

COVATA LIMITED
ACN 120 658 497

NOTICE OF 2018 ANNUAL GENERAL MEETING

Notice is given that the 2018 Annual General Meeting ("**Meeting**") of Covata Limited ("the **Company**" or "**Covata**") will be held at Adina Apartment Hotel, 55 Shelley Street, Sydney NSW 2000 on Tuesday, 16 October 2018 at 10:00am AEDT.

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting ("**Notice**") are set out in the Explanatory Memorandum ("**Memorandum**") accompanying this Notice. Details of the resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

GENERAL BUSINESS

2018 Annual Financial Statements

To lay before the meeting and consider the Annual Financial Statements of the Company in respect of the year ended 30 June 2018 comprising the Annual Financial Report, the Directors' Report and the Auditor's Report.

RESOLUTION 1: NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Company approve the adoption of the Remuneration Report, included in the Directors' Report, for the year ended 30 June 2018."

Voting Exclusion Statement:

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member (referred to herein as "**Restricted Voters**").

However, a person ("**voter**") may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a Restricted Voter and the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on Resolution 1. The Chair may also exercise undirected proxies if the vote is cast on behalf of a person entitled to vote and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of members of the key management personnel of the Company.

Voting Note:

Directors of the Company who are key management personnel whose remuneration details are included in the 2018 Remuneration Report, any other key management personnel whose remuneration details are included in the 2018 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1.

RESOLUTION 2: RE-ELECTION OF MR DAVID IRVINE AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr David Irvine, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 3: RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 8,510,638 fully paid ordinary shares to existing sophisticated shareholders of the Company at an issue price of \$0.047 (4.7 cents) per share, as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- *a person who participated in the issue; or*
- *any associate of those persons.*

However, the Company need not disregard a vote on this Resolution if it is cast by:

- *a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.*

RESOLUTION 4: RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 531,914 fully paid ordinary shares to existing sophisticated shareholders of the Company at an issue price of \$0.047 (4.7 cents) per share as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- *a person who participated in the issue; or*
- *any associate of those persons.*

However, the Company need not disregard a vote on this Resolution if it is cast by:

- *a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.*

RESOLUTION 5: RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 53,571,428 fully paid ordinary shares to sophisticated, professional and other exempt investors at an issue price of \$0.028 (2.8 cents) per share as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- *a person who participated in the issue; or*
- *any associate of those persons.*

However, the Company need not disregard a vote on this Resolution if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 6: RATIFICATION OF PRIOR ISSUE OF OPTIONS

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4, shareholders ratify the prior issue of 17,857,127 options to sophisticated, professional and other investors exempt from the disclosure requirements of the Corporations Act 2001 (Cth), each with an exercise price of \$0.055 (5.5 cents), expiry date of 6 June 2020 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company, as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue; or
- any associate of those persons.

However, the Company need not disregard a vote on this Resolution if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – ISSUE OF LOAN PLAN SHARES TO A DIRECTOR – MR EDWARD (TED) PRETTY

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14, shareholders approve the issue of a total of 7,678,500 Loan Plan Shares pursuant to the Covata Limited Loan Share Plan to Mr Edward (Ted) Pretty, a Director of the Company (or his nominee), as set out in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- any director of the Company who is eligible to participate in the Covata Limited Loan Share Plan in respect of which the approval is sought and, if ASX has expressed an opinion under rule 10.14.3 that approval is required for participation in the Covata Limited Loan Share Plan, that person or persons; and
- an associate of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance

with a direction on the proxy form to vote as the proxy decides even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

RESOLUTION 8: APPROVAL OF PLACEMENT FACILITY

To consider, and if thought fit, pass the following resolution as a **special resolution**:

“That for the purposes of ASX Listing Rule 7.1A, shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under ASX Listing Rule 7.1A.2 at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company’s ordinary shares calculated over the last fifteen (15) days on which trades of the Company’s ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date the issue is made as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Note:

If as at the time of the Meeting, the Company:

- is included in the S&P/ASX 300 Index; and/or
- has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of greater than AU\$300 million,

this Resolution will be withdrawn.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by:

- persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; and
- an associate of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 9 – APPROVAL FOR ADOPTION OF EMPLOYEE SHARE OPTION PLAN

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.2 Exception 9 and for all other purposes, approval is given for the adoption of the Share Option Plan as set out in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- *any director of the Company (except one who is ineligible to participate in the Share Option Plan of the Company; and*
- *an associate of those persons.*

The Company will also disregard any votes cast (in any capacity) on this resolution by Restricted Voters and their closely related parties, including as a proxy where the proxy appointment does not specify the way the proxy is to vote on this resolution, unless:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.*

Dated: 11 September 2018

By the order of the Board



Patrick Gowans
Joint Company Secretary

The accompanying Memorandum and the Proxy and Voting Instructions formed part of this Notice.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00 pm on 14 October 2018 (Sydney time) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

How the Chair Will Vote Undirected Proxies

Subject to the restrictions set out below and in the Notice, The Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

