
FAMILY ZONE CYBER SAFETY LIMITED

ACN 167 509 177

NOTICE OF GENERAL MEETING

TIME: 10.00 am (WST)

DATE: 26 April 2017

PLACE: 945 Wellington Street, West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Emma Wates on (+61 8) 9322 7600.

CONTENTS PAGE

Notice of General Meeting (setting out the proposed resolutions)	4
Explanatory Statement (explaining the proposed resolutions)	8
Glossary	17
Schedule 1 – Terms and Conditions of Broker Options	19
Schedule 2 – Terms and Conditions of Performance Shares	21
Proxy Form	(attached)

IMPORTANT INFORMATION

Time and place of Meeting

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 26 April 2017 at 945 Wellington Street, West Perth, Western Australia.

Your vote is important

The business of the General Meeting affects your shareholding and your vote is important.

Voting in person

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.00 am (WST) on 26 April 2017 at 945 Wellington Street, West Perth, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5:00pm (WST) on Monday, 24 April 2017.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS:

1. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 15,450,000 Shares (**Tranche 1 Placement Shares**) each at an issue price of \$0.20 (**Tranche 1 Placement**) on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the Tranche 1 Placement and any of their associates and any person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

2. RESOLUTION 2 – AUTHORITY TO ISSUE TRANCHE 2 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 1,000,000 Shares (**Tranche 2 Placement Shares**) each at an issue price of \$0.20 (**Tranche 2 Placement**) on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the Tranche 2 Placement and any person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

3. RESOLUTION 3 – AUTHORITY FOR TIM LEVY TO PARTICIPATE IN THE TRANCHE 2 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolution 2 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Director Mr Tim Levy (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 500,000 of the Tranche 2 Placement Shares each at an issue price of \$0.20 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Tim Levy and his nominees and any associates of those persons. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

4. RESOLUTION 4 – AUTHORITY FOR PHIL WARREN TO PARTICIPATE IN THE TRANCHE 2 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolution 2 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Director Mr Phil Warren (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 50,000 of the Tranche 2 Placement Shares each at an issue price of \$0.20 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Phil Warren and his nominees and any associates of those persons. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

5. RESOLUTION 5 – AUTHORITY FOR JOHN SIMS TO PARTICIPATE IN THE TRANCHE 2 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolution 2 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Director Mr John Sims (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 100,000 of the Tranche 2 Placement Shares each at an issue price of \$0.20 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr John Sims and his nominees and any associates of those persons. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

6. RESOLUTION 6 – AUTHORITY FOR CRISPIN SWAN TO PARTICIPATE IN THE TRANCHE 2 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolution 2 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Director Mr Crispin Swan (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 100,000 of the Tranche 2 Placement Shares each at an issue price of \$0.20 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Crispin Swan and his nominees and any associates of those persons. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

7. RESOLUTION 7 – AUTHORITY TO ISSUE BROKER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 1,750,000 Broker Options (each exercisable at \$0.30 on or before the date that is three years after their issue) to BW Equities (or their nominees) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by BW Equities and their nominees, and any associates of those persons, and any person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

8. RESOLUTION 8 – AUTHORITY TO ISSUE SHARES IN LIEU OF CORPORATE ADVISORY FEES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 250,000 Shares each at a deemed issue price of \$0.25 to Alto Capital (or their nominees) in lieu of fees for corporate advisory services provided to the Company, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Alto Capital and their nominees, and any associates of those persons, and any person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

9. RESOLUTION 9 – AUTHORITY TO ISSUE SHARES PURSUANT TO THE FIDELIO AGENCY AGREEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 309,889 Shares to Fidelio Partners (or their nominees) pursuant to the Fidelio Agency Agreement, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Fidelio Partners and their nominees, and any associates of those persons, and any person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

10. RESOLUTION 10 – RATIFICATION OF PERFORMANCE SHARE ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 500 Performance Shares (comprising 166,667 Class A Performance Shares, 166,667 Class B Performance Shares and 166,666 Class C Performance Shares) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue of Performance Shares the subject of this Resolution and any of their associates and any person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

