Covata Limited

(formerly Prime Minerals Limited)

ABN 61 120 658 497

Annual Financial Report

30 June 2015

Contents

Covata Limited
Directors' report

The directors present their report together with the consolidated financial statements of the Group, comprising of Covata Limited (formerly Prime Minerals Limited) ("the Company") and its subsidiaries for the financial year ended 30 June 2015 and the auditor's report thereon. For the purposes of the consolidated financial statements, the Group is reflected as the continuation of Cocoon Data Holdings Limited, which was considered the accounting acquirer in the acquisition of Prime Minerals Limited.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Mr. Charles Archer
Non-Executive Chairman

Charles ("Chuck") Archer is a senior executive with government and industry experience of exceptional breadth and access. Chuck culminated his 28 years of US Federal Government service as Assistant Director of the Federal Bureau of Investigation in charge of the FBI's Criminal Justice Information Services Division (CJIS), managing 3,000 employees and overseeing 600 contractors.

He was appointed by the US Attorney General to SES-6, the highest civil-service rank in the US Government. Chuck has frequently testified before multiple US Senate and House committees on policy matters and issues related to advancing technology for criminal justice. He has also spoken at international conventions including the United Nations in Vienna, Interpol in Lyon, and the International Association of Chiefs of Police in New Delhi and Canberra.

Chuck has attended graduate programs at the University of Maryland School of Business, the University of Virginia Darden School of Business, the University of Pennsylvania Wharton School, and the USDA Graduate School. He is a member of the International Association for Identification (IAI), the International Association of Chiefs of Police (IACP), the Federal Investigators' Association (FIA), the Association of Former Intelligence Officers (AFIO), the American Society for Industrial Security (ASIS), and the Society of Former Special Agents (SFSA) of the FBI.

Director of Cocoon Data Holdings Limited since 2012. Appointed director of Covata Limited 31 October 2014.

Mr. Trent Telford
Chief Executive Officer

Trent is an experienced company director and CEO. He has held various ASX and private company directorships and management positions across a number of sectors including mining services, IT and biotechnology. A director of Manalto Limited (ASX: MTL) since 2013.

Trent started his career in large financial organizations in Europe including Bankers Trust and Deutsche Bank, before becoming an IT management consultant across Australia and Asia. He has advised blue-chip companies on government strategy, delivery, technology architecture, change management and transformation.

In 2001 Trent founded one of Australia's first mobile marketing technology companies with STW Group (part of WPP) and counted major television networks and global brands as customers.

Directors (continued)

Mr. Trent Telford (continued)

Trent founded Cocoon in October 2007 and acquired the Secure Objects Technology. He is responsible for the vision and path that has underpinned the company's market position today. He is also is a regular contributor to industry forums' and media outlets on cyber-security in Australia and the U.S.

Director of Cocoon Data Holdings Limited since 2007. Appointed director of Covata Limited 31 October 2014.

Mr. Philip King
Non-Executive Director

Philip has been a senior executive in a diverse range of businesses for over 30 years, focusing principally on financial services, payments and IT and including consulting and project management, IT recruitment, data security and back office processing businesses.

He has been a private equity investor for 20 years and has been a founder, seed and early stage investor in a variety of successful IT and technology businesses. Philip has held senior management and consulting roles in some of the world's leading financial services institutions in the UK, Europe and South Africa. Before co-founding Asia Principal Capital Limited in Brunei and Singapore, Philip was CEO of an electronic payments business providing clearing and settlement solutions globally in selected verticals, notably travel. This is now a multi-billion dollar payment processing company and is considered to be one of the world's largest aggregators of travel payments. In 2010 he co-founded Asia Principal Capital in Australia.

Philip has extensive company director experience and is currently Chairman of Licentia Group Limited and MyPinPad Limited, UK based authentication software services businesses. He has extensive M&A, capital raising and strategic counsel experience. Philip holds a Bachelor (Honours) degree in Economics and Accounting and a Masters degree in Computing.

Philip is a previous CEO and Executive Chairman of Cocoon Data Holdings Limited.

Director of Cocoon Data Holdings Limited since 2010. Appointed director of Covata Limited 31 October 2014.

Mr. Joseph Miller
Non-Executive Director

Since 2003, Joseph has been a Managing Director at Europlay Capital Advisors, LLC ("ECA"). ECA is a Los Angeles based boutique merchant bank and financial advisory firm that services and invests in companies in the technology, media, telecom, life sciences and consumer sectors.

ECA's clients and investments include such notable companies as Skype, Vdio, Flashfunders, and Red Bull Global Rallycross. Joseph currently serves on the boards of several of these companies including Manalto Limited (ASX: MTL), Theracell Inc, and Red Bull Global Rallycross. In the past, Joseph has also served on the Boards of Talon International, Multigig and has also served on both the Compensation and Audit Committees of Skype Global, prior to its sale to Microsoft.

Directors (continued)

Mr. Joseph Miller (continued)

From 1998 to 2003, Joseph was a Vice President and Senior Vice President at Houlihan Lokey Howard & Zukin ("HLHZ"), a leading middle-market investment bank, where he was focused on transactions in the Entertainment and Media group, and serviced such clients as Warner Bros, Chrysalis, EMI Group and Dreamworks amongst many others.

From 1994 to 1998, Joseph served as the Vice President of Corporate Development for Alliance Communications Corporation, Canada's leading independent producer and distributor of filmed entertainment where he was involved in several high profile transactions, including its US-based listing on NASDAQ and many acquisitions.

Joseph holds a Bachelor degree in Economics/ Business from University of California, Los Angeles (UCLA) and holds FINRA Series 7, Series 24 and Series 63 securities licenses.

Director of Cocoon Data Holdings Limited since 2012. Appointed director of Covata Limited 31 October 2014.

Mr. Phillip Dunkelberger
Non-Executive Director

Phillip is President and CEO of Nok Nok Labs, Inc., a leader in strong authentication solutions. Phillip has broad experience resulting from more than 34 years in technology. Prior to leading Nok Nok Labs, he served for 8 years as co-founder and CEO of PGP Corporation, a leader in the Enterprise Data Protection market, until acquired by Symantec in 2010. He has significant experience in SaaS infrastructure and enterprise software, having served as Entrepreneur-in-Residence at DCM, President and CEO of Embark, and COO of Vantive Corporation. He has also held senior management positions with Symantec, Apple Computer and Xerox Corporation.

Phillip has served on several boards of directors, and currently serves on the Board of Nok Nok Labs and Ionic Security and numerous Advisory Boards. He is a founding board member of the Cyber Security Industry Alliance (CSIA) and is Chairman Emeritus of TechAmerica's CxO Council. Phillip holds a B.A. in Political Science from Westmont College and is a member of the school's President's Advisory Board.

Director of Cocoon Data Holdings Limited since 1 August 2014. Appointed director of Covata Limited 31 October 2014.

Mr. Michael Quinert
Independent Non-Executive Director

Michael Quinert graduated with degrees in economics and law from Monash University in 1984 and 1985 respectively and has 30 years' experience as a commercial lawyer, including three years with ASX Limited and over 20 years as a partner in a Melbourne law firm. He has extensive experience in assisting and advising public companies on capital raising and market compliance issues and has regularly advised publicly listed mining companies.

Directors (continued)

Mr. Michael Quinert (continued)

Michael sits as a Managing Partner of Melbourne law firm Quinert Rodda & Associates, as Chairman of ASX listed West Wits Mining Limited, as a director of ASX listed Manalto Limited and as a Director of Victorian Livestock Exchange Pty Ltd.

Appointed director of Covata Limited 17 February 2015.

Mr. Michael Scivolo
Non-Executive Chairman

Resigned as a director of Prime Minerals Limited on 31 October 2014.

Mr. Robert John Collins
Non-Executive Director

Resigned as a director of Prime Minerals Limited on 31 October 2014.

Mr. Hersh Solomon Majteles
Non-Executive Director

Resigned as a director of Prime Minerals Limited on 31 October 2014.

Company Secretaries

Mr. Nicholas Chiarelli
Joint Company Secretary and Chief Financial Officer

Nicholas has over 15 years' finance experience, covering a broad range of commercial and chartered roles. Prior to joining the Group, Nicholas worked in business services at Crowe Horwath Sydney (previously WHK Horwath).

Prior to this Nicholas resided in London working in private equity and investment banking with a variety of reporting roles (financial/regulatory, investor related and valuations) at 3i Group, Bank of New York Mellon and Man Investments.

Nicholas is a member of Chartered Accountants Australia & New Zealand, and holds a Bachelor of Business from the University of Technology, Sydney.

Company secretary of Cocoon Data Holdings Limited since 2010. Appointed Company Secretary of Covata Limited 31 October 2014.

Covata Limited
Directors' report

Company Secretaries (continued)

Mr. Patrick Gowans
Joint Company Secretary

Patrick graduated from La Trobe University in 2006 with a Bachelor of Laws. He was admitted to practice in March 2008 after completing articles with Oakley Thompson & Co and joined Quinert Rodda & Associates upon its incorporation in 2014.

Appointed Joint Company Secretary of Covata Limited 23 December 2014.

Directors' meetings

The number of directors' meetings held and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings	
	A	**B**
Mr. Charles Archer [1]	4	3
Mr. Trent Telford [1]	4	3
Mr. Philip King [1]	4	3
Mr. Joseph Miller [1]	4	3
Mr. Phillip Dunkelberger	4	3
Mr. Michael Quinert	3	2
Mr. Michael Scivolo	15	15
Mr. Robert John Collins	15	15
Mr. Hersh Solomon Majteles	15	12

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

[1] These directors attended all board meetings during the financial year for which they were entitled to attend.

Principal activities

Subsequent to the transaction with Cocoon Data Holdings Limited on 31 October 2014, the principal activity of the Group is the development and commercialisation of intellectual property primarily in the field of data security technology. The Group ceased mining exploration activities that were previously the principal activity of Prime Minerals Limited.

Operating and financial review

The Group recorded a loss after tax of $27,462,676 for the year to 30 June 2015 (2014: $9,769,356). Included within this loss are $9,959,795 of non-cash, expenses primarily related to the acquisition of Prime Minerals Limited. In addition, there was $7,862,749 of non-cash expenses related to the issue of equity instruments as share based payments. The loss after tax excluding these non-cash items is $9,640,132. Net cash used in operations was $8,900,113.

Operating and financial review (continued)

Of the $7,862,749 non-cash share based payments, $4,607,250 related to the issue of warrants to Sumatics International FZC as consideration for their role in the Group successfully executing a ten year licensing deal with Cisco Systems, Inc, and $1,459,474 related to the issue of ordinary shares to Asia Principal Capital Group Pte Limited in exchange for consultancy services provided. The remaining $1,796,025 was attributable to the issue of equity instruments as share based payments to employees as part of the Group's commitment to recruiting and retaining key employees.

The $9,959,795 of non-cash items relating to the acquisition of Prime Minerals Limited is made up of the following:

- $5,428,991 – listing expense on acquisition of Prime Minerals Limited (refer to Note 8 of the consolidated financial statements for further detail).
- $2,196,318 – being the fair value movement of shares issued in Cocoon Data Holdings Limited as a result of the conversion of convertible notes prior to the acquisition of Prime Minerals Limited and in accordance with the Plan of Recapitalisation, with an additional $334,486 non-cash finance costs relating to the convertible notes prior to conversion.
- $2,000,000 – being the value of 10,000,000 ordinary shares in the Company issued to advisors of the acquisition of Prime Minerals Limited and as detailed in the Prospectus dated 23 September 2014.

		30 June 2015 $
Loss for the year after tax		(27,462,676)
Exclude non-cash items relating to the acquisition of Prime Minerals Limited:		
Listing expense on acquisition of Prime Minerals Limited	5,428,991	
Costs arising from recapitalisation – fair value movements	2,196,318	
Advisor fees on acquisition of Prime Minerals Limited	2,000,000	
Finance costs on convertible notes prior to conversion	334,486	9,959,795
Exclude non-cash share based payments:		
Share based payment on issue of warrants	4,607,250	
Share based payment on non-cash issue of ordinary shares to Asia Principal Capital Group Pte Limited	1,459,474	
Equity settled share based payment recognised as employee benefits expense	1,796,025	7,862,749
Loss for the year after tax and excluding non-cash items		(9,640,132)

During the year the Group earned technology related revenues of $349,584 (2014: $439,591). The Group has continued to invest strategically in its technology and development capabilities to support its go-to-market strategy, which has resulted in the Group achieving a number of milestones during the 2015 financial year. The Group's dedication to investing in its technology resulted in the rapid deployment of Safe Share Version 2.0, which played a key role in securing deals with well-known brands Cisco in the US, Macquarie Telecom in Australia, T-Systems in Germany and Colt Technology Services in the UK.

Operating and financial review (continued)

During the year, the Group accrued research and development tax concession revenue of $1,649,951. This has decreased 29.6% from the corresponding year as the Group transitions from the research and development of data security technology to the commercialisation of data security products.

The Group's significant investment in its technology has potential to be a major competitive advantage and act as a key barrier to entry for competitors. The Group intends to continue to leverage its leading position in this approach to data security to further advance its channel partner strategy. In addition to having a technology edge, Covata has been granted a number of global technology patents and has several patent applications in process.

On 12 August 2014 the Group's US Patent application titled System and Method for Securing Data was granted. This patent has a priority date of 21 December 2007 and documents the core business processes of the Covata Platform and its approach to authentication, authorisation, encryption and rights management. This patent protects the business process of combining authentication (who you are) with a centralised encryption service (one to one key to file relationship) with policy and audit and, based on advice, is relatively broad and flexible in its coverage. As the technology world moves more towards a data-centric view of security, as opposed to a straight network security focus, this patent may have increasing importance in a competitive landscape.

The Group also had an Australian Innovation Patent titled Secure Communication Method issued on 5 September 2014 which relates to the novel way in which the technology allows external, ad hoc, users to authenticate and access secure files whilst maintaining security, auditability and usability.

On 31 October 2014, Prime Minerals Limited (PIM) completed a merger with Cocoon Data Holdings Limited through an off-market takeover bid by PIM for all of the shares in Cocoon Data Holdings Limited. The offer was accepted by over 94% of all shareholders in Cocoon Data Holdings Limited, whereby shareholders received, on a post consolidation basis, 0.6547 PIM Shares and 0.0953 Performance Shares for every 1 share held in Cocoon Data Holdings Limited. The shares held by the remaining minority shareholders were subsequently acquired under the compulsory acquisition provisions of the Corporations Act 2001 on the same basis as above.

