

Cipherpoint Limited

[ABN 61 120 658 497]

("the Company")

RIGHTS ISSUE PROSPECTUS

A non-renounceable pro-rata rights issue of 1 new share (**New Share**) for every 2 shares held at the Record Date at an issue price of \$0.048 (4.8 cents) per New Share, to raise up to approximately \$2.321 million before costs of the issue (**Rights Issue**).

The Rights Issue is partially underwritten up to the first \$1.25 million by Viriathus Capital Pty Ltd [AFSL 297950] (the **Underwriter**). Details of the underwriting agreement between the Company and the Underwriter are set out on pages 9 to 11.

The Rights Issue closes at 5:00pm Sydney time on 16 September 2020 (which date may change without notice).

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

It is important that you read this Prospectus carefully before deciding whether to accept the Rights Issue described in this Prospectus. If you do not understand its contents you should consult your stockbroker, accountant or other professional adviser.

The securities offered under this Prospectus are considered 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
Patrick Gowans

Registered Office

Suite 1, Level 8, 171 Clarence Street
Sydney NSW 2000

Telephone: +61 2 8412 2000
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Share Registry and Address for Return of Acceptances

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

ASX Code

CPT

Web Site

www.cipherpoint.com

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 21 August 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 Rights Issue early, to extend the Closing Date and/or any other dates (by making an announcement of the extension to ASX), or not to proceed with the Rights Issue described in this Prospectus.

The Rights Issue offer being made under this Prospectus closes at 5:00pm (Sydney time) on 16 September 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 contains and applies to the offer of New Shares under the Rights Issue including any offer of New Shares from the Shortfall during the three (3) months after the Closing Date.

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 Rights Issue offer of New Shares.

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 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 Rights Issue 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	21 August 2020
“Ex” date (existing shares quoted on an ex rights basis)	25 August 2020
Record date to identify shareholders entitled to participate in the Rights Issue (Record Date) at 7:00pm (Sydney time)	26 August 2020
Prospectus dispatched to holders eligible to participate in the Rights Issue	31 August 2020
Closing date at 5:00pm (Sydney time)	16 September 2020
Announcement of results to ASX	18 September 2020
Proposed issue date	23 September 2020

*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 Rights Issue before the date stated above, extend the Closing Date and subsequent dates or not proceed with the Rights Issue. 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 21 September 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 applying for New Shares under the Rights Issue.

Section 5 of this Prospectus contains an overview of some of the key risks associated with investment in the Company, including risks associated with the Rights Issue as set out below:

- Value of securities and share market conditions, including effects and potential effects of the current COVID-19 pandemic.
- Risks associated with termination rights existing under the Underwriting Agreement. The termination rights under the Underwriting Agreement are set out in section 1.3.
- Liquidity risks.
- The acquisition of New Shares may have taxation consequences.
- Shareholders who do not take up their full entitlement to New Shares will be diluted.

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.
- 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.
- Data security risks and the impact of related legislation / regulation.
- Risks associated with obtaining additional funding as and when required in future.

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 Rights Issue 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 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. Under the Offer, Eligible Shareholders will be offered the opportunity to subscribe for one (1) New Share for every two (2) existing shares in the Company held at the Record Date.	Section 1.1
What is the issue price?	Each New Share has an issue price of \$0.048 (4.8 cents).	Section 1.1
What are the terms of the New Shares?	All New Shares issued will be fully paid ordinary shares that rank equally in all respects with the Company's shares already on issue.	Sections 1.1 and 9
Am I an Eligible Shareholder?	Eligible Shareholders are shareholders of the Company registered in the Company's share register at 7:00pm (Sydney time) on the Record Date whose address in the Company's share register is in Australia or New Zealand (Eligible Shareholders).	Section 1.1
Record Date	The Record Date is 7:00pm on 26 August 2020.	Section 1.1
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>	Section 1.4
How much will be raised by the Rights Issue and what is the use of funds?	<p>Assuming all entitlements to New Shares and all Shortfall (if any) is taken up in full, the Rights Issue will raise approximately \$2.321 million before costs.</p> <p>Funds raised from the Rights Issue will be applied as set out in section 3.</p>	Sections 1.1, 2 and 3
Is the Rights Issue underwritten?	Yes, the Rights Issue is partially underwritten up to the first \$1.25 million by Viriathus Capital Pty Ltd [AFSL 297950] (the Underwriter). Details of the underwriting agreement between the Company and the Underwriter are set out in section 1.3.	Section 1.3
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 Rights Issue and the New Shares, 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

