



NOVATTI GROUP LIMITED
ACN 606 556 183

NOTICE OF GENERAL MEETING
EXPLANATORY STATEMENT
AND
PROXY FORM

Date of Meeting
Friday, 1 June 2018

Time of Meeting
10.00am (AEST)

Place of Meeting:
Legacy House, Suite 1, 293 Swanston St
Melbourne, Victoria 3000

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 (**Company**) will be held at held at 10.00am (AEST) on Friday, 1 June 2018 at Legacy House, Suite 1, 293 Swanston St, 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 30 May 2018 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

To consider and, if thought fit, to pass, 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 18,213,041 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 or on behalf of a person (and any associates of such a person) who participated in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Adoption of the Novatti Performance Rights Plan

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

“That, for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “Novatti Performance Rights Plan” and the issue of Performance Rights and Shares on exercise of Performance Rights, thereunder, 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 Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. Resolution 3 – Adoption of the Novatti Employee Share Option Plan

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

“That, for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “Novatti Employee Share Option Plan” and the issue of Options and Shares on exercise of Options, thereunder, 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 Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated 30 April 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 of the Company in connection with the business to be conducted at the Meeting to be held at 10.00am (AEST) on Friday, 1 June 2018 at Legacy House, Suite 1, 293 Swanston St, Melbourne VIC 3000 (**Meeting**).

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

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.

3. Resolution 1 - Ratification of prior issue of shares - Listing Rule 7.4

3.1 Background

On 28 February 2018, the Company announced to ASX that it had completed a placement to raise \$3.5 million by the issue of Shares to strategic Chinese technology investors (**Placement**). The issue was completed on 6 March 2018.

The Company issued the Shares within the 15% annual limit set out in Listing Rule 7.1 (described below). By issuing those Shares under the Placement, 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 Shares to the placees noted above. 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.

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.

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

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 number of securities issued: 18,213,041 Shares
- The price at which securities were issued: \$0.19217 per Share
- The terms of the securities: The Shares are on the same terms and rank equally with all other fully paid ordinary shares currently on issue.
- The names of the persons to whom the entities issued the securities:

Madam Qing Li - 10,407,452 Shares (\$2 million)

Mr Qiang (Peter) Wei - 7,805,589 Shares (\$1.5 million)
- The use (or intended use) of the funds raised: expansion of the Company's operations locally and internationally and general working capital purposes

4. Resolution 2 - Adoption of the Novatti Performance Rights Plan

4.1 Background

Resolution 2 seeks Shareholder approval for the establishment of the Novatti Performance Rights Plan (**Plan**).

The Company wishes to exempt issues of securities under the Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Plan is therefore sought under Listing Rule 7.2 (Exception 9(b)), whereby the Shareholders may approve in advance the issue of securities made under the Plan as an exception to the limit under Listing Rule 7.1.

Resolution 2 is an ordinary resolution.

The Plan provides for the issuance of Performance Rights which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary share in the Company for each Performance Right.

To achieve its corporate objectives, the Company needs to attract and retain its key personnel, including full-time or permanent part-time employees of the Company or a related body corporate (which includes Directors, the Company

Secretary and officers), or such other persons as the Board determines. The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Plan will:

- (a) enable the Company to recruit, incentivise and retain key personnel needed to achieve the Company's business objectives;
- (b) link the reward of key personnel with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the Plan with those of Shareholders; and
- (d) provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

This is the first approval sought under Listing Rule 7.2 (Exception 9(b)) with respect to the Plan. No Performance Rights have previously been issued under the Plan and the Plan has not previously been approved by Shareholders.

Pursuant to the Listing Rules, Shareholders must re-approve the Performance Rights Plan and all unallocated Performance Rights issuable pursuant to it every three years.

The key features of the Plan are as follows:

- (a) The Board will determine the number of Performance Rights to be granted to eligible participants (or their nominees) and the vesting conditions, expiry date of the Performance Rights in its sole discretion.
- (b) The Performance Rights are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act.
- (c) Subject to the Corporations Act and the Listing Rules and restrictions on reducing the rights of a holder of Performance Rights, the Board will have the power to amend the Plan as it sees fit.

A detailed overview of the terms of the Plan is attached in Schedule 2. A copy of the Plan may be obtained by contacting the Company.