DATED: 22 MARCH 2017

BY ORDER OF THE BOARD



**TIM LEVY
MANAGING DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10:00am (WST) on Wednesday, 26 April 2017 at 945 Wellington Street, West Perth.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. BACKGROUND TO PLACEMENT

As announced by the Company on 7 March 2017 and 15 March 2017, the Company has received commitments for a placement to sophisticated or professional investors to raise a total of \$3,290,000 (before costs) through the issue of 16,450,000 Shares at an issue price of \$0.20 per Share (**Placement**).

The Placement comprises the Tranche 1 Placement and the Tranche 2 Placement.

The Tranche 1 Placement is to be completed as follows:

- on 15 March 2017 the Company issued 12,950,000 Shares to raise \$2,590,000 (before costs); and
- a further 2,500,000 Shares will be issued on 31 March 2017 to raise \$500,000 (before costs).

A total of 15,450,000 Shares (the Tranche 1 Placement Shares) will be issued pursuant to the Tranche 1 Placement, raising a total of \$3,090,000 (before costs).

Subject to Shareholder approval, the Company intends to undertake an additional placement of 1,000,000 Shares (the Tranche 2 Placement Shares) each at an issue price of \$0.20 to raise \$200,000 (before costs). It is proposed, subject to Shareholder approval, that Directors Mr Tim Levy, Mr Phil Warren, Mr John Sims and Mr Crispin Swan participate in the Tranche 2 Placement (see Section 4 for further details).

Following completion of the Placement, the Company intends to apply the funds raised as follows:

Use of funds	
Business Development	\$1,565,000
Marketing and Sales	\$1,565,000
Costs of the Placement	\$160,000
Total	\$3,290,000
This table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.	

2. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT

2.1 General

The Company issued 12,950,000 Shares on 15 March 2017 to raise a total of \$2,590,000 (before costs). The Company will issue a further 2,500,000 Shares prior to the date of the Meeting and on or about 31 March 2017 to raise an additional \$500,000 (before costs).

As at the date of the Meeting, the Company will have issued a total of 15,450,000 Shares (the Tranche 1 Placement Shares) to raise a total of \$3,090,000 (before costs).

The funds raised from the issue of the Tranche 1 Placement Shares will be used for the purposes set out in Section 1.

The Tranche 1 Placement Shares were or will be issued within the Company's 15% annual limit permitted under Listing Rule 7.1, together with the Company's additional 10% limit approved by Shareholders under Listing Rule 7.1A at the Company's 2016 Annual General Meeting, without need for shareholder approval.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting at which the Shareholders approve the 10% placement facility. The 10% placement facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (including the additional 10% capacity under Listing Rule 7.1A), provided that the previous issue did not breach Listing Rule 7.1, the issue of those securities will be deemed to have been with shareholder approval for the purpose of Listing Rule 7.1.

Resolution 1 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 1 will be to restore the Company's ability to issue securities within:

- (a) the 15% placement capacity under Listing Rule 7.1 during the next 12 months; and
- (b) the additional 10% placement capacity under Listing Rule 7.1A during the balance of the 12 months from the date of the Company's 2016 Annual General Meeting,

without obtaining prior Shareholder approval.

Resolution 1 is an ordinary resolution.

2.2 Information required by ASX Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the Tranche 1 Placement Shares is provided as follows:

- (a) 12,950,000 Shares were issued by the Company on 15 March 2017 and 2,500,000 Shares will be issued by the Company on or about 31 March 2017.

- (b) The Tranche 1 Placement Shares were or will be issued at an issue price of \$0.20 each to raise \$3,090,000 in total (before costs).
- (c) The Tranche 1 Placement Shares comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (d) The Tranche 1 Placement Shares were or will be issued to various sophisticated or professional investors, none of whom are related parties of the Company.
- (e) The funds raised from the issue of the Tranche 1 Placement Shares will be used for the purposes set out in Section 1.
- (f) A voting exclusion statement is included in the Notice.

