

CIPHERPOINT LIMITED

[ABN 61 120 658 497]

("the Company")

CLEANSING PROSPECTUS

For an issue of up to 1,000 new shares (**New Shares**) at an issue price of 2.3 cents (\$0.023) per New Share (**the Offer**).

The Offer is only made to and able to be accepted by invitees determined by the Company who receive a personalised Application Form.

The Offer closes at 5pm Sydney time on the Closing Date (which date may change without notice).

This Prospectus has been prepared primarily for the purposes of section 708A(11) of the Corporations Act 2001 (Cth) to facilitate secondary trading of the Placement Shares.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

It is important that you read this Prospectus carefully before deciding to accept the Offer. If you do not understand the content of this Prospectus you should consult your stockbroker, accountant or other professional adviser.

The securities offered under this Prospectus are considered highly speculative

CORPORATE DIRECTORY

Cipherpoint Limited
[ABN 61 120 658 497]

Directors

Edward (Ted) Pretty – Executive Chairman
Steven Bliim – Executive Director
Graham Mirabito – Non-Executive Director

Joint Company Secretaries

Steven Bliim
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ASX Code

CPT

Web Site

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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 and search code "CPT".

IMPORTANT NOTICES

This prospectus ("**Prospectus**") is dated 7 July 2020. 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.

Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Company reserves the right to close the Offer early, to extend the closing date and/or any other dates, or not to proceed with the Offer described in this Prospectus.

The Offers under this Prospectus closes at 5pm (Sydney time) on 9 July 2020, which date may change without notice.

This Prospectus is for an offer of continuously quoted securities and accordingly is not required by the Corporations Act to contain all the information normally required to be set out in a document of this type.

This Prospectus incorporates by reference certain information contained in documents lodged with ASIC. A document incorporated by reference in this Prospectus in this manner may be obtained free of charge from the Company during the application period.

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

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 should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to enable them to acquire New Shares and observe such restrictions and requirements. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Return of a duly completed personalised Application Form will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No action has been taken to register or qualify the Offer or the New Shares, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia. The New 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.

No account has been taken of particular objectives, financial situation or needs of recipients of this Prospectus. 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 risks associated with investing. Independent expert advice should be sought before any decision is made to apply for New Shares.

All monetary amounts in this Prospectus are in Australian dollars unless otherwise stated.

All dates and times are dates and times in Sydney, New South Wales, Australia unless otherwise stated.

The securities offered under this Prospectus are considered highly speculative.

TIMETABLE

Lodgement of Prospectus	7 July 2020
Offer Period opens	7 July 2020
Closing Date	9 July 2020 at 5pm Sydney time

*The above dates should be regarded as **indicative only and may change without notice**. All dates and times are Sydney, New South Wales, Australia time. 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, close the Offer before the date stated above, extend the Closing Date and subsequent dates or not proceed with the Offer. The Company reserves the right to extend the Closing Date by making an announcement of the extension to ASX.*

No securities will be issued on the basis of this Prospectus after 7 August 2021, being the expiry date of this Prospectus.

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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 apply for New Shares.

Section 5 of this Prospectus contains a summary of some of the key risks associated with investment in the Company, including risks associated with the Offer as set out below:

- Value of securities and share market conditions, including effects and potential effects of the current COVID-19 pandemic.
- The purchase of New Shares may have taxation consequences.
- Shareholders will be diluted from the issue of New Shares and Placement Shares.
- Liquidity risks.

Section 5 also includes specific business risks of the Company, a selection of which are set out below:

- Risks associated with the market in which the Company operates, including the ability of the Company to gain acceptance for the secure sales of its products in such market.
- Risks associated with obtaining additional funding as and when required in future and the Company's capacity to continue as a going concern if sufficient funding is not obtained.
- Change in strategy risks.
- Competition and new technologies risks.
- Risks associated with reliance on third parties.
- The availability and retention of personnel, including key management personnel of the Company.
- Intellectual property risks; and
- Data security risks and the impact of related legislation / regulation.

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

A more detailed overview of some of the key risks associated with the Company and its operations are set out in section 5 of this Prospectus.

ABOUT THE OFFER - SUMMARY

The following summary provides only a limited overview of the Offer being made by the Company. 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, exercising existing options or warrants or investing in the Company.