4.2 Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- The material terms of the Plan are summarised above.
- This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan.
- No securities have been issued under the Plan.
- A voting exclusion statement has been included for the purposes of Resolution 2.

5. Resolution 3 - Adoption of the Novatti Employee Share Option Plan

5.1 Background

Resolution 3 seeks Shareholder approval for the establishment of the Novatti Employee Share Option Plan (**ESOP**) for the purposes of the Corporations Act and for all other purposes.

The aim of the ESOP is to allow the Board to assist eligible participants, who in the Board's opinion, are dedicated and will provide ongoing commitment and effort to the Company. They include full-time or permanent part-time employees of the Company or a related body corporate (which includes Directors, the Company Secretary and officers), or such other persons as the Board determines.

Resolution 3 is an ordinary resolution.

To achieve its corporate objectives, the Company needs to attract and retain its key personnel, including full-time or permanent part-time employees of the Company or a related body corporate (which includes Directors, the Company Secretary and officers), or such other persons as the Board determines. The Board believes that grants made to eligible participants under the ESOP will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the ESOP will:

- (a) enable the Company to recruit, incentivise and retain key personnel needed to achieve the Company's business objectives;
- (b) link the reward of key personnel with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the ESOP with those of Shareholders; and
- (d) provide incentives to participants of the ESOP to focus on superior performance that creates Shareholder value.

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, without the approval of shareholders 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.

Listing Rule 7.2 (Exception 9(b)) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of three years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1. This is the first approval sought under Listing Rule 7.2 Exception 9(b) with respect to the ESOP. No Options have previously been issued under the ESOP and the ESOP has not previously been approved by Shareholders. Pursuant to the Listing Rules, Shareholders must re-approve the ESOP and all unallocated Options issuable pursuant to it every three years.

The key features of the ESOP are as follows:

- (a) The Board will determine the number of Options to be granted to participants (or their nominees), the vesting conditions (if any) and expiry date of the Options in its sole discretion.
- (b) The Options are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act.
- (c) Subject to the Corporations Act and the Listing Rules and restrictions on reducing the rights of a holder of Options, the Board will have the power to amend the ESOP as it sees fit.

A detailed overview of the terms of the ESOP is attached in Schedule 3. A copy of the ESOP may be obtained by contacting the Company.

5.2 Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- The material terms of the ESOP are summarised above.
- This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the ESOP.
- The ESOP is new and replaces a similar incentive scheme adopted by the Company prior to its January 2016 listing on ASX. No securities have been issued under this scheme, however a total of 4,387,000 Options have been issued under the scheme being replaced.
- A voting exclusion statement has been included for the purposes of Resolution 3.

Schedule 1 - Definitions

In this Notice and the Explanatory Statement:

\$ means Australian Dollars.

AEST means Australian Eastern Standard Time.

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

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 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.

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 has the meaning in the introductory paragraph of the Notice:

Notice means this notice of meeting.

Option means option to acquire a Share.

Performance Rights means performance rights as described in Section 4.

Proxy Form means the proxy form attached to the Notice.

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.

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 Performance Rights Plan

The key terms of the Performance Rights Plan (**Plan**) are as follows:

- (a) The Directors, at their discretion, may at any time invite Eligible Employees to participate in the grant of Performance Rights.
- (b) The eligible participants under the Plan are full time and part time Employees (including Directors) of the Company and its related bodies corporate or any other person who is declared by the Board to be eligible to receive a grant of Performance Rights under the Plan (**Eligible Employees**). Subject to Board approval, an Eligible Employee may nominate a nominee to receive the Performance Rights to be granted to the Eligible Employee.
- (c) The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.
- (d) The Plan is administered by the Directors, who have the power to:
 - (A) determine appropriate procedures for administration of the Plan consistent with its terms;
 - (B) resolve conclusively all questions of fact or interpretation in connection with the Plan;
 - (C) delegate the exercise of any of its powers or discretions arising under the Plan to any one or more persons for such period and on such conditions as the Board may determine; and
 - (D) suspend, amend or terminate the Plan (subject to restrictions on amendments to the Plan which reduce the rights of the Participant in respect of any Performance Rights or Shares already granted).
- (e) Performance Rights will be granted for nil cash consideration, unless the Board determines otherwise (which will be no more than a nominal amount).
- (f) No amount will be payable on the exercise of Performance Rights under the Plan.
- (g) The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.
- (h) The Company must have reasonable grounds to believe that the number of Shares to be issued on exercise of the Performance Rights when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three years under:
 - (i) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or
 - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