Topic	Summary	For more information see:
What can I do with my Entitlement?	<p>You can do any of the following with your Entitlement under the Rights Issue:</p> <ul style="list-style-type: none"> • take up all of your Entitlement (by accepting the Rights Issue off 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 your Rights Issue Entitlement) and allow the balance to lapse (and the balance will form part of the Shortfall); or • do nothing, in which case all your Entitlement will lapse and form part of the Shortfall. 	Section 6
Can I trade my Entitlement?	No, you cannot trade your Entitlement to apply for and receive New Shares.	Section 1.2
What happens if I do not take up my entitlement, or take up only part of my entitlement?	<p>Not taking up your Entitlement in full may result in your interest in the Company being diluted.</p> <p>If you do not take up all of your entitlement by the Closing Date, New Shares to which you were entitled will form part of the Shortfall.</p>	Sections 1.1, 1.5 and 4.2
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> <ul style="list-style-type: none"> • if you are an Eligible Shareholder with a registered address in Australia, pay by BPAY using the BPAY details in the personalised Entitlement and Acceptance Form, so payment is received by no later than 5:00pm (Sydney time) on the Closing Date; or • if you are an Eligible Shareholder with a registered address in New Zealand, complete and return the personalised Entitlement and Acceptance Form to Boardroom Pty Limited together with making payment by electronic funds transfer (EFT) as set out in your personalised Entitlement and Acceptance Form so the form and payment are received by the Share Registry by no later than 5:00pm (Sydney time) on the Closing Date. <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 under the Rights Issue, the amount payable is calculated by multiplying the number of New Shares you wish to take up by 4.8 cents (\$0.048).</p> <p>Eligible Shareholders who take up their entitlement in full may also apply for additional New Shares from the Shortfall which will be allocated in the manner described in Section 1.5.</p>	Section 6
Is there a minimum subscription amount?	There is no minimum subscription amount. New Shares will be issued in response to valid acceptances of entitlements received. Entitlements not accepted will form part of the Shortfall.	Sections 1.1 and 1.5
How and when will I know if my application was successful?	Holding statements confirming the issue of New Shares to be issued under the Rights Issue are anticipated to be dispatched on or about 24 September 2020.	Section 6

Topic	Summary	For more information see:
What are the taxation implications of participating in the Rights Issue?	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
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 18
What if I have questions about the Rights Issue 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 Rights Issue can also be directed to the Company by email to steven.bliim@cipherpoint.com.</p>	Section 18

1. Details of the Rights Issue

1.1 The Rights Issue

Cipherpoint Limited [ABN 61 120 658 497] (**CPT or the Company**) offers to its shareholders, as recorded on the share registry records at 7:00pm (Melbourne time) 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 one (1) new fully paid ordinary share (**New Share**) for every two (2) existing shares (**Shares**) held at the Record Date (maximum aggregate of 48,371,141 New Shares, subject to rounding) at an issue price of 4.8 cents (\$0.048) per New Share to raise up to approximately \$2.321 million before costs (**the Rights Issue**).

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 1.4.

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 approximately \$2.321 million (before costs).

The Rights Issue is partially underwritten up to the first \$1.25 million by Viriathus Capital Pty Ltd [AFSL 297950] (**Underwriter**). Details of the underwriting agreement between the Company and the Underwriter are set out in section 1.3. The allocation of New Shares forming the Shortfall to the Underwriter is set out in section 1.5.

If the underwriting proceeds, the minimum amount to be raised under the Rights Issue is \$1.25 million. Refer to section 1.3 for further details including a summary of the Underwriting Agreement.

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

Any New Shares not taken up by Eligible Shareholders will form part of the shortfall (**Shortfall**). The New Shares forming the Shortfall shall be allocated as set out in section 1.5.