Topic	Summary	For more information see:
What is the Offer?	An offer of up to 1,000 New Shares to invitees determined by the Company (Offer).	Section 1.1
What is the purpose of the Offer?	To facilitate secondary trading of ordinary shares (being the Placement Shares).	Section 2.1
What are the terms of the New Shares?	All New Shares issued pursuant to the Offer will be fully paid ordinary shares that rank equally in all respects with the Company's shares already on issue.	Section 1.1 and Section 9.1.
How much will be raised from the Offer?	The Offer will raise up to \$23 if fully subscribed (before costs). As noted above, the purpose of the Offer is to facilitate the secondary trading of Placement Shares.	Sections 1.1 and 2.2
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 1.2
Is there a minimum subscription?	There is no minimum subscription amount.	Section 1.4
Are there risks associated with investment in the Company?	<p>There are risks associated with investment in the Company. These include risks relating to the Offer, risks relating to the Company 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 specific matters which have or may be referred to in the Company's ASX announcements before deciding to apply for or acquire New Shares or otherwise making an investment in the Company.</p>	Section 5
How do I accept the Offer?	<p>Only recipients of a written invitation and personalised Application Form from the Company may apply for New Shares.</p> <p>If you have received a written invitation from the Company to participate in the Offer you can accept the Offer by completing and returning the personalised Application Form and paying the amount for the New Shares in accordance with details included in the personalised Application Form so payment is received by no later than 5pm (Sydney time) on the Closing Date.</p>	Section 6
What are the taxation implications of participating in the Offer?	Taxation implications will vary depending upon the specific circumstances of the investor. You should obtain professional advice as to the taxation treatment applicable to you.	Section 11
How and when will I know if my application was successful?	Holding statements confirming any issue of New Shares are anticipated to be dispatched on or about 13 July 2020. Anyone who trades New Shares before receiving a holding statement does so at their own risk.	Section 6
Where can I find more information about the Company?	For more information on the Company please see the Company's website (www.cipherpoint.com) or refer to the Company's ASX announcements (available on the ASX's website www.asx.com.au , search code "CPT").	Section 17
What if I have questions about the Offer or how to apply?	<p>You should consult your stockbroker, accountant, solicitor or other professional adviser before making any decision regarding applying for New Shares.</p> <p>If you have any questions regarding how to complete and return the acceptance form, contact details will be included in the personalised Application Form.</p> <p>Questions concerning the Offer can also be directed to the Company on +61 2 8412 2000.</p>	Section 17

1. Details of the Offer

1.1 The Offer

Cipherpoint Limited [ABN 61 120 658 497] (**CPT** or **the Company**) provides the opportunity to invited investors to apply for up to 1,000 new fully paid ordinary shares (**New Shares**) at an issue price of 2.3 cents (\$0.023) per New Share (the **Offer**).

The Offer is only made to and capable of acceptance by investors determined by the Company who receive an invitation to participate in the Offer with an accompanying personalised Application Form (**Invitees**). Application Forms will only be sent to Invitees.

The Offer closes on 9 July 2020 at 5pm Sydney time (unless closed early or extended).

1.2 No Underwriting

No, the Offer is not underwritten.

1.3 ASX Listing

The Company will apply to ASX for admission of the New Shares to official quotation within 7 days of the date of this Prospectus. The fact that ASX may grant official quotation of the 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 New Shares within 3 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 application 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 application and be repaid their application monies without interest.

1.4 Minimum subscription

There is no minimum subscription for New Shares under the Offer.

1.5 Proposed Placement

On 7 July 2020, the Company announced that it had received a binding commitment from sophisticated investors to subscribe for 19,000,000 shares (**Placement Shares**) at an issue price of \$0.023 (2.3 cents) per Placement Share to raise approximately \$437,000 before costs (**Placement**). The Company may pay participating brokers a 6% fee on funds raised.

The Placement is being conducted under the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A. An Appendix 3B in relation to the Placement was also released to ASX on 7 July 2020.

The Placement Shares are proposed to be issued shortly after the date of lodgement of this Prospectus. The Company will release an Appendix 2A to ASX at the time of issue of the Placement Shares.