does not exceed 5% of the total number of issued Shares at the time the invitation to acquire Performance Rights is made (but disregarding any securities issued as the result of an offer that can be disregarded in accordance with ASIC Class Order 14/1000).
- (i) The Shares to be issued following the Performance Rights vesting conditions being satisfied, will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares. The Board may apply such further voluntary escrow on Shares issued on conversion of Performance Rights as it shall determine appropriate.
- (j) The Performance Rights granted under the Plan will be subject to vesting conditions determined by the Board from time to time and expressed in a written offer made by the Company to the Eligible Employee which is subject

to acceptance by the Eligible Employee within a specified period. The vesting conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the Participant and/or by the Company or (iii) such other performance conditions as the Board may determine and set out in the offer. The Board determines whether vesting conditions have been met.

- (k) Performance Rights will have an expiry date as the Board may determine in its absolute discretion and specify in the offer to the Eligible Employee.
- (l) The vesting conditions of Performance Rights will have a milestone date as determined by the Board in its absolute discretion and will be specified in the offer to the Eligible Employee. The Board shall have discretion to extend a milestone date.
- (m) Performance Rights will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on vesting of the Performance Rights within the period required by the Listing Rules.
- (n) The Performance Rights are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act.
- (o) If a vesting condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse. An unvested Performance Right will also lapse if the Participant ceases to be an Eligible Employee for the purposes of the Plan by reason of resignation, termination for poor performance or termination for cause (unless the Board determines otherwise).
- (p) Under the Plan, if the Participant ceases to be an employee of the Company or of a related body corporate for any reason other than those reasons set out in paragraph (o), including (but not limited to) upon the retirement, total and permanent disability, redundancy, death of a Participant or termination by agreement then in respect of those Performance Rights which have not satisfied the vesting condition but have not lapsed, then the Participant shall be permitted to continue to hold those Performance Rights as if the Participant was still an Eligible Employee except that any continuous service condition will be deemed to have been waived (unless the Board determines otherwise).
- (q) If, in the opinion of the Board, a Participant acts fraudulently or dishonestly, is in breach of his or her obligations to the Company and its related bodies corporate or has done an act which has brought the Company or any of its related bodies corporate into disrepute, or the Company becomes aware of a material misstatement or omission in the financial statements in relation to the Company Group, a Participant is convicted of an offence in connection with the affairs of the Company Group or a Participant has judgment entered against him in any civil proceedings in respect of the contravention of his duties at law in his capacity as an employee or officer of the Company Group, the Board will have the discretion to deem any Performance Rights to have lapsed.
- (r) If in the opinion of the Board, Performance Rights vested as a result of the fraud, dishonesty or breach of obligations of either the Participant or any other person and in the opinion of the Board, the Performance Rights would not have otherwise vested; or the Company is required by, or entitled under, law to reclaim an overpaid bonus or other amount from a Participant, then the Board may determine (subject to applicable law) any treatment in relation to the Performance Rights or Shares to comply with the law or to ensure no unfair benefit is obtained by the Participant.
- (s) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Rights, then all remaining Milestones will be deemed to have been achieved and each Performance Right will automatically and immediately convert into Shares, however, if the number of Shares to be issued as a result of the conversion of all Performance Rights due to a Change in Control Event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Rights to be converted will be prorated so that the aggregate number of Shares issued upon conversion of all Performance Rights is equal to 10% of the entire fully diluted share capital of the Company.

In these terms and conditions:

Change of Control Event means:

- (i) the occurrence of:
 - (A) 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
 - (B) that takeover bid has become unconditional; or
- (iii) the announcement by the Company that:
 - (A) Shareholders 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 (1) cancelled, or (2) transferred to a third party; and
 - (B) the Court, by order, approves the proposed scheme of arrangement.
- (t) The Board may waive, amend or replace any vesting condition attaching to a Performance Right if the Board determines that the original vesting condition is no longer appropriate or applicable, provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.
- (u) There are no participating rights or entitlements inherent in the Performance Rights and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (v) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the number of Shares which must be allocated on the exercise of a Performance Right.
- (w) If the Company 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) the number of Shares which must be allocated on the exercise of a Performance Right will be increased by the number of Shares which the Participant would have received if the Performance Right had vested before the record date for the bonus issue.
- (x) If there is any reorganisation of the issued share capital of the Company, the rights of the Performance Rights holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
- (y) The Plan is a deferred plan under Subdivision 83-A of the Income Tax Assessment Act 1977 (Cth).

