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20 May 2019

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Ovato Limited (ASX code: OVT)

Notification under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (ASIC Instrument 2016/84)

Ovato Limited (the **Company**) announced today an accelerated non-renounceable entitlement offer (the **Entitlement Offer**) of 1 share (**New Shares**) in the Company for every 2.3 shares in the Company held by all holders as at 7.00pm (AEST) on Wednesday, 22 May 2019 (the **Record Date**) with registered addresses in Australia and New Zealand (**Eligible Shareholders**).

Underwriting arrangements

The Entitlement Offer has been underwritten by Wilsons Corporate Finance Limited (ABN 65 057 547 323) subject to the terms and conditions of an underwriting agreement. The Entitlement Offer will also be fully sub-underwritten by Michael Hannan, James Hannan, Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust, Adrian O'Connor and Richard O'Connor (**Sub-underwriting Agreement**). The sub-underwriting arrangements will be split as follows:

- (a) Lindsay Hannan Family Trust - 49.84%;
- (b) Michael Hannan - 21.23%;
- (c) James Hannan - 4.25%;
- (d) Richard O'Connor - 12.34%;
- (e) Adrian O'Connor - 12.34%.

The Hannan family, consisting of Michael Hannan, James Hannan, Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust, Lindsay Hannan, Adrian O'Connor and Richard O'Connor (the **Hannan Family**), currently have a relevant interest of 40.36% in the Company.¹ The Hannan Family have stated that they will take up to their full pro rata entitlement under the Entitlement Offer. Pursuant to the Sub-Underwriting Agreement, the Hannan Family will also subscribe for any New Shares which are not taken up by existing shareholders in the Entitlement Offer or not

¹ Pursuant to a voting deed entered into between Lindsay Hannan (the Company's largest shareholder, with a shareholding of 19.94%), Adrian & Richard O'Connor, Michael Hannan, James Hannan, and Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust.

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subscribed for by existing and new investors in the shortfall bookbuild or top up facility. Further details on the impact of the Entitlement Offer on the Hannan Family's relevant interest are included below.

Purpose of this Notice

The Company gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) as modified by ASIC Instrument 2016/84 (the **Corporations Act**) that:

1. The Company will offer 221,818,990 shares in the Company for issue pursuant to the Entitlement Offer without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
 - (a) the Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
 - (b) the Company has complied with section 674 of the Corporations Act; and
 - (c) there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act.
3. The potential effect that the Entitlement Offer will have on control of the Company and the consequences of that effect will depend upon a number of factors, including the level of take up by Eligible Shareholders of their entitlements and investor demand. The potential effect that the Entitlement Offer will have on the control of the Company is as follows:
 - (a) **Effect on Company shareholders generally:** If Eligible Shareholders take up their full entitlements under the Entitlement Offer, their interest in the Company will not be diluted by the Entitlement Offer. If Eligible Shareholders do not exercise their entitlement under the Entitlement Offer, or only exercise part of their entitlement, their interest in the Company will be diluted. Shareholders who are not Eligible Shareholders will have their interest diluted by the Entitlement Offer. The extent of any Eligible Shareholder's dilution will depend on the level of participation in the Entitlement Offer by the Eligible Shareholder.
 - (b) **Effect on the voting power of the Hannan Family:** The Hannan Family has the largest relevant interest in the Company with a 40.36% relevant interest in the Company as at the date of this notice.

As a result of the underwriting and sub-underwriting arrangements described above, the maximum potential relevant interest of the Hannan Family in the Company as a result of the Entitlement Offer (assuming that the Hannan Family takes up its whole entitlement and that the Hannan Family's sub-underwriting commitment is called upon to the maximum extent) is 58%. In these circumstances, the split of each member of the Hannan Family's shareholding will be as follows:



- (i) Lindsay Hannan – 29.00%;²
- (ii) Michael Hannan – 12.4%;
- (iii) James Hannan – 2.5%;
- (iv) Richard O'Connor – 7.2%;
- (v) Adrian O'Connor – 7.2%.

As the Hannan Family will take up its whole entitlement, if all other existing shareholders agree to take up their entitlements, or if existing and new investors take up the remaining New Shares in the shortfall bookbuild or top up facility, the Hannan Family's relevant interest will remain unchanged at 40.36%.

Shareholders should be aware that, in the event that the Hannan Family acquires a relevant interest in at least 50% of the Company's issued ordinary shares (which is a possible result of the Entitlement Offer, as illustrated above), the Hannan Family will have the ability to pass matters requiring shareholder approval by ordinary resolution.

At the time of this announcement, the Hannan Family has two nominee directors appointed to the board of the Company.

The Hannan Family has informed the other Directors that on the facts and circumstances presently known, they are supportive of the current direction of Ovato and do not currently intend to propose any major changes to its direction and objectives.

Yours faithfully

Alistair Clarkson
Company Secretary
Ovato Limited

² Lindsay Hannan's shareholding comprises of shares held in his own capacity and in Sayman Pty Ltd as trustee for the Lindsay Hannan Family Trust

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