

COVATA LIMITED

[ACN 120 658 497]

("the Company")

PROSPECTUS

A non-renounceable pro rata rights issue of 1 new share (**New Share**) for every 11 shares held on the Record Date at an issue price of 2.8 cents (\$0.028) per New Share, with 1 free-attaching unlisted option (**New Option**) for every 3 New Shares issued, to raise up to approximately \$1,790,000 before costs of the issue (**Rights Issue**).

Each New Option will have an exercise price of 5.5 cents (\$0.055), an expiry date of 6 June 2020 and will, upon exercise, entitle the holder to one ordinary fully paid share in the Company.

The Rights Issue closes at 5pm (Melbourne time) on 28 June 2018 (which date may change without notice).

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

If you do not understand its contents, you should consult your stockbroker, accountant or other professional adviser without delay.

The New Shares and New Options offered under this Prospectus are considered speculative.

CORPORATE DIRECTORY

Covata Limited
[ACN 120 658 497]

Directors

Mr Bill McCluggage – Non-Executive Chairman
Mr Edward (Ted) Pretty – Managing Director
Mr David Irvine – Non-Executive Director
Mr Lindsay James Tanner – Non-Executive Director

Joint Company Secretaries

Mr Patrick Gowans
Mr Steven Bliim

Registered Office

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Melbourne VIC 3000
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Share Registry and Address for Return of Acceptances

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

ASX Code

CVT

Web Site

To view annual reports, shareholder and company information, news announcements, background information on the Company's business and historical information, visit www.asx.com.au. Information regarding the Company is also available at its website, www.covata.com.

IMPORTANT NOTES

This Prospectus is dated 8 June 2018. A copy of this Prospectus was lodged with the Australian Securities & Investments Commission (**ASIC**) on the same date. Neither ASIC nor ASX Limited (**ASX**) nor their respective officers take any responsibility as to the contents of this Prospectus.

This Prospectus contains and applies to the offer of New Shares and New Options under the Rights Issue including any offer of New Shares and New Options from the Shortfall during 3 months after the Closing Date.

You should read this document carefully before you make a decision to apply for New Shares. An investment in the Company has risks, which you should consider before making a decision to invest.

The New Shares and New Options offered under this Prospectus should be considered speculative.

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this Prospectus are reasonable, none of the Company, its Directors or officers, or any person named in this Prospectus can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements.

Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward-looking statements contained in this Prospectus are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in the Company are set out in Section 5 of this Prospectus.

TIMETABLE

Lodgement of Prospectus	8 June 2018
“Ex” date (existing shares quoted on an ex rights basis)	13 June 2018
Record date to identify shareholders entitled to participate in the Rights Issue (Record Date) at 7pm (Melbourne time)	14 June 2018
Prospectus dispatched to shareholders entitled to participate in Rights Issue	19 June 2018
Closing Date at 5pm (Melbourne time)	28 June 2018
Notice of under-subscriptions given to ASX	3 July 2018
Issue Date (Rights Issue)	5 July 2018

*The above dates should be regarded as **indicative only**. Subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws, the Company reserves the right to change the above dates, to close the Rights Issue before the date stated above, to extend the Closing Date and subsequent dates, or not to proceed with the Rights Issue. This may result in delays to the indicative timetable.*

No securities will be issued on the basis of this Prospectus after its expiry date, being 8 July 2019.

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KEY INVESTMENT RISKS – SUMMARY

Please read and consider this Prospectus in full and in conjunction with any matters which have or may be referred to in the Company's ASX announcements before deciding to take up your entitlement to New Shares, New Options or any Shortfall, exercising existing options or investing in the Company.

Section 5 of this Prospectus contains a summary of some of the key risks associated with an investment in the Company. Those risks include risks specific to the business of the Company, a selection of which are set out below:

- risks associated with redundancy, upgradeability and scalability of the Company's products;
- risks in respect of the Company's platform;
- risks associated with the market in which the Company operates, including the ability of the Company to gain acceptance for and secure sales of its products in such market;
- risks associated with reliance on third-parties;
- the availability and retention of personnel, including key management personnel;
- competition risks;
- intellectual property risks; and
- dilution risk.

In addition, there are other business risks and risks of a more general nature, such as economic and market conditions.

ABOUT THE RIGHTS ISSUE – SUMMARY

The following summary provides only a limited overview. Further detail is set out in this Prospectus. Please read and consider this Prospectus in full before making any decision regarding applying for New Shares, New Options or any Shortfall, exercising existing options or investment in the Company.

Topic	Summary	For more information see:
What is the Rights Issue offer?	The offer (called the Rights Issue) is a pro-rata, non-renounceable offer of ordinary fully paid New Shares made to Eligible Shareholders to acquire up to a specified number of New Shares with one free-attaching New Option for every 3 New Shares issued to Eligible Shareholders.	Section 1
What is my entitlement to New Shares and New Options?	<p>If you are an Eligible Shareholder, you are entitled to acquire 1 New Share for every 11 ordinary shares you hold at 7pm (Melbourne time) on the Record Date, with 1 free-attaching New Option for every 3 New Shares acquired, on and subject to the terms of this Prospectus.</p> <p>If you are an Eligible Shareholder, your entitlement to New Shares and New Options is set out in a personalised Entitlement and Acceptance Form accompanying this Prospectus.</p>	Section 1.1 and the personalised Entitlement and Acceptance Form accompanying this Prospectus
What is the offer price of New Shares?	2.8 cents (\$0.028) per New Share.	Section 1.1
What are the terms of the New Options?	<p>Each New Option will have an exercise price of 5.5 cents (\$0.055), expiry date of 6 June 2020 and, upon exercise, will entitle the holder to one fully paid ordinary share in the Company.</p> <p>The New Options will be unlisted, however the Company intends to make an application for quotation of the New Options subject to meeting the regulatory requirements for same. Notwithstanding the foregoing, the Company makes no express or implied warranty that official quotation of New Options will be granted within three months or any other period after the date of this Prospectus.</p>	Sections 1.2 and 9.2
Am I an eligible shareholder?	Eligible Shareholders are shareholders of the Company registered in the Company's share register at 7pm (Melbourne time) on the Record Date whose address in the Company's register of members is in Australia or New Zealand (Eligible Shareholders).	Sections 1.1 and 1.4
What if I am not an eligible shareholder?	<p>The Company has decided it is unreasonable to make the Rights Issue offer outside Australia and New Zealand having regard for:</p> <ul style="list-style-type: none"> • the number of shareholders in places where the Rights Issue would be made; • the number and value of securities those shareholders would be offered; and • the cost of complying with the legal and regulatory requirements in those jurisdictions. <p>Accordingly, if you are not an Eligible Shareholder, no offer is made to you and you will not be provided with the opportunity to participate in the Rights Issue.</p>	Sections 1.4 and 12