2. Purpose of this Prospectus, the Offer and the Placement

The purpose of this Prospectus, and the Offer made under it, is to comply with section 708A(11) of the Corporations Act so that certain fully paid ordinary shares to be issued during the open period of this Prospectus can be offered for sale within 12 months of issue. Specifically, this Prospectus will facilitate the secondary trading of the Placement Shares.

Approximately \$437,000 will be raised before costs from issue of the Placement Shares. The additional capital will allow the Company to accelerate its cloud development and the integration of its products with the major collaboration platforms in the market including Microsoft Teams.

3. Effect of the Offer and the Placement on the Company

The effect of the Offer and the Placement in combination 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 the Offer and the Placement in combination. These tables assume that no further securities are issued by the Company other than as provided for under the Offer and the Placement in combination and that no existing options or warrants on issue in the Company are exercised into fully paid ordinary shares.

SHARES

Existing issued ordinary shares (including fully paid ordinary loan plan share)	77,742,282
New Shares under the Offer	1,000*
Placement Shares under the Placement	19,000,000
Maximum total shares on issue after completion of the Offer and assuming the Placement is fully subscribed	96,743,282

* Maximum number of New Shares that may be issued under the Offer.

CONVERTIBLE SECURITIES

The Offer and the Placement will not have any impact on the convertible securities of the Company. Accordingly, the existing convertible securities of the Company are set out in the tables below:

Existing Options

Listed/Unlisted	Number of options	Expiry Date	Exercise price
Unlisted	15,000	2 November 2020	\$4.80
Unlisted	24,535	17 December 2020	\$6.60
Unlisted	20,000	20 July 2021	\$3.90
Unlisted	150,000	4 May 2022	\$4.00
Unlisted	42,012	21 June 2022	\$1.00
Unlisted	50,000	17 August 2022	\$1.00
Unlisted	553,200	22 November 2022	\$1.00
Unlisted	278,480	22 November 2022	\$0.90
Unlisted	976,150	6 September 2023	\$0.56

Existing Warrants

Listed/Unlisted	Number of warrants	Expiry Date	Exercise price
Unlisted	2,931,037	24 August 2020	\$0.56
Unlisted	3,632,232	8 January 2021	\$0.30
Unlisted	1,912,049	8 January 2021	\$0.56

4.2 Dilution and control

The percentage shareholding in the Company of existing shareholders will be diluted through the issue of New Shares and Placement Shares in combination. The dilutive effect of the issue of New Shares and Placement Shares in combination outlined below does not consider New Shares and/or Placement Shares applied for and received by an existing shareholder (if any).

Examples of the impact of dilution on existing shareholders are set out below:

Shareholder (example)	Holding prior to Issue Date	Existing %	% of total Shares following completion of Offer and Placement
A	500,000	0.64%	0.52%
B	750,000	0.96%	0.78%
C	1,000,000	1.29%	1.03%
D	2,500,000	3.22%	2.58%
E	5,900,000	6.43%	5.17%

Notes to Table:

- *All percentages are rounded to two decimal places*
- *It is assumed the notional Shareholders in the example above do not acquire or dispose of shares.*
- *The above does not take into account the exercise of any options and/or warrants.*

4.3 Pro-Forma Consolidated Statement of Financial Position

	Financial Year Ended 31 March 2020	Pro-forma SPP adjustments	Pro-forma Placement adjustments	Pro-forma balance sheet as at 31 March 2020
<i>Audited</i>				
Assets				
Cash and cash equivalents	\$920,935	\$482,000	\$399,000	\$1,801,935
All other current assets	\$124,913	-	-	\$124,913
Total Current Assets	\$1,045,848	\$482,000	\$399,000	\$1,926,848
Non-current assets	\$113,035	-	-	\$113,035
Total Assets	\$1,158,883	\$482,000	\$399,000	\$2,039,883
Liabilities				
Current Liabilities	\$629,177	-	-	\$629,177
Other Liabilities	\$28,532	-	-	\$28,532
Total Liabilities	\$657,709	-	-	\$657,709
Equity				
Share capital	\$93,120,766	\$500,000	\$437,000	\$94,057,766
Reserves	\$3,311,334	-	-	\$3,311,334
Retained earnings	(\$95,930,926)	(\$18,000)	(\$38,000) *	(\$95,986,926)
Total Liabilities and Equity	\$1,158,883	\$482,000	\$399,000	\$2,039,883