Voting Restrictions on Resolution 1 (Remuneration Report), Resolution 7 (Issue of Loan Plan Shares to Mr Ted Pretty) and Resolution 9 (Adoption of Employee Share Option Plan)

The Remuneration Report identifies key management personnel for the year ended 30 June 2018. Their closely related parties are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

Directors of the Company who are key management personnel whose remuneration details are included in the 2018 Remuneration Report, any other key management personnel whose remuneration details are included in the 2018 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1, Resolution 7 and/or Resolution 9 provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Special Resolution

Resolution 8 is proposed as a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

COVATA LIMITED
ACN 120 658 497
("the Company")

2018 ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum ("**Memorandum**") accompanies and forms part of the Company's Notice of Annual General Meeting ("**Notice**") for the 2018 Annual General Meeting ("**Meeting**") to be held at Adina Apartment Hotel, 55 Shelley Street, Sydney NSW 2000 on Tuesday, 16 October 2018 at 10:00am AEDT.

The Notice incorporates, and should be read together, with this Memorandum.

BUSINESS

2018 Annual Financial Statements

The Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2018 will be laid before the meeting. Shareholders will have the opportunity to ask questions about, or make comments on, the 2018 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend, to answer questions about the audit of the Company's 2018 Annual Financial Statements.

The Company's 2018 Annual Financial Statements are set out in the Company's 2018 Annual Report which can be obtained from the Company's website, www.covata.com or upon request to Steven Bliim, Head of Finance and Joint Company Secretary, at the office of the Company, Level 4, 81 York Street, Sydney NSW 2000 (telephone (02) 8412 8200).

There is no requirement for these reports to be formally approved by shareholders. No resolution is required to be moved in respect of this item.

Resolution 1: Non-binding Resolution - Remuneration Report

The Company is required pursuant to the Corporations Act 2001 (Cth) ("**the Corporations Act**"), to propose a non-binding resolution regarding the 2018 Remuneration Report, which forms part of the Director's Report in the 2018 Annual Financial Statements. The vote is advisory only and does not bind the Directors or the Company.

Shareholders attending the 2018 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report.

The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings ("**AGM**") (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a "**spill resolution**") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. The vote on the Remuneration Report contained in the Company's 2017 Annual Financial Statements was passed with the support of more than 75% of votes thus a spill resolution will not be required in the event 25% or more of votes that are cast are against the adoption of the 2018 Remuneration Report. However, in the event that 25% or more of votes that are cast are against the adoption of the 2018 Remuneration

Report, shareholders should be aware that if there is a 'no' vote of 25% or more for the same resolution at the 2019 AGM the consequences are that it may result in the re-election of the Board.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice. In particular, Directors and other members of the key management personnel details of whose remuneration are included in the Remuneration Report or a closely related party of those persons must not vote on Resolution 1 and must not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

Resolution 2: Re-Election of Mr David Irvine as a Director

Resolution 2 is a resolution for the re-election of Mr David Irvine as a Director of the Company.

Pursuant to the Constitution of the Company, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third (rounded up), but disregarding the Managing Director and Directors appointed to fill casual vacancies, are required to retire by rotation at each AGM. The Company has four Directors, one of whom is the Managing Director. Accordingly, one Director (other than the Managing Director) is required to retire by rotation at the Meeting.

David was Director-General of Security in charge of the Australian Security Intelligence Organisation (ASIO) from 2009 to 2014, and a member of the Board of the Australian Crime Commission from 2009 to 2014. He was also Director-General of the Australian Secret Intelligence Service (ASIS) from 2003 to 2009.

David served with the Australian Department of Foreign Affairs and Trade (or its antecedents) for 33 years from 1970, with a professional focus on Australia's relations with the Asia-Pacific region. He was Australia's High Commission to Papua New Guinea from 1996 to 1999, and Australian Ambassador to the People's Republic of China, North Korea and Mongolia from 2000 to 2003. He was appointed an Officer of the order of Australia (AO) in 2005, for services to the promotion of Australia's international relations.

The Board (with David Irvine abstaining) unanimously support the re-election of David Irvine as a Director of the Company.

Resolution 3 - Ratification of prior issue of shares

Resolution 3 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 8,510,638 fully paid ordinary shares at an issue price of \$0.047 (4.7 cents) per share to existing institutional shareholders of the Company who were exempt investors that did not require disclosure under Chapter 6D of the Corporations Act. The issue was the subject of an Appendix 3B released to ASX on 8 November 2017.

The shares that are the subject of Resolution 3 were issued without shareholder approval under ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company at the commencement of that twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities issued was 8,510,638 fully paid ordinary shares.
- The shares were issued at an issue price of \$0.047 (4.7 cents) per share.
- The shares issued are fully paid ordinary shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares.
- The shares were issued to existing sophisticated shareholders of the Company who were exempt investors that did not require disclosure under Chapter 6D of the Corporations Act.
- A voting exclusion statement as set out in the Notice applies to this Resolution 3.
- Funds raised by the issue have (or will) be applied to meeting working capital requirements of the Company.