1.2 No Entitlement Trading

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

1.3 Underwriting and details of underwriting agreement

The key terms of the Underwriting Agreement (**Agreement or Underwriting Agreement**) are as follows:

Underwriting: The Company appoints Viriathus Capital Pty Ltd (**Underwriter**) to underwrite the subscription of the first \$1.25 million worth of New Shares not subscribed to by existing Eligible Shareholders under the terms of the Rights Issue (**Underwritten Securities**). The Company understands that the Underwriter has appointed sub-underwriters to the Rights Issue and the Underwriter warrants to the Company that each of the sub-underwriters is an unrelated party of the Company and that no sub-underwriter may obtain a relevant interest in shares of the Company of greater than 20%. The Underwriter is responsible for paying any sub-underwriting fees to sub-underwriters.

Relief of Underwriting: The Underwriter will be relieved from its obligation to subscribe for Underwritten Securities by each valid application received by the Company by the Closing Date. Such that, if valid applications exceed \$1.25 million, no applications will be lodged by, or on behalf of, the Underwriter.

Default by Underwriter: If the Underwriter does not comply with its obligations to lodge applications with the Company for the Underwritten Securities, then the Company is irrevocably authorised as agent and attorney of the Underwriter to apply for the Underwritten Securities on behalf of and in the name of the Underwriter and to instruct the directors of the Company to issue the Underwritten Securities to the Underwriter. Any application moneys due in respect of such Shortfall Securities is a debt due and immediately recoverable by the Company from the Underwriter.

Underwriting Fee and Other Costs: On the date on which allotment of the last of the Rights Issue securities occurs, the Company will pay to the Underwriter a fee of 6% plus GST of the total amount of Underwritten Securities underwritten (being \$75,000 plus GST) (**Underwriting Fee**) as consideration for its underwriting obligations under the Agreement. The Underwriting Fee is not payable to the Underwriter where the Agreement is terminated, or the Rights Issue is not otherwise completed. In addition to the Underwriting Fee, the Company must also pay all costs and expenses reasonably and properly incurred by the Underwriter in relation to the Rights Issue.

Company Obligations: The Company is required to perform or undertake certain actions such as, without limitation, conduct the Rights Issue in accordance with a set timetable and applying for quotation of the New Shares.

Company Warranties: The Company provides warranties to the Underwriter with respect to the status of the Company and that the Company has the power to enter into and perform its obligations under the Agreement, that the performance of the Agreement will not violate any laws or regulations, that the Company is not in any material default or breach of the Corporations Act, the Listing Rules or its constitution, that no litigation has commenced, is pending or threatened by any governmental agency, that no insolvency event has occurred in relation to the Company and that no action or proceeding has been taken which is likely to lead to the winding up of the Company.

Termination by Underwriter: The Underwriter may, by giving written notice to the Company at any time prior to the issue of the Underwritten Securities, terminate its obligations under the Agreement if any of the following occurs:

- the Underwriter reasonably forms the view that there is a material omission from the in relation to the Rights Issue documentation, or it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
- ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
- any person other than the Underwriter who consented to being named in the Rights Issue documentation withdraws that consent;
- the Company is prevented from allotting the New Shares within the time required by the Agreement or any other applicable law;
- the S&P ASX 200 Index as determined at close of trading falls to a level that is 90% or less of the level at the close of trading on the date of the Agreement;
- a director of the Company or any related body corporate is charged with an indictable offence;
- the Company or a related body corporate takes any steps to buy-back its own shares, or passes or takes any steps to pass a resolution relating to financial assistance, without the prior written consent of the Underwriter;
- the Company's bankers terminate or issue any demand or penalty notice or amend the terms of any existing facility or claim repayment or accelerated repayment of any facility or require additional security for any existing facility;
- legislative or regulatory changes occur which has an adverse effect on the business of the Company, the Rights Issue or the operation of stock markets generally;
- the Company or any related body corporate fails to comply with any laws or regulations which would have a material adverse effect;

- the Company alters its capital structure or its constitution without the prior written consent of the Underwriter or as disclosed;
- any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties, which prevents or delays an obligation under the Agreement, lasting in excess of 2 weeks occurs;
- the Company is in material default of any of the Agreement or breaches any warranty or covenant given or made by it under the Agreement and has not remedied that default within 7 days;
- any adverse change occurs in respect of the Company or its assets which has a material adverse effect;
- any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a related body corporate;
- certain prescribed occurrences including the Company reducing its share capital or the Company entering into a buy-back agreement shall also trigger termination rights;
- a judgment in an amount exceeding \$150,000 is obtained against the Company or a related body corporate and is not set aside or satisfied within 7 days; or
- the takeovers panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances, or an application for such a declaration is made and that such a declaration or application has a material adverse effect.

