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# FAMILY ZONE CYBER SAFETY LIMITED

## IMPORTANT INFORMATION IN REGARD TO SHAREHOLDER MEETING VOTING

In light the current global outbreak of the Coronavirus (COVID 19) and the Australian Government's response in restricting gatherings and implementing social distancing requirements, the Board of Family Zone Cyber Safety Limited (**Family Zone** or **Company**) has decided that special arrangements will apply to our upcoming Shareholder Meeting.

Notice is hereby given that the Shareholder Meeting will be held at 945 Wellington Street, West Perth on 30 June 2020 at 10am (WST) however

**IN THE INTERESTS OF PUBLIC HEALTH AND SAFETY OF OUR SHAREHOLDERS, THE COMPANY HAS DECIDED NOT TO ALLOW SHAREHOLDERS TO PHYSICALLY ATTEND THE SHAREHOLDER MEETING.**

The Board considers that the health, safety and welfare of the Company's staff, its Shareholders and other stakeholders is of paramount importance. The Shareholder Meeting will be accessible to all Shareholders virtually via a live webinar, further details of which are set out below.

All resolutions at the Meeting will be voted on by poll and Shareholders who are entitled to vote may vote either prior to the Meeting by appointing a proxy or by poll during the Meeting (such poll to be taken electronically). Further details of the voting methods open to Shareholders are set out in detail below.

**Shareholders are strongly encouraged to either vote prior to the Meeting or to appoint the Chair of the Meeting as their proxy**

**How Shareholders Can Participate:**

***Voting by Proxy***

Shareholders are strongly urged to **appoint the Chair of the Meeting as their proxy**. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be exercised on each item of business, and the Chair of the Meeting must follow your instructions. Lodgement instructions (which include the **ability to lodge proxies electronically**) are set out in the Proxy Form attached to the Notice of Meeting.

Proxy votes must be received by **10am (WST) 28 June 2020.**

***Voting by Poll***

Shareholders who wish to vote by poll during the virtual Meeting must first notify the Company Secretary of their intention by emailing info@grangeconsulting.com.au by no later than **10.00am (WST) on 29 June 2020**, the day prior to the Meeting and provide their registered Shareholding details and the Company Secretary will verify their Shareholding.

Shareholders will be able to submit their email poll votes immediately after the Chair calls for a vote on each Resolution and up to a period of one hour after the Meeting ends. This means that the outcome of each Resolution will not be able to be determined until after the conclusion of the Meeting to allow the Company Secretary sufficient time to count such poll votes submitted by email.

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***Questions***

Shareholders may **submit questions in advance of the Shareholder Meeting** to the Company. Questions must be submitted by completing the form on the Company's website at https://www.familyzone.com/anz/investor-centre. Responses will be posted on the Company's website and lodged on the ASX Platform prior to the commencement of the Meeting, for all valid questions received prior to 5pm (WST) Friday 26 June 2020.

Shareholders will also have the opportunity **to submit questions during the Meeting** in respect to the formal items of business as well as general questions in respect to the Company and its operations.

***Webinar***

The Shareholder Meeting will be accessible to all Shareholders via a **live webinar**, which will allow Shareholder to listen and observe the Meeting. To register and access the Shareholder Meeting by webinar Shareholders should register by clicking here or copying the link below to your web browser https://familyzone.zoom.us/webinar/register/WN_mn5jP5ghRyeFzBstHfUbvQ and you will be emailed a link to join the Shareholder Meeting. The registration link will also be available on the Company's website at https://www.familyzone.com/anz/investor-centre.

The situation regarding COVID-19 is evolving rapidly and Family Zone is following the health advice of the Australian Government. Shareholders are encouraged to monitor the Company's ASX announcements and website for any further updates in relation to arrangement for the Company's Shareholder Meeting

**Enquiries**

Shareholders are encouraged to contact the Company Secretary on +61 8 9322 7600 or by email at info@grangeconsulting.com.au if they have any queries in respect of the special arrangements applying to this Meeting.

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# Family Zone Cyber Safety Limited

ACN 167 509 177

## NOTICE OF GENERAL MEETING

**A general meeting of the Company will be held at 945 Wellington Street, West Perth on 30 June 2020 at 10am (WST).**

*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 accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary on +61 8 9322 7600.***

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**Family Zone Cyber Safety Limited**
ACN 167 509 177

# NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Family Zone Cyber Safety Limited (**Company**) will be held at 945 Wellington Street, West Perth on 30 June 2020 at 10am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 28 June 2020 at 7pm (AEDT).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 8.

