



## **ASX ANNOUNCEMENT | COVATA LIMITED**

### **2015 CY Bonus Awards**

**SYDNEY – 13 April 2016**

Following a review of operations and performance the Board, based on the recommendations of the Remuneration Committee, has agreed to award bonuses to various employees and management of the Company. This will be achieved via the issue of a total of 1,551,031 ordinary fully paid shares, in lieu of cash, and is related to performance reviewed against individual employee contracts. The issue of the shares will be deferred until early June 2016 and is equivalent to approximately 0.3% of the current fully diluted issued share capital of the Company.

This sum includes the proposed issue of 732,388 ordinary shares to Mr Trent Telford and 76,645 shares to Mr Charles Archer. The issue of shares to Mr Telford and Mr Archer will require approval of shareholders which will be sought at the next general meeting.

These awards have been agreed having regard for, and will be issued in consideration of, the contributions of the respective recipients to the Company during the 2015 calendar year. Each ordinary fully paid share will have a deemed issue price equal to the closing price of the Company's ordinary shares on 7 April 2016 (being \$0.34 per share).

The technology industry is a highly competitive landscape insofar as talent is concerned. The cyber landscape is particularly competitive for talent and the Board and management strive to attract the best by way of a mix of cash and share compensation. Shares are a key tool for Covata to combat high cash salary wages paid by large incumbent security and technology companies.

The calendar year of 2015 was transformational for Covata and laid the foundations for the 2016 business pipeline and technology roadmap. This bonus round seeks to not only retain talent, but attract new talent by actively rewarding globally significant achievements.

The satisfaction of bonuses through an issue of shares reflects the Board's focus on cash management, which is always front of mind. Furthermore, the willingness of Covata's management and employees to embrace bonus awards through the issue of shares and to defer issue until early June 2016 reflects a strong belief in the value of the Company's stock in the future.

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