At the time of listing the Group outlined a three-pronged go-to-market strategy. Firstly, to distribute Safe Share globally to enterprise customers through partnering with leading Telecommunications providers in key target regions of Europe, Latin America and throughout Asia. Secondly, to distribute Safe Share and the Covata Platform to major technology businesses through its Original Equipment Manufacturer (OEM) channel. Lastly, given the Company's origins and historical targeting of Government, that this would continue to be a channel the Group would selectively target. The go-to-market strategy has provided the Group with a clearly identified path to commercialisation.

Operating and financial review (continued)

In February 2015 Covata announced a partnership with Australian Telco Macquarie Telecom to make Safe Share available to Australian Government Departments and Agencies. At the date of this report 12 Federal Departments have signed on to secure their valuable data. This relationship has helped secure other partnerships and provides a sound case study for other Governments and Telco's around the world.

In March 2015, the Group announced its partnership with leading global Telco T-Systems, the enterprise subsidiary of Deutsche Telekom. After undertaking extensive due diligence Covata was selected ahead of its international competitors. In the wake of the Edward Snowden and PRISM revelations in the US, Europe has continued to tighten their data security and privacy laws. Non-US data-centric security solutions are in demand in Europe and Covata is well placed to work with its channel partners to deliver a compliant solution to European enterprise customers.

Shortly after the T-Systems announcement, Covata announced the execution of a 10-year licencing contract with Fortune 100 Technology Company Cisco. The global technology giant will licence both the Covata Platform and Safe Share through a revenue share arrangement. The Group is delighted to be working alongside Cisco as it transitions into its next stage of growth, focused on the Cloud and Security. To support this partnership the Group is in the process of establishing an office in San Francisco to augment the Covata Platform in line with Cisco and other potential OEM channel partners' needs.

Rounding out FY15's business development efforts the Group announced a partnership with Colt Technology Services, one of Europe's leading Telco's providing services to financial institutions around the world.

The Board and Management are extremely pleased with the high quality brand name partnerships Covata has signed to date. Executing these deals less than a year after listing on the ASX is a pleasing accomplishment and whilst it will take time for commercial benefits to flow, management is confident that its go to market strategy of selling through channel partners will maximise the Group's future revenue potential.

Our investment in the business has laid a strong foundation upon which consistent growth can be built. Our focus for the year ahead is three fold. Firstly to expand the capabilities of the Covata Platform, alongside Cisco and other OEM partners, to ensure it remains a pivotal piece of technology as the "Internet of Everything" as an industry is developed. Secondly, to continue to sign up with leading global Telco's in revenue share arrangements to distribute Safe Share to enterprise customers. Lastly, to support these Telco's and their customers to increase end user adoption, subsequently raising the number of end users using Safe Share to generate higher revenue for the Group.

The Group is positive about the year ahead and beyond. We have a genuine focus on delivering value-creating events in the next twelve months, including scalable or 'multiplier effect' contracts whilst continuing to deliver innovation and growth strategies for the years beyond. The Group looks forward to delivering this for shareholders.

Dividends

No dividends have been paid or declared up until the date of this report. The directors have not recommended the payment of a dividend in the current financial year.

Significant changes in the state of affairs

On 20 May 2014, Cocoon Data Holdings Limited and Prime Minerals Limited (ASX:PIM) announced their intention to merge by way of an off-market takeover bid by PIM for all Cocoon shares by offering PIM shares as consideration. Pursuant to a special resolution passed at the General Meeting of the Company held on 23 September 2014, the Company changed its name from Prime Minerals Limited to Covata Limited.

On 31 October 2014, Prime Minerals Limited successfully completed the acquisition of Cocoon Data Holdings Limited, resulting in the issue of 250,015,292 fully paid ordinary shares and 36,392,879 performance shares in the Company to the shareholders of Cocoon Data Holdings Limited. Additionally, the Prime Minerals Limited shareholders entered into a 10 for 1 share consolidation where their 337,444,946 ordinary shares were converted to 33,744,495 fully paid ordinary shares.

Furthermore, under a prospectus dated 22 September 2014, the Company issued 75,000,000 fully paid ordinary shares to investors and raised the maximum under the prospectus of $15,000,000 in gross proceeds for the primary purpose of expanding its business operations, undertaking further product development and commercialisation, and supporting the Company's planned global marketing activities.

Additionally, as detailed in the Bid Implementation Agreement between Prime Minerals Limited and Cocoon Data Holdings Limited dated 27 June 2014, the Company has issued 10,000,000 fully paid ordinary shares to the advisors to Prime Minerals Limited and Cocoon Data Holdings Limited. The Company has also issued 13,650,000 fully paid ordinary shares to the convertible note holders of Cocoon Data Holdings Limited.

In the opinion of the directors, there have been no other significant changes in the state of affairs of the Group during the year other than those disclosed elsewhere in the financial report or notes thereto.

Events subsequent to reporting date

There has not arisen in the interval between the end of the year to 30 June 2015, and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Environmental regulation

The Group's operations are not subject to significant environmental regulations under both the Commonwealth and State legislation in relation to its activities.

Likely developments

The Group will continue to pursue opportunities to commercialise and market its patented security technology across markets in a number of countries around the globe. Operating costs will continue to outpace revenue until sales from current and future contracts commence to generate significant revenue streams.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify the directors and the company secretary for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company has not entered into an agreement to indemnify the auditors of the Company.

The disclosure of the nature of the insurance cover and the amount of the premiums involved is prohibited by the contract.

Non-audit services

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and are not considered to impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, for audit and non-audit services provided during the year are set out below.

	2015 $
Services other than audit and review of the financial statements	
Taxation compliance services	80,701

Remuneration report (audited)

The Remuneration Report, which has been audited, describes the Executive Directors, non-Executive Directors and Key Management Personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its regulations.

Introduction

The Remuneration Report is designed to provide shareholders with an understanding of Covata Limited's remuneration policies, and the link between the Group's remuneration philosophy and strategy. The Remuneration Report specifically focuses on Covata Limited's remuneration arrangements for 2015.

The Company relisted on the ASX on 10 November 2014. Accordingly, 2015 remuneration includes amounts paid both before and after relisting and consequent upon the relisting of the Company. The 2015 remuneration was consistent with the arrangements detailed in the Prospectus for an equity offer of new ordinary shares in Covata Limited dated 22 September 2014.

The Group's remuneration policies and practices are designed to align the interests of staff and shareholders while attracting and retaining staff members who are critical to the Group's growth and success. The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward.

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration,
- Details of remuneration,
- Service agreements,
- Share-based compensation, and
- Additional disclosures relating to KMP.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness.
- Acceptability to shareholders.
- Performance linkage / alignment of executive compensation, and
- Transparency.

The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high quality personnel.

In 2015, it is the role of the Board to review and make recommendations in relation to the remuneration arrangements for its directors and executives.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

Alignment to shareholders' interests

The remuneration strategy:

- Focuses the executives on key financial and non-financial drivers of value, including maintaining appropriate controls over the level of expenses, the commercialisation of the Covata platform, and entering into strategic partnerships with significant corporate and government enterprises globally, and
- Is intended to attract and retain high calibre executives.

Alignment to program participants' interests

The remuneration strategy:

- Rewards capability and experience,
- Reflects competitive reward for contribution to growth in shareholder wealth, and
- Provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, these directors. The Board decides the total amount paid to each non-executive director as remuneration for their services as a director.

The fees paid to each non-executive director are $40,000 (2014: $20,000) per annum, exclusive of any superannuation where applicable. The Chairman is Mr. Charles Archer who transferred from an Executive Director to a Non-Executive Director effective 1 September 2015.

GST is paid in addition to non-executive directors fees, where applicable. There are no retirement benefit schemes for non-executive directors, other than statutory superannuation contributions.

As described in the Long Term Incentive Plan, the Board may elect at their discretion to issue share options to non-executive directors in order to attract individuals who bring the necessary leadership and strategic skills to the Group.

Executive remuneration

The Group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- Current base pay and non-monetary benefits,
- Short-term performance incentives,
- Long-term incentives, and
- Other statutory entitlements remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually, based on individual performance, the overall performance of the Group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Short term incentive plan ('STIP')

The Chairman, Chief Executive Officer and the KMP are eligible to participate in the STIP in a manner determined by the Board from time to time. Participants in the STIP have a target cash payment which is set as a percentage of their total fixed annual remuneration, subject to a maximum target of 100% for the Chairman, Chief Executive Officer and Chief Technology Officer and 50% for the Chief Financial Officer.

Payments under the STIP in any given year depend on the achievement of a range of financial and non-financial key performance indicators and objectives ('KPIs') for both the participant and the Group overall.

Long term incentive plan ('LTIP')

The long term incentive plan for KMP of the Group in 2015 and 2014 includes the grant of share options and a loan funded share plan.

Under the LTIP, selected KMP and directors are made individual offers of specific numbers of share options at the discretion of the Board. The Board may determine the number of share options, vesting conditions, vesting period, exercise price and expiry date. Share options may be granted at any time, subject to the Corporations Act and ASX Listing Rules.

The grant of share options under the LTIP in 2015 to KMP is on the basis of achievement of non-financial objectives in addition to being used to attract and provide appropriate incentives to directors and KMP who have recently joined the Group and / or relocated. These share options are subject to time based vesting. There are no specific performance conditions attached to the vesting of those options as the early stage of the Group's business does not readily allow for the returns and results of the performance by executives to be measured quantitatively on a regular basis.

In the loan funded share plan, shares are purchased by the participant and funded by a loan provided by the Company. The shares are held by the participant until they vest (or are forfeited) and are eligible for dividends. Should the Company pay dividends or make capital distributions in the future, any dividends paid or distributions made to the participant will be applied to repay the loan and to meet the tax liability on those dividends or distributions.

Remuneration report (audited) (continued)

<u>Principles used to determine the nature and amount of remuneration (continued)</u>

Long term incentive plan ('LTIP') (continued)

The loan is for a period of 10 years from issue, is limited recourse and interest free. The loan is repayable in full on the earlier of the termination date of the loan or when the shares are sold. In the event that the vesting / performance conditions are not met and shares do not vest for any other reason, the shares will be compulsory acquired by the Company for the value of the outstanding loan.

The shares are forfeited in the event that the participant ceases employment prior to vesting. Where there is a change of control event, the Board may at its discretion make a determination that some or all of a participant's unvested shares may vest.

2015 grant under the Long term incentive plan ('LTIP')

Under the 2015 LTIP grant, the share options granted to Trent Telford (CEO) have an exercise price of 20c, a term of 5 years and 20 percent vest at 1 August 2014, 30 percent vest at 1 August 2015, with the remainder to vest equally over 4 calendar quarters on the last day of each quarter commencing September 30, 2015.

Under the 2015 LTIP grant, the share options granted to Phillip Dunkelberger have an exercise price of 20c, a term of 5 years and 10 percent vest at 1 August 2014, 15 percent vest at 1 August 2015, with the remainder to vest equally over 12 calendar quarters on the last day of each quarter commencing March 31, 2015.

Under the 2015 LTIP grant, the share options granted to Nicholas Chiarelli have an exercise price of 20c, a term of 5 years and 20 percent vest at 1 September 2014, 30 percent vest at 1 September 2015, with the remainder to vest equally over 4 calendar quarters on the last day of each quarter commencing December 31, 2015. A second grant of share options on 12 March 2015 vest immediately, have an exercise price of 33c and a term of 5 years.

Under the 2015 LTIP, share options granted to Vic Winkler on 12 March 2015 vest immediately, have an exercise price of 33c and a term of 5 years.

Future grants

The Board may consider amending the vesting terms and the performance hurdles from time to time to ensure that they are aligned to market practices and to ensure the best outcomes for the Group. The Board has the absolute discretion to replace the LTIP in any one or more years with an equivalent LTIP or any other program.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

2015 remuneration structure

The 2015 remuneration structure for the KMP is as follows:

		Fixed remuneration $ (2)	STIP $ (2)	LTIP $ (2)
Executive Chairman				
Charles Archer (3)		**423,142**	**44,532**	**-**
Chief Executive Officer				
Trent Telford (1)		**463,952**	**51,715**	**825,980**
Executive Management Team				
Nicholas Chiarelli	Chief Financial Officer and Joint Company Secretary	**275,324**	**42,815**	**108,576**
Vic Winkler	Chief Technology Officer	**269,530**	**11,492**	**11,443**

(1) Trent Telford commenced as Chief Executive Officer on 28 July 2014.
(2) All KMP are based in the United States and their remuneration is denominated in USD and for reporting purposes translated to AUD at the average exchange rate for the year.
(3) Charles Archer was Executive Chairman for the course of the 2014 and 2015 financial years and transferred to Non-Executive Chairman with effect on 1 September 2015.

Consolidated entity performance and link to remuneration

The 2015 STIP were awarded primarily on the basis of achievement of non-financial KPI's. A significant KPI for the KMP was to successfully guide the company through the merger with Prime Minerals Limited, the equity raise through the prospectus issued and the subsequent relisting on the Australian Stock Exchange. Also of significant weighting was the execution of key commercial agreements with Cisco and T-Systems.

Any amount that may be paid to the participants under the STIP is subject to the absolute discretion of the Board, and will be subject to the approval of the Board, after taking into account performance against KPIs, and any other matters determined by the Board to be relevant at its discretion including, without limitation, the participant's conduct and the financial performance and position of the Group.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the KMP of the Group are set out in the following tables. Remuneration paid in US dollars is converted to Australian dollars using the average rate for the 2015 year of 0.8354.

The KMP of the Group consisted of the directors of Covata Limited and the following persons:

- Nicholas Chiarelli Chief Financial Officer and Joint Company Secretary
- Vic Winkler Chief Technology Officer

Covata Limited
Directors' report

Remuneration report (audited) (continued)

Details of remuneration (continued)

Amounts of remuneration (continued)

2015	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Post-employment benefits: Super-annuation / 401K $	Share-based payments: Equity settled $	Total $
Non-Executive Directors					
Philip King	**34,469**	**-**	**2,641**	**-**	**37,110**
Joseph Miller	**35,192**	**-**	**-**	**-**	**35,192**
Phillip Dunkelberger	**26,858**	**-**	**-**	**347,433**	**374,291**
Michael Quinert	**14,667**	**-**	**-**	**-**	**14,667**
Executive Chairman					
Charles Archer (1)	**413,149**	**44,532**	**9,993**	**-**	**467,674**
Executive Directors					
Trent Telford	**445,169**	**51,715**	**18,783**	**825,980**	**1,341,647**
Key Management Personnel					
Nicholas Chiarelli	**257,234**	**42,815**	**18,089**	**108,576**	**426,714**
Vic Winkler	**263,824**	**11,492**	**5,706**	**11,443**	**292,465**
	1,490,562	**150,554**	**55,212**	**1,293,432**	**2,989,760**

(1) Charles Archer was Executive Chairman for the course of the 2014 and 2015 financial years and transferred to Non-Executive Chairman with effect on 1 September 2015.