The pro-forma statement of financial position contained in the above table include the following pro-forma transactions as if the transactions had taken place at the relevant date of the financial information (31 March 2020):

- On 6 July 2020, the Company announced that it had raised \$500,000 (less costs of \$18,000) through the issue of 38,461,651 shares at an issue price of \$0.013 per share under a Share Purchase Plan. The Company released an Appendix 2A for the issue of these shares was released to ASX on 6 July 2020;
- The Company raising \$437,000 under the Offer and the Placement in combination; and
- The costs of the Offer and Placement in combination of \$38,000 (refer to section 4.4).

4.4 Costs of the Offer and Placement

The estimated anticipated costs of the Offer and the Placement in combination are as follows:

Particulars	Amount (\$)
Legal, printing and postage	\$5,000
ASIC and ASX Fees	\$6,000
Placement Fees (6%)	\$27,000
TOTAL	\$38,000

5. Risks

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in the Prospectus.

This section identifies circumstances the Directors regard as risks associated with investment in the Company and which may have a material adverse impact on the financial performance of the Company, if they were to arise.

Specifically:

- the New Shares and Placement Shares are subject to specific risks (refer to section 5.1);
- the business, assets and operations of the Company are subject to specific risk factors that could potentially influence the performance of the Company in the future (refer Section 5.2);
- there are general investment and market risks (refer Section 5.3).

Where possible, the Directors aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified are highly unpredictable or are out of the control of the Company and the Company is therefore limited to the extent it can effectively manage them.

These risk factors are not intended to be an exhaustive list of risks to which the Company is, or will be, exposed.

5.1 Risks associated with the Offer

(a) Value of securities and share market conditions

The market price of the Company's securities are subject to varied and unpredictable influences on the market for equities in general and with respect to technology stocks in particular. Market conditions and lack of liquidity may affect the value of the Company's securities regardless of the performance of the Company.

In particular, the extent of the effects of the COVID-19 pandemic is at this stage is uncertain and evolving. The COVID-19 pandemic is having, and is expected to continue to have, an influence on the volatility of equity markets generally and may continue to impact and influence the market price of the Company's securities.

(b) Dilution

The issue of New Shares and Placement Shares will result in holders being diluted. Any such dilution may be material. Indicative example of the dilutive impact of the issue of the New Shares and Placement Shares is set out in section 4.2.

(c) Liquidity

There can be no assurance there will be, or continue to be, an active market for shares of the Company (including New Shares and Placement) or that the price of New Shares and Placement Shares will increase.

(d) Taxation consequences

The issue of New Shares and Placement Shares may have taxation consequences depending on the particular circumstances of the recipient. You should seek your own professional advice before investing in the Company.

5.2 Company Specific Risks

(a) Market acceptance

To be successful, the Company's products need to find acceptance in a competitive market and the Company needs to demonstrate an ability to retain existing customers and attract new customers.

Market acceptance and customer retention depend on many factors, including identifying and obtaining access to relevant markets, convincing users of the attractiveness of the Company's products, and its ability to enhance existing products and potentially develop new products to meet market demands and opportunities, customer service, competition and pricing.

The market in which the Company operates is an emerging market category comprising many product offerings including in enterprise content management, collaboration, the digital workplace, digital transformation and data security. As such, it is difficult to ascertain the knowledge and confidence of consumers in products like those of the Company and the estimate of market demand may not be accurate. In addition, the sales cycles for the types of customers which the Company is targeting can be slow and have been, or could reasonably be expected to be, affected by the COVID-19 pandemic.

(b) Future requirements for capital

The Company's ability to operate into the future will depend on its ability to distribute its technology, sell to its current customer base and attract new customers. This will depend on the ultimate demand for its products and solutions by consumers, which cannot be guaranteed. Other factors that will determine the Company's ability to continue operations are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments. The Company's business is not yet cashflow positive. The Company will seek to progress existing sales opportunities with key target customers, examine options to realise value for an existing royalty held by it in a minerals exploration project and explore options for equity investments from parties in Europe. Even if one or more of these opportunities were successfully progressed (of which there can be no guarantee), it is highly likely that the Company will require further funding in addition to current cash reserves to fund future development activities or the acquisition of new intellectual property 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 business and development operations or cease operations.