Schedule 3 – Summary of terms and conditions of Employee Share Option Plan

The key terms of the Employee Share Option Plan (**ESOP**) are as follows:

- (a) **Eligibility:** Participants in the ESOP may be:
- (i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (a), (b) or (c) above,
- who is declared by the Board to be eligible to receive grants of Options under the ESOP (**Participants**).
- (b) **Administration of ESOP:** The Board is responsible for the operation of the ESOP and has a broad discretion to determine which Participants will be offered Options under the ESOP.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the ESOP. The offer:
- (i) set out the number of Options offered under the ESOP;
 - (ii) will specify the exercise price and expiry date of the Options;
 - (iii) will specify any exercise conditions and restriction periods applying to the Options;
 - (iv) will specify an acceptance period; and
 - (v) specify any other terms and conditions attaching to the Options.
- (d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the ESOP will be issued for no more than nominal cash consideration.
- (e) **Exercise Conditions:** An Option may be made subject to exercise conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (f) **Restriction Periods:** A Share issued on exercise of an Option may be made subject to a restriction period as determined by the Board in with the ESOP and as specified in the Offer for the Option.
- (g) **Lapse of Options:** Subject to this ESOP, a Participant's unexercised Option will lapse immediately and all rights in respect of that Option will be lost if, in respect of the Option:
- (i) the relevant person ceases to be a Participant for any reason whatsoever (including without limitation resignation or termination for cause) and:
 - (A) any exercise conditions have not been met by the date the relevant person ceases to be a Participant (**Ceasing Date**); or
 - (B) where any exercise conditions have been met by the Ceasing Date or the Option is not subject to any exercise conditions, the Participant does not exercise the Option within a

period of three months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);

- (ii) any exercise conditions are unable to be met; or
- (iii) the expiry date has passed,

whichever is earlier.

- (h) **Power of attorney:** Each Participant, in consideration of an offer, irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of the ESOP.
- (i) **ESOP limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (j) **Restriction on transfer:** Options will not be transferable except to the extent provided for by the ESOP or unless the Offer provides otherwise.
- (k) **Quotation on ASX:** Options will not be quoted on the ASX, except to the extent provided for by the ESOP or unless the Offer provides otherwise.
- (l) **Rights attaching to Shares:** Each Share issued on exercise of an Option will have the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the ESOP) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.
- (m) **Deferred Plan:** The ESOP is a deferred plan under Subdivision 83-A of the Income Tax Assessment Act 1977 (Cth).



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

[BARCODE]

Holder Number:
[HolderNumber]

[Name/Address 1]
[Name/Address 2]
[Name/Address 3]
[Name/Address 4]
[Name/Address 5]
[Name/Address 6]

Vote by Proxy: NOV

Your proxy voting instruction must be received by **10.00am (AEST) on Wednesday 30th May 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.

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.

CONTACT

Return your completed form:



BY MAIL

Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012



IN PERSON

Automic Registry Services
Level 3, 50 Holt Street,
Surry Hills NSW 2010

Contact us – All enquiries to Automic:



WEBCHAT

<https://automic.com.au/>



EMAIL

hello@automic.com.au



PHONE

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1: Please appoint a Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the General Meeting of Novatti Group Limited (Company), to be held at **10.00 am (AEST) on Friday 1st June 2018 at Legacy House, Suite 1, 293 Swanston St, Melbourne VIC 3000** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2: Your Voting Direction

Resolutions

1. Ratification of prior issue of shares - Listing Rule 7.4
2. Adoption of the Novatti Performance Rights Plan
3. Adoption of the Novatti Employee Share Option Plan

For

Against

Abstain

☐
☐
☐
☐
☐
☐
☐
☐
☐

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.

STEP 3: Sign

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date ____/____/____

Email Address

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

[BARCODE]
[HolderNumber] NOV