

Novatti Group Limited
Corporate Governance Statement

ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 3rd edition*
As at 31 December 2015 and approved by the Board.

The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments.

A full copy of the Company's corporate governance charter and associated policies, protocols and related instruments is available on the Company's website under its "Corporate Governance" heading – www.novatti.com.

The Company intends to follow the ASX CGC P&R in all respects other than as specifically provided below.

However, notwithstanding the adoption of the Company's corporate governance charter and the aforementioned intention, and given the Company's recent change to a listed company, cultural adherence in practice to all aspects of the respective charters and the ASX CGC P&R remains an evolving "work in progress".

In particular, each of the recommendations of the ASX CGC P&R which will not be followed by the Company as at the time of admission to the official list, and the reasons why they respectively will not be followed, are set out below. Given the underlying issue and nature of the non-compliance with each of the recommendations and the intended temporal duration of the non-compliance, no alternate governance practices are intended to be adopted in lieu of each specified recommendation of the ASX CGC P&R.

The independent directors of the Company are Peter Pawlowitsch and Brandon Munro.

Recommendation	Current Practice
1.1 A listed entity should disclose: a. The respective roles and responsibilities of its board and management; and b. Those matters expressly reserved to the board and those delegated to management.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established.
1.2 A listed entity should: a. Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b. Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Satisfied. Appropriate checks have been undertaken. All material information that the Company has in its possession has been disclosed.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Satisfied. Agreements are in place.
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with proper functioning of the board.	Satisfied. This practice is in place.
1.5 A listed entity should: a. Have a diversity policy; b. Disclose that policy or a summary of it;	Satisfied. Satisfied, see corporate governance section of website.

	c. Disclose the measurable objectives for achieving gender diversity and the its progress towards achieving them; and	Not satisfied. The measurable objectives are yet to be set as the Company has been unlisted to date.
	d. The respective proportions of men and women.	Board – 100% men; Senior Executives – 100% men; whole organisation – 22% women
1.6	A listed entity should: <ul style="list-style-type: none"> a. Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b. Disclose whether performance evaluations were undertaken. 	<p>Satisfied, see process in corporate governance policies.</p> <p>Not satisfied. No evaluations have been undertaken to date as the company has been unlisted to date.</p>
1.7	A listed entity should: <ul style="list-style-type: none"> a. Have and disclose a process for periodically evaluating the performance of senior management; and b. Disclose whether performance evaluations were undertaken. 	<p>Satisfied, see process in corporate governance policies.</p> <p>Not satisfied. No evaluations have been undertaken as the Company has been unlisted to date.</p>
2.1	<p>A listed entity should have a nomination committee which:</p> <ul style="list-style-type: none"> - Consists of at least 3 members, a majority of whom are independent directors; - Is chaired by an independent director; <p>And disclose:</p> <ul style="list-style-type: none"> - The charter of the committee; - The members of the committee - The number of times the committee met and individual attendance at those meetings <p>If it does not have a nomination committee disclose that fact and the process it follows to address that role.</p>	<p>Not Satisfied.</p> <p>The board has not established a nomination committee as the committee would comprise the same 3 board members. The role of the committee will be undertaken by the full board.</p> <p>A Nomination Committee Charter has been adopted.</p>
2.2	A listed entity should have and disclose a board skills matrix.	Satisfied. See corporate governance section of website.
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> - The names of the directors considered by the board to be independent directors and length of service. - If a director has an interest / association / relationship that meets the factors of assessing independence. 	<p>Satisfied. The independent directors are Peter Pawlowitsch and Brandon Munro.</p> <p>N/A</p>
2.4	A majority of the board should be independent directors.	Not satisfied. There are no independent directors. This is to be addressed subsequent to readmission to ASX.
2.5	The chair should be an independent director. The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.
2.6	A listed entity should have a program for inducting new directors.	Not satisfied given the Company has been unlisted to date.

3.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> - have a code of conduct; and - disclose the code or a summary of it. 	<p>Satisfied.</p> <p>The Code of Conduct is available at www.novatti.com/investors/corporate-governance</p>
4.1	<p>The board of a listed entity should have an audit committee which:</p> <ul style="list-style-type: none"> - Has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent chair, who is not chair of the board. <p>Disclose:</p> <ul style="list-style-type: none"> - The charter of the committee; - The relevant member qualifications; - The number of times the committee met and individual attendance at those meetings 	<p>Not Satisfied.</p> <p>The board has not established an audit committee as the committee would comprise the same 3 board members. The role of the committee will be undertaken by the full board whilst the board consists of only 3 members.</p> <p>The audit committee charter is available at www.novatti.com/investors/corporate-governance in the Corporate Governance Section.</p>
4.2	The board should receive declarations for CEO & CFO in accordance with S.295A of corporations act before approving financial statements.	Satisfied.
4.3	A listed entity should ensure its external auditor attends its AGM.	Satisfied.
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> - Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and - disclosure that policy or a summary of it. 	<p>Satisfied.</p> <p>Continuous disclosure policy is available at www.novatti.com/investors/corporate-governance.</p>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>Satisfied.</p> <p>www.novatti.com/investors/corporate-governance</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Satisfied. See www.novatti.com/investors/corporate-governance
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Satisfied. See communication policy at www.novatti.com/investors/corporate-governance
6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Satisfied. Orchestrated via the share registry service (welcome pack to investors).

7.1	<p>The board of a listed entity should have a committee to oversee risk, which:</p> <ul style="list-style-type: none"> - Has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent chair, who is not chair of the board. <p>Disclose:</p> <ul style="list-style-type: none"> - The charter of the committee; - The members of the committee; and - The number of times the committee met and individual attendance at those meetings <p>If it does not have a risk committee disclose that fact and the process it follows to address that role.</p>	<p>Not satisfied. The board has not established a risk committee as the company has been unlisted to date. The role of the committee is undertaken by the full board whilst the board consists of only 3 members.</p> <p>The company has established policies for the oversight and management of material business risks.</p> <p>Risk management program is available at www.novatti.com/investors/corporate-governance</p>
7.2	<p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> - Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and - Disclose whether such a review has taken place. 	<p>Not satisfied as the company has been unlisted to date.</p> <p>Satisfied.</p>
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> - If has an internal audit function, how the function is structured and what role it performs; - If it does not have an internal audit function, disclose that fact and the process it follows to address that function. 	<p>The entity does not have an internal audit function. No process has been followed to date whilst the company has been unlisted.</p>
7.4	<p>The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages those risks.</p>	<p>The entity does not have material exposure in these areas. The risks relevant to the entity are disclosed the prospectus at www.novatti.com/investors/corporate-governance</p>

8.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> - have a remuneration committee which has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent director; and <p>Disclose:</p> <ul style="list-style-type: none"> - The charter of the committee; - The members of the committee; and - The number of times the committee met and individual attendance at those meetings <p>If it does not have a remuneration committee disclose that fact and the process it follows to address that role.</p>	<p>Not Satisfied.</p> <p>The board has not established a remuneration and nomination committee as the Company has been unlisted to date. The role of the committee is undertaken by the full board whilst the board comprises 3 members.</p>
8.2	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>Satisfied.</p> <p>The structure of Directors' remuneration is disclosed in the prospectus dated 2 December 2015.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> - Have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme; - Disclose that policy or a summary of it. 	<p>There is no broad policy. Each employee has separately negotiated their remuneration. An ESOP has been adopted.</p>

Further information about the Company's corporate governance practices is set out on the Company's website at www.novatti.com/investors/corporate-governance.