2014	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Post-employment benefits: Super-annuation / 401K $	Share-based payments: Equity settled $	Total $
Non-Executive Directors					
Philip King	35,310	-	3,266	91,915	130,491
Joseph Miller	20,000	-	-	-	20,000
Executive Chairman					
Charles Archer	229,233	10,895	6,058	6,951	253,137
Executive Director					
Trent Telford	104,827	-	1,576	141,407	247,810
Key Management Personnel					
Nicholas Chiarelli	143,171	25,000	15,609	68,273	252,053
Vic Winkler	232,962	27,238	5,225	13,902	279,327
	765,503	63,133	31,734	322,448	1,182,818

Remuneration report (audited) (continued)

Details of remuneration (continued)

The proportion of remuneration linked to performance and the fixed proportion is as follows:

	Fixed Remuneration		At risk - STIP		At risk – LTIP	
	2015	2014	**2015**	2014	**2015**	2014
Non-Executive Directors						
Philip King	100%	100%	-	-	-	-
Joseph Miller	100%	100%	-	-	-	-
Phillip Dunkelberger	7%	-	-	-	93%	-
Michael Quinert	100%	-	-	-	-	-
Executive Chairman						
Charles Archer	90%	93%	10%	4%	-	3%
Executive Director						
Trent Telford	33%	43%	4%	-	63%	57%
Key Management Personnel						
Nicholas Chiarelli	65%	63%	10%	10%	25%	27%
Vic Winkler	92%	85%	4%	10%	4%	5%

Service agreements

Non-executive directors

Non-executive directors do not have fixed term contracts with the Company. On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation.

Executive directors

Remuneration and other terms of employment for the executive directors are formalised in service agreements in the form of employment agreements. Details of these agreements are as follows:

Trent Telford | Chief Executive Officer

Agreement commenced - 10 April 2014
Term of agreement - 2 years

Details
Trent is entitled to:

- Receive fixed annual remuneration of USD $320,000,
- Participate in the STIP with target participation under the STIP capped at a maximum of 100% of his fixed annual remuneration. Payments under the STIP in any given year depend on the achievement of milestones and goals as approved by the Board, and
- A once off grant of 13,333,333 share options over the ordinary shares of Cocoon Data Holdings Limited (which converted to 10,000,000 share options over the ordinary shares of Covata Limited subsequent to the reverse acquisition of Covata Limited).

The employment contract may be terminated by the Company at any time with or without 'cause' (serious misconduct, failure to perform duties, or other specified circumstances) and may be terminated by Trent with 30 days written notice. Where the Group terminates the employment contract with 'cause', it does so without payment for notice or payment in lieu of notice. In the event of termination without 'cause' by the Group, Trent will be entitled to 3 months' salary.

Remuneration report (audited) (continued)

Service agreements (continued)

Executive directors (continued)

Charles Archer | Executive Chairman (non-executive chairman from 1 September 2015)

Agreement commenced - 20 April 2012

Term of agreement - No fixed duration.

Details
As Executive Chairman, Charles was entitled to the following remuneration, however, effective 1 September 2015, Charles transferred to Non-Executive Chairman:
- Receive fixed annual remuneration of USD $345,000,
- Participate in the STIP with target participation under the STIP capped at a maximum of 100% of his fixed annual remuneration. Payments under the STIP in any given year depend on the achievement of milestones and goals as approved by the Board, and
- A once off grant of 6,975,000 share options on 24 July 2012 over the ordinary shares of Cocoon Data Holdings Limited (which converted to 5,231,250 share options over the ordinary shares of Covata Limited subsequent to the reverse acquisition of Covata Limited).

The employment contract may be terminated by the Company at any time with or without 'cause' (serious misconduct, failure to perform duties, or other specified circumstances) and may be terminated by Charles with 30 days written notice.

Other key management personnel

Other key management personnel have employment contracts setting out the terms and conditions of their employment. The agreements are not of a fixed duration.

These agreements provide for:
- A base salary denominated in US Dollars and paid monthly,
- For US KMP, payment of health and dental insurance and being eligible to participate in a 401K plan as defined by the Group,
- Eligibility to participate in the STIP, with target participation in the STIP individually capped at a maximum percentage of total fixed annual remuneration ranging from 50% for the CFO to 100% for the CTO, and
- A grant of share options over the ordinary shares of Cocoon Data Holdings Limited (which converted to share options over the ordinary shares of Covata Limited subsequent to the reverse acquisition of Covata Limited), or a grant of share options over the ordinary shares of Covata Limited.

The employment contract may be terminated by the Company at any time with or without 'cause' (serious misconduct, failure to perform duties, or other specified circumstances) and may be terminated by the KMP with 30 days written notice for the CFO to 3 months written notice for the CTO. Where the Group terminates the employment contract with 'cause', it does so without payment for notice or payment in lieu of notice. In the event of termination without 'cause' by the Group, the KMP will be entitled to 3 months' salary for the CFO to 6 months' salary for the CTO as specified in each employment contract with the KMP.

Remuneration report (audited) (continued)

Share-based compensation

Options

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

Details of shares options issued to directors and other KMP as part of compensation during the year ended 30 June 2015 are set out below:

Name	Issue Date	Options	Strike Price	Term	Fair Value
Phillip Dunkelberger	1 August 2014	5,000,000	$0.20	5 years	$347,433
Trent Telford	1 August 2014	10,000,000	$0.20	5 years	$825,980
Nicholas Chiarelli	23 December 2014	1,237,500	$0.20	5 years	$79,954
Nicholas Chiarelli	12 March 2015	231,400	$0.33	5 years	$28,622
Vic Winkler	12 March 2015	92,517	$0.33	5 years	$11,443

Details of shares options issued to directors and other KMP as part of compensation during the year ended 30 June 2014 are set out below:

Name	Issue Date	Options	Strike Price	Term	Fair Value
Charles Archer	31 July 2013	75,000	USD 0.1467	5 years	$6,951
Vic Winkler	31 July 2013	150,000	USD 0.1467	5 years	$13,902

On 1 August 2014, the grant of share options over the ordinary shares of Cocoon Data Holdings Limited was modified and became a grant of share options over the ordinary shares of Covata Limited on a 1 for 0.75 basis, the strike price was increased to USD 0.1467 and the term reduced to 5 years. The fair value of the share options on the modified terms was assessed at the date of modification to have decreased from the fair value of the share options on the original terms as at the date of modification. As a result, no additional share based payment expense was recognised on modification.

Employee Loan Share Plan

Details of ordinary shares issued on 2 December 2013 to directors and other KMP under the Employee Loan Share Plan Agreement (ELSP) as part of compensation during the year ended 30 June 2014 are set out below:

Remuneration report (audited) (continued)

Share-based compensation (continued)

Employee Loan Share Plan (continued)

Name	ELSP Shares	Vested at 30 June 2015	Vested at 30 June 2014	Term	Fair Value
Philip King	975,000	975,000	975,000	5 years	91,915
Trent Telford	1,500,000	1,500,000	1,500,000	5 years	$141,407
Nicholas Chiarelli	695,060	695,060	815,625	5 years	$68,273

On 1 August 2014, the ordinary shares of Cocoon Data Holdings Limited issued under the Employee Loan Share Plan Agreement were subject to a liquidity event (being the merger with Prime Minerals Limited) under the terms of the agreement whereby all unvested shares were vested, and the ordinary shares in Cocoon Data Holdings Limited were cancelled and ordinary shares in Covata Limited were reissued under the Employee Loan Share Plan Agreement on the basis of 0.6547 Covata Limited ordinary shares and 0.0953 Covata Limited performance shares for every 1 Cocoon Data Holdings Limited ordinary share.

Under the terms of the Bid Implementation Agreement, entered into between Prime Minerals Limited and Cocoon Data Holdings Limited, the performance shares would convert to ordinary shares if any of the following milestones was achieved within the three years from the date that Cocoon Data Holdings Limited acquired Prime Minerals Limited:

1. The Group receives annualised revenue over 3 consecutive months of at least 20,000,000,
2. Deployment on a revenue generating basis either the Covata Platform, Covata Safe Share, or Covata SDK Software Services in the internal or cloud hosted IT infrastructure of a multinational corporation on the S&P 500 index or the FTSE 500 index, or
3. Deployment of either the Covata Platform, Covata Safe Share, or Covata SDK Software Services in the internal or cloud hosted IT infrastructure of 20 large corporations or government departments on a proof of concept basis.

On 26 March 2015 all 36,392,879 performance shares were converted to ordinary shares after Covata Limited satisfied the second milestone by entered into a ten year licensing agreement with Cisco Systems Inc.

The fair value of the shares issued under the Employee Loan Share Plan Agreement on the modified terms was assessed at the date of modification to have decreased from the fair value of the shares issued under the Employee Loan Share Plan Agreement on the original terms as at the date of modification. As a result, no additional share based payment expense was recognised on modification.

Additional disclosures relating to Key Management Personnel

In accordance with Class Order 14/632 issued by the Australian Securities and Investment Commission, relating to 'Key Management Personnel equity instrument disclosures', the following disclosures relate only to the equity instruments in the Company and its subsidiaries.

Remuneration report (audited) (continued)

Additional disclosures relating to Key Management Personnel (continued)

Shareholding – Ordinary Shares

The number of ordinary shares in the Company held during the financial year by each director and other members of the KMP, including their personally related parties, is set out below:

2015

Name	Balance as at 1 July 2014	Conversion (1)	Performance shares converted	Other additions	Disposals	Balance as at 30 June 2015
Charles Archer	-	-	-	-	-	**-**
Philip King	3,146,969	(1,086,649)	299,906	-	-	**2,360,226**
Joseph Miller	-	-	-	-	-	**-**
Phillip Dunkelberger	-	-	-	-	-	**-**
Michael Quinert	-	-	-	57,600	-	**57,600**
Trent Telford	8,856,903	(3,058,290)	844,062	2,500	-	**6,645,175**
Nicholas Chiarelli	1,460,082	(504,167)	139,145	-	(400,000)	**695,060**
Vic Winkler	-	-	-	-	-	**-**

(1) – Ordinary shares prior to 31 October 2014 were held in Cocoon Data Holdings Limited. These were exchanged for shares in Covata Limited on the basis of 0.6547 Covata Limited ordinary share and 0.0953 Covata Limited performance share for every 1 Cocoon Data Holdings Limited share.

As at 30 June 2015, the number of ordinary shares above held by Trent Telford, Philip King and Nicholas Chiarelli include shares issued under the Employee Loan Share Plan. The shares held by Trent Telford, Philip King and Nicholas Chiarelli under the Employee Loan Share Plan are 1,500,000, 975,000 and 695,060 respectively.

Shareholding – Performance Shares

The number of performance shares in the Company held during the financial year by each director and other members of the KMP, including their personally related parties, is set out below:

Name	Balance as at 1 July 2014	Received as part of remuneration	Additions	Conversion (1)	Balance as at 30 June 2015
Charles Archer	-	-	-	-	**-**
Philip King	-	-	299,906	(299,906)	**-**
Joseph Miller	-	-	-	-	**-**
Phillip Dunkelberger	-	-	-	-	**-**
Michael Quinert	-	-	-	-	**-**
Trent Telford	-	-	844,062	(844,062)	**-**
Nicholas Chiarelli	-	-	139,145	(139,145)	**-**
Vic Winkler	-	-	-	-	**-**

Remuneration report (audited) (continued)

Additional disclosures relating to Key Management Personnel (continued)

Shareholding – Share Options

The number of options over ordinary shares in the Company held during the financial year by each director and other members of the KMP, including their personally related parties, is set out below:

2015

Name	Balance as at 1 July 2014	Received as part of remuneration	Exercised	Conversion (1)	Balance as at 30 June 2015
Charles Archer	7,075,000	-	-	(1,768,750)	**5,306,250**
Philip King	-	-	-	-	**-**
Joseph Miller	-	-	-	-	**-**
Phillip Dunkelberger	-	5,000,000	-	-	**5,000,000**
Michael Quinert	-	-	-	-	**-**
Trent Telford	500,000	10,000,000	-	(125,000)	**10,375,000**
Nicholas Chiarelli	-	1,468,900	-	-	**1,468,900**
Vic Winkler	9,500,000	92,517	(1,985,582)	(2,375,000)	**5,231,935**

(1) – Share Options over ordinary shares prior to 31 October 2014 were held in Cocoon Data Holdings Limited, these were exchanged for shares options over ordinary shares in Covata Limited on the basis of 0.7500 Covata Limited share for every 1 Cocoon Data Holdings Limited share.

This concludes the remuneration report, which has been audited.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 25 and forms part of the directors' report for the financial year ended 30 June 2015.

This report is made in accordance with a resolution of the directors:

Charles W Archer

Charles Archer
Chairman

Dated at Reston, VA, USA this 30th day of September 2015.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Covata Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow
Partner

Bundall

30 September 2015

Covata Limited
Corporate Governance Report

The Board of Directors ('the Board') of Covata Limited ('the Company') is committed to achieving the highest standards of corporate governance. Subsequent to the Company's relisting on the ASX on 10 November 2014, the Board adopted a corporate governance framework comprising principles and policies that the Board considers fundamental to the Company's continued growth and success.

This framework is designed to promote responsible management and assists the Board to discharge its corporate governance responsibilities on behalf of the Company's shareholders.

Copies of the charters under which the Board and its Committees operate, the Company's policies and other relevant information referred to in this Statement are available on the Company's website at //www.covata.com/corporate-governance/.

Covata Limited's corporate governance statement, which has been approved by the Board on 29 September 2015 and is current at that date, describes our corporate governance framework, policies and practices as at 30 June 2015. The Company has, where appropriate, followed the guidelines and recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) ('ASX Recommendations') from the date of relisting on 10 November 2014 to 30 June 2015. Where the Board has made the assessment that it is not appropriate to completely comply with the guidelines and recommendations, this assessment has been disclosed and an explanation provided.

Principle 1 – Lay solid foundations for management and oversight

The Company has adopted a Board Charter with the express intention and purpose of seeking to implement good corporate governance practices and to achieve good governance outcomes.

The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition and manner of operation, as well as the roles and responsibilities of the Senior Management of the Company.

