefit \$
Peter Pawlowitsch	100,000	266,000	366,000
Kenneth Lai	30,000	88,667	118,667
Paul Burton	40,000	88,667	128,667

Schedule 1 - Definitions

In this Notice and the Explanatory Statement:

\$ means Australian Dollars.

15% share issue capacity has the same meaning as set out in Section 3.2.

Acquisition has the same meaning as set out in Section 3.1.

AEDT means Australian Eastern Daylight-Savings Time.

AEST means Australian Eastern Standard Time.

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

Board means the board of Directors.

Chair 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 Limited (ACN 606 556 183).

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

Convertible Note means convertible note issued by the Company on terms and conditions summarised in Schedule 2.

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

Director means a director of the Company.

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

Explanatory Statement means the explanatory statement attached to the 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 means the general meeting of the Company convened by this Notice.

Notice means this notice of meeting.

Option means option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Shares has the same meaning as set out in Section 7.1.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Statement.

Seller has the same meaning as set out in Section 3.1.

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

Shareholder means a shareholder of the Company.

Tranche 1 Shares has the same meaning as set out in Section 3.1.

Tranche 2 Shares has the same meaning as set out in Section 3.1.

VWAP means volume weighted average price of Shares on ASX.

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

Schedule 2 – Summary of terms and conditions of Convertible Notes

The following provides a summary of the terms and conditions of issue of convertible notes issued by the Company (**Convertible Notes**).

- (a) Each Convertible Note has a face value of \$1.00.
- (b) For every Convertible Note issued by the Company to a noteholder, the Company will also grant to the noteholder one Option on the terms and conditions set out in Schedule 3.
- (c) Each Convertible Note has a maturity date of 30 July 2021. A Noteholder may extend the maturity date to 31 July 2022 if the Noteholder provides written notice to the Company to that effect by no later than 30 June 2020. The Company may prepay the principal under the Convertible Notes only with the prior consent of the Noteholder.
- (d) Each Convertible Note bears interest at a rate of 9% per annum, and interest is payable in cash in respect of each Convertible Note at the end of every calendar quarter and on maturity or, if so elected by the noteholder, accrues to conversion of the Convertible Note and converts into Shares (see below).
- (e) The Company must repay all principal outstanding under the Convertible Notes on the maturity date in cash, unless earlier converted into Shares (see below) or repaid in cash.
- (f) Noteholders may elect at any time to convert all or some of their Convertible Notes into Shares at an issue price of the lesser of:
 - (i) \$0.25 per share; and
 - (ii) the lowest issue price for shares issued by the Company under any equity capital raising conducted by the Company between the date of issue of the Convertible Notes and the date of receipt by the Company of the relevant conversion notice.
- (g) The Company shall have no obligation to allot and issue Shares on conversion of the Convertible Notes unless and until it has obtained all shareholder and regulatory approvals required for their issue. If all such approvals have not been obtained by the Company within two months of the Company receiving a conversion notice, the noteholder may request repayment in cash. In addition, the Company shall have no obligation to allot and issue Shares if, in its opinion, it is unreasonable for the Company to do so having regard to legal and regulatory requirements of the jurisdiction in which the noteholder is registered or located.
- (h) Convertible Notes are not transferable without the prior written consent of the Company, which it may provide or not provide in its absolute discretion.
- (i) The Convertible Notes are secured by a mortgage over the Company's shares in its US subsidiary, Novatti Inc, which owns and operates the 'basis2' business.
- (j) Until all Convertible Notes are fully repaid or converted, the Company must not grant any encumbrance or security interest over any of its assets to secure a borrowing or borrowings, except security provided to the Company's bankers in respect of a customary overdraft account or facility, without obtaining the prior written consent of all noteholders.
- (k) Otherwise the terms and conditions are customary for a facility of this nature, including as to covenants, warranties and events of default.

Schedule 3 – Terms and conditions of Options

The following details the terms and conditions attaching to the Options.

- (a) The Options will be exercisable at \$0.25 each (**Exercise Price**).
- (b) Unless earlier exercised, the Options will expire at 5:00pm (AEDT) on 30 October 2022 (**Expiry Date**). Options not exercised before the Expiry Date will expire.
- (c) Each Option will entitle the holder to subscribe for one Share.
- (d) The Options are exercisable at any time on or before the Expiry Date.
- (e) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque in Australian dollars for the full payment of the Exercise Price to the registered address of the Company at any time on or before the Expiry Date.
- (f) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then existing Shares on issue.
- (g) The Option holder will be permitted to participate in new issues of securities of the Company only upon the prior exercise of the Options, in which case the holder of the Options will be afforded such period of notice as prescribed under the ASX Listing Rules to exercise the Options.
- (h) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (i) the number of Options, the exercise price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders; and
 - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- (i) 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.
- (j) If there is a bonus issue to the holders of Shares, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (k) The Company will not apply for quotation of the Options.
- (l) The Options are not transferable.



Holder Number:

Vote by Proxy: NOV

Your proxy voting instruction must be received by **11.00am (AEST) on Tuesday, 26 May 2020**, 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

In the interests of public health and safety of our Shareholders, the Company is **not able to allow Shareholders to physically attend the Shareholder 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.



<div> <div>Contact</div> </div>	<div>Return your completed form</div>		<div>All enquiries to Automic</div>	
	<div> <div>✉</div> <div> <div>BY MAIL</div> <div> <div>Automic</div> <div>GPO Box 5193</div> <div>Sydney NSW 2001</div> </div> </div> </div>	<div> <div>📍</div> <div> <div>IN PERSON</div> <div> <div>Automic</div> <div>Level 5, 126 Phillip Street</div> <div>Sydney NSW 2000</div> </div> </div> </div>	<div> <div>💬</div> <div> <div>BY EMAIL</div> <div> <div>meetings@automicgroup.com.au</div> </div> </div> </div>	<div> <div>💬</div> <div> <div>WEBCCHAT</div> <div> <div>https://automicgroup.com.au/</div> </div> </div> </div> <div> <div>📞</div> <div> <div>PHONE</div> <div> <div>1300 288 664 (Within Australia)</div> <div>+61 2 9698 5414 (Overseas)</div> </div> </div> </div>

[illegible]

Resolutions		For	Against	Abstain
1.	Ratification of prior issue of shares – Listing Rule 7.4 (Emersion Acquisition – Tranche 1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Approval for the issue of shares – Listing Rule 7.1 (Emersion Acquisition – Tranche 2)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Ratification of prior issue of convertible notes – Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Ratification of prior issue of free-attaching options – Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Approval for issue of remuneration shares to Mr Peter Pawlowitsch – Listing Rule 10.11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Approval for issue of remuneration shares to Mr Kenneth Lai – Listing Rule 10.11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Approval for issue of remuneration shares to Mr Paul Burton – Listing Rule 10.11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

[illegible]