3. RESOLUTION 2 – AUTHORITY TO ISSUE TRANCHE 2 PLACEMENT SHARES

3.1 General

Further to the issue of the Tranche 1 Placement Shares, the Company intends to undertake a placement of 1,000,000 Shares (the Tranche 2 Placement Shares) each at an issue price of \$0.20 to raise \$200,000 (before costs).

Set out below is a table showing the number of Shares that may be issued under the Placement, and the dilutive effect on existing Shareholders:

Shares which the Company could issue under the Placement ^{1,2}	Shares on issue prior to the Placement	Total Shares on issue following completion of the Placement ^{1,2}	Dilutive effect on existing Shareholders
A	B	C	(B/C)
16,450,000	63,811,039	76,761,039	16.87%
Notes: 1. Assumes all Tranche 2 Placement Shares are issued. 2. Includes Shares to be issued to Directors Mr Tim Levy, Mr Phil Warren, Mr John Sims and Mr Crispin Swan under Resolutions 3 to 6 (see Section 4). Existing Shareholders will be subject to further dilution if the Broker Options are exercised.			

The funds raised from the issue of the Tranche 2 Placement Shares will be pooled with the funds raised from the Tranche 1 Placement and used for the purposes set out in Section 1.

Given the Tranche 2 Placement Shares to be issued under Resolution 2 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1. A summary of Listing Rule 7.1 is provided in Section 2.1.

Resolution 2 is an ordinary resolution.

3.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Tranche 2 Placement Shares is provided as follows:

- (a) The maximum number of Shares that the Company may issue under the Tranche 2 Placement is 1,000,000.
- (b) The Tranche 2 Placement Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).
- (c) The Tranche 2 Placement Shares will be issued at an issue price of \$0.20 per Share to raise \$200,000 in total (before costs).
- (d) The Tranche 2 Placement Shares will be issued to senior executives of the Company and sophisticated or professional investors, none of whom will be related parties of the Company (other than Directors, Mr Tim Levy, Mr Phil Warren, Mr John Sims and Mr Crispin Swan who are proposing to participate in the Tranche 2 Placement subject to Shareholder approval under Resolutions 3 to 6 of this Notice – see Section 4).
- (e) The Tranche 2 Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The funds raised from the issue of the Tranche 2 Placement Shares will be used together with the Tranche 1 Placement funds for the purposes set out in Section 1.
- (g) It is expected that the Tranche 2 Placement Shares will be issued on one date.
- (h) A voting exclusion statement is included in the Notice.

4. RESOLUTIONS 3 TO 6 – AUTHORITY FOR DIRECTOR PARTICIPATION IN THE TRANCHE 2 PLACEMENT

4.1 General

It is proposed that Directors Mr Tim Levy, Mr Phil Warren, Mr John Sims and Mr Crispin Swan (and/or their nominees) participate in the Tranche 2 Placement. Further details of the Tranche 2 Placement are set out in Section 3. Messrs Tim Levy, Phil Warren, John Sims and Crispin Swan wish to obtain Shareholder approval to subscribe for up to a total of \$150,000 worth of the Tranche 2 Placement Shares (being 750,000 Shares in total) (**Director Capital Raising Shares**).

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Messrs Tim Levy, Phil Warren, John Sims and Crispin Swan are each a related party of the Company by virtue of being a Director. Approval is therefore required under Listing Rule 10.11 for the issue of the Director Capital Raising Shares to Mr Tim Levy, Mr Phil Warren, Mr John Sims and Mr Crispin Swan.

Resolutions 3 to 6 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Capital Raising Shares to Messrs Tim Levy, Phil Warren, John Sims and Crispin Swan (and/or their nominees). If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement is being sought under Listing Rule 7.1 under Resolution 2). Shareholder approval of the issue of the Director Capital Raising Shares means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 3 to 6 are ordinary resolutions and are subject to Resolution 2 being passed.

