

ASX ANNOUNCEMENT

21 December 2016

Strong uptake of Flexepin by Bitcoin merchants in Australia and Canada

Highlights:

- **Strong interest in Novatti's Flexepin solution with 20 Bitcoin merchants in Australia and Canada signing up to the service.**
- **Further growth in Flexepin adoption expected in 2017 which will bolster Novatti's recurring revenue stream.**
- **Bitcoin growing in acceptance by mainstream merchants.**
- **Australian Bitcoin trade volumes average US\$2.13M per day¹.**

Novatti Group Limited (ASX: NOV, "Novatti" or the "Company") is pleased to report that it is receiving strong interest for its Flexepin Open Loop Voucher Service ("**Flexepin**") from Bitcoin merchants in Australia and Canada.

Since launching the service only nine months ago, the Company has already signed up 20 Bitcoin merchants, which have an established customer base that transacts on a regular basis. This provides Novatti with the opportunity to grow its recurring revenue stream as a growing number of customers of these Bitcoin merchants have opted to use the Flexepin cash vouchers to buy bitcoins.

Furthermore, the Company is expecting the number of Bitcoin partners to grow substantially over the next 12 months. This is because Bitcoin merchants are under increasing pressure to meet high levels of compliance as the industry focuses on the need for oversight by regulators. Flexepin plays a key role for its Bitcoin partners in providing this level of compliance as it meets the latest Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) regulations.

Flexepin has seen excellent growth in the uptake of the Flexepin vouchers by existing and new Bitcoin merchants' customers. The first of these merchants was coinloft.com.au.

Coin Loft is a member of the industry association ADCCA (Australian Digital Currency Commerce Association), which works closely with AUSTRAC and ASIC to enhance regulation and adoption of these digital currencies. The ADCCA has released a new code of conduct for its members on 30 November 2016 that paints a favourable outlook for Flexepin following extensive industry consultation (<http://adcca.org.au/news-and-media/>).

David Temple, Co-Founder of Coin Loft commented, "we are committed to providing a safe environment for digital currency exchange in Australia with a focus on AML/CTF compliance. Through ADCCA, we have been working closely with regulators and other government departments to assist in the creation of a workable regulatory

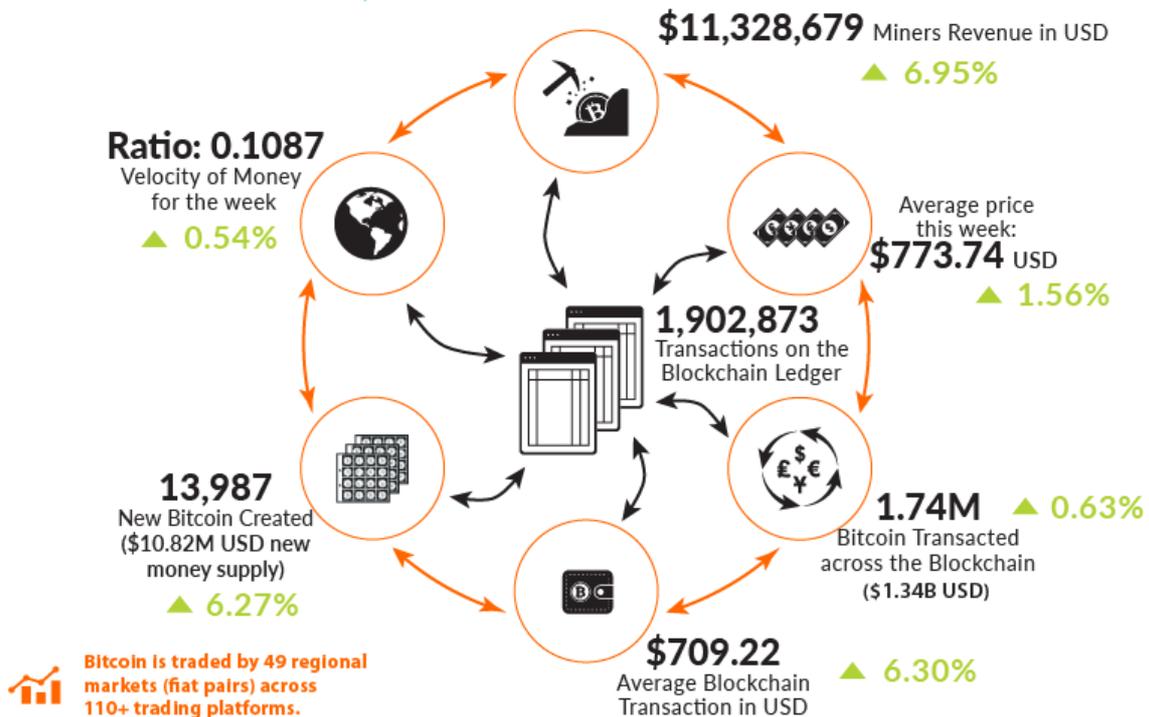
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environment for digital currency businesses. We believe a strong digital currency industry will have enormous economic benefits for Australia."