The Board is ultimately responsible for the overall management and corporate governance of the Company. The Board responsibilities include:

- the development, implementation and alteration of the strategic direction of the Company, including future expansion of the Company's business activities,
- the appointment, and where appropriate, the removal of the Chief Executive Officer ('CEO'), the Chief Financial Officer ('CFO'), executive directors, and company secretaries,
- monitoring and evaluating the performance of the CEO in achieving the strategies and budgets set by the Board and establishing targets and goals for senior management to achieve and monitoring the performance of senior management,
- review and oversight of compliance with ASX listing rules, financial reporting obligations, including yearly and continuous disclosure, legal compliance and related corporate governance matters,
- risk management, assessment and monitoring, and
- monitoring and reviewing the operational performance of the Company including the viability of current and prospective operations and opportunities.

The Company's Board Charter has detailed guidelines for the appointment and selection of the Board which requires the undertaking of appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a director. All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to shareholders in a Notice of Meeting pursuant to which resolutions to elect or re-elect a Director will be voted on.

Principle 1 – Lay solid foundations for management and oversight (continued)

All incoming Directors and senior executives will have written agreements with the Company which set out the terms of their appointment.

The company secretary supports the proper functioning of the board. The Chairperson liaises with the company secretary on matters of corporate governance and conveys all information to the board.

The responsibility for the operation and administration of the Company is delegated by the Board to the CEO and the Executive Management Team. The Board ensures that both the CEO and the Executive Management Team are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to monitor and assess their performance.

The Company is committed to the periodic review of the performance of its Board, individual directors and senior executives. This process is expected to typically be conducted by the Board or by special purpose committees established by the Board. In the current financial year, as announced to ASX on 12 March 2015, a performance review for the half-year ended 31 December 2014 was completed.

At this stage, it is not practical for the Company to establish a Remuneration Committee due to the nature of the Company's current and proposed business structure, financial capacity and objectives.

Diversity

The Company has adopted policies on diversity which are contained in the Board Charter and in the Company's Diversity Policy. The Company is committed to providing a diversity inclusive workplace in which all employees regardless of gender, age, ethnicity, religious or cultural background, marital status and sexual orientation have the opportunity to participate fully and are valued for their individual skills, experience and perspectives.

The Company believes that the promotion of diversity within the organisation generally enlarges the pool for recruitment of high quality employees, is likely to encourage employee retention, and is likely to encourage greater innovation through the inclusion of different perspectives.

Whilst the Company's policies on diversity provide a framework for the Company to achieve a list of measurable objectives that encompass gender equality, it does not propose to establish measurable gender diversity objectives in the foreseeable future as the Company is strongly committed to making all selection decisions on the basis of merit and the setting of specific objectives for the quantum of males/females at any level would potentially influence decision making to the detriment of the business.

The Company's diversity policies provides for the monitoring and evaluation of the scope and currency of the diversity polices.

Gender Diversity	**2015**	
	No.	**%**
Women on the Board	0	0
Women in Senior Management Roles	2	29
Women employees in the Company	8	23

The Company's policies on diversity are contained in the Diversity Policy which is available on the company's website.

Principle 2 – Structure the board to add value

Composition of the board

Full details as to each directors' date of appointment and relevant skills and experience are set out in the Directors' Report.

It is the objective of the Company to establish and maintain a Board with a broad representation of skills, experience and expertise. At this stage, it is not practical for the Company to establish a Nomination Committee, however, where it is proposed that a new Director is to be appointed to fill a casual vacancy or to be put forward to security holders as a candidate for election as a new Director of the Company, the Board will review and assess candidate new Directors against criteria which include overall skills, experience and background, and professional skills. The company intends to adopt an induction program in the event of any new appointments to the Board.

The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. The names of the members of the Board as at the date of this report are as follows:

- Mr. Charles Archer (Chairman) – Non-Executive Director
- Mr. Trent Telford – Executive Director and Chief Executive Officer
- Mr. Philip King –Non-Executive Director
- Mr. Joseph Miller –Non-Executive Director
- Mr. Phillip Dunkelberger – Non-Executive Director
- Mr. Michael Quinert – Independent Non-Executive Director

The Board will consider a Director to be independent if in accordance with the principles and recommendations, the director is free of any interest, relationship or association that may materially influence, or may reasonably be perceived to materially influence, the director's capacity to exercise their independent judgment on issues before the Board, and to act in the best interests of the Company and its shareholders. The criteria for determining independence include that the director:

- is not a member of senior management of the Company,
- is not a substantial security holder of the Company, or an officer or, or otherwise directly associated with a substantial security holder of the Company,
- is not or has not been employed in an executive capacity by the Company within the last three years and did not become a director within three years of being so employed,
- within the last three years, has not been a senior employee, partner or director of material professional services to the company,
- within the last three years, has not been in a material business relationship with the Company,
- is not a party to a material contractual relationship with the Company, and
- is free of any conflict of interest which may materially interfere with that Director's motivation to act in the best interests of the Company.

Mr Philip King, Mr Joseph Miller, Mr. Charles Archer and Mr Phillip Dunkelberger are non-executive directors of the Company and are not independent on the basis that they, or entities that they have an involvement in, hold a substantial numbers of equity securities in the Company. Due to the transition from Prime Minerals Limited to Covata Limited in October 2014 and the overhaul of the Board at that time, the current Board has only one independent director. The directors consider that the current structure of the Board is appropriate as each Director brings specific and targeted business skills.

Principle 2 – Structure the board to add value (continued)

The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions, associations and relationships are provided in this Annual Financial Report.

The Board currently holds a wide matrix of experience and skills including extensive experience across industries and sectors which are considered to be of particular relevance and importance to the Company's business including experience and involvement in the development and commercialisation of technology companies, knowledge of capital markets, experience in the legal and security industries and experience in national security organisations.

Directors will be offered by the Company regular opportunities for professional development where relevant to their position as Directors of the Company and their role as Board members.

Role of the Chairperson

The Board Charter provides that the Chairperson should not be the Chief Executive Officer and that their responsibilities as set out in the Board Charter include:

- the organisation and efficient conduct of the business of the Board at Board meetings and on all other occasions,
- ensuring all Directors are adequately informed about Board matters in a timely fashion to facilitate rigorous and accurate decision making in all business of the Board,
- setting the agenda for meetings of the Board, guiding the meetings to facilitate open discussion and managing the conduct of, and frequency and length of such meetings, in order to provide the Board with an opportunity to arrive at a detailed understanding of the Company's performance, financial position, operations and challenges,
- liaising with the Secretary concerning matters of corporate governance and conveying all information to the Board, and
- encouraging engagement and compliance by Board members with their duties as Directors.

Principle 3 – Promote ethical and responsible decision making

Directors' Code of Conduct

The Company recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its officers and employees to be familiar and have a personal commitment to meeting these standards.

Directors, Managers and employees who suspect that any fraudulent or unethical behaviour has occurred, should contact the Chairperson, Chief Executive Officer or Company Secretary. All communications received by a Director are to be treated with the strictest confidence.

The Company's Directors' Code of Conduct is available on the Company's website and forms part of the Corporate Governance Charter.

Principle 3 – Promote ethical and responsible decision making (continued)

Securities Trading Policy

The Company has established a Securities Trading Policy which governs the trading in the Company's securities and applies to all Directors, Officers and employees of the Company. A copy of the policy is available on the Company's website at //www.covata.com/corporate-governance/.

Under this Securities Trading Policy, the Company's Directors, other officers, senior management or employees, as well as any entity that they control, must not trade in any securities of the Company at any time when they are in procession of unpublished, price sensitive information in relation to those securities.

Additionally, they are prohibited from trading each period of 30 days immediately prior to the intended date for the Company's release of quarterly, half-yearly and annual financial reports to the ASX until 24 hours immediately after the date of release as well as each period of 24 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

No director, officer or employee may deal in the Company's securities at any time for short-term gain, including by buying and selling the Company's securities in a 3 month period, without the written approval of the Chairman or, in the case of the Chairman, the Chief Executive Officer.

In order to ensure compliance with this Policy, all directors, other officers, senior management and employees must discuss any proposed dealing with (and obtain written approval from) the Secretary or a director prior to trading the Company's securities at any time.

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by Directors in the securities of the Company.

Principle 4 – Safeguard integrity in corporate reporting

Audit and Risk Committee

At this stage, it is not practical for the Company to establish an Audit and Risk Committee due to the nature of the Company's current and proposed business structure, financial capacity and objectives.

Until such time as the Committee is established the Board will undertake the functions of the Committee, giving effect to the Audit and Risk Committee Charter, with adaptations as necessary and appropriate.

The Company's Audit and Risk Management Charter form part of the Corporate Governance Charter and is available on the Company website.

Before the Board approves the entity's financial statements for a financial year, the CEO and CFO (or such appropriate person) declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.

The Company will make arrangements for its external auditor to attend its AGM (as required by the Corporations Act) to answer questions from shareholders relevant to the audit.

Principle 5 – Make timely and balanced disclosure

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and Corporations Act 2001. Subject to some limited exceptions, under the continuous disclosure requirements, the Company must immediately notify the market, through the ASX, of any information which a reasonable person would expect to have a material effect on the price or value of the Company's shares. To achieve these objectives and satisfy the regulatory requirements, the Board has adopted a Communication and Disclosure Policy. A copy of the policy is available on the Company's website.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company, and to facilitating trading on an informed basis. The Company will not disclose price-sensitive information in any forum unless it has been previously disclosed to the ASX. Any price-sensitive information for public announcement shall be lodged with ASX as soon as practicable and prior to external disclosure elsewhere.

The Company's communications shall:

- be factual, and shall not omit material information,
- be subject to internal review and authorisation before issue,
- be expressed in a clear and precise manner, and
- be timely.

The Company is committed to communicating effectively with its shareholders and providing shareholders with timely access to balanced information concerning the Company. The Company has appointed joint company secretaries as the persons responsible for communications with the ASX in relation to listing rule matters and also for ensuring compliance with the Communication and Disclosure Policy.

Principle 6 – Respect the rights of shareholders

Information about the Company and its governance is available in the Board Charter which can be found on the Company's website.

The Company has adopted shareholder communications policies which are set out in its Communication and Disclosure Policy which aim to promote and facilitate effective two-way communication with investors. The policies outlines a range of ways in which information is communicated to shareholders.

The Company aims to promote effective communication with shareholders through:

- the Annual Financial Report, including relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Financial Report can be accessed either through the ASX website or the Company's website.
- the half year and full year financial results are announced to the ASX and are available to shareholders via the Company's and ASX websites.
- All announcements made to the market and related information (including presentations to investors and information provided to analysts or the media during briefings), are made available to all shareholders under the investor information section of the Company's website after they have been released to the ASX.
- detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting.
- All shareholders have the opportunity to elect to receive communications by email; and
- shareholding and dividend payment details are available through the Group's share register, Boardroom Pty Limited.

Principle 6 – Respect the rights of shareholders (continued)

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution

Principle 7 – Recognise and manage risk

Risk oversight and management

The Board is charged with the responsibility of determining the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies.

Whilst the Company does not have an audit committee, it will follow the audit and risk management policies where possible and is confident that this will independently verify and safeguard the integrity of its financial reports. A copy of the audit and risk policies forms part of the Company's Audit and Risk Committee Charter and is available on the Company's website.

As the Company does not have an audit and risk committee at this stage, it does not have an internal audit function. Whilst the Company does not have an internal audit function, it will follow the audit and risk management policies set out in its Corporate Governance Charter and is confident that this will independently verify and safeguard the integrity of its financial reports.

The audit and risk management policies set out in the Corporate Governance Charter detail the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and is due for its first review in the 2016 financial year.

Principle 8 – Remunerate fairly and responsibly

Whilst the Company does not have a remuneration committee, it will follow the remuneration policies set out in its Board Charter where possible and is confident that this process will ensure that the remuneration for Directors and senior executives is fair and reasonable.

Details of the Company's remuneration framework are set out in the remuneration report, contained within the directors' report. Details of the remuneration of non-executive directors, executive directors and other KMP can be found in the directors' report under the 'Remuneration Report' section, which has been audited.

As detailed under Principle 3, the Company has a Securities Trading Policy which governs the trading in the Company's securities and applies to all Directors, Officers and employees of the Company. The Company's Securities Trading Policy does not specifically prohibit participants in the Company's equity-based remuneration schemes from entering into transactions which limit the economic risk of participating in the scheme, however, the broader policies within the Securities Trading Policy which limit the trading in the Company's securities for short term gain, together with the limited availability of derivative securities to hedge the economic risk due to the size of the Company, are considered sufficient to meet the objectives of this principle at this stage.

Covata Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	2015	2014
Revenue and other income			
Revenue – technology related products and services		**349,584**	439,591
Research & development tax concession income		**1,649,951**	2,342,935
Foreign currency exchange net gains / losses		**65,645**	-
Other income		**2,404**	25,688
		2,067,584	2,808,214
Expenses			
Employee benefit expenses	*12*	**(8,283,134)**	(7,666,005)
Communication expenses		**(128,002)**	(187,897)
Consultancy fees expense		**(1,921,840)**	(264,321)
Depreciation expense		**(119,953)**	(319,803)
Legal fees expense		**(584,885)**	(175,182)
Marketing and promotion expense		**(494,567)**	(283,109)
Travel and accommodation expense		**(723,536)**	(284,448)
Office and administration expenses		**(644,230)**	(586,897)
Professional fees expense		**(369,194)**	(382,659)
Other direct research and development project expenses		**(43,396)**	(20,103)
Foreign currency exchange expense		**-**	(317)
Advisor fees on acquisition of Prime Minerals Limited	*24*	**(2,000,000)**	-
Listing expense on acquisition of Prime Minerals Limited	*8*	**(5,428,991)**	-
Share-based payments expense on issuing equities		**(6,075,181)**	-
Other expenses		**(413,481)**	(196,418)
		(27,230,390)	(10,367,159)
Results from operating activities		**(25,162,806)**	(7,558,945)
Finance income		**248,005**	84,239
Finance costs	*13*	**(2,547,875)**	(2,294,650)
Net finance costs		**(2,299,870)**	(2,210,411)
Loss before income tax		**(27,462,676)**	(9,769,356)
Income tax expense	*14*	**-**	-
Loss for the year		**(27,462,676)**	(9,769,356)
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(39,380)**	(31,016)
Total other comprehensive income / (loss)		**(39,380)**	(31,016)
Total comprehensive loss for the year		**(27,502,056)**	(9,800,372)
Earnings per share			
Basic earnings per share (cents per share)	*10*	**(8.4)**	(4.4)
Diluted earnings per share (cents per share)	*10*	**(8.4)**	(4.4)

The notes on pages 37 to 72 are an integral part of these consolidated financial statements.