Resolution 4 - Ratification of prior issue of shares

Resolution 4 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 531,914 fully paid ordinary shares at an issue price of \$0.047 (4.7 cents) per share to existing sophisticated shareholders of the Company who were exempt investors that did not require disclosure under Chapter 6D of the Corporations Act. The shares were issued in response to requests from recipients to participate in the top up placement announced by the Company to ASX on 17 October 2017. The issue was the subject of an Appendix 3B released to ASX on 22 November 2017.

The shares the subject of Resolution 4 were issued without shareholder approval under ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company at the commencement of that twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities issued was 531,914 fully paid ordinary shares.
- The shares were issued at an issue price of \$0.047 (4.7 cents) per share.
- The shares issued are fully paid ordinary shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares.
- The shares were issued to existing institutional shareholder of the Company who were exempt investors that did not require disclosure under Chapter 6D of the Corporations Act.
- A voting exclusion statement as set out in the Notice applies to this Resolution 4.

- Funds raised by the issue have been (or will be) applied towards improving and developing application integrations to drive customer uptake, developing the Company's data security platform and enabling its Azure cloud deployment, funding additional sales, lead generating and marketing activities and for meeting working capital requirements of the Company.

Resolution 5 - Ratification of prior issue of shares

Resolution 5 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 53,571,428 fully paid ordinary shares at an issue price of \$0.028 (2.8 cents) per share to clients of Patersons Securities Limited who were professional, sophisticated and other exempt investors that did not require disclosure under Chapter 6D of the Corporations Act.

The shares were issued under a placement that was announced by the Company to ASX on 31 May 2018. Every three shares subscribed for under the placement were to be accompanied for one free-attaching option. Ratification of the issue of the free-attaching options is the subject of Resolution 6 of this Notice. The issue of shares under the placement was the subject of an Appendix 3B released to ASX on 6 June 2018.

The shares that are the subject of Resolution 5 were issued without shareholder approval under ASX Listing Rule 7.1A. ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A (provided that the previous issue of securities did not breach ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and/or Listing Rule 7.1A.

The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1A.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities issued was 53,571,428 fully paid ordinary shares.
- The shares were issued at an issue price of \$0.028 (2.8 cents) per share.
- The shares issued are fully paid ordinary shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares.
- The shares were issued to clients of Patersons Securities Limited who were professional, sophisticated and other exempt investors that did not require disclosure under Chapter 6D of the Corporations Act.
- A voting exclusion statement as set out in the Notice applies to this Resolution 5.
- Funds raised by the issue have been (or will be) applied towards accelerating the integration of dataglobal GmbH with existing Covata products, deploying additional sales and technical expertise in Europe, developing a new cloud and SaaS based virtual data room and secure business sharing platform, to contribute to two key technology development projects (AI / Machine Learning and SecureTender) and for meeting working capital requirements of the Company.

Resolution 6 - Ratification of prior issue of options

Resolution 6 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 17,857,127 options, each with an exercise price of \$0.055 (5.5 cents), expiry date of 6 June 2020 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company to clients of Patersons Securities Limited who were professional, sophisticated and other exempt investors that did not require disclosure under Chapter 6D of the Corporations Act.

The options were issued as free-attaching options on a one option for every three shares subscribed for under the placement announced by the Company to ASX on 31 May 2018. Ratification of the shares issued under the placement is the subject of Resolution 5 of this Notice. The issue of free-attaching options was the subject of an Appendix 3B released to ASX on 6 June 2018.

The options that are the subject of Resolution 6 were issued without shareholder approval under ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company at the commencement of that twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities issued was 17,857,127 options.
- The options were free-attaching on a one option for every three shares subscribed for under the placement announced by the Company on 31 May 2018.
- The options have an exercise price of \$0.055 (5.5 cents), expiry date of 6 June 2020 and, upon exercise, entitle the holder to one fully-paid ordinary share in the Company.
- The options were issued to clients of Patersons Securities Limited who were professional, sophisticated and other exempt investors that did not require disclosure under Chapter 6D of the Corporations Act who subscribed for shares under the placement announced to ASX on 31 May 2018.
- A voting exclusion statement as set out in the Notice applies to this Resolution 6.
- No funds were raised from issue of the options. Funds raised upon exercise of options (if any) are intended to be applied to meeting the working capital requirements of the Company at the time of issue.

Resolution 7: Issue of Loan Plan Shares to a Director – Mr. Edward (Ted) Pretty

Resolution 7 seeks shareholder approval pursuant to ASX Listing Rule 10.14 for the issue of 7,678,500 shares ("**Loan Plan Shares**") pursuant to the Covata Limited Loan Share Plan (as adopted by shareholders on 22 November 2017) ("**Plan**") to a Director of the Company, Mr Edward (Ted) Pretty (or his nominee).

The issue of Loan Plan Shares to Mr Pretty as contemplated by Resolution 7 is proposed as a long-term incentive and, accordingly, it is proposed that the loan plan shares will vest progressively over 3 years, with 31.25% to vest 31 December 2018 and 6.25% to vest quarterly, for the following 11 calendar quarters.