Australian Bitcoin trade volumes average US\$2.13M per day¹ and leading provider of market data and analytics on digital currencies, Brave New Coin, notes that the average transaction size globally was US\$709.22 for the week of 7-14 December 2016, an overall increase of 6.3% from the previous week².

Weekly Bitcoin & Blockchain Statistics

The week of: December 7th -14th, 2016



BRAVE NEW COIN.
Digital Currency Insights

<http://bravenewcoin.com/assets/Weekly-Bitcoin-Blockchain-Stats/BNC-Weekly-Bitcoin-Blockchain-Statistics-14th-December-2016.png>

"We have identified the digital currency market as a new and growing niche for Flexepin, for which we have gained many merchants and good traction. At the same time, we have been selective in only accepting those with a commitment to on-going compliant processes," said Peter Cook, Chief Executive Officer of Novatti.

"The substantial and recurring nature of these transactions are continually growing the underlying transaction processing revenues for the Novatti Group. We believe we will see significant growth in our Flexepin business in 2017."

Novatti will receive a transaction fee and the revenues will be dependent on the take up of the service.

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¹ <http://bravenewcoin.com/bitcoin?mkt=AUD#Exchanges>

² <http://bravenewcoin.com/assets/Weekly-Bitcoin-Blockchain-Stats/BNC-Weekly-Bitcoin-Blockchain-Statistics-14th-December-2016.png>

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About Novatti Group Limited

Novatti is an award-winning global software technology and payment services provider. Both through technology and services, Novatti helps economies, corporations and consumers digitise cash transactions. Novatti's robust and efficient software solutions include Consumer Digital Wallets, Electronic Top-Ups, Mobile Money, Bill Payments, Remittance Services and Voucher Management Systems. Novatti's transaction processing services include Flexepin, an open-loop cash voucher service and TransferBridge, a global remittance network.

About Brave New Coin

Brave New Coin (BNC) is a leading data & research provider in the exponential Digital Assets & Blockchain industry. BNC tracks and standardises market, network and industry information to deliver high quality news, rates, indices, analytics and insights to a global client base.

About ADCCA

ADCCA is the country's leading council and representation of and for digital currency businesses along with other key industry participants. As the Australian Digital Currency business association, our charge is to speak at a national and international level on behalf of the nation's leading DC businesses. The organisation's founding mandate is intended to act as the essential connection between merchants, industry, governments, regulators, financial institutions and influential policy forums which give direction to this emerging industry at home and abroad.

About Coin Loft

Coin Loft, a trading name of Rhino Loft Pty Ltd, is one of Australia's leading bitcoin agencies. As well as being committed to providing a great customer experience they are also focused on building compliance processes and operating within a risk-based regulatory framework.

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