Covata Limited and its controlled entities
Consolidated statement of changes in equity

For the year ended 30 June 2015

	Note	Share Capital	Equity Conversion Reserve	Foreign Currency Translation Reserve	Share Options Reserve	Warrants Reserve	Accumulated Losses	Total Equity
Balance at 1 July 2013		14,836,983	2,866,667	22,038	2,081,691	5,377,157	(28,123,510)	(2,938,974)
Total comprehensive income for the year								
Loss for the year		-	-	-	-	-	(9,769,356)	(9,769,356)
Total other comprehensive income		-	-	(31,016)	-	-	-	(31,016)
Total comprehensive income/(loss)		-	-	(31,106)	-	-	(9,769,356)	(9,800,372)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share based payments – share options		-	-	-	(638,517)	-	1,118,217	479,700
Share based payments – employee loan shares		-	-	-	820,958	-	-	820,958
Convertible notes issued		-	2,530,000	-	-	-	(30,000)	2,500,000
Total contributions by and distributions to owners		-	2,530,000	-	182,441	-	1,088,217	3,800,658
Balance at 30 June 2014		14,836,983	5,396,667	(8,978)	2,264,132	5,377,157	(36,804,649)	(8,938,688)
Balance at 1 July 2014		14,836,983	5,396,667	(8,978)	2,264,132	5,377,157	(36,804,649)	(8,938,688)
Total comprehensive income for the year								
Loss for the year		-	-	-	-	-	(27,462,676)	(27,462,676)
Total other comprehensive income/(loss)		-	-	(39,380)	-	-	-	(39,380)
Total comprehensive income/(loss)		-	-	(39,380)	-	-	(27,462,676)	(27,502,056)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Ordinary shares issued	*24*	18,479,474	-	-	-	-	-	18,479,474
Ordinary shares issued on conversion of notes	*24*	19,005,533	(5,396,667)	-	-	-	(200,000)	13,408,866
Share based payments – acquisition of PIM	*24*	6,748,899	-	-	-	-	-	6,748,899
Share based payments – warrants	*24/25*	5,377,157	-	-	-	(769,907)	-	4,607,250
Share based payments – share options	*24/25*	413,737	-	-	1,158,648	-	236,440	1,808,825
Share based payments – employee loan shares	*24/25*	1,079,717	-	-	(820,958)	-	-	258,759
Capital raising costs	*24*	(900,000)	-	-	-	-	-	(900,000)
Total contributions by and distributions to owners		50,204,517	(5,396,667)	-	337,690	(769,907)	36,440	44,412,073
Balance at 30 June 2015		**65,041,500**	**-**	**(48,358)**	**2,601,822**	**4,607,250**	**(64,230,885)**	**7,971,329**

The notes on pages 37 to 72 are an integral part of these consolidated financial statements.

Covata Limited and its controlled entities
Consolidated statement of financial position

As at 30 June 2015

	Note	2015	2014
Assets			
Cash and cash equivalents	*15*	**1,809,699**	2,158,047
Term deposits	*16*	**9,000,000**	-
Trade and other receivables	*17*	**1,932,070**	2,579,399
Prepayments		**48,541**	-
Other current assets	*18*	**198,000**	106,617
Total current assets		**12,988,310**	4,844,063
Property, plant and equipment	*19*	**193,634**	177,968
Other non-current assets	*18*	**221,588**	68,757
Total non-current assets		**415,222**	246,725
Total assets		**13,403,532**	5,090,788
Liabilities			
Trade and other payables	*20*	**945,379**	643,219
Deferred income	*21*	**266,667**	266,667
Employee benefits	*22*	**78,327**	133,034
Loans and borrowings	*23*	**2,300,000**	10,878,062
Total current liabilities		**3,590,373**	11,920,982
Deferred income	*21*	**1,841,830**	2,108,494
Total non-current liabilities		**1,841,830**	2,108,494
Total liabilities		**5,432,203**	14,029,476
Net assets / (liabilities)		**7,971,329**	(8,938,688)
Equity			
Share capital	*24*	**65,041,500**	14,836,983
Reserves		**7,160,714**	13,028,978
Accumulated losses		**(64,230,885)**	(36,804,649)
Total equity / (deficiency)		**7,971,329**	(8,938,688)

The notes on pages 37 to 72 are an integral part of these consolidated financial statements.

Covata Limited and its controlled entities
Consolidated statement of cash flows

For the year ended 30 June 2015

	Note	2015	2014
Cash flows used in operating activities			
Cash receipts from customers		**39,420**	171,848
Cash paid to suppliers and employees		**(11,338,477)**	(8,902,939)
Cash used in operating activities		**(11,299,057)**	(8,731,091)
Research & development tax concession received		**2,342,935**	2,402,344
Interest received		**81,538**	84,239
Interest paid		**(25,529)**	(2,405)
Net cash used in operating activities	*28*	**(8,900,113)**	(6,246,913)
Cash flows used in investing activities			
Payments for investments in term deposits		**(9,000,000)**	-
Payment for / refund of deposits		**(244,213)**	9,741
Acquisition of controlled entity (net of cash received)	*8*	**1,176,773**	-
Proceeds from disposal of property, plant and equipment		**23,285**	3,475
Acquisition of property, plant and equipment		**(138,072)**	(3,677)
Net cash from / (used in) investing activities		**(8,182,227)**	9,539
Cash flows from financing activities			
Proceeds from the issue of share capital		**15,000,000**	-
Proceeds from the issue of convertible notes		**100,000**	2,400,000
Proceeds from employee loan shares repaid		**61,923**	-
Proceeds from the exercise of share options		**172,069**	-
Short term debt facility draw-down		**2,300,000**	-
Payment of share issue costs		**(900,000)**	-
Net cash from financing activities		**16,733,992**	2,400,000
Net increase in cash and cash equivalents		**(348,348)**	(3,837,374)
Cash and cash equivalents at 1 July		**2,158,047**	5,995,421
Cash and cash equivalents at 30 June	*15*	**1,809,699**	2,158,047

The notes on pages 37 to 72 are an integral part of these consolidated financial statements.

1. Reporting entity

Covata Limited (the 'Company') is domiciled in Australia. The Company's registered office is at Suite 1, Level 6, 50 Queen Street, Melbourne, Victoria, Australia, 3000.

These consolidated financial statements as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). For the purposes of the consolidated financial statements, the Group is reflected as the continuation of Cocoon Data Holdings Limited, which was considered the accounting acquirer in the acquisition of Prime Minerals Limited.

The Group is a for-profit entity and primarily involved in the development and commercialisation of intellectual property predominantly in the field of data security technology.

2. Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

These financial statements were authorised for issue by the Company's Board of Directors on 30 September 2015.

3. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4. Use of judgements and estimates (continued)

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- acquisition of Prime Minerals Limited as detailed in note 8.
- modification and replacement of share based payments and convertible notes (note 25).

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2016 is included in the following notes:

- Note 6 (b) – going concern: ability of the company to generate positive cash flows in future reporting periods;
- Note 14 – non-recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 23 – Loans and borrowings;
- Note 24 – Capital and reserves;
- Note 26 – Financial instruments; and
- Note 25 – Share based payments.

5. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value
Share based payment transactions	Fair value at grant date, recognised over vesting period

6. Significant accounting policies

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit and loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

6. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Going concern

The financial statements of the Group have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

The Group is in the research, development and commercialisation stage of its data security technology. During the year ended 30 June 2015, the Group incurred a loss after tax of $27,462,676, and incurred net cash outflows from operating activities of $8,900,113 for the year. At 30 June 2015, the Group had cash, cash equivalents and term deposits, net of short term borrowings, of $8,509,699 and net assets of $7,971,329.

Management have prepared cash flow projections that support the Group's ability to continue as a going concern. These cash flows assume the Group continues to invest heavily in the research, development and commercialisation of its data security technology and that additional funding will be required in order to meet budgeted expenditures.

The achievement of these cash flow projections is dependent upon the Group being able to raise additional cash funding through the issue of debt and/or equity securities. Should the Group be unable to raise additional funding, there would need to be a significant reduction in expenditures in-line with available cash reserves. The directors of the Group consider that additional funding can be raised and the Group will be able to continue as a going concern.

In the event that the Group cannot continue as a going concern, it may not realise its assets and settle its liabilities in the normal course of operations and at the amounts stated in the financial statements.

(c) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at an exchange rate at the dates of the transactions.

6. Significant accounting policies (continued)

(c) Foreign currency (continued)

i. Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(d) Revenue

i. Sale of goods (software)

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, and the amount of revenue can be measured reliably. Revenue is measured net of any revenue sharing arrangements, trade discounts and volume rebates.

6. Significant accounting policies (continued)

(d) Revenue (continued)

ii. Subscriptions

Revenue from sale of subscription services is recognised on a straight-line basis over the period of subscription, from the date of contract until expiry, reflecting the period over which the services are supplied.

iii. Maintenance/support service revenue for licensed software

Unearned income is recognised upon receipt of payment for maintenance/support contracts. Revenue is brought to account over time as it is earned. However, to the extent that the Group has fulfilled all its obligations under the contract, the income is recognised as being earned at the time when all the Group's obligations under the contract have been fulfilled.

iv. Consulting revenue

Revenue from a contract to provide consulting services is recognised by reference to the percentage of completion of the contract. The percentage of completion of the contract is determined by reference to the proportion of work performed (costs incurred to date) to estimated total work performed (total contract costs). When the percentage of completion cannot be estimated reliably, contract revenue is recognised only to the extent of the contract costs incurred that are likely to be recovered. An expected loss on a contract is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income at inception.

v. Interest revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(e) Employee benefits

i. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

6. Significant accounting policies (continued)

(e) Employee benefits (continued)

iv. Other long-term employee benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Corporate bonds at the reporting date which have maturity dates approximating to the terms of the Group's obligations.

(f) Government grants

Grants that compensate the Group for expenses incurred, including the research and development tax concession, are recognised in profit or loss as income.

(g) Finance income and costs

The Group's finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest and transaction expenses on borrowings, including convertible notes. Borrowing costs that are not directly attributable to acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Movements in the fair value of financial liabilities classified as at fair value through profit or loss are also classified within finance costs.

(h) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

6. Significant accounting policies (continued)

(h) Income tax (continued)

ii. Deferred tax (continued)

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

iii. Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group effective for the current tax year from 1 July 2014. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Covata Limited effective 31 October 2014, prior to this date the head entity was Cocoon Data Holdings Pty Limited.

Current tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘stand-alone taxpayer’ approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

6. Significant accounting policies (continued)

(i) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

- Office equipment 3 – 5 years
- Computer equipment 1.5 – 3 years
- Communications equipment 1.5 – 4 years
- Software 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Intangible assets

i. Recognition and measurement

Intangible assets, including intellectual property, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

6. Significant accounting policies (continued)

(j) Intangible assets (continued)

iii. Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets with indefinite useful lives are systematically tested annually for impairment.

(k) Financial instruments

i. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Non-derivative financial assets – Measurement

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

iii. Non-derivative financial liabilities – Measurement

Non-derivative financial liabilities comprise loans and borrowings, debt securities issued and trade and other payables. Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

iv. Derivative financial instruments and hedge accounting

The Group holds from time to time derivative financial instruments to hedge its foreign currency risk exposures. These derivative instruments are not designated as a cash flow hedging instrument. They are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

6. Significant accounting policies (continued)

(l) Share capital

i. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

ii. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

(m) Impairment

i. Non-derivative financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor; restructuring of an amount due to the Group on terms that the Group would not consider otherwise; indications that a debtor or issuer will enter bankruptcy; adverse changes in the payment status of borrowers or issuers; the disappearance of an active market for a security; or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

The Group considers evidence of impairment for financial assets measured at amortised cost at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that actual losses are likely to be greater or lesser than suggested by historical trends.

6. Significant accounting policies (continued)

(m) Impairment (continued)

i. Non-derivative financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash-generating unit (CGU') is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Operating leases payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

7. Standards issued but not yet adopted

A number of new standards and amendments to standards are able to be adopted for annual periods beginning after 1 July 2014; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

7. Standards issued but not yet adopted (continued)

AASB 9 – Financial Instruments

AASB 9, issued in December 2014, replaces the existing guidance in AASB 139 – *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group does not plan to adopt this standard early and is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

AASB 15 – Revenue from Contracts with Customers

AASB 15, issued in December 2014, establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 – *Revenue*.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.

8. Acquisition of Prime Minerals Limited

On 31 October 2014, Covata Limited (formerly Prime Minerals Limited) acquired 100% of the ordinary share capital and voting rights of Cocoon Data Holdings Limited as detailed in the Bid Implementation Agreement between Prime Minerals Limited and Cocoon Data Holdings Limited dated 27 June 2014. Cocoon Data Holdings Limited was an unlisted public company involved in the development and commercialisation of intellectual property predominantly in the field of data security technology.

Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisitions in AASB 3 *Business Combinations* and with reference to AASB 2 *Share Based Payments*.

Prime Minerals Limited gained legal control of Cocoon Data Holdings Limited through the issue of Prime Minerals Limited ordinary shares to the shareholders of Cocoon Data Holdings Limited. The acquisition of Prime Minerals Limited by Cocoon Data Holdings Limited does not meet the definition of a business combination under AASB 3 Business Combinations as Prime Minerals Limited did not meet the business test at the time of acquisition.

However, from an accounting perspective, the acquirer is Cocoon Data Holdings Limited and the acquiree is Prime Minerals Limited because the shareholders of Cocoon Data Holdings Limited gained an 89% interest and therefore control of Prime Minerals Limited post acquisition. Additionally, the directors of Cocoon Data Holdings Limited were appointed directors of Prime Minerals Limited on 31 October 2014, and the existing directors of Prime Minerals Limited resigned on this date.

8. Acquisition of Prime Minerals Limited (continued)

The acquisition of the identifiable net assets of Prime Minerals Limited therefore is accounted for as a share-based payment transaction in accordance with AASB 2 *Share Based Payments*. The assets and liabilities of Cocoon Data Holdings Limited, as the acquirer, are measured at their pre-combination carrying amounts and the assets and liabilities of Prime Minerals Limited, as the acquiree, are measured at fair value on the date of acquisition. The difference between the fair value of the identifiable net assets of Prime Minerals Limited acquired and the fair value of the shares deemed to be issued by Cocoon Data Holdings Limited to the shareholders of Prime Minerals Limited, measured at the acquisition date, is recognised as an expense of the acquisition in the current year profit and loss.

The consideration in an acquisition accounted for under AASB 2 *Share Based Payments* is measured at the fair value of the deemed issue of shares by Cocoon Data Holdings Limited, equivalent to the current shareholders interest in Prime Minerals Limited post the acquisition. Any excess of the fair value of the shares over the acquired assets and liabilities is recognised as a listing expense in profit or loss. Other transaction costs related to the acquisition have also been recognised as an expense in profit or loss.