A summary of the terms of the Plan were set out in the Company's Notice of 2017 Annual General Meeting released to ASX on 20 October 2017. The full terms of the adopted Plan were released to ASX on 7 November 2014 and there were no variations between the Plan released on that date and the Plan adopted by shareholders on 22 November 2017. A copy of the Plan is available upon request to the Steven Bliim, Head of Finance and Joint Company Secretary, by phone to (02) 8412 8200.

Acquisition Price

The per share acquisition price of the Loan Plan Shares for the purposes of determining the underlying loan repayable to the Company on disposal of the Loan Plan Shares will be the closing price of the Company's ordinary shares on the date of the Meeting. The Company will provide Mr Pretty with a loan ("**Loan**") for the purposes of funding the acquisition price of the Loan Plan Shares. The proposed terms of the Loan are set out below.

Disposal of Loan Plan Shares

Loan Plan Shares may not be disposed of prior to:

- (a) vesting; and
- (b) repayment, or arrangements to the Company's satisfaction for repayment, of the balance of any Loan provided by the Company for acquisition of the Loan Plan Shares; and
- (c) the expiration of any restriction relating to the Loan Plan Shares as provided for in the Plan.

Corporations Act

The Board has formed the view that the issue of Loan Plan Shares to Mr Pretty does not require shareholder approval under section 208 of the Corporations Act, as the issue of Loan Plan Shares constitutes "reasonable remuneration" in accordance with section 211 of the Corporations Act. In reaching this view, the Company has considered the requirement to attract, motivate and retain high performing and high quality personnel while preserving existing cash reserves by settling executive incentives with share-based payments.

The number of Loan Plan shares to be issued was determined with reference to 50% of Mr. Pretty's base salary, being \$215,000, divided by an indicative share price of 2.8c and rounded to the nearest one-hundred shares. This is consistent with other LTI issues conducted across the Company. The basis of a loan value of 2.8c per Loan Plan Share is based upon the value of the last capital raising prior to the release of the Company's 2018 Annual Report. As noted above, the per share acquisition price of the Loan Plan Shares for the purposes of determining the underlying loan repayable to the Company on disposal of the Loan Plan Shares will be the higher of the closing price of the Company's ordinary shares on the date of the Meeting or 2.8c.

ASX Listing Rules

ASX Listing Rule 10.14 provides that an entity must not permit a director or an associate of a director to acquire securities under an employee incentive scheme without the approval of ordinary

shareholders. Mr Pretty is a Director of the Company and therefore approval is sought for the proposed issue of Loan Plan Shares to him (or his nominee) under ASX Listing Rule 10.14.

Shareholder approval is being sought under Listing Rule 10.14 and therefore approval is not required under Listing Rule 7.1.

ASX Listing Rule 10.15 requires the meeting document concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.14 to include the following information:

- Mr Ted Pretty is a Director of the Company.
- The maximum number of securities that may be acquired by persons for whom approval under ASX Listing Rule 10.14 is required under this Resolution 7 is 7,678,500 Loan Plan Shares. Any future proposed issues to Directors (or their associates) under the Plan would require further shareholder approval at the time.
- The per share acquisition price of Loan Plan Shares (i.e. the underlying value of the loan applicable to the Loan Plan Shares) will be the closing price of the Company's ordinary shares on the date of the Meeting.
- A total of 3,225,000 shares were issued to persons referred to in ASX Listing Rule 10.14 under the Plan as part of the Company's merger with Cocoon Data Holdings Pty Ltd (being Phil King 975,000, Trent Telford 1,500,000, Phil Argy 750,000).
- The Plan was initially adopted by shareholders on 23 September 2014. Since the merger referred to above, 10,000,000 Loan Plan Shares were issued on 4 May 2017 to Mr Ted Pretty under the Plan. This issue was approved by shareholders at the Extraordinary General Meeting of the Company on 5 April 2017.
- The Plan was re-adopted by shareholders on 22 November 2017. 19,182,000 Loan Plan Shares were issued on 24 November 2017 to Mr Ted Pretty under the re-adopted Plan. This issue was approved by shareholders at the 2017 AGM of the Company on 22 November 2017.
- No other persons referred to in ASX Listing Rule 10.14 are entitled to participate in the Plan without further shareholder approvals.
- A voting exclusion statement as set out in the Notice applies to this Resolution 7.
- The Company will make a loan (**Loan**) to Mr Ted Pretty to fund the acquisition price upon issue of the Loan Plan Shares. Terms of the Loan are set out in the Plan (and related documents) the key terms of which are:
 - A right for the Company to take security of the shares to provide comfort in respect of the recoverability of the underlying loan.
 - The Loan is interest free.
 - The Loan is repayable in circumstances which include the disposal of the loan plan shares, the occurrence of a liquidity event (provided that the borrower receives procedure on the occurrence of that event), or the date which is ten (10) years after the issue date, although may be repaid earlier by the borrower.

- Notwithstanding the above, the loan is a limited recourse loan, such that (subject to the terms of the Plan) the Company will have recourse only to the proceeds paid to the borrower on the disposal of the Loan Plan Shares and 100% of the borrower's after-tax dividends or after-tax capital distributions.
- The Loan Plan Shares are expected to be issued and allotted after the date of the Meeting and no later than one (1) month after the date of the Meeting (or such other date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act 2001 and/or the Australian Securities and Investments Commission).