4.2 Information Required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Capital Raising Shares is provided as follows:

- (a) The maximum number of Shares to be issued to each of the participating Directors (or their nominees) is as follows
 - (i) Mr Tim Levy – 500,000 Shares;
 - (ii) Mr Phil Warren – 50,000 Shares;
 - (iii) Mr John Sims – 100,000 Shares; and
 - (iv) Mr Crispin Swan – 100,000 Shares.
- (b) The Company will issue the Director Capital Raising Shares no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that all of the Director Capital Raising Shares will be issued on the same date being the completion of the Tranche 2 Placement.
- (c) Messrs Tim Levy, Phil Warren, John Sims and Crispin Swan are each a related party of the Company by virtue of being a Director.
- (d) The Director Capital Raising Shares will be issued at an issue price of \$0.20 per Share (being the same issue price under the Tranche 2 Placement) to raise \$150,000 in total (before costs).
- (e) The Director Capital Raising Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The funds raised from the issue of the Director Capital Raising Shares will be aggregated with and used for the same purpose as the funds raised from the Tranche 2 Placement. See Section 3 for further details.
- (g) A voting exclusion statement is included in the Notice.

5. RESOLUTION 7 – AUTHORITY TO ISSUE BROKER OPTIONS

5.1 General

As noted in the Company's announcement on 15 March 2017, the Company has agreed, subject to Shareholder approval, to issue a total of 1,750,000 Broker Options (each exercisable at \$0.30 on or before the date that is three years after their issue) to BW Equities (or their nominees) on successful completion of the Placement.

The Broker Options are being issued for nil cash consideration as part of the fees payable to BW Equities for acting as joint lead manager and corporate advisor to the Placement. Accordingly, no funds will be raised from the issue of the Broker Options.

The Company has also agreed to pay BW Equities a capital raising fee of 4% and a management fee of 2% on the total value of the funds raised pursuant to the Placement.

Further terms and conditions of the Broker Options are set out in Schedule 1.

A summary of Listing Rule 7.1 is set out in Section 2.1.

The effect of Shareholders passing Resolution 7 approving the issue of the Broker Options will be to maintain the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months.

Resolution 7 is an ordinary resolution.

5.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Broker Options is provided as follows:

- (a) The maximum number of Broker Options that the Company may issue under Resolution 7 is 1,750,000.
- (b) The Broker Options may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).
- (c) The Broker Options will be issued for nil cash consideration as part of the fees payable to BW Equities for acting as joint lead manager and corporate advisor to the Placement. Accordingly, no funds will be raised from the issue of the Broker Options.
- (d) The Adviser Options will be issued to BW Equities (or their nominees) who is not a related party of the Company.
- (e) 1,750,000 Broker Options each exercisable at \$0.30 on or before the date that is three years after their issue. Shares issued on exercise of the Broker Options will be fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. Further terms and conditions of the Broker Options are set out in Schedule 1.
- (f) It is expected that the Broker Options will be issued on one date.
- (g) A voting exclusion statement is included in the Notice.

6. RESOLUTION 8 – AUTHORITY TO ISSUE SHARES IN LIEU OF CORPORATE ADVISORY FEES

6.1 General

Pursuant to a mandate between the Company and Alto Capital, Alto Capital provides ongoing corporate advisory services to the Company for a fee of \$7,500 per month.

As noted in the Company's announcement to ASX on 15 March 2017, the Company has agreed, subject to shareholder approval, to issue 250,000 Shares to Alto Capital in lieu of fees for corporate advisory services provided to the Company. The Shares are to be issued at a deemed issue price of \$0.25 per Share in lieu of \$62,500 of corporate advisory fees due from the Company to Alto Capital.

A summary of Listing Rule 7.1 is set out in Section 2.1.

The effect of Shareholders passing Resolution 8 approving the issue of the corporate advisory fee Shares referred to above will be to maintain the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months.

Resolution 8 is an ordinary resolution.