In addition to dilution as a result of future fundraising initiatives, shareholders may also be diluted by other equity issues including shares issues made for the acquisition of assets or issues made upon the exercise of future warrants and options (if any).

(c) Competition and New Technologies

The markets for information technology, information security, data classification and archiving and content services are highly and increasingly competitive across a wide range of industry segments and geographies with both platform and product offerings from companies of various sizes on a domestic and global scale. Although the Company will undertake all reasonable due diligence in making business and operational decisions, it will have no influence or control over the activities or actions of its competitors, which activities or actions may affect the industries and markets in which the Company operates and therefore, may positively or negatively affect the operating and financial performance of the products 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 content services market. In particular, the Company's ability to develop and/or 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.

Key to the Company's ability to mitigate this competition risk is in achieving appreciable market share and differentiation from its key competitors. The Company has sought and will continue to seek to mitigate competition risk by maintaining a research and development schedule to be prioritised based on feedback from current and prospective customers and ongoing monitoring of existing and emerging competitors.

(d) Product Development and Platform Risk

The Company may not be able to maintain or upgrade its existing technology 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. Furthermore, developing software and technology is expensive and often time consuming and inherently risky. There can be no guarantee that the Company will achieve a return on its investment in product development.

The Company's products are, and will continue to be, reliant on the ability to integrate with third-party software applications. The Company's ability to maintain these integrations and expand integrations with software applications to meet market demands will be important to its ability to successfully market and sell its products.

There is also a risk that product integrators will not be able to use any individual products or any content services platform in conjunction with other software application as a result of the core engines on which the platform is based becoming redundant or no longer being supported. The modular architecture of its platform and products 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.

(e) Third Party Reliance Risk

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

CPT'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. CPT 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, the Company faces a risk that those tools contain imperfections such as bugs or errors which may adversely affect operations. This problem can occur with any third-party tools or technologies in use by the Company.

The Company 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.

(f) Change in strategy

The Company seeks to identify desirable opportunities from time to time. Accordingly, the plans and strategies of the Company may evolve such that the existing operations of the Company may change. Such change could include, amongst other matters, acceleration of the development of one or more of the products of the Company, the acquisition of one or more products from another party or the disposal of one or more of the existing products of the Company. As a result, the current strategies, approaches and plans may not reflect the strategies, approaches and plans of the Company at a later date. Any such changes have the potential to expose the Company to heightened or additional risks.

(g) Staff Risk

The Company has few employees. There is a risk that, where there is a turnover of 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.

(h) Intellectual Property

The ability of the Company to protect its intellectual property, including business processes, trade secrets and know-how, is an important part of ensuring the value of its products. The Company will be largely reliant on know-how and trade secrets which are not the subject of formal intellectual property registrations. There is a risk that, while measures are in place to protect the Company's intellectual property (which include requiring all staff and contractors to sign contracts with provisions which relate to ownership of intellectual property and restraints of trade), those measures may not be adequate to protect against third parties obtaining intellectual property (or parts of it). More generally, actions which the Company takes to protect its intellectual property may not be adequate or enforceable and may not prevent misappropriation of intellectual property or proprietary information. Further, any enforcement actions could be costly, time consuming and potentially difficult to enforce in certain jurisdictions or may ultimately prove unfavourable.

There is also a risk that the Company's products could infringe, or be alleged to infringe, the intellectual property rights of third parties. The Company may be the subject of claims which could result in disputes or litigation which could result in the payment of monetary damages, be time consuming and/or result in the Company incurring significant costs. Any such claims could have an adverse impact on the Company's operations, reputation or financial performance.

(i) Data Security Risks and Impact of Related Legislation/Regulation

The Company may collect, store, process and analyse the data generated by its customers. Such data can be highly sensitive, highly regulated and confidential in nature. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company.

