

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 64,064,224 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 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.

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.

In accordance ASX Listing Rule 7.7.1(b), Covata hereby advises that it will not be offering new shares under the Rights Issue to you. You will not be receiving a copy of the prospectus and the entitlement and acceptance form and shares under the Rights Issue will not be offered or made available to you.

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