6.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Broker Options is provided as follows:

- (a) The maximum number of Shares that the Company may issue under Resolution 8 is 250,000.
- (b) The Shares may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).
- (c) The Shares will be issued for nil cash consideration as they will be issued in consideration of the satisfaction of the fees for corporate advisory services provided by Alto Capital to the Company, at a deemed issue price of \$0.25 per Share.
- (d) The Shares will be issued to Alto Capital (or their nominees) who is not a related party of the Company.
- (e) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) It is expected that the Shares will be issued on one date.
- (g) A voting exclusion statement is included in the Notice.

7. RESOLUTION 9 – AUTHORITY TO ISSUE SHARES PURSUANT TO THE FIDELIO AGENCY AGREEMENT

7.1 General

As noted in the Company's announcements dated 7 March 2017 and 15 March 2017, the Company and Fidelio Partners agreed to revised the terms of the Fidelio Agency Agreement such that the issue of all share-based compensation under the Fidelio Agency Agreement is now subject to shareholder approval.

Fidelio Partners introduced and facilitated the Company's partnership agreement with one of the world's largest mobile operators, Telkomsel Indonesia (refer to ASX announcement dated 20 February 2017 for further details). Subject to Shareholder approval, the Company is required to issue Fidelio Partners 309,889 as share based commission to Fidelio Partners for services provided in respect to the achievement of a performance milestone under the Fidelio Agency Agreement. Resolution 9 seeks Shareholder approval to issue these Shares to Fidelio Partners.

If Shareholders do not approve the issue of the Shares to Fidelio Partners under Resolution 9, the Company will be required to pay the share based commission to Fidelio Partners in cash, such amount being calculated by taking the number of Shares to be issued to Fidelio Partners (being 309,889 Shares) multiplied by the highest 30 day volume weighted price of the Company's Shares on ASX between date of the entitlement being earned and the earlier to occur of:

- (a) 2 months following Fidelio Partners earning its entitlement to Share based commission; and
- (b) 7 days following a Shareholder meeting convened to approve the issue of Share based commission to Fidelio Partners.

7.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Shares pursuant to the Fidelio Agency Agreement is provided as follows:

- (a) The maximum number of Shares that the Company may issue under Resolution 9 is 309,889.
- (b) The Shares may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).
- (c) The Shares will be issued for nil cash consideration as they will be issued in consideration services provided and the achievement of a performance milestone under the Fidelio Agency Agreement.
- (d) The Shares will be issued to Fidelio Partners (or their nominees) who is not a related party of the Company.
- (e) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) It is expected that the Shares will be issued on one date.
- (g) A voting exclusion statement is included in the Notice.

8. RESOLUTION 10 – RATIFICATION OF PERFORMANCE SHARE ISSUE

8.1 General

On 5 December 2016, the Company issued 500,000 Performance Shares (comprising 166,667 Class A Performance Shares, 166,667 Class B Performance Shares and 166,666 Class C Performance Shares) to a senior executive of the Company as a performance based incentive and in consideration for services to be provided to the Company.

The Performance Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without need for shareholder approval.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1, provided that the previous issue did not breach Listing Rule 7.1, the issue of those securities will be deemed to have been with shareholder approval for the purpose of Listing Rule 7.1.

Resolution 10 seeks Shareholder approval for the ratification of the issue of the Performance Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 10 will be to restore the Company's ability to issue securities within:

- (a) the 15% placement capacity under Listing Rule 7.1 during the next 12 months; and
- (b) the additional 10% placement capacity under Listing Rule 7.1A during the balance of the 12 months from the date of the Company's 2016 Annual General Meeting,

without obtaining prior Shareholder approval.

Resolution 10 is an ordinary resolution.