Resolution 8: Approval of placement facility

ASX has introduced fund raising rules to provide more flexibility for smaller companies to raise additional capital in an easier and potentially less costly manner. ASX Listing Rule 7.1A enables eligible entities to issue equity securities (as that term is defined in the ASX Listing Rules) up to 10% of their issued share capital through placements over a 12-month period after an AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to a company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is, at the date of the Notice, an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below). The Company may use funds raised from any 10% Placement Facility for funding of existing projects or new projects and/or general working capital. It may also use the 10% Placement Facility for non-cash consideration purposes such as in connection with joint venture agreements or arrangements, as payments to consultants or contractors or in connection with the acquisition of new projects (although the Company presently has no current proposal to do so).

The Company obtained shareholder approval to make issues under ASX Listing Rule 7.1A at its 2017 AGM and seeks to refresh this shareholder approval so as to continue to be able to make issues under the 10% Placement Facility after the Meeting in accordance with ASX Listing Rule 7.1A.

The Company issued 53,571,428 fully paid ordinary shares during the year under the capacity available to it under ASX Listing Rule 7.1A pursuant to the approval obtained at its 2017 AGM. Ratification for the issue of these shares is sought under Resolution 5 of the Notice.

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

DESCRIPTION OF LISTING RULE 7.1A

- Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

- Equity securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the

Notice, has two classes of quoted equity securities, ordinary shares (**CVT**) and listed options with an exercise price of \$0.055 (5.5 cents) and expiry date of 6 June 2020 (**CVTO**).

- Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may, during the 10% Placement Period (defined in section 2(f) below), issue a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

where:

A is the number of shares on issue 12 months before the date of the issue or agreement to issue:

(i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;

(ii) plus the number of partly paid shares that became fully paid in the 12 months;

(iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;

(iv) less the number of fully paid shares cancelled in the 12 months.

Note: "A" has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

- ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue equity securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

As at the date of this Memorandum, the Company has on issue 766,590,454 ordinary shares and therefore would have capacity to issue:

(i) 114,988,568 ordinary shares under Listing Rule 7.1 (15% capacity); and

(ii) Subject to shareholders approving this Resolution 8, 76,659,045 ordinary shares under Listing Rule 7.1A (10% capacity).

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer above).

- Minimum Issue Price

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

- 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires (and ceases to be valid) on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

- ASX Listing Rule 7.1A

The effect of Resolution 8 will be to allow the Directors of the Company to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

SPECIFIC INFORMATION REQUIRED BY ASX LISTING RULE 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- Any equity security issued will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 trading days immediately before:
 - (i) The date on which the price at which the equity securities are to be issued is agreed; or
 - (ii) If the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.
- If Resolution 8 is approved by the Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the quantum of funds raised by the issue of the equity securities.

The table below shows the dilution of existing shareholders on the basis of the current market price of the Company's ordinary shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of the Notice. The table also shows:

- Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting.
- Two examples of where the price of ordinary securities has decreased by 50% and increased by 50% as against the closing price of the Company's shares on 7 September 2018.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.012 50% decrease in Deemed Price	\$0.024 Deemed Price	\$0.036 50% Increase in Deemed Price
Current Variable A 766,590,454 shares	10% Voting Dilution	76,659,045 shares	76,659,045 shares	76,659,045 shares
	Funds raised	\$919,909	\$1,839,817	\$2,759,726
50% increase in current Variable A 1,149,885,681 shares	10% Voting Dilution	114,988,568 shares	114,988,568 shares	114,988,568 shares
	Funds raised	\$1,379,863	\$2,759,726	\$4,139,588
100% increase in current Variable A 1,533,180,908	10% Voting Dilution	153,418,091 shares	153,418,091 shares	153,418,091 shares
	Funds raised	\$1,841,017	\$3,682,034	\$5,523,051

The table above has been prepared on the following assumptions:

- *The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting.*
- *No options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A.*

- *The table does not demonstrate an example of dilution that may be caused to a particular Shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting.*
- *The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule".*
- *The price of ordinary securities is deemed for the purposes of the table above to be \$0.024, being the closing price of the Company's listed securities on ASX on 7 September 2018 (**Deemed Price**). The Deemed Price is indicative only and does not consider the 25% discount to market that the securities may be placed at.*
- *The table does not take into account the issue of any securities for which shareholder approval is being sought at the Meeting.*
- *The table does not demonstrate the effect of listed options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.*

The Company may seek to issue the equity securities for the following purposes:

- Non-cash consideration including in connection with payment of contractors or consultants or in connection with the acquisition of new assets or businesses or other business development or licensing arrangements (although the Company presently has no proposal to do so). In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
- Cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing existing businesses, the acquisition of new assets or businesses or other business development or licensing arrangements and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

The Company has previously obtained shareholder approval under ASX Listing Rule 7.1A at its 2017 AGM. During the 12-month period preceding the proposed date of the Meeting, being on and from 16 October 2017, the Company issued a total of 249,493,414 equity securities (189,975,033 ordinary shares (which includes Loan Plan Shares)) which represents approximately 40.50% of the total number of equity securities on issue in the Company as at 16 October 2017. The issues of securities in the Company since 16 October 2017 are set out in Annexure A.