Topic	Summary	For more information see:
What is the purpose of the offer and how will the funds raised be used?	The Company is undertaking the Rights Issue to accelerate the Company's European sales focus, exploit its relationship with dataglobal GmbH, explore development of next generation virtual data room software, contribute to two key technology development projects, to meet general administrative costs and to pay the costs of the Rights Issue as described in Section 2.	Section 2
How much will be raised by the Rights Issue?	Assuming all entitlements to New Shares and all Shortfall (if any) are taken up in full, the Rights Issue will raise approximately \$1,790,000 before costs.	
Is the Rights Issue underwritten?	No, the Rights Issue is not underwritten.	Section 1.1
Are there any risks associated with an investment in the Company?	<p>There are risks associated with investment in the Company. These include risks relating to the Company, risks relating to the Rights Issue and risks associated with financial investment generally.</p> <p>Please carefully consider the risks and the information contained in this Prospectus in conjunction with any matters which have or may be referred to in the Company's ASX announcements before making any decision regarding your entitlement to New Shares and New Options or otherwise investing in the Company.</p>	Section 5
What can I do with my entitlement?	<p>You can do any of the following:</p> <ul style="list-style-type: none"> • take up all of your entitlement (by accepting the Rights Issue offer in full); • take up all of your entitlement (by accepting the Rights Issue offer in full) and apply for additional New Shares from the Shortfall (if any); • take up part of your entitlement (by accepting part of the Rights Issue offer) and allow the balance to lapse (and the balance will form part of the Shortfall); or • do nothing, in which case all of your entitlement will lapse and form part of the Shortfall. 	Section 6.1
Can I trade my entitlement?	No, your entitlement under the Rights Issue is non-renounceable.	Section 1.3
What happens if I do not take my entitlement, or take up only part of my entitlement?	Not taking up your entitlement in full may result in your interest in the Company being diluted. If you do not take up all of your entitlement by the Closing Date, New Shares and New Options to which you were entitled will form part of the Shortfall.	Sections 1.1 and 4
How do I take my entitlement (accept the Rights Issue offer)?	<p>If you wish to take up (accept the Rights Issue offer for) all or part of your entitlement (or make an application for New Shares under the Shortfall) you must either:</p> <p>(a) pay by BPAY using the BPAY details in the personalised Entitlement and Acceptance Form, so payment is received by no later than 5pm (Melbourne time) on the Closing Date; or</p> <p>(b) complete and return the personalised Entitlement and Acceptance Form to Boardroom Pty Limited together with payment by cheque, bank draft or money order so the form and</p>	Section 6

Topic	Summary	For more information see:
	<p>payment are received by the Share Registry by no later than 5pm (Melbourne time) on the Closing Date.</p> <p>The amount payable if you are taking up your full entitlement is set out in the personalised Entitlement and Acceptance Form.</p> <p>If taking up less than your full entitlement, the amount payable is calculated by multiplying the number of New Shares you wish to take up by 2.8 cents (\$0.028).</p> <p>Eligible Shareholders who take up their entitlement in full may also apply for additional New Shares and New Options from the Shortfall which will be allocated in the manner described in Section 1.7.</p>	
<p>Is there a minimum subscription amount?</p>	<p>There is no minimum subscription amount. New Shares will be issued in response to valid acceptances of entitlements received.</p> <p>Entitlements not accepted will form part of the Shortfall.</p>	<p>Section 1.1</p>
<p>What are the tax implications of participating in the Rights Issue?</p>	<p>Taxation implications will vary depending upon the circumstances of shareholders. You should obtain professional advice as to the particular taxation treatment that will apply to you.</p>	<p>Section 11</p>
<p>How and when will I know if my acceptance was successful?</p>	<p>A holding statement confirming the issue of your New Shares and New Options is anticipated to be sent to you on or about 5 July 2018.</p>	<p>Section 6.3</p>
<p>Where can I find more information about the Company?</p>	<p>For more information on the Company please see the Company's website (www.covata.com) or refer to the Company's ASX announcements (available on the ASX's website www.asx.com.au) (ASX code: CVT).</p>	<p>Section 8</p>
<p>What if I have any questions about the Rights Issue or how to accept or deal with my entitlement?</p>	<p>You should consult your stockbroker, accountant, solicitor or other professional adviser before making a decision regarding your entitlement.</p> <p>If you have any questions regarding how to complete and return the acceptance form, contact details will be included in the Company's Entitlement and Acceptance Form.</p> <p>Questions concerning the Rights Issue can be directed to the Company on +61 (2) 8412 8200.</p>	<p>Section 18</p>

1. Details of the Rights Issue

1.1 The Rights Issue

Covata Limited (**the Company** or **CVT**) offers to its shareholders, as recorded on the share registry records on the Record Date and who have a registered address in Australia or New Zealand (each an **Eligible Shareholder**), the right to participate in a non-renounceable rights issue of 1 new fully paid ordinary share (**New Shares**) for every 11 existing shares (**Shares**) held at the Record Date (maximum 64,064,223 New Shares) at an issue price of 2.8 cents (\$0.028) per New Share (**the Rights Issue**), with 1 free-attaching option (**New Option**) to acquire an ordinary fully paid share in the Company for every 3 New Shares issued (maximum 21,354,741 New Options).

The Rights Issue is not underwritten.

Any New Shares not taken up by Eligible Shareholders shall form part of the shortfall (**Shortfall**). Eligible Shareholders may also apply for New Shares from the Shortfall. Further details are set out in section 1.5.

Assuming all entitlements to New Shares are taken up in full, or that the Shortfall (if any) is taken up in full, the Rights Issue will raise up to approximately \$1,790,000 (before costs).

There is no minimum subscription amount. New Shares will be issued in response to valid acceptances of entitlements received. Fractional entitlements to New Shares will be rounded up.

1.2 Exercise price and expiry date of New Options

New Options have an exercise price of 5.5 cents (\$0.055), an expiry date of 6 June 2020 and, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

Further terms of New Options are set out at section 9.2 of this Prospectus.

1.3 Non-renounceable

Entitlements to New Shares and New Options pursuant to the Rights Issue are not renounceable and, accordingly, there is no ability to trade rights on ASX or elsewhere.

1.4 Non-qualifying Foreign Shareholders

Only shareholders as at the Record Date with addresses in the Company's register of members in Australia and New Zealand are eligible to participate in the Rights Issue.

The Company has decided it is unreasonable to make the Rights Issue offer outside Australia and New Zealand having regard for the:

- number of shareholders in places where the Rights Issue would be made;
- number and value of securities those shareholders would be offered; and
- cost of complying with legal and regulatory requirements of regulatory authorities in those jurisdictions.

A total of 41,702,208 Shares (5.92% of existing issued Shares) are held by fifty-two (52) non-qualifying foreign shareholders in nine (9) different countries. These Shares of the non-qualifying foreign shareholders are equivalent to entitlements to 3,791,109 New Shares (approximately \$106,151 at the 2.8 cent issue price). The entitlements of non-qualifying foreign shareholders will form part of the Shortfall.

1.5 Shortfall

Any part of your entitlement to New Shares under this Prospectus not taken up will form part of the Shortfall.

If you are an Eligible Shareholder and you apply for your full entitlement you may also apply for more New Shares than the number shown on your Entitlement and Acceptance Form.

To apply for more New Shares than your entitlement please complete the relevant section in the Entitlement and Acceptance Form.

The issue of additional New Shares in response to applications for additional New Shares will depend on there being sufficient Shortfall available after all valid acceptances of entitlements are fulfilled. The allocation of New Shares from the Shortfall to Eligible Shareholders will be at the discretion of the Board having regard to factors including the respective pro-rata entitlements of the subscribing shareholders as at the Record Date. The Board will endeavour, where possible, to allot New Shares from the Shortfall (whether to Eligible Shareholders or third parties) to a spread of investors to mitigate control effects which may otherwise arise from issuing New Shares under the Shortfall to a single or small number of investors. Furthermore, the Board will give priority to Shortfall applications made by Eligible Shareholders who hold less than marketable parcels (being less than \$500) to enable those shareholders to increase their holdings to a marketable parcel.

No shareholder or investor will be allocated New Shares from the Shortfall if that would result in the relevant interest of the shareholder (and its associates) exceeding 20% of the issued capital of the Company.

The number of New Shares (and free-attaching New Options) that you receive as a result of a Shortfall application (if any) will depend on the extent to which Eligible Shareholders accept their entitlements to the Rights Issue, the extent to which Eligible Shareholders who accept their entitlement in full apply for Shortfall and the discretion of the Board to accept or reject Shortfall applications in whole or in part. Additional New Shares and free-attaching New Options will not be issued to shareholders or others from the Shortfall where to do so would involve a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

The Company reserves the right to offer and issue New Shares and free-attaching New Options from the Shortfall at its discretion within 3 months after the Closing Date.

