

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Novatti Group Limited

ABN

98 606 556 183

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Unlisted options each exercisable at \$0.20 and expiring 31 December 2019. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,000,000 unlisted options. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1,000,000 unlisted options each exercisable at \$0.20 and expiring 31 December 2019.

See annexure. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No.
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issue of Options to employee under the ESOP.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No.
6b	The date the security holder resolution under rule 7.1A was passed	N/A.
6c	Number of +securities issued without security holder approval under rule 7.1	1,000,000 unlisted options
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A.

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A.				
6f	Number of +securities issued under an exception in rule 7.2	N/A.				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A.				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A.				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR 7.1 = 3,682,574 LR 7.1A = Nil				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	21 July 2016				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>63,781,780</td><td>Fully Paid Ordinary Shares.</td></tr></table>	Number	+Class	63,781,780	Fully Paid Ordinary Shares.
Number	+Class					
63,781,780	Fully Paid Ordinary Shares.					

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
	7,949,345	Ordinary Shares escrowed to 28/9/2016 (NOVAB)
	16,152,701	Ordinary Shares escrowed 24 months from quotation (NOVAD)
	18,488,016	Performance Shares escrowed 24 months from quotation (NOVAE)
	1,511,984	Performance Shares escrowed to 28/9/2016 (NOVAC)
	10,200,000	Unlisted options exercisable at 20 cents expiring 30/6/2019 escrowed to 12/11/2016 (NOVAA)
	9,859,250	Unlisted options exercisable at 20 cents expiring 30/6/2019 escrowed 24 months from quotation (NOVAF)
	4,750,000	Unlisted options exercisable at 20c on or before 30 June 2019
	4,500,000	Unlisted performance options exercisable at 20c on or before 30 June 2019
	3,637,000	Unlisted options exercisable at \$0.20 on or before 30 June 2019.
	1,000,000	Unlisted options exercisable at \$0.20 on or before 31 December 2019.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A.
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A.
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+ See chapter 19 for defined terms.

12	Is the issue renounceable or non-renounceable?	N/A.
13	Ratio in which the ⁺ securities will be offered	N/A.
14	⁺ Class of ⁺ securities to which the offer relates	N/A.
15	⁺ Record date to determine entitlements	N/A.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A.
17	Policy for deciding entitlements in relation to fractions	N/A.
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A.
19	Closing date for receipt of acceptances or renunciations	N/A.
20	Names of any underwriters	N/A.
21	Amount of any underwriting fee or commission	N/A.
22	Names of any brokers to the issue	N/A.
23	Fee or commission payable to the broker to the issue	N/A.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A.

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | | |
|----|---|------|
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | N/A. |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | N/A. |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A. |
| 28 | Date rights trading will begin (if applicable) | N/A. |
| 29 | Date rights trading will end (if applicable) | N/A. |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A. |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A. |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | N/A. |
| 33 | ⁺ Issue date | N/A. |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☐ ⁺Securities described in Part 1

⁺ See chapter 19 for defined terms.

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

- 38 Number of ⁺securities for which ⁺quotation is sought
- 39 ⁺Class of ⁺securities for which quotation is sought

⁺ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 40 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?

If the additional ⁺securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

- 42 Number and ⁺class of all ⁺securities quoted on ASX (including the ⁺securities in clause 38)

Number	⁺ Class

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.

⁺ See chapter 19 for defined terms.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



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(Company secretary)

Date: 21 July 2016

Print name: Ian Hobson

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	87,883,826* (*Number of shares on listing)
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	87,883,826

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	13,182,574
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	4,500,000 Performance Options (3.02.2016) 4,000,000 Corporate advisory fee options (08.02.2016) 1,000,000 Options to employee in accordance with the ESOP (21.07.2016)
“C”	9,500,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	13,182,574
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	9,500,000
Total [“A” x 0.15] – “C”	3,682,574 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

Annexure

Terms and Conditions of Options

(a) Entitlement

The Options are issued in accordance with the terms of the Company's ESOP and will entitle the holder to subscribe for one Share upon the exercise of each Option.

(b) Exercise price

The exercise price of each Option will be 20 cents per share (**Exercise Price**).

(c) Expiry date

The expiry date of each Option is 31 December 2019 (**Expiry Date**).

(d) Vesting

333,333 Options vest on each of the first and second anniversaries and 333,334 Options vest on the third anniversary. Vested options may be exercised at any time prior to the Expiry Date.

(e) Notice of exercise

The Options may be exercised by notice in writing to NOV and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by NOV will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Shares issued on exercise

Shares issued on exercise of the Options will rank equally with the other issued Shares.

(g) Quotation of Shares on exercise

Application will be made by NOV to ASX for official quotation of the Shares issued upon the exercise of the Options.

(h) Timing of issue of Shares

After an Option is validly exercised, NOV must as soon as possible:

- (i) allot and issue the Share; and
- (ii) do all such acts matters and things to obtain:
 - (A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and
 - (B) receipt of cleared funds equal to the sum payable on the exercise of the Options.

+ See chapter 19 for defined terms.

(i) Participation in new issues

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, NOV will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten Business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) Adjustment for bonus issues of Shares

If NOV makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) Adjustment for rights issue of Shares

If NOV makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

Where:

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

+ See chapter 19 for defined terms.

(l) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of NOV, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) Unlisted Options

NOV will not apply for quotation of the Options.

(n) Options transferable

The Options are transferable subject to compliance with the Corporations Act 2001.

(o) Lodgement instructions

Cheques shall be in Australian currency made payable to NOV and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at NOV's share registry.

+ See chapter 19 for defined terms.