Termination by Company: The Company may terminate the Agreement, by written notice to the Underwriter prior to the issue of the Underwriting Securities, if the Underwriter is in default under the Agreement or any representation, warranty or undertaking given by the Underwriter in the Agreement is or becomes untrue or incorrect.

Indemnity: The Company provides an indemnity to the Underwriter, its related body corporate and their respective directors, officers and employees from and against all claims, actions, damages, losses, liabilities, costs or expenses (Losses) which any party incurs or suffers in respect of or in relation to the Rights Issue, the Rights Issue Documentation or the Agreement. The indemnity does not extend to amounts which are illegal or void, any loss of profits or consequential loss or any Losses arising out of any material breach of the Agreement or misconduct on part of the indemnified party.

Confidentiality: Each party agrees to maintain the confidentiality of information it receives from or on behalf of the other party, including the content of the Agreement.

Otherwise, the Agreement contains additional clauses typical for binding agreements of this nature.

1.4 **Non-eligible Foreign Shareholders**

Only Eligible Shareholders, being those shareholders with addresses in Australia or New Zealand in the register of members of the Company as at the Record Date, are eligible to participate in the Rights Issue.

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

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

The Company will be notifying each of the non-qualifying foreign shareholders of the Rights Issue and advise them that the Rights Issue will not be made to them.

At the Record Date, a total of 5,211,258 Shares (approximately 5.41% of existing issued shares) are held by 49 non-qualifying foreign shareholders in 9 different countries. The shares of non-qualifying foreign shareholders are equivalent to entitlements to apply for and receive a maximum of 2,605,629 New Shares (subject to rounding), being an aggregate amount of approximately \$125,000 at the \$0.048 (4.8 cents) issue price per New Share. The equivalent entitlements of non-qualifying foreign shareholders will form part of the Shortfall further details of which are set out in section 1.5.

1.5 **Shortfall**

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

If you are an Eligible Shareholder and you apply for your full entitlement to New Shares under the Rights Issue, 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 (being an application for New Shares from the Shortfall) please complete the relevant section in the Entitlement and Acceptance Form.

The issue of additional New Shares from the Shortfall in response to applications will depend on there being sufficient New Shares forming the Shortfall available after all valid acceptances of entitlements under the Rights Issue are fulfilled and will be at the discretion of the Board.

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. Additional New Shares will also 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 from the Shortfall at its discretion within 3 months after the Closing Date.

1.6 **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.

2. Purpose of the Rights Issue

The purpose of the Rights Issue is to raise approximately \$2.321 million (before costs) if the Rights Issue is fully subscribed. A lower amount will be raised if the Rights Issue is not fully subscribed.

If the underwriting proceeds, the minimum amount to be raised under the Rights Issue is \$1.25 million. Refer to section 1.3 for further details including a summary of the Underwriting Agreement.

Details of the proposed use of funds raised and the financial effect of the Rights Issue are set out in section 3.

3. Use of proceeds and financial effect of the Offer

Approximately \$2.321 million will be raised if the Rights Issue is fully subscribed. A lower amount will be raised if the Rights Issue is not fully subscribed.

If the underwriting proceeds, the minimum amount to be raised under the Rights Issue is \$1.25 million. Refer to section 1.3 for further details including a summary of the Underwriting Agreement.

Funds raised from the Rights Issue will be applied to:

- accelerate key strategic priorities;
- take advantage of strong data security market sentiment;
- invest in next generation technologies;
- consider appropriate acquisitions (if any);
- strengthen the balance sheet of the Company; and
- meeting the costs of the Rights Issue.