1.6 Placement

On 31 May 2018, the Company announced it had obtained binding commitments for a placement of 53,571,428 ordinary fully-paid shares (**Placement Shares**) at 2.8 cents (\$0.028) per Placement Share to sophisticated, professional and other exempt investors to raise up to \$1,500,000 before costs. The Placement Shares and Placement Options were issued on 6 June 2018. Investors under the placement were also issued 1 fee-attaching option (**Placement Option**) for every 3 Placement Shares subscribed for in the Placement (total of 17,857,127 Placement Options).

The Placement Options have identical terms to the New Options, including having an exercise price of \$0.055 and an expiry date of 6 June 2020.

The Recipients of Placement Shares will, subject to being an Eligible Shareholder, be entitled to participate in the Rights Issue in respect of the Placement Shares held by them prior to the Record Date, including shares issued upon exercise of Placement Options prior to the Record Date.

1.7 ASX Listing – New Shares

The Company will apply to ASX for admission of New Shares to official quotation within 7 days of lodgement of this Prospectus. The fact ASX may grant official quotation to New Shares is not to be taken in any way as an indication of the merits of the Company or those securities.

If ASX does not grant permission for the Official Quotation of the New Shares within three months after the date of issue of this Prospectus (or such period as is permitted by the Corporations Act), the Company, in its absolute discretion, will either repay the acceptance monies to applicants without interest or (subject to any necessary ASIC or ASX waivers or consents being obtained) issue a supplementary or replacement prospectus and allow applicants one month to withdraw their acceptances and be repaid their acceptance monies without interest.

1.8 ASX Listing – New Options and Placement Options

The Company intends to apply for official quotation of the New Options and Placement Options subject to meeting the requirements of ASX for same. However, the Company cannot guarantee official quotation of the New Options and/or Placement Options. Accordingly, this Prospectus should not be taken as an indication (either express or implied) that the New Options and/or Placement Options will be listed at any given time, or at all, and the issue of New Options and Placement Options is/was not conditional on quotation.

The Company will apply to ASX for admission of the Shares issued upon the exercise of New Options and/or Placement Options (if any) to official quotation within 7 days of exercise of the relevant New Options and/or

Placement Options. The fact that ASX may grant official quotation of New Options and/or Placement Options is not to be taken in any way as an indication of the merits of the Company or its securities.

2. Purpose of the Rights Issue

Funds raised from the Entitlement Issue in combination are proposed to be applied towards funding four new initiatives, meeting costs of the Rights Issue and providing additional working capital.

The four new initiatives are:

dataglobal integration

In March 2018, Covata acquired world-class data classification technology from German information management vendor, dataglobal GmbH. Funds will be used to speed up the integration of this technology with Covata's existing products, such as SafeShare, taking the Company a step closer to the completion of its data security platform.

Europe expansion

The implementation of General Data Protection Regulation has contributed to a pipeline of leads in Europe and to capitalise on this, funds will be used to deploy additional sales and technical expertise in the region. The dataglobal IP deal has presented significant cross-selling opportunities, particularly in the DACH (Germany, Austria and Switzerland) region, and a local team will be better positioned to pursue these.

Next generation VDR (virtual data room)

Funds will be used to develop a new cloud and SaaS based virtual data room and secure business sharing platform with the intention of a beta launch in Quarter 1 Financial Year 2019. This product will leverage components of SafeShare's core security engine and require modest additional development. It is designed to meet market need for a more competitive, feature rich product built upon an established security framework.

Covata Labs

Funds will be used to contribute to two key technology development projects: AI/Machine learning and SecureTender. AI/Machine Learning is being explored by Covata to develop new techniques for data classification at the point of creation and ingestion. SecureTender is the working name of our new tender/offer platform for emerging markets. It offers security (transparency) through a secure 'lock up' during tender period.

Funds raised will also be applied to meet general administrative and working capital requirements of the Company and to meet the costs of the Rights Issue.

The table below sets out the indicative use of funds in percentage form (after funding costs of the Rights Issue, which are expected to approximate \$37,000):

Indicative Use of Funds	100% of funds raised	50% of funds raised
dataglobal GmbH and European expansion	59%	78%
New product and feature development	20%	13%
Working capital	21%	9%
Total	100%	100%

The use of funds above is indicative only and the Company reserves the right to prioritise the use of funds as it sees fit including by varying the quantum of funds applied to any initiative or to working capital.

3. Effect of the Rights Issue on the Company

The effect of the Rights Issue on the Company will be to:

- provide the funds to undertake the activities described in Section 2; and
- alter the capital structure of the Company as described in Section 4.

4. Effect on the Capital Structure of the Company

4.1 Shares and Convertible Securities

Capital Structure

The tables below set out the existing capital structure of the Company and the effect on the Company's capital structure of issuing the New Shares and New Options offered under this Prospectus.

SHARES

Existing issued ordinary shares	643,529,973
Existing issued ordinary shares issued under Employee share loan plan	61,176,489
Total shares on issue	704,706,462
Total Shares offered under the Rights Issue*	64,064,223
Total Shares including Shares under the Rights Issue	768,770,685

*Subject to rounding.

Note to table: Assumes no options or warrants are exercised or any further ordinary shares issued.

CONVERTIBLE SECURITIES

	Number	Expiry Date	Exercise price
Unlisted Options	6,828,816	31 October 2019	USD\$0.1467
Unlisted Options	5,000,000	31 October 2019	\$0.20
Unlisted Options	1,237,500	22 December 2019	\$0.20
Unlisted Options	231,400	12 March 2020	\$0.33
Unlisted Options	300,000	2 November 2020	\$0.24
Unlisted Options	490,669	17 December 2020	\$0.33
Unlisted Options	400,000	20 July 2021	\$0.195
Unlisted Options	3,000,000	4 May 2022	\$0.20
Unlisted Options	840,000	21 June 2022	\$0.05
Warrants (vesting conditions per ASX announcement on 20 March 2015)	38,240,979	25 March 2020	\$0.274
Unlisted Options	1,000,000	17 August 2022	\$0.05
Unlisted Options	11,064,000	22 November 2022	\$0.05
Unlisted Options	5,569,583	22 November 2022	\$0.045
Placement Options	17,857,127	6 June 2020	\$0.055
New Options to be issued under this Prospectus*	21,354,741	6 June 2020	\$0.055
Total convertible securities	113,414,815	-	-

*Subject to rounding.

Dilution

Shareholders who take up their entitlement in the Rights Issue will not be diluted, and will maintain (or, in the event of undersubscriptions, increase) their existing proportional (percentage) interest in the Company.

The percentage shareholding in the Company of shareholders who do not take up their rights pursuant to the Rights Issue will be diluted. Examples of the impact of dilution on existing holders where a shareholder does not take up its entitlement and the Rights Issue is 50% subscribed or 100% subscribed are set out below:

Shareholder (example)	Holding at the Record Date	% at the Record Date	1 for 11 entitlement under the Rights Issue	Holding if entitlement not taken up	As % of total Shares on issue if Rights Issue 50% subscribed	As % of total Shares on issue if Rights Issue 100% subscribed
A	500,000	0.07%	45,455	500,000	0.07%	0.07%
B	1,000,000	0.14%	90,909	1,000,000	0.14%	0.13%
C	2,000,000	0.28%	181,818	2,000,000	0.27%	0.26%
D	5,000,000	0.71%	454,545	5,000,000	0.68%	0.65%
E	10,000,000	1.42%	909,091	10,000,000	1.36%	1.30%

Notes: The table above assumes that the notional Shareholders in the examples above do not acquire or dispose of shares and that no existing options (including Placement Options) and/or warrants are converted into ordinary shares.