A voting exclusion statement is included in the Notice to which this Memorandum relates. At the date of that Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The directors of the Company unanimously recommend shareholders vote in favour of Resolution 8.

Resolution 9 – Approval for Adoption of Employee Share Option Plan

Resolution 9 seeks shareholder approval in accordance with ASX Listing Rule 7.2 Exception 9 for the adoption of an Employee Share Option Plan which is primarily used for the Company's non-Australian based employees and consultants (**ESOP**).

ESOP was first adopted on 23 September 2014. An amended version of the ESOP was adopted on 18 November 2015. The ESOP proposed for adoption under this resolution 9 is materially unchanged from the ESOP adopted on 18 November 2015. A summary of the terms of the ESOP are set out as Annexure B. A full copy of the ESOP is available on the Company's website.

The Directors of the Company are not eligible to participate in the ESOP without further shareholder approval being obtained.

The main purposes of the ESOP are to incentivise eligible participants to provide dedicated and ongoing commitment and effort to the Company by aligning the interests of employees and shareholders, and for the Company to reward eligible participants for their efforts. The ESOP contemplates the issue to participants of options to subscribe for ordinary shares.

ASX Listing Rule 7.1 places restrictions on the number of equity securities, including options, which a listed entity may issue in any 12 month period. However, certain issues are exempt from ASX Listing Rule 7.1 and are disregarded for the purposes of determining the number of equity securities an entity may issue under ASX Listing Rule 7.1.

Issues of securities to participants in an employee incentive scheme where shareholders have approved the scheme are exempt from ASX Listing Rule 7.1 in accordance with ASX Listing Rule 7.2 Exception 9.

In order to take advantage of the exemption from ASX Listing Rule 7.1 and to allow the Company greater flexibility to issue securities without obtaining further shareholder approval, shareholders are requested to approve the ESOP as an exception to ASX Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date of the passing by shareholders of resolution 9.

Since the ESOP was first approved by shareholders on 23 September 2014, 34,772,656 options were issued in connection with the Company's merger with CDHL and 50,364,994 options have been issued

to employees of the Company based outside of Australia (including in the US and the UK).

A voting exclusion statement as set out in the Notice applies to this Resolution.

Note: unless otherwise specified, all monetary amounts are in Australia dollars.

ANNEXURE A

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)	Form of consideration (cash/non-cash)
22 November 2017	8,510,638	CVT	Issued to existing institutional shareholders in the Company under a placement	Issue price of \$0.047 (aggregate of \$400,000). Market price at date of issue was \$0.049. Percentage discount of approx. 4.09%.	Cash (\$400,000). Funds raised by the issue have been (or will be) applied to meeting working capital requirements of the Company.
22 November 2017	34,835,163	CVT	Issued to existing shareholders in the Company under a share purchase plan	Issue price of \$0.047 (aggregate of \$1,637,252). Market price at date of issue was \$0.050. Percentage discount of approx. 6%.	Cash (\$1,637,252). Funds raised by the issue have been (or will be) applied towards improving and developing application integrations to drive customer uptake, developing the Company's data security platform and enabling its Azure cloud deployment, funding additional sales, lead generating and marketing activities and for meeting working capital requirements of the Company.
22 November 2017	531,914	CVT	Issued to existing sophisticated shareholders of the Company under a top up placement	Issue price of \$0.047 (aggregate of approx. \$25,000). Market price at date of issue was \$0.050. Percentage discount of approx. 6%.	Cash (\$25,000). Funds raised by the issue have been (or will be) applied towards improving and developing application integrations to drive customer uptake, developing the Company's data security platform and enabling its Azure cloud deployment, funding additional sales, lead generating and marketing activities and for meeting working capital requirements of the Company.
24 November 2017	11,064,000	Employee Incentive Options	Issued to employees pursuant to the Covata Share Option Plan	Not applicable. Issued to employees pursuant to the Covata Share Option Plan.	Non-cash, issued to employees of the Company pursuant to the Company's Share Option Plan. Unlisted options have an exercise price of \$0.05 and expire 22 November 2022.
24 November 2017	5,569,583	Employee Incentive Options	Issued to employees pursuant to the Covata Share Option Plan	Not applicable. Issued to employees pursuant to the Covata Share Option Plan.	Non-cash, issued to employees of the Company pursuant to the Company's Share Option Plan. Unlisted options have an exercise price of \$0.045 and expire 22 November 2022.
24 November 2017	19,182,000	Loan Plan Shares	Issued to Mr Ted Pretty, a director of the Company, pursuant to the Covata Limited Loan Share Plan	Issue price of \$0.050 (aggregate of \$959,100). Market price at date of issue was \$0.050. No discount.	Cash (\$959,100). The Company funded the acquisition price of the Loan Plan Shares pursuant to and in accordance with a loan provided under the Company's Loan Share Plan. Following repayment of the loan, the Company intends to use the funds to meeting working capital requirements of the Company at the time of repayment.
24 November 2017	10,352,298	Loan Plan Shares	Issued to Mr Ted Pretty, a director of the Company, pursuant to the Covata Limited Loan Share Plan	Issue price of \$0.050 (aggregate of \$517,615). Market price at date of issue was \$0.050. No discount.	Cash (\$517,615). The Company funded the acquisition price of the Loan Plan Shares pursuant to and in accordance with a loan provided under the Company's Loan Share Plan. Following repayment of the loan, the Company intends to use the funds to meeting working capital requirements of the Company at the time of repayment.