As noted in section 1.3, if the Rights Issue proceeds and the Underwriting Agreement is not terminated, the Underwriter is to receive the Underwriting Fee of 6% plus GST of the total amount raised up to the first \$1.25 million (maximum fee of \$75,000 plus GST) as consideration for its underwriting obligation under the Underwriting Agreement.

Assuming the maximum Underwriting Fee is paid to the Underwriter under the Underwriting Agreement, the estimated anticipated costs of the Rights Issue will be approximately \$103,500 as set out in the table below:

Particulars	Amount (\$)
Underwriting Fee	\$82,500 (includes GST)
Legal, printing and postage	\$8,000
ASIC and ASX Fees *	\$13,000
TOTAL	\$103,500

** Assumes full subscription of the Rights Issue and issue and quotation of 48,371,141 New Shares. ASX fees will be marginally lower if the Rights Issue is not fully subscribed. The Company may also pay third parties a fee in connection with the placement of Shortfall (if any).*

If the Rights Issue is fully subscribed then the cash reserves of the Company are anticipated to increase by approximately \$2.207 million, being \$2.321 million less the anticipated costs of the Rights Issue of \$103,500. Cash reserves of the Company will be increased by a lower amount if the Rights Issue is not fully subscribed. It is not anticipated the Rights Issue will have a financial effect on the Company other than as set out in this section 3.

As at the date of this Prospectus, the Company has cash on hand of approximately \$935,000. Funds raised under the Rights Issue will increase the cash reserves of the Company as set out above. The Company has existing creditors of approximately \$135,800. Payments due to these creditors are within trading terms and are expected to be settled in the ordinary course of business.

Other than the increase of the cash reserves of the Company as set out above and increasing the equity of the Company by a commensurate amount, the Rights Issue is not otherwise anticipated to have an impact upon the financial position of the Company

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 Rights Issue if fully subscribed. These tables assume that no further securities are issued by the Company other than as provided for under the Rights Issue 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 employee loan plan shares)	96,742,282
Maximum New Shares under the Rights Issue	48,371,141*
Total	145,113,423

**subject to rounding*

In addition to the above, the Company the Company is seeking shareholder approval at its 2020 Annual General Meeting on 25 August 2020 for the adoption of a Loan Share Plan (**LSP**). The terms of the LSP are summarised in the Notice of Annual General Meeting released to ASX on 27 July 2020. The Company proposes issuing 1,615,000 loan share plan shares under the LSP. The proposed recipients are existing unrelated employees and contractors of the Company and therefore shareholder approval is not required for the issue of these securities.

CONVERTIBLE SECURITIES

The Rights Issue 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

In addition to the convertible securities set out above, the Company is seeking shareholder approval at its 2020 Annual General Meeting on 25 August 2020:

- (a) for the adoption of the LSP, share option plan (**SOP**) and the performance rights plan (**PRP**). The terms of each of the LSP, SOP and PRP are summarised in the Notice of Annual General Meeting released to ASX on 27 July 2020. The Company proposes issuing 500,000 performance rights (with the same terms as those performance rights proposed to be issued to Directors as set out in (b) below) and 3,000,000 options under the SOP. The proposed recipients are existing unrelated employees and contractors of the Company and therefore shareholder approval is not required for the issue of these securities.
- (b) issue an aggregate of 5,750,000 performance rights to the Directors (and/or their respective nominee(s)) under the PRP. Details of the performance rights to be received by each Director are set out in section 10.1. The full terms of the performance rights (including the milestones for conversion and the expiry date) are set out in the Notice of Annual General Meeting of the Company released to ASX on 27 July 2020.

4.2 Dilution and control

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 Record Date	1 for 2 entitlement under Rights Issue	Holding if entitlement not taken up	As % of total shares if Rights Issue 50% subscribed	As % of total shares if Rights Issue 100% subscribed
A	500,000	0.52%	250,000	500,000	0.41%	0.34%
B	1,000,000	1.03%	500,000	1,000,000	0.83%	0.69%
C	2,000,000	2.07%	1,000,000	2,000,000	1.65%	1.38%
D	5,000,000	5.17%	2,500,000	5,000,000	4.13%	3.45%
E	8,000,000	8.27%	4,000,000	8,000,000	6.62%	5.51%

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 issue of any additional shares after the date of this Prospectus, including loan share plan shares under the LSP as set out in section 4.1 or any shares issued upon exercise of any options and/or warrants.*

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 are subject to specific risks (refer to section 5.1); and
- 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); and
- 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 Rights Issue and New Shares

(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) Underwriting risk

The Underwriting Agreement between the Company and the Underwriter is subject to various termination provisions, some of which are outside of the control of the Company. The termination rights under the Underwriting Agreement are set out in section 1.3.