4.2 Pro-Forma Consolidated Statement of Financial Position of the Company

	31 Dec 17	30 Apr 18 un-audited	Adjustment for Placement	(a) 50% take up 30 Apr 18 un-audited	(b) 100% take up 30 Apr 18 un-audited
Assets					
Cash	6,348,713	3,890,961	1,420,314	6,171,173	7,068,072
Other current assets	1,164,720	909,216	-	909,216	909,216
Total current assets	7,513,433	4,800,177	1,420,314	7,080,389	7,977,288
Total non-current assets	3,630,353	4,202,103	-	4,202,103	4,202,103
Total Assets	11,143,786	9,002,280	1,420,314	11,282,492	12,179,391
Liabilities and Equity					
Total Current Liabilities	2,705,896	2,520,638	-	2,520,638	2,520,638
Total Non-Current Liabilities	1,175,837	1,077,062	-	1,077,062	1,077,062
Equity					
Share capital	90,464,617	90,554,856	1,420,314	92,872,068	93,768,967
Reserves	6,750,691	7,232,330	170,412	7,504,637	7,606,532
Retained earnings/(losses)	(89,953,255)	(92,382,606)	(170,412)	(92,691,913)	(92,793,808)
Total Equity	7,262,053	5,404,580	1,420,314	7,684,792	8,581,691
Total Liabilities and Equity	11,143,786	9,002,280	1,420,314	11,282,492	12,179,391

Notes to pro-forma statement of financial position

The pro-forma Statement of Financial Position as at 30 April 2018 has been adjusted to reflect the following post 30 April 2018 pro-forma adjustments:

- Issue of 53,571,428 Placement Shares to sophisticated, professional and other exempt investors at an issue price of \$0.028 (2.8 cents) each.

2. Costs of the issue of Placement Shares being \$79,600.
3. Two alternative scenarios where:
 - a. in the first case, the issue of 32,032,111 New Shares under this Prospectus at an issue price of \$0.028 (2.8 cents) each, representing if the Rights Issue is 50% subscribed; and
 - b. in the second case, the issue of 64,064,223 New Shares under this Prospectus at an issue price of \$0.028 (2.8 cents) each, representing if the Rights Issue is 100% subscribed.
4. In each of 3(a) and 3(b), costs of the Rights Issue being \$37,000 (as provided for in section 4.3).

Basis of preparation of pro-forma statement of financial position

The above pro-forma statement has been prepared in accordance with ASIC Regulatory Guide 230 *Disclosing non-IFRS Financial Information* issued in December 2011.

The pro-forma statement of financial position is based on reviewed accounts at 30 April 2018 and has been prepared to provide shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company taking into account post-balance date events and pro-forma adjustments for matters provided for in this Prospectus as if each had occurred on, or before, 30 April 2018. The pro-forma financial information is presented in abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

4.3 Costs of the Rights Issue

The estimated costs of the Rights Issue are as follows:

Particulars	Amount (\$) (exclusive of GST)
Legal fees	\$12,000
Printing and administrative fees	\$10,000
Regulatory Fees	\$15,000
Total	\$37,000

5. Risks

The New Shares and New Options offered under this Prospectus are considered speculative. There are various factors, both specific to the Company and general, which may affect the future operating and financial performance of the Company and the value of any investment in the Company.

Some of these factors can be mitigated through safeguards and appropriate commercial action and controls. However, many factors are outside the control of the Company and therefore cannot be mitigated. There are also general risks associated with share investment. Hence, investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period.

This section describes certain (non-exhaustive) risks associated with investment in the Company. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as all other information contained in this Prospectus.

5.1 Company Specific Risks

(A) Redundancy, Upgradability and Scalability Risk

The Company may not be able to maintain or upgrade its current product(s) such as SafeShare and Eclipse, or develop new product(s), to meet identified market needs and/or achieve market acceptance. The development and/or enhancement of technology is potentially time consuming and costly. There is no guarantee the Company will be able to enhance its existing technology, or develop

new technology, in a timely and/or cost-effective manner, if at all. This could lead to the Company failing to capitalise on identified market opportunities.

There is a risk that product integrators will not be able to use the Covata Data Security Platform (**DSP**) in conjunction with its existing products as a result of the core engines on which the Covata DSP is based becoming redundant or no longer being supported.

Covata has mitigated this risk by ensuring that its current technology choices and architecture use industry standard development frameworks. This creates a low risk of redundancy as changes to these frameworks are monitored internally. In addition, the modular architecture of the Covata DSP also allows for substitution of redundant or deprecated technologies and scale performance testing in the development process mitigates the risk associated with product integrators being unable to integrate the technology in their products.

Covata further manages this risk by ensuring that Service Level Agreements (**SLA's**) with partners include mandatory upgrade paths. Covata then follows 'back to back' upgrades of the Covata DSP in development release cycles, therefore ensuring that any underlying technology is supported by Covata and pushed to the installed client/partner instance.

(B) Third Party Reliance Risk

There is a risk that any third party technology used by Covata in its current products and or used in the development of the Covata DSP may subsequently require payment to upgrade that technology or the payment of royalties to the proprietors of that technology.

Covata's current strategy avoids the risk of dependence on proprietary third-party technology by using technology with standardised open source or royalty free tools and libraries. Covata is of the view that if the technology it currently uses becomes proprietary in the future, there are existing open source technologies which are available. However, the Company cannot guarantee that such alternatives will remain available at all times.

By using third party tools in the development of its technology, Covata faces a risk that those tools contain imperfections such as bugs or errors which may adversely affect the operation of the Covata DSP. This problem can occur with any third-party tools or technologies in use by Covata.

Covata seeks to mitigate this risk by ensuring that it maintains an agile development process involved with patching and updates where these problems are publicly identified. In addition, internal processes for testing and quality assurance reduce potential risks caused via the incorporation of updates to third party libraries and development tools.

(C) Platform Risk

While Covata has an ability to sell products directly to end-users, its current focus is on creating a platform for integration by existing market participants in order to provide a revenue stream. The platform strategy allows the creation of customised value added solutions via a software development kit at the consumer endpoint, rather than a general 'product' solution for use in point cases.

The risk in this strategy is adoption by smaller market segments which are unable to afford tailored solutions or have limited needs where there is no 'shrink-wrapped' product to implement. To some degree this can be alleviated by the 'white labelling' of technology products based on the Covata DSP and sold through branded solution providers.

This risk is being mitigated by 'productising' parts of the DSP into end-user products – for sale directly or indirectly. The leading products to come off the platform are SafeShare and Eclipse. These products are to be sold to partners/distributors and to direct clients. This allows the client to experience the Covata technology through the product whilst encouraging adoption of the platform for further integration in core systems and business processes.

The Company's adopted distribution model offers and deploys its products from the "cloud" and on-premises. There is a risk this distribution model may not be successful, or that the Company will allocate insufficient or excessive funds to one portion of its distribution model instead of the other. There is also a risk the Company's distribution model may not be optimal for the distribution of its

products, either currently or in future, and a risk the Company's sales force may not be able to effectively market the Covata products to potential consumers.

(D) Market Acceptance

Ultimately, the Company's products need to find acceptance in a competitive market. Market acceptance depends on many factors, including obtaining access to relevant markets, convincing potential consumers and partners of the attractiveness of the Company's products and its ability to enhance existing products and develop new products to meet identified market opportunities.