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)	Form of consideration (cash/non-cash)
31 January 2018	10,000,000	CVT	Vendors of CipherPoint Inc.	Deemed issue price of \$0.10 (aggregate of \$1,000,000). Market price at date of issue was \$0.032. Percentage premium approx. 212%	Non-cash, issued as part of consideration for the acquisition of CipherPoint Inc. following satisfaction of a milestone. Further details are set out in the ASX announcement made by the Company on 17 January 2018.
6 March 2018	4,085,000	Loan Plan Shares	Issued to employees pursuant to the Covata Limited Loan Share Plan	Issue price of \$0.050 (aggregate of \$204,250). Market price at date of issue was \$0.035. Percentage premium approx. 42%	Cash (\$204,250). The Company funded the acquisition price of the Loan Plan Shares pursuant to and in accordance with a loan provided under the Company's Loan Share Plan. Following repayment of the loan, the Company intends to use the funds to meeting working capital requirements of the Company at the time of repayment.
6 June 2018	53,571,428	CVT	Issued to clients of Patersons Securities Limited who were professional, sophisticated or otherwise exempt investors in a share placement.	Issue price of \$0.028 (aggregate of \$1,500,000). Market price at date of issue was \$0.028. No discount	Cash (\$1,500,000). Funds raised by the issue have been (or will be) applied towards accelerating the integration of dataglobal GmbH with existing Covata products, deploying additional sales and technical expertise in Europe, developing a new cloud and SaaS based virtual data room and secure business sharing platform, to contribute to two key technology development projects (AI / Machine Learning and SecureTender) and for meeting working capital requirements of the Company.
6 June 2018	17,857,127	CVTO	Issued to clients of Patersons Securities Limited who were professional, sophisticated or otherwise exempt investors in a share placement.	Not applicable. Issued as free-attaching options for shares issued under share placement	Issued as free-attaching options for shares issued under a placement on a one option for every three shares subscribed for. Current value of the options based on market price of \$0.004 is \$71,428.
12 July 2018	16,513,792	CVT	Issued to existing shareholders pursuant to an entitlement offer.	Issue price of \$0.028 (aggregate of \$462,386). Market price at date of issue was \$0.024. Percentage premium approx. 16%	Cash (\$462,386). Funds raised by the issue have been (or will be) applied towards accelerating the integration of dataglobal GmbH with existing Covata products, deploying additional sales and technical expertise in Europe, developing a new cloud and SaaS based virtual data room and secure business sharing platform, to contribute to two key technology development projects (AI / Machine Learning and SecureTender) and for meeting working capital requirements of the Company.
12 July 2018	5,504,671	CVTO	Issued to existing shareholders pursuant to an entitlement offer.	N/A. Issued as free-attaching options for shares issued under entitlement offer.	Issued as free-attaching options for shares issued under an entitlement offer to shareholders on a one option for every three shares subscribed for. Current value of the options based on market price of \$0.004 is \$22,018.
7 September 2018	32,392,800	Loan Plan Shares	Issued to employees pursuant to the Covata Limited Loan Share Plan	Issue price of \$0.028 (aggregate of \$906,998). Market price at date of issue was \$0.024. Percentage premium approx. 16%	Cash (\$906,998). The Company funded the acquisition price of the Loan Plan Shares pursuant to and in accordance with a loan provided under the Company's Loan Share Plan. Following repayment of the loan, the Company intends to use the funds to meeting working capital requirements of the Company at the time of repayment.

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)	Form of consideration (cash/non-cash)
7 September 2018	19,523,000	Employee Incentive Options	Issued to employees pursuant to the Covata Share Option Plan	Not applicable. Issued to employees pursuant to the Covata Share Option Plan.	Non-cash, issued to employees of the Company pursuant to the Company's Share Option Plan. Unlisted options have an exercise price of \$0.028 and expire 6 September 2023.

ANNEXURE B
SUMMARY OF ESOP TERMS

(a) Eligibility

The Board may invite full or part time employees and directors of the Company or a related body corporate of the Company who are resident in the United States of America (or other jurisdictions outside of Australia) to participate in the US Share and Option Plan (**Eligible Employee**).

(b) Offer of Options or Shares

The US Share and Option Plan will be administered by the Board which may, in its absolute discretion, offer Options or rights to subscribe for Shares (**Rights**) to any Eligible Employee from time to time as determined by the Board.