The Company could suffer unauthorised infiltration of its system by hackers to obtain data or insert a cyber-virus or bug or may be the subject of unauthorised disclosure of confidential customer information or loss of information due, for example, to system failures. This may disrupt the Company's technology or otherwise impact customers using the Company's technology. Such action could compromise client data and cause service shutdowns, leading to customer dissatisfaction and loss of goodwill and reputation damages and potentially result in claims being made against the Company. The Company employs practices, including periodic penetration testing, automatic and manual encryption systems and staff screening, to protect its system from being compromised and to reduce the prospects of a cyber-virus or bug being introduced into its platform or products. These practices are reviewed and updated periodically however there is no guarantee they will be adequate to protect against the risks outlined in this section.

Furthermore, as the Company's products can be used to collect and store sensitive information, it will likely be subject to various privacy laws and regulations in the countries in which it operates. Privacy and data security

legislation and regulation could result in additional costs associated with compliance, reporting and potentially product development and potentially liabilities in the case of enquiries and/or breaches. By way of example, the recent changes in Europe arising from the General Data Protection Regulation (GDPR) may have an ongoing impact on the way in which the Company stores, collects, discloses and otherwise deals with information that is subject to those rules.

(j) Taxation

The Company may be exposed to direct and indirect income or other taxes or imposts of any kind in its home jurisdiction or any in country in which it conducts business. The Company intends to seek appropriate advice on such matters. However, there are risks that such taxes or imposts may create liabilities and/or lead to disputes which may expose the company to assessments, imposts or fines and actions for recovery of such moneys or the recovery of prior liabilities or refunds of tax.

The Company is subject to regular audits of its research and development refunds and any denial of such claims or disputes arising from past or future claims may have a financial impact on the Company.

There also is no guarantee that prior tax losses in any jurisdiction can or will be used on a go-forward basis.

(k) Insurance

The Company is sometimes required to provide or maintain insurances that may be required by customers as a condition of purchase of its technology and products. There is a risk that the Company may not be able to obtain such insurances at a reasonable price or at all. In such circumstances the Company may lose sales or be exposed to significant product liability risk.

5.3 General Risks

(a) COVID-19

The outbreak of COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains uncertain. The Company's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the operations of the Company and are likely to be beyond the control of the Company. Additional, as noted above, COVID-19 may adversely affect the sales cycles and decision making processes of key target customers of the Company. In addition the Company may not be able to raise sufficient funds for continuing operations.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continuing to evolve and the consequences are uncertain. In compliance with its continuous disclosure obligations, the Company will provide updates to the market as and when COVID-19 has a material impact on the Company and its business and finances.

(b) 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 the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors 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;
- global health and safety (including the COVID-19 pandemic); and
- terrorism or other hostilities.

(c) Regulatory Risks

Changes in government, financial policy, taxation and other laws in any local and/or international markets or regions cannot be predicted and may affect the Company's ability to carry on its proposed activities, restrict the Company in achieving its objectives 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.

The responses of governmental and regulatory entities COVID-19 pandemic is constantly evolving as further information becomes available. These responses may impact the Company in a detrimental way.

(d) Litigation Risks

The Company is exposed to possible litigation risks including contractual disputes, disputes arising from the sale or disposal of Company assets, shareholder actions, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(e) 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 the securities of the Company, including the New Shares and/or Placement Shares.

(f) Inability to pay dividends or make other distributions

The Company has never declared or paid dividends on its share capital, and the Company does not expect to do so in the short to medium term. There is no guarantee that dividends will be paid on shares in the future. Any distribution is a matter to be determined by the Board in its discretion having regard to the financial performance and position of the Company and applicable laws.

5.4 Investment Speculative

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

New Shares and Placement Shares carry no guarantee with respect to the payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends for the foreseeable future.

Potential investors should consider that the investment in the Company is highly speculative.

6. Acceptance Instructions

6.1 Completing an application form

Any applications for New Shares under the Offer contained within this Prospectus must be made on the personalised Application Form in accordance with the instructions set out in that form. Application Forms will be sent to Invitees and will accompany a copy of this Prospectus. Payment may be made in accordance with the instructions set out in the form.

Prior to lodging a completed personalised Application Form, ensure you have read this Prospectus and the personalised Application Form in their entirety and seek professional advice if necessary.

An application for New Shares may not be effective if received after the time specified in the personalised Application Form on the Closing Date (or by such later time or date the Company may specify), in which case no New Shares would be issued to you in respect of your application, 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 will be deemed not to have been received until receipt of cleared funds. Payments in cash will not be accepted.