The data-centric security as a platform market in which the Company operates is relatively undeveloped. As such, it is difficult to ascertain the level of knowledge and confidence in the market regarding such technology. Knowledge and informational barriers may prevent uptake of data centric security except in specific applications, thus limiting market opportunities. The Company's product operates within a more established market segment with file sharing solutions widely accepted including software service providers such as Dropbox. The Company is targeting enterprises in this segment.

As the Company's products can be used to collect and store sensitive information, there is a risk that global privacy and data security concerns could result in additional costs and potentially liabilities, as well as inhibiting sales of the Company's products. These concerns may also result in changes in laws, for example the recent changes in Europe arising from the General Data Protection Regulation, which the Company will be required to comply with if it wishes to conduct business in the relevant jurisdiction(s).

(E) Additional Funding

The Company's funding requirements depend on numerous factors including the Company's ability to generate income from sales of existing products and/or any new products or platforms, the outcome of future development programs and the acquisition of any new intellectual property. The Company may require further funding in addition to current cash reserves to fund future development activities or the acquisition of new IP or technology. Additional equity financing, if available, may be dilutive to shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed it may be required to reduce the scope of its development operations.

(F) Change in Strategy Risk

At the start of 2017 the Company underwent a management restructure. In connection with, and subsequent to this restructure, the operations and strategy of the Company were reviewed. Consequently, the Company's current business plan and strategy is in the early to middle stages of development and the Company can give no guarantee that its current business plan and strategy will be successful.

The Company's plans and strategies may evolve over time due to a review and assessment of, amongst other things, sales of its product, market trends, changes in policy and regulations, the level of market acceptance, in particular jurisdictions or markets, and the emergence of new technologies or improvements to existing technology. As a result, the current strategies, approaches and plans of the Company may not reflect the strategies, approaches, plans and products pursued at a later date. Any such changes have the potential to expose the Company to additional risk.

(G) Staff Risk

There is a risk that, where there is a turnover of development staff who have knowledge of the technology and business, that knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of intellectual property which has a commercial value to the Company as well as an opportunity cost for replacement of those staff and subsequent training.

Following completion of staffing changes made as a result of a review of operations conducted following the management restructure referred to in (F) above the Company has had low levels of staff turnover in the development teams and has employee remuneration and benefits policies in place in order to seek to maintain low staff turnover. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by the Company to the maximum extent possible.

The Company is also dependent, in part, on its key management personnel including Directors and senior management. The ability of the Company to attract and retain suitably qualified and skilled individuals to hold key management positions may impact its operations and ability to meet its objectives. The Company has had limited key management turnover since the management restructure in early 2017.

(H) Management of growth

There is a risk the Company will not be able to manage growth of its business and the use of its technology. The capacity of the Company to properly implement and manage business growth, and to continue to maintain and develop its technology to meet such growth, may affect the Company's financial performance and ability to attract revenues and achieve profitability.

(I) Competition Risk

Both the markets for information technology and information security are highly competitive across all segments with offerings in both product and platform from companies of all sizes both on a domestic and global scale.

Although the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the projects and business of the Company.

The size and financial strength of some of the Company's competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, the Company's ability to acquire additional technology could be adversely affected if it is unable to respond effectively and/ or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

The key competition risk is in achieving appreciable market share and differentiation of the Company from its key competitors. The Company has sought to mitigate this risk by maintaining an aggressive R&D schedule, combined with active constant monitoring of competitors and fostering a stronger Product Management presence in the software development lifecycle, all prioritised based on feedback from current and prospective customers.

(J) Intellectual Property

The ability of the Company to obtain and sustain patents (where appropriate), maintain trade secret protection and operate without infringing proprietary rights of third parties will be an integral part of its business. The granting of protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop technology to avoid the patent or that third parties will not claim an interest in the intellectual property with a view to seeking a commercial benefit from the Company or its partners.

In this regard, based on the perceived cost versus benefit of doing so, the Company has discontinued its patent filing in certain jurisdictions, including throughout Europe. This may allow competitors in such jurisdictions to develop products functionally identical to the Covata Platform and the Company may not be able to seek injunctive or financial relief against those companies by virtue of not having registered interests in those jurisdictions.

Competition in obtaining and sustaining protection of intellectual property, together with the complex nature of intellectual property, can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. Any breach of patents will not necessarily be notified to the Company and, in any event, the Company may not be in a financial position to pursue the necessary remedial action in the event of such a breach.

As a result, no guarantee can be given that any existing or future patents will give the Company commercially significant protection of its intellectual property.

(K) Dilution

The percentage shareholding in the Company of existing shareholders who do not take up their rights in full pursuant to the Rights Issue will be diluted. Shareholders who do not take up their rights in full may be diluted depending on the extent to which the Rights Issue is subscribed by other shareholders or third-parties who apply for and received New Shares from any Shortfall. Further details of the potential dilutive impact of the Rights Issue are set out in Section 4.1.

Shareholders may also be diluted upon exercise of New Options (although there is no guarantee that any New Options will be exercised).

(L) Speculative nature of investment

Acquiring or dealing with shares and options involves risks. An investment in the Company involves risks that may be higher than risks associated with investment in other companies.

No guarantee can be given about the market value or price of New Shares or New Options (which may be less than the issue price).

There can also be no guarantee the Company's share price will be greater than the exercise price of the New Options during the period up to expiry of the New Options. Accordingly, there is a risk the New Options will be out of the money during the exercise period affecting the value of the New Options.

The New Shares and any shares issued upon exercise of New Options (or other options under this Prospectus) carry no guarantee with respect to payment of dividends, return of capital or their market value or price. No guarantee can be given that the Company's share price will be greater than the exercise price.

5.2 General Risks

(A) Government Policy and Regulatory Risk

Changes in government, financial policy, taxation and other laws cannot be predicted and may affect the Company's ability to carry on its proposed activities, restrict the Company in achieving its objective or may result in increased compliance costs or complexities in managing the Company's proposed operations and activities.

The Company is also subject to various regulatory requirements, including technology and accounting requirements. Changes to standards, policies, guidelines, interpretations or principles may affect the Company's ability to carry out its activities and/or achieve its objectives. The Company cannot control or predict changes to regulatory requirements, which may adversely affect the Company.

(B) Litigation risks

The Company is exposed to possible litigation risk including contractual disputes and employee claims. The Company may be involved in disputes with other parties in the future, potentially resulting in litigation. Any such claim or dispute, if proven, may adversely impact the Company's operations, financial performance and financial position.

(C) Market Conditions

The market price of the Company's securities may be subject to a variety of unpredictable influences on the market for equities in general and software and data security stocks in particular. These market conditions may affect the value of the Company's securities regardless of the Company's performance. Lack of liquidity may also affect the value of the Company's securities. The trading price of New Shares, and shares issued upon exercise of New Options, is uncertain.

(D) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may adversely affect the Company's activities, as well as its ability to fund those activities. Further, share market conditions may affect the value of Company securities regardless of the Company's operating performance. Share market conditions are affected by many factors, such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(E) Taxation

There may be tax implications arising from applications for New Shares, the receipt of dividends both franked and unfranked (if any) from the Company, participation in any on-market buy-back and on the future disposal of Shares.

(F) Combination of risks

The Company may be subject to a combination of risks, including any of the risks outlined in section 5, which could affect the operations, financial performance and prospects of the Company and/or the value and performance of New Shares.

(G) Unforeseen risks

There may be other risks which the Directors and/or management of the Company are unaware of at the time of issuing this Prospectus which may impact upon the Company, its operations and/or the value and performance of New Shares and/or New Options.

5.3 Above risk factors not exhaustive

The above risk factors should not be taken as an exhaustive list of the risks faced by the Company or investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of New Shares or other securities offered under this Prospectus.