# AGENDA

## 1. Resolution 1 – Ratification of issue of Tranche 1 Placement Shares under Listing Rule 7.1 capacity

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 of 29,594,362 Tranche 1 Placement Shares to the Tranche 1 Placement Participants each at an issue price of $0.12 on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Tranche 1 Placement Participants or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## 2. Resolution 2 – Ratification of issue of Tranche 1 Placement Shares under Listing Rule 7.1A capacity

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 of 23,905,640 Tranche 1 Placement Shares to the Tranche 1 Placement Participants each at an issue price of $0.12 on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Tranche 1 Placement Participants or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 3. Resolution 3 – Approval 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 purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of up to 30,833,333 Tranche 2 Placement Shares to the Tranche 2 Placement Participants each at an issue price of $0.12 on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Tranche 2 Placement Participants and their nominees or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 4. Resolution 4 – Approval for Peter Pawlowitsch to participate in the 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 10.11 and for all other purposes, Shareholders approve and authorise Peter Pawlowitsch (or his nominees) to participate in the Placement to the extent of up to 4,166,666 Shares each at an issue price of $0.12 on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Peter Pawlowitsch and his nominees or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 5. Resolution 5 – Approval to grant Broker Options to Bell Potter

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 grant of 2,000,000 Broker Options (each exercisable at $0.18 on or before the date that is 3 years from the date of grant) to Bell Potter Securities Limited (or their nominees) on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Bell Potter and their nominees or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:



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(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 6. Resolution 6 – Approval to grant Performance Rights to Matthew Stepka

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 10.14 and for all other purposes, Shareholders approve and authorise the grant of 500,000 Remuneration Performance Rights and 5,000,000 SP Performance Rights (comprising 1,000,000 Class A SP Performance Rights, 1,000,000 Class B SP Performance Rights, 1,000,000 Class C SP Performance Rights, 1,000,000 Class D SP Performance Rights and 1,000,000 Class E SP Performance Rights) to Matthew Stepka (or his nominees) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director, or an associate of a Director, who is eligible to participate in the Performance Rights Plan and their nominees or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 7. Resolution 7 – Approval to grant Director Options to Phil Warren

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 10.14 and for all other purposes, Shareholders approve and authorise the grant of 1,000,000 Director Options (each exercisable at $0.21 within three years from the issue date) to Phil Warren (or his nominees) under the Company's Employee Option Plan on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director, or an associate of a Director, who is eligible to participate in the Company's Employee Options Plan and their nominees or any associates of those persons.



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However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 8. Resolution 8 – Approval to grant Advisor Options to Focus Capital Partners LLC

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 grant of 4,00,000 Advisor Options, comprising 2,000,000 Tranche 1 Advisor Options (each exercisable at $0.18 on or before the date that is 3 years from the date of grant) and 2,000,000 Tranche 2 Advisor Options (each exercisable at $0.24 on or before the date that is 3 years from the date of grant) to Focus Capital Partners LLC (or their nominees) on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Focus Capital Partners LLC and their nominees or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated 27 May 2020
**BY ORDER OF THE BOARD**

Tim Levy
**Managing Director**

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**Family Zone Cyber Safety Limited**
ACN 167 509 177

# EXPLANATORY MEMORANDUM

## 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 945 Wellington Street, West Perth on 30 June 2020 at 10am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

## 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### 2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolution 6 and 7 if:

(a) the person is either:

(i) a member of the Key Management Personnel of the Company; or

(ii) a Closely Related Party of such a member, and

(b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the prohibition does not apply if:

(c) the proxy is the Chair of the Meeting; and

(d) the appointment expressly authorises the Chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

# 3. Resolutions 1 and 2 – Ratification of Tranche 1 Placement Shares

## 3.1 General

On 29 April 2020 and 6 May 2020, the Company announced it had received commitments for a placement of 84,333,335 Shares each at an issue price of $0.12, to raise $10.12 million before costs (**Placement**), with the Company's Chairman, Mr Peter Pawlowitsch agreeing to subscribe for $500,000 worth of Shares under the Placement subject to Shareholder approval. The Shares are being issued in two tranches

(a) 53,500,002 Shares were issued on 6 May 2020 **(Tranche 1 Placement Shares)** with 29,594,362 Shares issued within the Company's 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval (**LR 7.1 Tranche 1 Placement Shares**) and 23,905,640 Shares issued within the Company's 10% annual limit permitted under Listing Rule 7.1A, without the need for Shareholder approval (**LR 7.1A Tranche 1 Placement Shares**); and

(b) 30,833,333 Shares (**Tranche 2 Placement Shares**) are proposed to be issued following Shareholder approval of Resolutions 3 and 4.