	$
Fair value of share-based payment, assessed in accordance with AASB 2	**6,748,899**
Fair value of Prime Minerals Limited assets and liabilities held at acquisition date:	
Cash and cash equivalents	**1,176,773**
Trade and other receivables	**108,790**
Other current assets	**34,345**
	1,319,908
Listing expense on reverse acquisition recognised on the date of acquisition	**5,428,991**

9. Segment Reporting

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors, being the chief operating decision makers, in assessing performance and determining the allocation of resources.

The Group only operates in one business segment, being the development and commercialisation of data security technology. As all assets and liabilities and the financial result relates to the one business segment, no detailed segment analysis has been performed. No seasonality in the business segment has been identified that would have a significant impact on the results of the Group.

The Group predominantly operates in Australia, although, it also has an office in the USA and has established a presence in the United Kingdom during the year. All segment revenue for the year to 30 June 2015 was earned within Australia. The USA holds non-current assets with a book value of $228,258 (2014: $17,398), all other non-current assets are held within Australia.

10. Earnings per share

In accordance with the principles of reverse acquisition accounting as detailed in Note 2(a), the weighted average number of ordinary shares for the year ended 30 June 2015 has been calculated as the weighted average number of ordinary shares of Cocoon Data Holdings Limited outstanding during the period until acquisition, retrospectively amended by the ratio of Cocoon Data Holdings Limited shares to Prime Minerals Limited shares established at acquisition, and the weighted average number of ordinary shares outstanding in the period since acquisition up until 30 June 2015.

	2015	2014
Earnings per share from continuing operations:		
Loss after income tax (basic)	**(27,462,676)**	(9,769,356)
Loss after income tax (diluted)	**(27,462,676)**	(9,769,356)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**327,287,027**	224,170,039
Basic earnings per share (cents per share)	**(8.4)**	(4.4)
Diluted earnings per share (cents per share)	**(8.4)**	(4.4)

The effects of potential ordinary shares such as warrants, convertible notes and share options are only included in diluted earnings shares where their inclusion would increase the loss per share or decrease the earnings per share. There were no potential ordinary shares considered dilutive during the year.

11. Auditors' remuneration

	2015 $	2014 $
Audit and review services		
Auditors of the Company – KPMG		
Audit and review of financial statements	132,280	42,000
Other Services		
Auditors of the Company – KPMG		
In relation to other assurance, taxation and due diligence services	80,701	87,100
	212,981	129,100

12. Employee benefit expense

	Note	2015 $	2014 $
Wages and salaries		**5,225,711**	5,125,421
Non-executive director fees		**123,827**	109,104
Termination benefits		**20,104**	293,973
Other employee related expenses		**576,273**	141,973
Payroll taxes		**228,870**	203,647
Contributions to defined contribution superannuation plans		**312,324**	491,228
Equity-settled share-based payments	*25*	**1,796,025**	1,300,659
		8,283,134	7,666,005

13. Finance Costs

	Note	2015 $	2014 $
Interest expense on short term borrowings		**17,071**	2,405
Net change in fair value on converting notes	***25***	**2,196,318**	2,212,251
Interest expense on converting notes	***25***	**334,486**	79,994
		2,547,875	2,294,650

14. Income tax expense

a. Current tax expense

	2015 $	2014 $
Current year	**-**	-
Tax expense on continuing operations	**-**	-

b. Reconciliation of effective tax rate

	2015 %	2015 $	2014 %	2014 $
Loss before tax		**(27,462,676)**		(9,769,356)
Tax using the domestic tax rate	**(30.0%)**	**(8,238,803)**	(30.0%)	(2,930,807)
Permanent differences	**21.2%**	**5,828,880**	30.6%	2,989,908
Effect of tax losses and temporary differences not taken to account	**(0.6%)**	**(157,128)**	(1.4%)	(136,227)
Temporary differences through equity	**-**	**-**	(0.0%)	(3,600)
Current year losses not recognised	**9.4%**	**2,567,051**	0.8%	80,726
Income tax expense	**-**	**-**	-	-

14. Income tax expense (continued)

	2015 $	2014 $
c. Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences	**1,581,258**	1,456,583
Tax losses	**3,599,157**	1,032,106
	5,180,415	2,488,689

Deferred tax assets have not been recognised in respect of tax losses and temporary differences. Deferred tax assets will be recognised when it becomes probable that future taxable profits will be earned by the Group against which the Group can utilise the benefits therefrom.

Tax losses include $4,163,773 of Cocoon Data Holdings Limited losses for the substitute tax period. These losses will only be available to the Group if the same business test is passed. Further, if the losses are available, the losses will be subject to restricted set-off by an available fraction.

15. Cash and cash equivalents

	2015 $	2014 $
Cash at bank	**1,809,699**	2,158,047

16. Financial assets

Term deposits	**9,000,000**	-

Term deposits have a remaining maturity of less than 6 months at 30 June 2015. Term deposits of $7,000,000 have been pledged as security over the short term borrowings disclosed in Note 23.

17. Trade and other receivables

Research & development tax concession receivable	**1,649,951**	2,342,935
Trade receivables	**2,760**	37,688
Other receivables	**233,023**	144,721
GST receivables	**46,336**	54,055
	1,932,070	2,579,399

The Group’s exposure to credit and market risk and impairment losses to trade and other receivables are disclosed in note 26.

18. Other assets

	2015 $	2014 $
Current		
Term deposits	**110,000**	10,000
Rental bonds	**88,000**	96,617
	198,000	106,617
Non-current		
Rental bonds	**206,379**	53,548
Domain names	**15,209**	15,209
	221,588	68,757

19. Property, plant and equipment

	Plant and equipment	Leasehold Improvement	Software	Total
Cost				
Balance at 1 July 2013	769,756	411,263	11,983	1,193,002
Additions	3,677	-	-	3,677
Disposals	(213,376)	-	-	(213,376)
Balance at 30 June 2014	560,057	411,263	11,983	983,303
Balance at 1 July 2014	**560,057**	**411,263**	**11,983**	**983,303**
Additions	**108,059**	**30,012**	**-**	**138,071**
Disposals	**(23,629)**	**-**	**-**	**(23,629)**
Effect of movements in exchange rates	**6,382**	**229**	**2,321**	**8,932**
Balance at 30 June 2015	**650,869**	**441,504**	**14,304**	**1,106,677**
Accumulated depreciation				
Balance at 1 July 2013	460,889	210,245	2,455	673,589
Depreciation	154,881	161,103	3,819	319,803
Disposals	(188,057)	-	-	(188,057)
Balance at 30 June 2014	427,713	371,348	6,274	805,335
Balance at 1 July 2014	**427,713**	**371,348**	**6,274**	**805,335**
Depreciation	**71,111**	**44,467**	**4,375**	**119,953**
Disposals	**(19,915)**	**-**	**-**	**(19,915)**
Effect of movements in exchange rates	**5,443**	**614**	**1,613**	**7,670**
Balance at 30 June 2015	**484,352**	**416,429**	**12,262**	**913,043**
Carrying amounts				
At 1 July 2013	**308,867**	**201,018**	**9,528**	**519,413**
At 30 June 2014	**132,344**	**39,915**	**5,709**	**177,968**
At 30 June 2015	**166,517**	**25,075**	**2,042**	**193,634**

20. Trade and other payables

	2015 $	2014 $
Trade payables	**368,905**	333,136
Amounts owing to related parties	**36,585**	6,667
Other payables and accrued expenses	**539,889**	303,416
	945,379	643,219

Information about the Group's exposure to currency and liquidity risk in included in Note 26.

21. Deferred income

Licence income received in advance	**2,108,497**	2,375,161
Current	**266,667**	266,667
Non-current	**1,841,830**	2,108,494
	2,108,497	2,375,161

During 2013, the Group entered into a strategic relationship with TPG Telecom Limited (TPG). In exchange for a $10,000,000 cash investment, TPG was provided with a 10 year exclusive licence (Australia and New Zealand, excluding government and defence markets) to sell, market and distribute certain advanced technology products. When considering the accounting substance of the transaction and with specific reference to *AASB 132 Financial Instruments: Presentation, AASB 139 Financial Instruments: Recognition and Measurement* and *AASB 118 Revenue*, $2,666,667 of the TPG investment was recognised as licence income received in advance, to be recognised proportionately over the 10 year life of the licence.

22. Employee benefits

Provision for annual leave	**78,327**	133,034

There are no long-service leave benefits that require a provision at 30 June 2015 (2014: Nil).

23. Loans and borrowings

Short term borrowings	**2,300,000**	-
Converting notes	**-**	10,878,062
	2,300,000	10,878,062

The Covata Group has entered into a short term finance facility of $7,000,000 which is secured over a term deposit of $7,000,000 and where both mature in December 2015. The short term borrowings of $2,300,000 is the drawn down amount of the finance facility.

For more information about the Group's exposure to interest rates and liquidity risk, see Note 26.

23. Loans and borrowings (continued)

The terms and conditions of outstanding short term borrowings at 30 June 2015 were as follows:

	Maturity date	Interest rate	Principal value	Carrying value 30 June 2015
Secured bank loan	4 Dec 2015	4.51%	300,000	300,000
Secured bank loan	4 Dec 2015	4.55%	2,000,000	2,000,000
			2,300,000	**2,300,000**

The terms and conditions of outstanding converting notes on issue at 30 June 2014 were as follows:

Issue year	Maturity year *	Base conversion price	Interest rate	Principal value	Carrying value 30 June 2014
2013		$0.15	9%	800,000	883,742
2012	2015	$0.16	Nil	4,000,000	5,457,850
2012	2015	$0.10	Nil	3,150,000	4,536,470
				7,950,000	**10,878,062**

* Maturity date is the date which is ten business days after the Company has issued sufficient ordinary shares in the Company to enable the converting note holder to convert without breaching the Takeover Provisions contained in Part 6.1 of the Corporations Act 2001.

The converting notes issued during 2013 convert at a fixed conversion price of $0.15 resulting in a fixed number of shares to be issued on conversion. The notes also contain a redemption clause that states that if before the maturity date any option or warrant issued by the Company expires or is cancelled, and such expiry/cancellation would result in a potential takeover breach if the note holder were to convert all of its notes, then the noteholder may request the Company to redeem the minimum number of notes that would ensure the noteholder would not be in breach of this clause. In the absence of this clause the converting notes would ordinarily be treated as equity instruments. The Company has hence recognised a redemption liability equivalent to the notional value of the converting notes that would need to be redeemed if all current outstanding options and warrants were to expire/cancel and the noteholder was to make such a request. The redemption clause also includes a requirement to pay interest on the liability component at the Corporate Reference Rate of the Commonwealth Bank of Australia. Interest of Nil has been accrued at 30 June 2015 (2014: $83,742).

	2014
Proceeds from issue of converting notes	3,666,667
Net proceeds	3,666,667
Amount classified as equity	(2,866,667)
Accreted interest	83,742
Carrying amount of liability at 30 June 2014	883,742

The fair value of the converting notes issued during the 2012 financial year is reconciled as follows:

Fair value at 1 July 2013	7,782,069
Movement in fair value to 30 June 2014	2,212,251
Fair value at 30 June 2014	9,994,320

During the 2015 financial year, converting notes with a carrying value of $10,878,062 and classified as current loans and borrowings at 30 June 2014 converted into ordinary shares of the Company.

24. Capital and Reserves

	Note	*Ordinary Shares 2015* Number	$
Fully paid ordinary shares			
On issue at the start of year		224,170,039	14,836,983
Conversion of convertible notes	(a)	116,777,777	19,005,533
Conversion of warrants	(a)	26,000,000	5,377,157
Conversion of restricted employee shares to ordinary shares	(b)	14,930,000	971,934
Cocoon Data Holdings Limited ordinary shares		381,877,816	40,191,607
Cocoon Data Holdings Limited ordinary shares surrendered	(c)	(381,877,816)	
Covata Limited shares issued to the shareholders of Cocoon Data Holdings Limited	(c)	250,015,292	6,748,899
Covata Limited shares held by the shareholders of Prime Minerals Limited	(c)	33,744,495	-
Shares issued under the Covata Limited prospectus	(e)	75,000,000	15,000,000
Less: issue costs paid in cash		-	(900,000)
Covata Limited shares issued on conversion of Cocoon Data Holdings Limited convertible notes	(d)	13,650,000	-
Issued for non-cash – advisor fees	(f)	10,000,000	2,000,000
Performance shares converted to ordinary shares	(h)	36,392,879	-
Share options exercised – cashless exercise	(k)	1,164,278	157,562
Share options exercised – cash settled	(k)	907,457	256,175
Shares issued under the employee share loan plan	(i)	1,436,925	107,783
Issued for non-cash – advisor fees	(g)	2,373,129	1,459,474
Issued for non-cash – employee incentive	(j)	38,834	20,000
Total Covata Limited ordinary shares on issue at the end of the year		424,723,289	65,041,500

	Ordinary Shares 2014 Number	$
Fully paid ordinary shares		
On issue at the start of year	224,170,039	14,836,983
Total Covata Limited ordinary shares on issue at the end of the year	224,170,039	14,836,983

24. Capital and reserves (continued)

Issue of ordinary shares

All issued ordinary shares are fully paid. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the year to 30 June 2015, the Group completed the following transactions as part of the recapitalisation completed prior to the acquisition of Prime Minerals Limited:

(a) Cocoon Data Holdings Limited entered into a Plan of Recapitalisation with existing convertible note and warrant holders. This resulted in 116,777,777 ordinary shares being issued as a result of the convertible note conversions and 26,000,000 ordinary shares being issued as a result of the exercise of the warrants.
(b) Cocoon Data Holdings Limited declared the acquisition a liquidity event under the terms of the employee share plan in order to convert 14,930,000 restricted A class shares in Cocoon Data Holdings Limited into 9,774,671 restricted ordinary shares in Covata Limited.
(c) Prime Minerals Limited then issued 250,015,292 shares in itself to the Cocoon Data Holdings Limited shareholders in exchange for their 381,877,816 ordinary shares in Cocoon Data Holdings Limited. This share issue was in addition to the 33,744,495 ordinary shares held by the existing shareholders in Prime Minerals Limited.
(d) Covata Limited (formerly Prime Minerals Limited) issued 13,650,000 ordinary shares to convertible note holders of Cocoon Data Holdings Limited.
(e) Covata Limited issued 75,000,000 ordinary shares in the Company at 20 cents each under the Prospectus dated 23 September 2014.
(f) Covata Limited issued 10,000,000 ordinary shares in the Company to the advisors in respect to the acquisition of Prime Minerals Limited and as detailed in the Prospectus dated 23 September 2014.