Investment in the Company is speculative and potential investors should consult their professional advisors before making any decision regarding applying for New Shares or investment in the Company.

6. Acceptance Instructions

6.1 Choices available under the Rights Issue

Eligible Shareholders may:

- exercise their rights to participate in the Rights Issue (and take up their entitlement) in full; or
- exercise their rights to participate in the Rights Issue (and take up their entitlement) in full and apply for additional New Shares from the Shortfall (if any); or
- exercise their rights to participate in the Rights Issue (and take up their Rights Issue entitlement) in part; or
- take no action under the Rights Issue offer in this Prospectus and allow their Rights Issue entitlement to lapse.

New Shares represented by Rights Issue entitlements not taken up will become part of the Shortfall.

6.2 Completing an Entitlement and Acceptance Form

Unless paying by BPAY®* (see below), all acceptances of entitlements to New Shares must be made on the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out in on the form.

* ® Registered to Bpay Pty Ltd ABN 69 079 137 518

For payments by cheque, money order or BPAY:

Your acceptance of entitlements to New Shares or payment may not be effective if received after 5pm (Melbourne time) on the Closing Date or such later date as the Company may specify, in which case no New Shares would be issued to you in respect of your acceptance or payment, and any payment received will be refunded to you after the date of allotment in accordance with the Corporations Act, without interest.

The amount payable on acceptance will be deemed not to have been received until the Company is in receipt of cleared funds. Payments in cash will not be accepted.

If the amount of payment received is insufficient to pay in full for the number of New Shares you have accepted or is more than required for the number of New Shares you have accepted, you will be taken to have accepted the lesser of your entitlement or such whole number of New Shares which is covered in full by your payment.

If paying by BPAY:

To accept your entitlement and pay via BPAY, you should:

- read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- make your payment via BPAY for the number of New Shares you wish to subscribe for (being the Rights Issue offer price of 2.8 cents (\$0.028) per New Share multiplied by the number of New Shares for which you are accepting your entitlement plus any New Shares from the Shortfall) so that it is received no later than 5pm (Melbourne time) on the Closing Date, or such later date as the Company may specify.

You can only make a payment via BPAY if you hold an account with an Australian financial institution.

If you choose to pay via BPAY you are not required to submit the Entitlement and Acceptance Form.

If your BPAY payment is received by 5pm (Melbourne time) on the Closing Date or such later date as the Company may specify, New Shares accepted are anticipated to be issued to you on or before the date set out in the timetable on page 3 of this Prospectus (which date may change without notice).

You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit. The Company and the Share Registrar accept no responsibility for unsuccessful, delayed, or incomplete BPAY payments.

If you have multiple holdings you will have multiple BPAY reference numbers. To ensure that you receive your entitlement in respect of each holding, you must use the customer reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to accept your entitlement for in respect of that holding. Payments in excess of the amount payable for one holding will not be treated as payment for another holding, and the excess will be refunded to the applicant without interest.

If paying by cheque or money order:

To accept your entitlement and pay by cheque or money order, you should:

- read this Prospectus and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- complete the personalised Entitlement and Acceptance Form which accompanies this Prospectus (instructions for completing and returning the Entitlement and Acceptance Form are set out on the form); and

- return the completed Entitlement and Acceptance Form together with a cheque or money order for the applicable amount (being the Rights Issue offer price of 2.8 cents (\$0.028) per New Share multiplied by the number of New Shares for which you are accepting your entitlement) to:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

so that it is received by no later than 5pm (Melbourne time) on the Closing Date (which is set out in the timetable on page 3 of this Prospectus), or such later date as the Company may specify. The Company and the Share Register accept no responsibility for delayed or misdelivered Entitlement and Acceptance Forms or payments.

If you choose to pay by cheque or money order you must submit the completed Entitlement and Acceptance Form.

Cheques should be made payable to “Covata Limited” and crossed “Not Negotiable”. Cheques must be payable in Australian dollars, drawn on an Australian branch of an Australian bank.

6.3 Further Information

If you have any questions about your entitlement, please contact the Company on +61 (2) 8412 8200. Alternatively, contact your stockbroker or other professional adviser.

The issue of New Shares and New Options is expected to occur after the Closing Date on or before the date set out in the timetable on page 3 of this Prospectus (which date may change without notice). Thereafter holding statements will be despatched. It is the responsibility of recipients to determine their allocation prior to trading in New Shares. Recipients trading New Shares before they receive their statements will do so at their own risk.

The Company may reject an acceptance where payment of the acceptance amount is not received or a cheque is not honoured, or without prejudice to its rights, issue New Shares in response to the acceptance and recover outstanding acceptance amount from the recipient. If your Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision in whether to treat a form as valid and how to construe, amend or complete the form is final. The Company accepts no responsibility for failure by your stockbroker or other third parties to carry out your instructions.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia and New Zealand should consult their professional advisers as to whether any governmental or other consent is required or whether formalities need to be observed to enable them to acquire New Shares. Return of an Entitlement and Acceptance Form or payment will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No account has been taken of the particular objectives, financial situation or needs of recipients of this Prospectus. Because of this, recipients of this Prospectus should have regard to their own objectives, financial situation and needs.

Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and the risks associated with investing in the Company. Independent expert advice should be sought before any decision is made to accept the Rights Issue offer, or to acquire New Shares or other securities of the Company.

7. Continuous Disclosure Obligations

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities.

Section 713 of the Corporations Act enables a company to issue a special prospectus where the securities under that prospectus are continuously quoted securities, or option over continuously quoted securities, within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities, or options over a class of securities, that were quoted enhanced disclosure securities at all times during the 3 months before the date of this Prospectus and other requirements relating to the Company not being subject to various exemptions and orders under the Corporations Act within the last 12 months are met.

In summary, special prospectuses are required to contain information in relation to the effect of the offer of securities on the company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the date of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

For the purpose of satisfying section 713(5) of the Corporations Act a prospectus must incorporate information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profit and losses and prospects of the Company; and
 - the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus. The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus.

From time to time the Company seeks and engages in discussions on an ongoing basis in respect of potential new investment or acquisition opportunities both in Australia and overseas. Funds may be used to fund the costs associated with identifying, investigating and pursuing new opportunities. The Company may also investigate opportunities for the divestment of non-core assets and businesses. While the Company may seek and negotiate potential investment or divestment opportunities in this respect, there is no certainty that any arrangement(s) will be finalised on particular terms, at a specific time, or at all. The Company will make further announcements in respect of any such discussions or negotiations in accordance with its disclosure obligations as developments occur.

As a disclosing entity under the Corporations Act, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASX and ASIC in relation to the Company may be obtained from or inspected by accessing the respective web sites.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the acceptance period of this Prospectus:

- (a) The annual financial report of the Company for the financial year ended 30 June 2017 (released to ASX on 29 August 2017), being the most recent annual financial report of the Company before the lodgement of this Prospectus with ASIC;
- (b) The Interim Consolidated Financial Report of the Company for the six months ended 31 December 2017 (released to ASX on 23 February 2018); and
- (c) Any continuous disclosure notices given by the Company since the lodgement of the Annual Financial Report referred to in (b) above before lodgement of this Prospectus. Continuous disclosure notices given by the Company since the lodgement of the Annual Financial Report to the date of this Prospectus are listed in Section 8 of this Prospectus.

Such documents are also available on-line from the ASX web site.