8.2 Information required by ASX Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the Performance Shares is provided as follows:

- (a) A total of 500,000 Performance Shares (comprising 166,667 Class A Performance Shares, 166,667 Class B Performance Shares and 166,666 Class C Performance Shares) were issued by the Company on 5 December 2016.
- (b) The Performance Shares were issued for nil cash consideration and were issued as a performance based incentive and in consideration for services to be provided to the Company.
- (c) The Performance Shares (comprising the Class A Performance Shares, Class B Performance Shares and Class C Performance Shares) were issued on the terms and conditions outlined in Schedule 2.
- (d) The Performance Shares were issued to a senior executive of the Company, who is not a related party of the Company.
- (e) No funds were raised from the issue of the Performance Shares.
- (f) A voting exclusion statement is included in the Notice.

9. ENQUIRIES

Shareholders are requested to contact Company Secretary, Emma Wates on (+ 61 8) 9322 7600 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Alto Capital means ACNS Capital Markets Pty Ltd (ACN: 088 503 208)

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Broker Options means an Option with an exercise price of \$0.30 and an expiry date that is three years after the date of grant and otherwise on the terms and conditions in Schedule 1.

BW Equities means BW Equities Pty Ltd (ACN: 146 642 462)

Class A Performance Share means a performance share issued on the terms and conditions set out in Schedule 2 as those terms relate to "Class A Performance Shares".

Class B Performance Share means a performance share issued on the terms and conditions set out in Schedule 2 as those terms relate to "Class B Performance Shares".

Class C Performance Share means a performance share issued on the terms and conditions set out in Schedule 2 as those terms relate to "Class C Performance Shares".

Company means Family Zone Cyber Safety Limited (ACN 167 509 177).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Fidelio Agency Agreement means the agency agreement between the Company and Fidelio Partners dated 17 May 2016 (as varied).

Fidelio Partners means Fidelio Partners Pte Ltd (2016133211E) of 101B Telok Ayers St #03-02, 068574, Singapore

General Meeting or **Meeting** means the meeting convened by the Notice.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the Listing Rules.

Performance Share means a Class A Performance Share, Class B Performance Share and/or a Class C Performance Share (as applicable).

Placement has the meaning set out in Section 1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Tranche 1 Placement has the meaning set out in Resolution 1.

Tranche 2 Placement has the meaning set out in Resolution 2.

Tranche 1 Placement Shares has the meaning set out in Resolution 1.

Tranche 2 Placement Shares has the meaning set out in Resolution 2.

SCHEDULE 1 – TERMS AND CONDITIONS OF BROKER OPTIONS

The terms and conditions of the Broker Options are outlined below.

1. Entitlement

Each Broker Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price and Expiry Date

The Options have an exercise price of \$0.30 (**Exercise Price**) and expire on the date that is three years from the date of grant (**Expiry Date**).

3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

4. Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the Options will rank equally with the then shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (a) issue the Share; and
- (c) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

8. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (b) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(d) no change will be made to the Exercise Price.

10. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.

11. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

12. Options not quoted

The Company will not apply to ASX for quotation of the Options.

13. Options not transferable

The Options are not transferable.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

The terms and conditions of the Performance Shares are outlined below.

(a) **Definitions**

For the purpose of these terms and conditions:

Expiry Date means the A Expiry Date, B Expiry Date and the C Expiry Date (as relevant).

(b) **Conversion and Expiry of Class A Performance Shares, Class B Performance Shares and Class C Performance Shares**

(i) **(Conversion on achievement of Milestone A)** On achievement of 15,000 paying subscribers of the Company generating at least \$100,000 revenue per month over 3 consecutive months (as confirmed by the Company's auditor) **(Milestone A)** within 24 months of the Company being admitted to the official list of the ASX **(Milestone A Achievement Date)**, each Class A Performance Share will convert on a one for one basis into a Share.

(ii) **(A Expiry)** Confirmation that Milestone A has been achieved must occur within 2 months after the Milestone A Achievement Date **(A Expiry Date)**.