If payment received is insufficient to pay in full for the number of New Shares you have applied for you may be taken to have applied for such whole number of New Shares which is covered in full by your payment, or your application may be rejected (without prejudice to any rights of the Company to recover unpaid sums).

If payment exceeds the number of New Shares applied for you will be taken to have applied for the number of New Shares outlined on the completed personalised Application Form that you lodge.

In the case of overpayment, the difference between the amount paid and the cost of New Shares issued will be refunded to you without interest after the date of allotment in accordance with the Corporations Act.

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

To apply for New Shares, you should:

- read this Prospectus and the personalised Application Form in their entirety and seek appropriate professional advice if necessary; and
- complete the personalised Application Form which will be sent to Invitees; and
- return the completed personalised Application Form and pay the applicable amount (being the offer price of 2.3 cents (\$0.023) per New Share multiplied by the number of New Shares for which you are applying) to the Company in accordance with the instructions in the personalised Application Form so that it is received by no later than the time specified in the personalised Application Form on the Closing Date, or such later date as the Company may specify. The Company accept no responsibility for delayed or misdelivered application forms.

6.2 Further Information

If you have any questions about the Offer please contact the Company by email at steven.bliim@cipherpoint.com. Alternatively, contact your stockbroker or other professional adviser.

The issue of any New Shares is expected to occur after the Closing Date in accordance with the timetable on page 4 of this Prospectus (which date may change without notice). Thereafter statements of holdings relating to any issued New Shares 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 do so at their own risk.

The Company may reject an application where payment of the application amount is not received or a cheque is not honoured, or without prejudice to its rights, issue New Shares in response to the application and recover outstanding application amount from the recipient. If your personalised Application Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision 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 should consult their professional advisers as to whether governmental or other consent are required or whether formalities need to be observed for them to acquire new Shares. Return of a personalised Application Form 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 investigations 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 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 within the meaning of the Corporations Act. This generally means that the relevant securities are in 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 that:

- (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.

The Company operates an ongoing business and reports regularly on its activities. The Company from time to time seeks to engage in discussions on an ongoing basis in respect of potential opportunities. Funds may be used to fund the costs associated with identifying, investigating and pursuing such opportunities. While the Company may seek to negotiate such opportunities there is no certain any such 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 opportunities (if any) in accordance with its continuous disclosure obligations as developments, if any, occur (however no guarantee can be given that such developments, if any, will 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 31 March 2020 (released to ASX on 26 May 2020), being the most recent annual financial report of the Company before the lodgement of this Prospectus with ASIC; and
- (b) 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 online from the ASX website at www.asx.com.au.

8. ASX Announcements

The following announcements (continuous disclosure notices) have been made by the Company to ASX since lodging its annual financial report for the year ended 31 March 2020 with ASIC:

Date	Headline
07/07/2020	Proposed issue of Securities – CPT
07/07/2020	CPT Announces Placement
06/07/2020	Marketing Update
06/07/2020	Cipherpoint Announces US Customer Renewal
06/07/2020	Appendix 3Y – TP, GM, SP
06/07/2020	Completion of SPP and Appendix 2A
03/07/2020	Proposed AGM Date
03/07/2020	Trading Halt
01/07/2020	SPP – Update on Allotment Date
30/06/2020	SPP Closes Strongly Oversubscribed
16/06/2020	Reminder SPP Closing Date

Date	Headline
15/06/2020	Cipherpoint Announces New European Contract
15/06/2020	Appendix 3Y – SB
15/06/2020	Appendix 3Y – TP
09/06/2020	Expiry of Options
28/05/2020	Investor Update
26/05/2020	Appendix 4G
26/05/2020	Appendix 4E and 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. Announcements are released by ASX on its website, www.asx.com.au under the Company's ASX code "CPT" and copies of announcements can be obtained from the Company upon request and are available on the Company's website www.cipherpoint.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

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 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 are 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 the Prospectus, which the Company will provide free of charge.

The Offer under this Prospectus and any application concerning the issue of New Shares under this Prospectus, shall be governed and construed in accordance with the laws in the State of Victoria, Australia.