8. ASX Announcements

The following announcements (continuous disclosure notices) have been made to ASX since the Company lodged its audited financial statements (Annual Report) for the year ended 30 June 2017:

Date	Headline
08/06/2018	Entitlement Issue Update
06/06/2018	Change in substantial holding for TPM
06/06/2018	Appendix 3B and Cleansing Notice
05/05/2018	Entitlement Issue Update
31/05/2018	Investor Presentation
31/05/2018	Placement and Proposed Entitlement Issue
29/05/2018	Trading Halt
02/05/2018	Investor Presentation
18/04/2018	Appendix 3Y and Company Announcement
12/04/2018	Appendix 4C and Business Update
04/04/2018	Response to ASX Price Query
29/03/2018	Appendix 3Y – TP
21/03/2018	CVT acquires data classification technology from dataglobal
06/03/2018	Appendix 3B and Cleansing Notice
23/02/2018	Appendix 4D Half Year Report and Period on Period Update
31/01/2018	Appendix 3B and Cleansing Notice
19/01/2018	Renewal of CEO and Managing Director Contract
17/01/2018	CipherPoint – Milestone One Revenue Targets Achieved
12/01/2018	Appendix 4C and Business Update
11/01/2018	Covata Announces Latest Contract Wins
10/01/2018	Release from Voluntary Escrow
10/01/2018	Change in substantial holding
22/12/2017	Appendix 3Y – BM
05/12/2017	Appendix 3Y – TP
27/11/2017	Appendix 3Y – TP

Date	Headline
24/11/2017	Appendix 3B and Cleansing Notice
22/11/2017	Appendix 3B and Cleansing Notice
22/11/2017	AGM Q&A
22/11/2017	Results of AGM
22/11/2017	Management Presentation (amended)
22/11/2017	Chairmans Address
22/11/2017	Management Presentation
21/11/2017	Share Purchase Plan and Top Up Placement Results
20/11/2017	AGM dial-in details
08/11/2017	Appendix 3B and Cleansing Notice
01/11/2017	Extension of Closing Dates for SPP and Placement Acceptance
23/10.2017	Share Purchase Plan Offer Document
23/10/2017	Cleansing Notice – ASIC Class Order 09/425
20/10/2017	Notice of Annual General Meeting/Proxy Form
17/10/2017	Placement and Announcement of Proposed Share Purchase Plan
11/10/2017	Major US sporting association signs agreement with Covata
10/10/2017	Appendix 4C and Business Update
04/10/2017	Covata Director Nominations
04/09/2017	New Agreement with Macquarie Telecom and UK Trial
29/08/2017	Investor Update
29/08/2017	Appendix 4G
29/08/2017	Appendix 4E and 2017 Annual Report

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements during the application period of this Prospectus.

The Company may make further announcements to ASX from time to time. Copies of announcements are released by ASX on its website, www.asx.com.au. Copies of announcements can also be obtained from the Company upon request and will be made available at the Company's website www.covata.com. Prospective investors are advised to refer to ASX's website for updated releases about events or matters affecting the Company.

In making statements in this Prospectus it is noted that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

9. Terms of Securities Offered

9.1 New Shares

The New Shares will be fully paid ordinary shares in the capital of the Company, which will rank equally with and will have the same voting and other rights as the existing issued shares of the Company. The rights attaching to the Company's shares are set out in the Company's Constitution, the Listing Rules of ASX and the Corporations Act. The Company's Constitution has been lodged with ASIC. The Constitution contains provisions of the kind common for public companies in Australia and is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Any person may request a copy of the Constitution during the application period of this Prospectus, which the Company will provide free of charge.

9.2 New Options

Rights attaching to New Options offered under this Prospectus (referred to below as an "Option") are as follows:

(a) Entitlement

- (i) Each Option entitles the Option holder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- (ii) Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

(b) Exercise of Option

- (i) The Options are exercisable at any time from the issue date.
- (ii) The final date and time for exercise of the Options is 5pm (AEST) on 6 June 2020. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.
- (iii) The exercise price per option is \$0.055 cents (\$0.055).
- (iv) Each Option is exercisable by the Option holder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's Share Registry. Unless a holder is exercising all of their Options, Options must be exercised either: (a) in full; or (b) in parcels of not less than \$1,000.
- (v) The Options cannot be exercised if, as a result of the exercise, the Optionholder or any of its associates would breach the provisions of Chapter 6 (and specifically section 606) of the Corporations Act.
- (vi) Remittances must be made payable to 'Covata Limited' and cheques should be crossed 'Not Negotiable'.
- (vii) All Options will lapse on the earlier of the:
 - (A) receipt by the Company of notice from the Option holder that the Option holder has elected to surrender the Option; and
 - (B) expiry of the final date and time for exercise of the Option.
- (viii) In the event of liquidation of the Company, all unexercised Options will lapse.

(c) Quotation

- (i) The Options will not be quoted unless and until the Company make a successful application to ASX for quotation of same.

- (ii) The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

(d) Participation in Securities Issues

Subject to paragraph (e) below, the holder is not entitled to participate in new issues of securities without exercising the Options.

(e) Participation in a Reorganisation of Capital

In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Option holder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation.

(f) Adjustments to Options and Exercise Price

Adjustments to the number of Shares over which Options exist and/or the exercise price may be made in accordance with the ASX Listing Rules.

10. Directors' Interests

10.1 Securities

Directors' existing interests in securities and participation in the Rights Issue

The Directors' direct and indirect interests in securities of the Company as at the date of this Prospectus are as set out in the following table.

The Directors are entitled to participate in the Rights Issue without the need for shareholder approval.

The potential effect of the Rights Issue on the direct and indirect share holdings of Directors if their direct or indirect entitlements were to be taken up in full is set out in the following table:

SHARES

Director/Shareholder (and/or associate(s))	Existing		Post issue of New Shares Rights Issue 50% subscribed		Post Issue of New Shares Rights Issue 100% subscribed	
	Shares	%	Shares	%	Shares	%
Mr Bill McCluggage	1,154,148	0.16%	1,259,071	0.17%	1,259,071	0.16%
Mr Edward (Ted) Pretty	24,901,873	3.53%	27,165,680	3.69%	27,165,680	3.53%
Mr David Irvine	Nil	0%	0	0%	0	0%
Mr Lindsay Tanner	200,000	0.03%	218,182	0.03%	218,182	0.03%

OPTIONS

Director/Shareholder (and/or associate(s))	Existing Options	Options Following Completion
Mr Bill McCluggage	1,000,000	1,034,974
Mr Edward (Ted) Pretty	Nil	754,602
Mr David Irvine	1,000,000	1,000,000
Mr Lindsay Tanner	1,000,000	1,006,061

Notes to tables:

[1] The tables above assumes that: (a) Directors take up their entitlement to New Shares under the Rights Issue in full; (d) no existing options are exercised and no new shares issued.

[2] Edward (Ted) Pretty has indicated to the Company that he and his associated entities intend to subscribe for their full entitlements under the Rights Issue.

10.2 Remuneration & Payments to Directors

Fees and other remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company.

Set out below are details of the cash remuneration paid to Directors in the two full financial years prior to lodgement of this Prospectus:

Director	July 2016 – June 2017	July 2017 – June 2018
Mr Bill McCluggage	\$48,737	\$70,000
Mr Edward (Ted) Pretty	\$200,552	\$450,049
Mr David Irvine	\$35,588	\$71,175
Mr Lindsay Tanner	\$35,588	\$71,175

Notes to table:

[1] The remuneration set out above reflects cash paid to Directors only and includes base salaries paid in connection with director engagements and compulsory contributions toward director nominated superannuation funds as required by Australia employment law.

[2] Each of the Directors have received remuneration in shares (including Loan Plan Shares). The fair value of vested shares received by each of the Directors over the last two years are as follows: Bill McCluggage - \$569; Edward (Ted) Pretty - \$386,229; David Irvine - \$569; Lindsay Tanner - \$569.