Subsequent to the acquisition of Prime Minerals Limited, the following transactions took place in respect of the issued ordinary shares:

(g) Covata Limited entered into an agreement with Asia Principal Capital Group in which Covata Limited agreed to issue to Asia Principal Capital Group 2,373,129 ordinary shares when a 'Revenue Producing Agreement' is entered into. These shares were issued after the agreement with Cisco Systems Inc. was entered into on 26 March 2015.
(h) 36,392,879 performance shares were converted to ordinary shares under the terms of the Bid Implementation Agreement dated 27 June 2014 as Covata Limited entered into a 'Revenue Producing Agreement' with Cisco Systems Inc.
(i) Covata Limited issued a further 1,436,925 ordinary shares to employees under the Company's Employee Share Loan Plan.
(j) 38,834 ordinary shares were issued to an employee for no consideration as part of their incentive plan. These shares were assessed with a fair value at the time of issue of $20,000.
(k) Additionally, 1,164,278 ordinary shares were issued as a result of the cashless exercise of vested options with an average exercise price of USD 14.67 cents and 907,457 ordinary shares were issued and cash settled at an average exercise price of USD 14.67 cents.

Of the 424,723,289 Covata Limited ordinary shares on issue as at 30 June 2015, 11,819,872 were restricted ordinary shares issued under an employee share plan as described in note 25.

24. Capital and reserves (continued)

Nature and purpose of reserves

Share options / warrants reserve
The share options reserve and warrants reserve are used to recognise the grant date fair value of share options and warrants issued, but not exercised.

Equity conversion reserve
The equity conversion reserve is used to recognise the amount allocated to the equity component of convertible notes issued but not exercised.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividends

There were no dividends declared or paid during the year (2014: Nil).

25. Share based payments

The Group modified its existing share based payment plans detailed below during the year as result of the acquisition of Prime Minerals Limited with the issuing of Covata Limited shares and options in exchange for shares issued under prior arrangements. None of the modifications identified resulted in the fair value of the modified share based payment plans exceeding the fair value of the original share based payment plans at the modification date, and thus no additional expense was recorded in relation to the modifications. The existing warrants on issue at 30 June 2014 were converted to ordinary shares.

At 30 June 2015 the Group has the following share-based payment arrangements:

Share option programme

The Group has a share option programme that entitles non-Australian based directors, employees and contractors to purchase shares in the Company. A total of 20,161,417 share options were issued under this programme in the year to 30 June 2015 (2014: 3,500,000). In accordance with this programme, holders of vested options are entitled to purchase shares at a price per share as detailed below.

The terms of options issued to US based participants is the shorter of 5 years from the option grant date or three months from the termination of service (one year if termination is caused by death). Where the exercise price is quoted in USD, the fair value of the share options was based on an exercise price translated at the exchange rate as at each grant date.

25. Share based payments (continued)

Share options granted during the year

Grant date	No. of options	Exercise price $AUD	Fair value at grant date $AUD	Vesting Conditions
1/8/2014	**5,000,000**	0.20	0.11	10% on grant, 15% on the 1 year anniversary of grant date, remainder to vest over a period of 12 calendar quarters on the last day of each quarter commencing March 31, 2015.
1/8/2014	**10,000,000**	0.20	0.11	20% on grant, 30% on the 1 year anniversary of grant date, remainder to vest over a year of 4 calendar quarters on the last day of each quarter commencing September 30, 2015.
23/12/2014	**1,237,500**	0.20	0.09	20% on grant, 30% on September 1, 2015, remainder to vest over a year of 4 calendar quarters on the last day of each quarter commencing December 31, 2015.
23/12/2014	**500,000**	0.20	0.09	20% on grant, 30% on November 10, 2015, remainder to vest over a year of 4 calendar quarters on the last day of each quarter commencing March 31, 2016.
10/3/2015	**1,000,000**	0.285	0.11	25% on the 1 year anniversary of the grant date, remainder to vest over a year of 4 calendar quarters on the last day of each quarter commencing March 31, 2016.
12/3/2015	**1,500,000**	0.33	0.12	25% on the 1 year anniversary of the grant date, remainder to vest over a year of 4 calendar quarters on the last day of each quarter commencing June 30, 2016.
12/3/2015	**323,917**	0.33	0.12	Fully Vested
11/5/2015	**500,000**	0.53	0.20	35% on December 31, 2015, 15% on June 30, 2016, remainder to vest equally over 5 calendar quarters on the last day of each quarter commencing September 30, 2016.
13/5/2015	**100,000**	0.47	0.17	25% on February 16, 2016, remainder to vest equally over 12 calendar quarters on the last day of each quarter commencing March 31, 2016.
	20,161,417			

Share options granted during the prior year

Grant date	No. of options	Exercise price $USD	Fair value at grant date $AUD	Vesting Conditions
31/7/2013	**750,000**	0.11	0.07	25% on the 1 year anniversary of grant date, remainder to vest over a period of 12 calendar quarters on the last day of each quarter commencing September 30, 2013.
12/8/2013	**1,500,000**	0.11	0.07	25% on the 1 year anniversary of grant date, remainder to vest over a period of 12 calendar quarters on the last day of each quarter commencing September 30, 2013.
18/12/2013	**1,250,000**	0.11	0.07	25% on the 1 year anniversary of grant date, remainder to vest over a period of 12 calendar quarters on the last day of each quarter commencing December 31, 2013.
	3,500,000			

25. Share based payments (continued)

Employee loan share plan

During the 12 months to 30 June 2014 a total of 14,930,000 Cocoon Data Holdings Limited ordinary shares were issued under a newly established Employee Loan Share Plan ("ELSP"), fully vested. For accounting purposes shares allocated to employees pursuant to the ELSP are treated and valued as options, and the fair value of the options granted under the ELSP is estimated as at the grant date using a Black-Scholes model taking into account the terms and conditions upon which they were granted.

As a part of the acquisition of Prime Minerals Limited, these ELSP Cocoon Data Holdings Limited ordinary shares were converted to 9,774,671 Covata Limited ordinary shares and 1,422,827 Covata Limited performance shares during the year to 30 June 2015, however, they continue to be accounted for as a share-based payments arrangement. The Performance shares were subsequently converted to ordinary shares on satisfaction of the performance conditions for these shares.

Subsequent to the capital restructuring resulting from the acquisition of Prime Minerals Limited above, a further 1,436,925 Covata Limited ordinary shares were issued under the ELSP to employees during the year to 30 June 2015.

Employee loan share plan shares granted during the year

Grant date	No. of ELSP	Exercise price $AUD	Fair value at grant date $AUD	Vesting Conditions
11/3/2015	**1,300,000**	0.265	0.14	25% on grant and then remainder to vest equally over 12 calendar quarters on the last day of each quarter commencing June 30, 2015.
12/3/2015	**136,925**	0.33	0.12	Fully vested.
	1,436,925			

Employee loan share plan shares granted during the prior year

Grant date	No. of ESLP	Exercise price $USD	Fair value at grant date $AUD	Vesting Conditions
2/12/2013	**5,350,000**	0.11	0.07	25% on grant and then remainder to vest equally over 12 calendar quarters on the last day of each quarter commencing March 31, 2014.
2/12/2013	**9,580,000**	0.11	0.07	Fully vested.
	14,930,000			

Measurement of fair values

The fair value of all share-based payment plans was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility on grant date.

Equity-settled share-based payment plans

The inputs used in the measurement of the fair values at grant date of the equity-settled share based payment plans were as follows:

25. Share based payments (continued)

Equity-settled share-based payment plans (continued)

	Share options	Share options	Share options	Share options	Share options	Share options
Grant Date	1/8/2014	23/12/2014	10/3/2015	12/3/2015	11/5/2015	13/5/2015
Fair value at grant date	$0.11	$0.09	$0.11	$0.12	$0.20	$0.17
Share price at grant date	$0.20	$0.20	$0.285	$0.33	$0.53	$0.47
Exercise price	$0.20	$0.20	$0.285	$0.33	$0.53	$0.47
Expected volatility (weighted average)	48%	48%	38.4%	38.4%	38.4%	38.4%
Expected life (weighted average)	5 years	5 years	5 years	5 years	5 years	5 years
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate (based on government bonds)	3.52%	3.01%	2.68%	2.51%	2.27%	2.30%

	ELSP	ELSP
Grant Date	11/3/2015	12/3/2015
Fair value at grant date	$0.14	$0.12
Share price at grant date	$0.265	$0.33
Exercise price	$0.265	$0.33
Expected volatility (weighted average)	38.4%	38.4%
Expected life (weighted average)	5 years	5 years
Expected dividends	Nil	Nil
Risk-free interest rate (based on government bonds)	2.05%	2.12%

Employee expenses recognised in profit or loss	**Share option reserve 2015**	**Share capital 2015**	**Total employee expense 2015**	Total employee expense 2014
Share options granted – 2015	**1,442,095**	**-**	**1,442,095**	-
Share options granted – 2014	**49,211**	**-**	**49,211**	-
Share options granted – 2013	**145,390**	**-**	**145,390**	109,428
Share options granted – 2012	**-**	**-**	**-**	370,273
Employee share plan granted – 2015	**-**	**107,783**	**107,783**	820,958
Employee share plan granted – granted 2013, modified 2015	**-**	**31,546**		-
Ordinary shares granted – 2015	**-**	**20,000**		-
Total expense recognised as employee benefits expense	**1,636,696**	**159,329**	**1,796,025**	1,300,659

During the year 3,106,543 options lapsed with a total fair value of $236,440 and 2,607,457 options were exercised with a total fair value of $241,608, thereby reducing the net amount recognised in the share options reserve for the year ended 30 June 2015 to $1,158,648.

25. Share based payments (continued)

Equity-settled share-based payment plans (continued)

During the year, the Group issued 38,240,979 warrants to Sumatics International FZC with a fair value determined at grant date of $4,607,250. The fair value was determined utilising a Black Scholes model with the following inputs:

	Warrants
Grant Date	20/3/2015
Fair value at grant date	$0.12
Share price at grant date	$0.40
Exercise price	$0.274
Expected volatility (weighted average)	38.4%
Expected life (weighted average)	2.5 years
Probability of Non-vesting condition being met	75%
Dilution discount	2.86%
Expected dividends	Nil
Risk-free interest rate (based on government bonds)	2.52%

Reconciliation of outstanding share options and warrants

The number and weighted average exercise prices of share options and warrants are as follows:

	Number of share options Jun 2015	**Weighted average exercise price Jun 2015**	**Number of warrants Jun 2015**	**Weighted average exercise price Jun 2015**
Outstanding at 1 July	**43,755,000**	**$0.12**	**83,923,583**	**$0.11**
Forfeited during the year	**(3,106,543)**	**$0.16**	**-**	**-**
Converted during the year	**-**	**-**	**(26,000,000)**	**$0.11**
Exercised during the year	**(2,607,457)**	**$0.18**	**-**	**-**
Expired during the year	**-**	**-**	**-**	**-**
Amended during the year	**(23,007,832)**	**$0.11**	**(57,923,583)**	**$0.11**
Granted during the year	**20,161,417**	**$0.28**	**38,240,979**	**$0.274**
Outstanding at 30 June	**35,194,585**	**$0.20**	**38,240,979**	**$0.274**
Exercisable at 30 June	**18,425,714**	**$0.17**	**-**	**-**

	Number of share options Jun 2014	**Weighted average exercise price Jun 2014**	**Number of warrants Jun 2014**	**Weighted average exercise price Jun 2014**
Outstanding at 1 July	55,885,000	$0.14	83,923,583	$0.11
Forfeited during the year	(30,560,000)	$0.15	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Granted during the year	18,430,000	$0.11	-	-
Outstanding at 30 June	43,755,000	$0.12	83,923,583	$0.11
Exercisable at 30 June	23,895,521	$0.18	83,923,583	$0.11

The options outstanding at 30 June 2015 have a weighted average exercise price of $0.20 and a weighted average contractual life of 3.2 years.

The 83,923,583 warrants on issue as at 30 June 2014 were converted during to the year to 26,000,000 shares as part of the acquisition of Prime Minerals Limited and in accordance with the Plan of Recapitalisation.

26. Financial instruments – Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value, including trade and other receivables, cash and cash equivalents, term deposits and trade and other payables.

30 June 2015	**Carrying amount**			
	Designated at fair value	**Loans and receivables**	**Other financial liabilities**	**Total**
Financial assets not measured at fair value				
Cash and cash equivalents	**-**	**1,809,699**	**-**	**1,809,699**
Term deposits	**-**	**9,000,000**	**-**	**9,000,000**
Trade and other receivables	**-**	**1,932,070**	**-**	**1,932,070**
Term deposits and rental bonds	**-**	**404,379**	**-**	**404,379**
	-	**13,146,148**	**-**	**13,146,148**
Financial liabilities measured at fair value				
Loans and borrowings	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**
Financial liabilities not measured at fair value				
Loans and Borrowings	**-**	**-**	**(2,300,000)**	**(2,300,000)**
Trade and other payables	**-**	**-**	**(945,379)**	**(945,379)**
	-	**-**	**(3,245,379)**	**(3,245,379)**

30 June 2014	**Carrying amount**			
	Designated at fair value	**Loans and receivables**	**Other financial liabilities**	**Total**
Financial assets not measured at fair value				
Cash and cash equivalents	-	2,158,047	-	2,158,047
Term deposits	-	-	-	-
Trade and other receivables	-	2,579,399	-	2,579,399
Term deposits and rental bonds	-	160,165	-	160,165
	-	4,897,611	-	4,897,611
Financial liabilities measured at fair value				
Loans and borrowings	(10,878,062)	-	-	(10,878,062)
	(10,878,062)	-	-	(10,878,062)
Financial liabilities not measured at fair value				
Trade and other payables	-	-	(643,219)	(643,219)
	-	-	(643,219)	(643,219)

For the year ended 30 June 2015

26. Financial instruments – Fair values and risk management (continued)

A. Accounting classifications and fair values (continued)

30 June 2015	Fair value			
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Loans and borrowings	-	-	-	-
	-	-	-	-
30 June 2014				
Financial liabilities measured at fair value				
Loans and borrowings	-	-	(10,878,062)	(10,878,062)
	-	-	(10,878,062)	(10,878,062)

The loans and borrowings which are classified as financial liabilities measured at fair value through the profit and loss above are convertible notes issued by the Group. The terms of the conversion of the notes were modified during the year as part of the acquisition of Prime Minerals Limited and in accordance with the Plan of Recapitalisation and resulted in costs arising from recapitalisation of $2,196,318, being the fair value movement of shares issued in Cocoon Data Holdings Limited as a result of the conversion of the convertible notes prior to the acquisition of Prime Minerals Limited.