(iii) **(Conversion on achievement of Milestone B)** On achievement of \$10,000,000 revenue by the Company over a 12 month rolling period of which 30% is subscription income (as confirmed by the Company's auditor) **(Milestone B)** within 36 months of the Company being admitted to the official list of the ASX **(Milestone B Achievement Date)**, each Class B Performance Share will convert on a one for one basis into a Share.

(iv) **(B Expiry)** Confirmation that Milestone B has been achieved must occur within 2 months after the Milestone B Achievement Date **(B Expiry Date)**.

(v) **(Conversion on achievement of Milestone C)** On achievement of \$20,000,000 revenue by the Company over a 12 month rolling period of which 30% is subscription income (as confirmed by the Company's auditor) **(Milestone C)** within 48 months of the Company being admitted to the official list of the ASX **(Milestone C Achievement Date)**, each Class C Performance Share will convert on a one for one basis into a Share.

(vi) **(C Expiry)** Confirmation that Milestone C has been achieved must occur within 2 months after the Milestone C Achievement Date **(C Expiry Date)**.

(vii) **(No conversion)** To the extent that:

(A) Class A Performance Shares have not converted into Shares on or before the A Expiry Date, then all such unconverted Class A Performance Shares held by each holder will automatically consolidate into one Class A Performance Share and will then convert into one Share;

(B) Class B Performance Shares have not converted into Shares on or before the B Expiry Date, then all such unconverted Class B Performance Shares held by each holder will automatically consolidate into one Class B Performance Share and will then convert into one Share; and

- (C) Class C Performance Shares have not converted into Shares on or before the C Expiry Date, then all such unconverted Class C Performance Shares held by each holder will automatically consolidate into one Class C Performance Share and will then convert into one Share.
- (viii) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (ix) **(Ranking of shares)** Each Share into which the Performance Shares will convert will upon issue:
 - (D) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (E) be issued credited as fully paid;
 - (F) be duly authorised and issued by all necessary corporate action; and
 - (G) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emption rights and any transfer restrictions.
- (c) **Conversion on change of control**
 - (i) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:
 - (A) Milestone A, Milestone B and Milestone C will be deemed to have been achieved by the Milestone A Achievement Date, Milestone B Achievement Date and Milestone C Achievement Date respectively; and
 - (B) each Performance Share will automatically and immediately convert into Shares,

however, if the number of Shares to be issued as a result of the conversion of all Class A Performance Shares, together with the number of Shares to be issued as a result of the conversion of all Class B Performance Shares and Class C Performance Shares, due to a Change of Control Event in relation to the Company is in excess of 10% of the total issued share capital of the Company at the time of the conversion, then the number of Class A Performance Shares, Class B Performance Shares and the Class C Performance Shares to be converted will be prorated so that the aggregate number of Shares issued upon conversion of the Class A Performance Shares, Class B Performance Shares and the Class C Performance Shares is equal to 10% of the total issued share capital of the Company.
- (d) **Takeover provisions**
 - (i) If the conversion of Performance Shares (or part thereof) under these terms and conditions would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention

of section 606(1) of the Corporations Act. Following a deferment under this paragraph, the Company will at all times be required to convert that number of Performance Shares that would not result in a contravention of section 606(1) of the Corporations Act.

- (ii) The Holders will give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will assume that the conversion of Performance Shares (or part thereof) under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (iii) The Company may (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within seven days if they consider that the conversion of Performance Shares (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act. If the Holders do not give notification to the Company within seven days that they consider the conversion of Performance Shares (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act then the Company will assume that the conversion of Performance Shares (or part thereof) under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.

(e) **Rights attaching to Performance Shares**

- (i) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (ii) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (iii) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (iv) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.
- (v) **(Rights on winding up)** Each Performance Share entitles a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company, but only to the extent of \$0.0001 per Performance Share.
- (vi) **(Not transferable)** A Performance Share is not transferable.
- (vii) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
- (viii) **(Quotation of shares on conversion)** If the Shares of the Company are quoted on the ASX at the time of conversion of a Performance Share, an application will be made by the Company to ASX for official quotation of the

Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.

- (ix) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (x) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.