



Friday, 8 June 2018

Dear Shareholder,

### COVATA LIMITED – RIGHTS ISSUE

Covata Limited (ASX:CVT) (**Covata** or the **Company**) announced to ASX on 31 May 2018 a non-renounceable pro rata offer to acquire 1 new fully paid ordinary share in Covata for every 11 shares held as at 14 June 2018 (**Record Date**) at an offer price of \$0.028 (2.8 cents) per share (total 64,064,223 shares) (**Rights Issue**) to raise approximately \$1,790,000 (before costs of the Rights Issue).

Every 3 shares issued under the Rights Issue will be accompanied by 1 free-attaching option. Each free-attaching option will have an exercise price of \$0.055 (5.5 cents), expiry date of 6 June 2020 and will, upon exercise, entitle the holder to one ordinary fully paid share in the Company. The Company intends to seek quotation (listing) of any free-attaching options that are issued, subject to meeting the quotation requirements of the ASX Listing Rules.

The Rights Issue offer is only made to and capable of acceptance by shareholders as recorded on the share registry records on the Record Date who have a registered address in Australia or New Zealand.

Shares not taken up by eligible shareholders will form the shortfall (**Shortfall Shares**). Eligible shareholders who take up their entitlement in full will also be able to apply for Shortfall Shares.

The Company will use the proceeds of the Rights Issue as set out in the prospectus released to ASX.

Further details of the Rights Issue are set out in the prospectus and Appendix 3B lodged with ASX. The prospectus will also be available on the Covata website at [www.covata.com](http://www.covata.com).

Summary of key information	
Type of offer	Non-renounceable pro rata offer to eligible shareholders to acquire 1 new share for every 11 shares held (total 64,064,223 shares), with 1 free-attaching option for every 3 shares issued under the Rights Issue.
Offer price	\$0.028 (2.8 cents).
Offer ratio	1 new share under the Rights Issue for every 11 existing shares held as at the Record Date. Fractional entitlements will be rounded up.
Terms of free-attaching options	Free-attaching options have an exercise price of \$0.055 (5.5 cents), expiry date of 6 June 2020 and will, upon exercise, entitle the holder to one ordinary fully paid share in the Company. The Company will seek quotation (listing) of free-attaching options that are issued.
Shortfall participation rights	Eligible shareholders will have the opportunity to apply for Shortfall Shares
Ranking of new shares	New shares issued under the Rights Issue will be fully paid and will rank equally in all respects with the Company's existing issued ordinary shares.
Eligible shareholders	The directors of the Company have determined that the Rights Issue offer is only to be made to and capable of acceptance by shareholders as recorded on the share registry records on the Record Date who have a registered address in Australia or New Zealand.

*Indicative Timetable*

<b>Event</b>	
Announcement of Rights Issue	31 May 2018
lodgement of the following with ASX: <ul style="list-style-type: none"><li>• Appendix 3B; Prospectus.</li></ul>	8 June 2018
EX date	13 June 2018
Record Date	14 June 2018
Prospectus dispatched and Rights Issue opens	19 June 2018
Closing Date	28 June 2018
Shares quoted on a deferred settlement basis	29 June 2018
CVT notifies of undersubscriptions	3 July 2018
Issue date and dispatch of holdings statements	5 July 2018

The dates contained in the indicative timetable are subject to change. Subject to compliance with the ASX Listing Rules, Covata reserves the right to:

- (i) not proceed with the Rights Issue and return any application moneys received without interest; or
- (ii) vary the dates and times above including close the offer under the Rights Issue earlier or later.

If you are eligible and wish to participate in the Rights Issue it will be necessary for you to complete your personalised entitlement and acceptance form which will accompany your copy of the prospectus and return it, with the appropriate application monies, to the Company's share register before 5:00pm on the Closing Date.

If you have any questions please do not hesitate to contact the Company on +61 (2) 8412 8200.

Yours sincerely,



**Edward (Ted) Pretty**  
Managing Director