B. Measurement of fair values

(i) Fair value hierarchy

The fair values of financial assets and liabilities approximate their carrying amounts.

The converting notes classified at fair value through profit or loss were designated as Level 3 financial instruments prior to their conversion. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(ii) Valuation techniques and significant unobservable inputs

The fair value of converting notes, classified as a financial liability and measured at fair value through profit or loss is calculated using a Black Scholes Option Pricing model. Key inputs and assumptions used in the model at 30 June 2014 are as follows:

30 June 2014	Issued on 28 Feb 2013	Issued on 22 May 2013
Principal	$3,150,000	$4,000,000
Maturity date	28 Feb 2015	31 July 2014
Share price	$0.15	$0.15
Expected volatility	48%	48%
Dividend yield	Nil	Nil
Base conversion price	$0.10	$0.16
Risk-free interest rate	2.40%	2.34%

26. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values (continued)

(iii) Level 3 fair values

The following table shows a reconciliation for Level 3 fair values.

	Loans and borrowings
Balance at 1 July 2013	7,782,069
Loss included in 'finance costs'	
- Net change in fair value (unrealised)	2,212,251
Accreted interest	83,742
Convertible notes issued and classified as financial liabilities	800,000
Balance at 30 June 2014	**10,878,062**
Loss included in 'finance costs'	
- Net change in fair value (unrealised)	**2,196,318**
Finance costs	**334,486**
Conversion to ordinary shares	**(13,408,866)**
Balance at 30 June 2015	**-**

(iv) Sensitivity Analysis

For the Level 3 fair values for Loans and borrowings, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

30 June 2014	***Profit or loss***	
	Increase	**Decrease**
Volatility (+/- 10%)	132,150	(112,857)

C. Financial risk management

The Group has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

(i) Risk management framework

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

26. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

(i) Risk management framework (continued)

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group's trade and other receivables relate to the provision of technology and related services and the counterparties are the Australian Federal Government, Australian Financial Institutions and large ASX listed corporates. The Group does not require collateral in respect of trade and other receivables.

As at 30 June 2015 and as at 30 June 2014 all trade and other receivables of the Group were current due, there were no past due balances. There have been no impairment losses recognised during the year (2014: nil).

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
Exposure to credit risk	**30 June 2015**	**30 June 2014**
Cash and cash equivalents	**1,809,699**	2,158,047
Term Deposits	**9,000,000**	-
Research & development tax concession receivable	**1,649,951**	2,342,935
Trade receivables	**2,760**	37,688
Other receivables	**279,359**	198,776
Other assets	**404,379**	160,165
	13,146,148	4,897,611

26. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation (refer note 6(b)).

Ultimate responsibility for liquidity management rests with the directors. The Group ensures that, where possible, it has sufficient cash on demand to meet expected net cash outflows, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of any netting agreements.

30 June 2015		Contractual cash flows		
	Carrying amount	**Total**	**6 months or less**	**More than 6 months**
Non-derivative financial liabilities				
Trade and other payables	**945,379**	**(945,379)**	**(945,379)**	**-**
Loans and borrowings	**2,300,000**	**(2,351,971)**	**(2,351,971)**	**-**
	3,245,379	**(3,297,350)**	**(3,297,350)**	**-**

30 June 2014		Contractual cash flows		
	Carrying amount	**Total**	**6 months or less**	**More than 6 months**
Non-derivative financial liabilities				
Trade and other payables	643,219	(643,219)	(643,219)	-
Loans and borrowings	10,878,062	(7,942,199)	(4,892,199)	(3,150,000)
	11,521,281	(8,585,418)	(5,535,418)	(3,150,000)

The gross outflows disclosed in the above table for loans and borrowings in 2014 represent the contractual undiscounted cash flows relating to convertible notes that had been classified as a financial liability. They were equity-settled on their maturity date.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts, apart from potential equity conversions outlined above.

26. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

(iv) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group has used derivatives during the year to manage market risks.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The currencies in which transactions are denominated are primarily US dollars and Australian dollars, whilst cash and cash equivalents and term deposits are predominantly denominated in Australian dollars.

The Group has entered into foreign exchange option contracts during the year in order to manage the currency risk associated with US dollar payments for the US office being funded by cash and cash equivalents and term deposits held by the Group which are denominated in Australian dollars. As at reporting date, there are no outstanding foreign exchange option contracts.

Interest rate risk

The Group adopts a policy to minimise exposure to interest rate risk by depositing excess funds in interest bearing accounts that are variable rate.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments is detailed below.

Variable interest rate instruments	**30 June 2015 $**	30 June 2014 $
Cash and cash equivalents	**1,809,699**	2,158,047
Term deposits	**9,000,000**	-
Term deposits and rental bonds	**404,379**	150,165
	11,214,078	2,308,212
Loans and borrowings	**(2,300,000)**	(800,000)
	(2,300,000)	(800,000)

27. Operating Leases

At 30 June, the future minimum lease payments under non-cancellable leases are payable as follows:

	2015 $	2014 $
Less than one year	**566,037**	211,266
Between one and five years	**488,781**	26,498
	1,054,818	237,764

During the financial year ended 30 June 2015, $473,215 was recognised as an expense in profit or loss in respect of operating leases (2014: $442,607).

28. Reconciliation of cash flows from operating activities

	2015 $	2014 $
Loss for the year	**(27,462,676)**	(9,769,356)
Adjustments for:		
Depreciation	**119,953**	319,803
Share-based payments	**9,871,205**	1,300,659
Net finance costs	**326,029**	2,294,650
Provision for doubtful debts	**-**	(5,140)
Gain on disposal of property, plant and equipment	**(2,404)**	-
Exchange differences on translation of foreign operations	**(39,380)**	-
Costs arising from recapitalisation	**2,196,318**	-
Listing expense on acquisition of Prime Minerals Limited	**5,428,991**	-
	(9,561,964)	(5,859,384)
Changes in:		
- trade and other receivables	**695,259**	233,409
- prepayments	**(14,196)**	5,329
- trade and other payables	**302,160**	(294,230)
- deferred income	**(266,664)**	(277,497)
- provisions and employee benefits	**(54,708)**	(54,540)
Net cash used in operating activities	**(8,900,113)**	(6,246,913)

29. Related parties

a) Consolidated entities

	Country of Incorporation	Ownership interest 2015	2014
Parent entity			
Covata Limited (formerly Prime Minerals Limited	Australia		
Subsidiaries			
Cocoon Data Holdings Limited	Australia	**100%**	-
Cocoon Data Pty Limited	Australia	**100%**	100%
Covata Australia Pty Limited	Australia	**100%**	100%
Covata USA, Inc.	United States	**100%**	100%
Fineloop Holdings Pty Limited	Australia	**100%**	-

b) Transactions with key management personnel

i) Advances to directors

Unsecured advances to directors during the year to 30 June 2015 were $25,924. These advances were provided to assist with relocation from Australia to the USA and were in addition to any relocation allowance that was provided. No interest was payable and the entire balance of $25,924 had been repaid at the date of this report.

ii) Other transactions with directors and key management personnel

At 30 June 2015, Trent Telford was the controlling director of Telford OpCo Pty Ltd, which during the year to 30 June 2015 provided consulting services to the Group of $Nil (2014 $87,667).

Additionally, key management personnel sold 317,438 ordinary shares held under the Employee Share Loan Plan and as at 30 June 2015 an amount is receivable under the Employee Share Loan Plan of $46,568. This amount was repaid in full on 7 July 2015.

The Group used the legal services of a legal firm of which a director is a partner. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms. The total amount billed and expensed in 2015 was $396,112 (2014: $85,872).

iii) Key management personnel compensation

Key management personnel compensation comprised the following.

	2015 $	2014 $
Short-term employee benefits	**1,641,116**	828,636
Post-employment benefits	**55,212**	31,734
Share-based payments	**1,788,348**	322,448
	3,484,676	1,182,818

30. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

31. Parent entity disclosures

As at the financial year ended 30 June 2015, the parent entity of the Group was Covata Limited (formerly Prime Minerals Limited).

	2015 $	2014 $
Results of the parent entity		
Loss for the period	**(4,695,876)**	(764,473)
Total Comprehensive loss	**(4,695,876)**	(764,473)
Financial position of parent entity at year end		
Current assets	**14,058,373**	2,489,518
Non-current assets	**-**	12,516
Total assets	**14,058,373**	2,502,034
Current liabilities	**42,171**	204,292
Total liabilities	**42,171**	204,292
Net assets	**14,016,202**	2,297,742
Total equity of the parent entity comprising of:		
Share capital	**14,100,000**	5,954,956
Reserves	**4,607,250**	-
Accumulated losses	**(4,691,048)**	(3,657,214)
Total Equity	**14,016,202**	2,297,742

Parent entity contingencies

The parent entity did not have any capital commitments or contingent liabilities at 30 June 2015 (2014: Nil).

Covata Limited and its controlled entities
Director's declaration

1. In the opinion of the directors of Covata Limited ("the Company"):

    a) the consolidated financial statements and notes that are set out on pages 33 to 72 and the remuneration report set out on pages 13 to 24 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:

        (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance, for the year ended on that date; and

        (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

    b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Reston, VA, USA this 30th day of September 2015.

Signed in accordance with a resolution of the directors:

Charles W Archer

Charles Archer
Chairman

Independent auditor's report to the members of Covata Limited

Report on the financial report

We have audited the accompanying financial report of Covata Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Independent auditor's report to the members of Covata Limited

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 6(b) "Going Concern" in the financial report. The conditions disclosed in Note 6(b), including the Group's need to raise additional funding and/or reduce expenditure in-line with available cash reserves, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in pages 13 to 24 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Covata Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Adam Twemlow
Partner

Bundall

30 September 2015

Covata Limited and its controlled entities
Additional Information

Shareholding Information as at 11 September 2015

a. Distribution of Shareholders

Category (size of holding)	Number of holders of ordinary shares	Number of holders of share options	Number of holders of warrants
1 to 1,000	243	-	-
1,001 to 5,000	579	-	-
5,001 to 10,000	397	-	-
10,001 to 100,000	1,079	1	-
100,001 and over	419	18	1
Total	2,717	19	1

b. Marketable Parcels

There were 353 shareholders holding less than a marketable parcel of 1,694 shares as at 11 September 2015.

c. The names of the substantial shareholders listed in the company's register are:

Shareholder	Number of ordinary shares [1]
TPG Telecom Limited	62,999,998
Gaffwick Pty Limited ATF The Duncan Family Trust	32,476,567
Illwella Pty Limited	32,476,567
Raven Capital Nominees Pty Limited ATF Raven Technology Fund 1 A/C	24,000,000

[1] The number of ordinary shares include ordinary shares where the substantial shareholder's associates have a relevant interest, as disclosed in their substantial shareholding notice.

d. Voting rights

As at 11 September 2015 the company has 426,997,808 ordinary shares on issue, 32,920,066 share options over the ordinary share capital of the company outstanding, and 38,240,979 warrants over the ordinary shares of the company outstanding.

Only the shareholders of ordinary shares are entitled to vote and each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Of the 426,997,808 ordinary shares on issue, 19,499,990 are subject to escrow for a 12 month period ending 10 November 2015, 10,203,138 are subject to escrow for a 24 month period ending on 10 November 2016, and 11,819,872 are restricted under the terms of the employee loan share plan.

Shareholding Information as at 11 September 2015 (continued)

e. 20 Largest Shareholders – Ordinary Shares

Rank	Name	Number of ordinary shares	%
1	TPG Telecom Limited	62,999,998	14.75%
2	Raven Capital Nominees Pty Limited ATF Raven Technology Fund 1 A/C	24,000,000	5.62%
3	Gaffwick Pty Limited ATF The Duncan Family Trust	21,666,665	5.07%
4	Illwella Pty Limited	21,666,665	5.07%
5	Europlay Capital Advisors LLC	12,834,452	3.01%
6	Raven Ventures (Australia) Pty Ltd <The Gateway Venture Fund A/C>	10,809,902	2.53%
7	Gerard O'Brien and Helen O'Brien <O'Brien Super A/C>	8,177,462	1.92%
8	Asia Principal Capital Group Pte Limited	7,362,450	1.72%
9	J P Morgan Nominees Australia Limited	6,829,940	1.60%
10	Trent David Telford (1)	6,645,175	1.56%
11	Jack Burston <The Burston Family A/C>	6,080,481	1.42%
12	Fed Id Australia Pty Limited	4,943,986	1.16%
13	Citicorp Nominees Pty Limited	4,923,108	1.15%
14	Kensington and Park Group Holdings Pty Limited	4,122,863	0.97%
15	Sambor Nominees Pty Limited <Susanne & Moniak Sambor A/C>	3,986,995	0.93%
16	Invia Custodian Pty Limited <Kelloway Capital A/C>	3,913,959	0.92%
17	Kalgoorlie Mine Management Pty Limited	3,300,000	0.77%
18	Invia Custodian Pty Limited <Ben Smith Super Fund A/C>	3,245,125	0.76%
19	Cidex Computer Systems Pty Limited <The Nussbaum Family A/C>	3,227,954	0.76%
20	Vicex Holdings Proprietary Limited <Vicex Super A/C>	3,068,635	0.72%
	Total (Top 20)	**223,805,815**	**52.41%**
	Total (Remaining)	**203,191,993**	**47.59%**
	Total	**426,997,808**	**100.00%**

(1) Includes entities related to Trent David Telford.

Covata Limited and its controlled entities
Corporate Directory

Directors

Mr. Charles Archer (Chairman)
Mr. Trent Telford (CEO)
Mr. Philip King
Mr. Joseph Miller
Mr. Phillip Dunkelberger
Mr. Michael Quinert

Joint Company Secretaries

Mr. Nicholas Chiarelli
Mr. Patrick Gowans

Registered Office

Suite 1, Level 6, 50 Queen Street,
Melbourne, VIC, 3000
Telephone: (03) 8692-9030

Principal Places of Business

Level 4, 156 Clarence Street,
Sydney, NSW, 2000
Telephone: (02) 8412-8200

Suite 140, 11190 Sunrise Valley Drive
Reston, Virginia, 20191
United States of America
Telephone: 1-703-657-5260

Share Register

Boardroom Pty Limited
Level 8, 446 Collins Street
Melbourne, VIC, 3000

Auditors

KPMG
Level 11, Corporate Centre One
Cnr Bundall Road & Slatyer Avenue
Bundall, Queensland, 4217