There is a risk that the Underwriter may terminate the Underwriting Agreement, which may include termination due to the occurrence of an event over which the Company has no control. In the event the Underwriting Agreement were terminated, the Company would still seek to place New Shares forming the Shortfall, including New Shares under the Shortfall exceeding the \$1.25 million that is underwritten, in accordance with the allocation policy set out in section 1.5 but there can be no guarantee as to the Company's ability to successfully achieve placement of any or all of the New Shares forming the Shortfall. A summary of the Underwriting Agreement, including all termination provisions, is set out in section 1.3.

(c) *Liquidity*

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

(d) *Taxation consequences*

The issue of New 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.

(e) *Dilution*

The issue of New Shares will result in holders who do not take up their entitlements to New Shares under the Rights Issue being diluted. The number of New Shares to be subscribed for by an Eligible Shareholder to not have their holding diluted in the Company is depending on the current shareholding of the Eligible Shareholder and the number of New Shares issued.

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) *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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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), the Company may 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).

(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 and 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.

(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 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 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 BPAY or Electronic Funds Transfer (EFT):

Your acceptance of entitlements to New Shares or payment may not be effective if received after 5:00pm (Sydney 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 – available to Australian registered Eligible Shareholders:

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 4.8 cents (\$0.048) 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 5:00pm (Sydney 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 Registry 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 Electronic Funds Transfer (EFT) – available to New Zealand registered Eligible Shareholders:

To accept your entitlement and pay by EFT, 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);
- make your payment via EFT for the number of New Shares you wish to subscribe for (being the Rights Issue offer price of 4.8 cents (\$0.048) 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.
- return the completed Entitlement and Acceptance Form together with a copy of payment receipt for the applicable amount (being the Rights Issue offer price of 4.8 cents (\$0.048) per New Share multiplied by the number of New Shares for which you are accepting your entitlement) as provided for in the Entitlement and Acceptance Form so that it and payment are received by no later than 5:00pm (Sydney 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 Registry accept no responsibility for delayed or misdelivered Entitlement and Acceptance Forms or payments.

6.3 Further Information

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

The issue of New Shares 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 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 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 advisers 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 (a) 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
19/08/2020	Proposed Issue of Securities CPT
19/08/2020	Entitlement Issue for Growth
18/08/2020	AGM Reminder
17/08/2020	Cipherpoint Announces Further Steps in Growth Strategy
17/08/2020	Trading Halt
29/07/2020	Appendix 4C and Activities Report
27/07/2020	Notice of Annual General Meeting
27/07/2020	Letter to Shareholders – AGM
16/07/2020	Shareholder Call – Frequently Asked Questions
13/07/2020	Shareholder Call Dial-In Details
09/07/2020	SPP Scale-Back Refunds
09/07/2020	Cipherpoint Shareholder Call
09/07/2020	Ceasing to be a substantial holder
08/07/2020	Completion of Placement and Appendix 2A
07/07/2020	Cleansing Prospectus

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
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 Rights Issue 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 New South Wales, 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 Rights Issue on the direct and indirect share holdings of Directors are set out in the following table. The tables assumes that the Directors do not participate in the Rights Issue:

SHARES & OPTIONS (EXCLUDES LOAN SHARE PLAN SHARES)

Director/Shareholder (and/or associate(s))	Existing Shares		% if Rights Issue 50% subscribed	% if Rights Issue fully subscribed	Existing Options
	Number	%			
Edward (Ted) Pretty	1,355,642	1.40%	1.12%	0.93%	Nil
Steven Bliim	312,186	0.32%	0.26%	0.22%	15,000
Graham Mirabito	482,206	0.50%	0.40%	0.33%	Nil
TOTAL:	2,150,034	2.22%	1.78%	1.48%	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) The above does not take into account the issue of any additional shares after the date of this Prospectus, including loan share plan shares under the LSP as set out in section 4.1 or any shares issued upon exercise of any options and/or warrants.
- (3) All percentages are rounded to two decimal places.

