

ASX ANNOUNCEMENT | COVATA LIMITED

Covata Invests in FY 2016 Growth Targets

SYDNEY – 13th August 2015 – Covata Limited (ASX:CVT) (Covata or the Company) solidifies San Francisco expansion and has confirmed its investment plans for FY 2016.

- **Covata is committed to establishing a San Francisco Bay Office of 6-8 people to support the 10-year Cisco contract.**
- **Additional anticipated cash give Company extended runway into mid 2016, excluding any revenues.**

As announced to the ASX on 6 August 2015, Covata is investing in the Cisco agreement by establishing a team in the Bay Area.

As part of the launch, the Company intends to have the first stage of its team operational within 90 days. Kicking off this 90-day plan and in conjunction with the ongoing Cisco pilot, of which Covata is a part, strategy meetings have been held between the two companies in the Bay Area this week.

A key development is Covata's commitment to staff 6-8 full time employees in the new office to support growth targets in FY 2016. The team will be focused on the *Covata Platform* to further enable initiatives in Cloud and Internet of Everything (IoE) security, supporting growth in Cisco and future partners.

The details of the Cisco partnership are confidential, however the Company will provide as much insight into the Bay Area expansion in due course.

Further guidance on the business and plans for growth, including details on the business model underpinning the Telco/MSP channel, will be released in the Company's Summary Financials due at the end of August.

As a result of discussions, Covata expects a growth multiple on its investment in the Bay Area this FY.

In a further material update, the Company has received cash from options exercised of AUD\$676,000* and expects to receive AUD\$1.4m** from the ATO R&D rebate in Q2 FY 2016. Combining these proceeds and reserves on hand (as reported in the Appendix 4C – June Quarterly Cash Flow Report) the Company believes it has sufficient capital until mid 2016^, excluding any revenue.

The focus of the management team in the immediate period ahead is to deliver customers and growth in our identified core channels.

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*\$500,000 USD at \$0.74 AUD/USD

** Estimate is subject to normal Australian Tax Office policies and procedures, noting the Company has received the R&D rebate for the past 3 years in excess of this estimate.

^ Based on Q4 FY 2015 reported operating costs

About Covata

Covata enables true ownership and control over your data in the cloud and over mobile services. We deliver data-centric security solutions without compromising simple usability, providing true end-to-end security. Your data is always protected wherever it may travel – inside your network, beyond the domain, to mobile devices and to the cloud – with granular access controls that extend to external users, view-only restrictions, real-time revocation and complete visibility and auditability.

Own Your Data, control your data and choose where it is stored – with complete assurance that it is protected and secure. For further information please visit Covata.com.