Other

Except as disclosed in this Prospectus:

- (a) no person has paid or agreed to pay any amount to any Director or has given or agreed to give any benefit to any Director, to induce the Director to become, or to qualify as, a Director of the Company or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Rights Issue.
- (b) no Director or proposed Director has, or has had within two years of lodgement of this Prospectus, any interest in:
 - the formation or promotion of the Company; or
 - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
 - the Rights Issue.

11. Taxation

Recipients of the Rights Issue offer should seek and obtain their own taxation advice before accepting entitlements to Shares so that they may first satisfy themselves of any taxation implications associated with acquiring Shares.

12. Overseas Shareholders

12.1 Overseas Investors

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer.

Shareholders holding Shares on behalf of persons who are resident overseas (except in New Zealand) are responsible for ensuring that taking up the Rights Issue offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form or payment will be taken by the Company to constitute a representation that there has been no breach of such regulations. Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed. The Rights Issue offer has not been, and will not be, registered under the US Securities Act and has not been made in the United States of America or to persons resident in the United States of America.

The Company is of the view that it is unreasonable to make the Rights Issue offer to Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Shareholders registered outside of Australia and New Zealand;
- (b) the number and value of securities to be offered to Shareholders registered outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in overseas jurisdictions.

Accordingly, the Company is not required to make the Rights Issue offer to non-qualifying foreign shareholders (shareholders with addresses on the Company's register of Members outside of Australia and New Zealand) whose entitlements will form part of the Shortfall.

12.2 New Zealand Regulatory Requirements

The Rights Issue offer to New Zealand investors is being made pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain. The offer of securities to the Covata shareholders in New Zealand is made in compliance with relevant Australian laws.

12.3 Other Countries

This Prospectus does not constitute an offer for securities in any place where, or to any person whom, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law, and any persons outside Australia and New Zealand who comes into possession of this Prospectus should seek advice on, and observe any, such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or the Rights Issue or otherwise to permit a public offering of the securities in any jurisdiction outside Australia and New Zealand. The Shares have not been, and will not be, registered under the United States Securities Act of 1933 and should not be offered or sold within the USA. Any person accessing the electronic version of this Prospectus for the purpose of investing in the Company must only access it from within Australia and New Zealand.

13. Privacy

Personal information is collected on the Entitlement and Acceptance Forms by the Company and its Share Registrar for maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Acceptances might not be processed efficiently, or at all, if the information requested is not provided. Personal information about recipients may be disclosed to external service providers such as print or mail service providers as required or permitted by law. A recipient who would like details of their personal information held by the Company or its Share Registrar, or who would like to correct information that is incorrect or out of date, should contact the Company Secretary at the address shown in the Corporate Directory on page 1 of this Prospectus. In accordance with the Corporations Act, recipients may be sent material (including marketing material) in addition to general corporate communications. Recipients may elect not to receive marketing material by contacting the Share Registrar. Recipients can also request access to, or corrections of, personal information held by the Company by writing to the Company.

14. Electronic Prospectus

This Prospectus is available in electronic format via the ASX website, www.asx.com.au.

Persons who received this Prospectus in electronic form may, during the offer period, obtain a paper copy of this Prospectus (free of charge) by contacting the Company on +61 (2) 8412 8200.

Acceptances of Rights Issue entitlements may only be made by BPAY or on the personalised Entitlement and Acceptance Form which accompanied or was attached to a copy of this Prospectus in its paper copy form or a print out of the form which formed part of or was accompanied by the complete and unaltered electronic version of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Entitlement and Acceptance Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the complete and unaltered electronic version of this Prospectus.

15. Investment Decisions

The information in this Prospectus does not constitute financial product advice. This Prospectus does not take into account the investment objectives, financial situation, tax position and particular needs of individual investors. Investors should obtain their own independent advice and consider the appropriateness of the Rights Issue offer of shares pursuant to this Prospectus having regard to their own objectives, financial situation, tax position and needs.

16. Future Performance

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company, or any return on any investment made pursuant to this Prospectus. An investment in the securities offered by this Prospectus should be considered speculative.

17. Consents

Boardroom Pty Limited has given and, as at the date hereof, not withdrawn, its written consent to be named as share registry in the form and context in which it is named. Boardroom Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as share registry to the Company. Boardroom Pty Limited has not authorised or caused the issue of any part of this Prospectus and, to the extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus.

18. Enquiries

You should contact your stockbroker, accountant or independent professional financial adviser before making any decision regarding your entitlement to new Shares or investment in the Company, including deciding whether to accept your entitlement to Shares.

If you have any questions regarding how to complete the Entitlement and Acceptance Form, please contact the Company on +61 (2) 8412 8200.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any such information not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Directors' Authorisation Statement

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.



Edward (Ted) Pretty
Managing Director



Covata Limited
ACN 120 658 497

BoardRoom

All correspondence to
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Aust)
Tel: + 61 2 9290 9600 (outside Aust)
Fax: + 61 2 9279 0664

www.boardroomlimited.com.au
corporateactions@boardroomlimited.com.au

RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm
(Melbourne time) on 14 June
2018

Offer Closes: 5pm (Melbourne time) 28 June 2018

NON-RENOUNCEABLE ISSUE OF UP TO 64,064,223 NEW SHARES AT AN ISSUE PRICE OF \$0.028 EACH ON THE BASIS OF 1 NEW SHARE FOR EVERY 11 ORDINARY SHARE HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER. FOR EVERY THREE SHARES SUBSCRIBED AND ALLOTTED ONE BONUS ATTACHING OPTION WILL BE ISSUED. THE OPTIONS WILL HAVE AN EXERCISE PRICE OF \$0.055 PER OPTION AND AN EXPIRY DATE OF 6 JUNE 2020. THE OPTIONS WILL BE UNLISTED, HOWEVER COVATA LIMITED INTENDS TO MAKE AN APPLICATION FOR QUOTATION FOR THE OPTIONS SUBJECT TO MEETING THE REGULATORY REQUIREMENTS OF SAME

A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of 1 New Share for every 11 Ordinary Share held	Price Per Share	Amount Payable for Full Acceptance, at \$0.028 per New Share
	\$0.028 per Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	\$0.028 per Share =	\$

B Apply for Additional New Shares (if available)

If you wish to apply for Additional New Shares in addition to your Entitlement above please insert the number of Additional New Shares in the box below and the appropriate amount payable. These Additional New Shares will only be allotted if available.

Number of Additional New Shares Applied for	Price Per Additional New Share	Amount Enclosed
	\$0.028	\$

C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Covata Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Biller Code:
Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form**
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to **"Covata Limited"** and crossed "Not Negotiable".
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

By submitting this Application Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Offer Document to which this Application Form relates and declare that this Application is completed and lodged according to the Offer Document and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Covata Limited and agree to the terms and conditions of the Offer under this Offer Document. I/We represent and warrant that I/we have not relied on any other information provided by the Company other than as set out in this Offer Document when making my/our decision to invest.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New shares (and Additional New Shares, if any) for which you are accepting by \$0.028 then fill in the acceptance details, where necessary, in the space provided on the front of this form.

If you do not deal with your entitlement it will lapse at 5.00 pm (Melbourne time) on 28 June 2018.

PAYMENT**Cheque or Draft**

Complete your cheque or bank draft details on the front of this form and send your cheque/bank draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 1300 737 760 (within Australia) + 61 2 9290 9600 (International)
Facsimile No. 02 9279 0664

All cheques or bank drafts (expressed in Australian currency) are to be made payable to "**Covata Limited**" and crossed "Not Negotiable".

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before **5.00 pm (Melbourne time) on 28 June 2018**.

PAYMENT - OVERSEAS RESIDENTS

Overseas shareholders who are eligible to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to Boardroom Pty Limited at the above address.

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Offer Document.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHES holders must notify your sponsoring broker for amendments to holdings on the CHES Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).