(c) Number of Options

The number of Options or Rights to be offered to an Eligible Employee will be determined by the Board in its discretion and in accordance with the rules of the US Share and Option Plan and applicable law.

(d) Conversion

Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company. The Rights will be convertible in accordance with their terms of grant.

(e) Issue price

The exercise price for Options offered, and for Rights granted, under the US Share and Option Plan will be determined by the Board but will not be less than 100% of the fair market value of Shares on the date of grant.

(f) Issue conditions

The Board may impose conditions on the right of a participant to exercise Options or Rights granted under the US Share and Option Plan.

(g) Exercise of Options

A participant in the US Share and Option Plan will be entitled to exercise their Options or Rights in respect of which the exercise conditions have been met provided the Options or Rights have not lapsed. A holder may exercise Options or Rights by delivering an exercise notice to the Company Secretary along with the Option certificate (if Options are issued under the US Share and Option Plan), and paying the applicable exercise price of the Options multiplied by the number of Options proposed to be exercised or the consideration for exercise of the Rights.

Within 20 Business Days of receipt of the required items, the Company will issue to the participant the relevant number of Shares.

(h) Cessation of employment

(i) For any reason (other than as a result of death or permanent disability, or for Cause)

If the participant in the US Share and Option Plan ceases to be an employee or director of, or render services to, the Company or a related body corporate for any reason (other than as a result of death or permanent disability, or for Cause) prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, the participant will be

entitled to exercise their Options within 3 months after the employment of such participant ceases.

(ii) **Death or permanent disability**

If the participant in the US Share and Option Plan ceases to be an employee or director of, or render services to, the Company or a related body corporate as a result of death or permanent disability prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, the participant (or its estate) will be entitled to exercise their Options within 12 months after the employment of such participant ceases.

(iii) **For Cause**

If the participant in the US Share and Option Plan ceases to be an employee or director of, or render services to, the Company or a related body corporate for Cause prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, their Options will lapse automatically.

In this clause, “**Cause**” means (i) failure by the participant to substantially perform his or her duties and obligations to the Company or a related body corporate (other than any such failure resulting from his or her incapacity due to physical or mental illness); (ii) engaging in misconduct or a fiduciary breach which is or potentially is materially injurious to the Company or its shareholders; (iii) commission of an indictable offence; (iv) the commission of a crime against the Company which is or potentially is materially injurious to the Company; (v) a material breach of any written agreement between the participant and the Company or a related body corporate; or (vi) as otherwise provided in any written employment agreement between the participant and the Company or a related body corporate.

(i) **Lapse of Options and Rights**

Options and Rights held by a participant in the US Share and Option Plan will lapse after the expiration of five (5) years after the date the Option is granted.

(j) **Participation in Rights Issues and Bonus Issues**

The Options and Rights granted under the US Share and Option Plan do not give the holder any right to participate in new issues unless Shares are allotted pursuant to the exercise of the relevant Options or Rights prior to the record date for determining entitlements to such issue.

If there is a bonus issue to holders of Options or Rights, the number of Shares that the holder may be issued upon exercise of the Options or Rights may be increased by the number of Shares that the holder would have received if the Options or Rights had been exercised prior to the record date of the bonus issue. No adjustment will be made to the exercise price per Share of the Option or Right.

(k) **Reorganisation**

If there is a reorganisation of the issued capital of the Company, the Options and Rights will be reorganised in the same proportion as the issued capital of the Company is reorganised.

(l) **Change in Control**

Subject to the terms upon which Options were issued or Rights were granted, where a change of control event has occurred, or in the opinion of the Board, will occur, the Board may determine the manner in which Options will be dealt with so that each Option holder remains in a financial position in respect of the Options which is as near as possible as to that which existed prior to the change of control event.

(m) Transfer

Rights under the US Share and Option Plan may not be transferred. Options under the US Share and Option Plan may be transferred with the consent of the Board.

The US Share and Option plan contains provisions which relate to compliance with various US taxation laws including section 409A and section 422 of the Internal Revenue Code of 1986.



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEDT on Sunday 14 October 2018.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/covataagm2018>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEDT on Sunday, 14 October 2018**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/covataagm2018>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Covata Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Adina Apartment Hotel, 55 Shelley Street, Sydney NSW 200 on Tuesday 16 October 2018, at 10:00am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 7 & 9 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though these Resolutions are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 7 & 9). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	☐	☐	☐
Resolution 2	To Re-elect Mr David Irvine as a Director	☐	☐	☐
Resolution 3	Ratification of Prior Issue of Shares	☐	☐	☐
Resolution 4	Ratification of Prior Issue of Shares	☐	☐	☐
Resolution 5	Ratification of Prior Issue of Shares	☐	☐	☐
Resolution 6	Ratification of Prior Issue of Options	☐	☐	☐
Resolution 7	Issue of Loan Plan Shares to a Director – Mr Edward (Ted) Pretty	☐	☐	☐
Resolution 8	Approval of Placement Facility	☐	☐	☐
Resolution 9	Approval for Adoption of Employee Share Option Plan	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018