10. Director's interests

10.1 Securities

The Directors' direct and indirect interests in securities of the Company as at the date of this Prospectus and the effect of the Offer and the Placement in combination on the direct and indirect share holdings of Directors are set out in the following table. The table assumes full subscription of the Offer and the Placement. The Directors will not participate in the Placement or the Offer:

SHARES & OPTIONS (EXCLUDES LOAN SHARE PLAN SHARES)

Director/Shareholder (and/or associate(s))	Existing Shares		% if New Shares and Placement Shares issued	Existing Options
	Number	%		
Edward (Ted) Pretty	1,355,642	1.86%	1.48%	Nil
Steven Bliim	312,186	0.43%	0.34%	15,000

Graham Mirabito	482,206	0.66%	0.53%	Nil
TOTAL:	2.150,034	2.96%	2.34%	15,000

Notes to Table:

- (1) The total number of shares held by Directors in the above table does not include loan plan shares held by Directors.
- (2) All percentages are rounded to two decimal places.

SHARES & OPTIONS (INCLUDES LOAN SHARE PLAN SHARES)

Director/Shareholder (and/or associate(s))	Existing Shares		% if New Shares and Placement Shares issued	Existing Options
	Number	%		
Edward (Ted) Pretty	2,757,182 ¹	3.55%	2.85%	Nil
Steven Bliim	691,677 ¹	0.89%	0.71%	15,000
Graham Mirabito	615,506 ¹	0.79%	0.64%	Nil
TOTAL:	4,064,362	5.23%	4.20%	15,000

Notes to Table:

- (1) The total number of shares on issue in the above table includes all Loan Share Plan Shares held by Directors. The Directors interests include the following employee loan plan shares as follows: Edward (Ted) Pretty – 1,401,540 employee loan plan shares; Steven Bliim – 379,491 employee loan plan shares; Graham Mirabito – 133,300 employee loan plan shares.
- (2) All percentages are rounded to two decimal places.

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.

Details of the cash remuneration or agreed to be paid to Directors in the two years prior to the lodgement of this Prospectus (being 30 June to 30 June each year and excluding GST if applicable) are as follows:

Director	2018 – 2019	2019 – 2020
Edward (Ted) Pretty	\$486,365	\$547,347
Steven Bliim	\$253,757	\$292,323
Graham Mirabito	\$-	\$53,333

Notes to table:

- *The remuneration set out above reflects cash paid to Directors only and includes base salaries paid in connection with director engagements, allowances for travel and relocation and compulsory contributions toward director nominated superannuation funds as required by Australia employment law.*
- *The Executive Chairman ceased receiving a full-time salary as at 31 December 2019 and as announced by the Company on 26 February 2020 he would become Non-Executive Chairman at the end of April 2020 and waive any further fees and payments other than a consultancy fee as Non-Executive Chair.*

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 Offer.
- (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 of the Offer or the Placement; or
 - the Offer or the Placement.

11. Taxation

Recipients of the Offer should seek and obtain their own taxation advice.

12. Overseas Investors

This Prospectus and any application 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.

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 may be restricted by law, and persons outside Australia 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 Offer or otherwise to permit a public offering of the securities in any jurisdiction outside Australia.

The 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.

13. Privacy

Personal information is collected on application forms by the Company and the Share Registry for processing applications, 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 Registry, or who would like to correct information that is incorrect or out of date, should contact the Company by email, by telephone or at the address shown in the Corporate Directory. 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 Registry's Privacy Officer. 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 and via the Company's website at www.cipherpoint.com.

Persons having 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 2000.

Applications for New Shares may only be made on the personalised Application Form which will be provided to Invitees and which will form part of or will be accompanied by the complete and unaltered electronic version of this Prospectus. The Corporations Act prohibits any person from passing on to another person a personalised Application 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 Application Form from a person if it has reason to believe that when that person was given access to the electronic Application 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 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 through applying for and receiving New Shares under the Offer made by this Prospectus should be considered speculative.

17. Enquiries

You should contact your stockbroker, accountant or independent professional financial adviser before making any decision regarding applying for New Shares. If you have any questions regarding the Offer please contact the Company by email at steven.bliim@cipherpoint.com.

No person is authorised to give information or 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' RESPONSIBILITY STATEMENT

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



Ted Pretty
Chairman