SHARES & OPTIONS (INCLUDES LOAN SHARE PLAN SHARES)

Director/Shareholder (and/or associate(s))	Existing Shares		% if Rights Issue 50% subscribed	% if Rights Issue fully subscribed	Existing Options
	Number	%			
Edward (Ted) Pretty	2,757,182 ¹	2.85%	2.28%	1.90%	Nil
Steven Bliim	691,677 ¹	0.71%	0.57%	0.48%	15,000
Graham Mirabito	615,506 ¹	0.64%	0.51%	0.42%	Nil
TOTAL:	4,064,365	4.20%	3.36%	2.80%	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) *The above does not take into account the issue of any additional shares after the date of this prospectus, including loan share plan shares under the LSP as set out in section 4.1 or any shares issued upon exercise of any options and/or warrants.*
- (3) *All percentages are rounded to two decimal places*

As at the date of this Prospectus, the Directors have not indicated if they intend to participate in the Rights Issue. The Directors have the following maximum entitlements to New Shares (subject to rounding and inclusive of entitlement arising from Loan Share Plan shares) arising from the holdings of themselves and related parties with whom they are associated: Edward (Ted) Pretty – 1,378,591 New Shares; Steven Bliim – 345,839 New Shares; Graham Mirabito – 307,753 New Shares.

In addition to the securities set out in the tables above, the Company is seeking shareholder approval at its 2020 Annual General Meeting on 25 August 2020 to issue an aggregate of 5,750,000 performance rights to the Directors (and/or their respective nominee(s)) under the PRP as follows: Edward (Ted) Pretty – 2,750,000 performance rights; Steven Bliim – 2,500,000 performance rights; Graham Mirabito – 500,000 performance rights. The issue of these performance rights is subject to and conditional upon shareholder approval.

The full terms of the performance rights (including the milestones for conversion and the expiry date) are set out in the Notice of Annual General of the Company released to ASX on 27 July 2020.

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 July to 30 July each year and excluding GST if applicable) are as follows:

Director	2018 – 2019	2019 – 2020
Edward (Ted) Pretty	\$494,212	\$603,162
Steven Bliim	\$246,290	\$305,310
Graham Mirabito	\$-	\$60,000

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 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 of the Rights Issue; or
 - the Rights Issue.

11. Taxation

Recipients of the Rights Issue offer should seek and obtain their own taxation advice.

12. Overseas Investors

12.1 New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

The offer of New Shares to Eligible Shareholders in New Zealand is made in compliance with the relevant Australian laws.

12.2 Other

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 New Shares or the Rights Issue offer or otherwise to permit a public offering of the securities in any jurisdiction outside Australia. The Company does, however, reserve the right (at its absolute discretion) to accept an application from a shareholder if it is satisfied that the making and acceptance of the application complies with the requirements of the relevant jurisdiction.

The Rights Issue 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 by email to steven.bliim@cipherpoint.com.

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 Rights Issue offer of New 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 Rights Issue made by this Prospectus should be considered speculative.

17. Consents

Viriathus Capital Pty Ltd [AFSL 297950] has given and, as at the date hereof, not withdrawn, its written consent to be named Underwriter to the Rights Issue in the form and context in which it is named. Viriathus Capital Pty Ltd 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.

Note, Boardroom Pty Limited is named for information purposes only and has had no involvement in the preparation of, nor performed any function in the preparation of, any part of this Prospectus. 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.

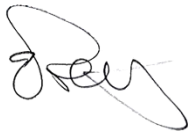
18. Enquiries

If you have any questions regarding the content of this Prospectus or how to complete the Personalised Application Form, you should contact your stockbroker, accountant or independent professional financial adviser prior to accepting the Rights Issue. If you have any questions regarding the Rights Issue please contact the Company by email to 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.

A handwritten signature in black ink, appearing to read 'Ted Pretty', with a large, sweeping flourish at the end.

Ted Pretty
Chairman