The funds raised from the Placement will be used to invest in product and business development activities focused on serving US school districts and their parent communities including

- growing its sales and business development team in the US to create additional leads and increase sales as well as engaging with and educating schools and parents about cyber safety;
- Increased investment in R&D activities to improve customer experience, enhance service offerings as well as the introduction of complementary product offerings such as AI and wellbeing products to differentiate Family Zone in the US market. Whilst this R&D investment will be utilised worldwide, it is expected to be rolled out initially in the US and focused on US market drivers; and
- Increasing customer service support in the US to manage the Company's growing customer base and to support the Family Zone brand.



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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, if the number of those securities exceeds 15% of the number of 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 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 7.2 set out various types of equity issues that are excluded from the operation of Listing Rule 7.1 and 7.1A. The issue of the Tranche 1 Placement Shares does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Tranche 1 Placement Shares and part of the 10% limit in Listing Rule 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1A for the balance of the 12 months from the date of the Company's 2019 Annual General Meeting.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made (pursuant to Listing Rule 7.1 or the additional 10% capacity under Listing Rule 7.1A). If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 1 seeks Shareholder ratification of the issue of the LR 7.1 Tranche 1 Placement Shares (which were issued pursuant to the Company's 15% capacity under Listing Rule 7.1) under and for the purposes of Listing Rule 7.4. Resolution 2 seeks Shareholder ratification of the issue of the LR 7.1A Tranche 1 Placement Shares (which were issued pursuant to the Company's additional 10% capacity under Listing Rule 7.1A) under and for the purposes of Listing Rule 7.4.

If Resolution 1 is passed, the issue of the LR 7.1 Tranche 1 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

If Resolution 1 is not passed, the issue of the LR 7.1 Tranche 1 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

If Resolution 2 is passed, the issue of the LR 7.1A Tranche 1 Placement Shares will be excluded in calculating the Company's additional 10% placement capacity under Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval during the balance of the 12 months from the date of the Company's 2019 Annual General Meeting.

If Resolution 2 is not passed, the issue of the LR 7.1A Tranche 1 Placement Shares will be included in calculating the Company's additional 10% placement capacity under Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval during the balance of the 12 months from the date of the Company's 2019 Annual General Meeting.

## 3.2 Information required by Listing Rule 7.5

The following information is provided for the purposes of Listing Rule 7.5:

(a) On 6 May 2020, 53,500,002 Shares were issued pursuant to the first tranche of the Placement, with:

(i) 29,594,362 Tranche 1 Placement Shares issued using the Company's capacity under Listing Rule 7.1; and

(ii) 23,905,640 Tranche 1 Placement Shares issued using the Company's capacity under Listing Rule 7.1A.

(b) The Tranche 1 Placement Shares were issued to the following persons:

(i) existing clients of the lead manager to the Placement, Bell Potter Securities Limited, comprising various professional, sophisticated and institutional investors including Regal Funds Management Pty Limited (which became a substantial Shareholder), none of whom are a related party of the Company; and

(ii) various new and existing investors comprising professional, sophisticated and institutional investors who were introduced by the Company, none of whom are a related party of the Company.

(the **Tranche 1 Placement Participants**)

When selecting and determining the allocation of the Tranche 1 Placement Shares, the Company and Bell Potter considered the size of the proposed investment, whether they were existing and/or strategic investors and previous support of capital raisings undertaken by the Company.

(c) The Tranche 1 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.

(d) The Tranche 1 Placement Shares were issued at $0.12 each.

(e) The issue of the Tranche 1 Placement Shares raised $6.43 million (before costs). The funds raised from the issue of the Tranche 1 Placement Shares will be used to invest in product and business development activities focused on serving US school districts and their parent communities as outlined further in Section 3.1 above.

(f) A voting exclusion statement is included in the Notice.

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# 4. Resolution 3 – Approval to issue Tranche 2 Placement Shares

## 4.1 General

As set out in Section 3.1, the Company received commitments for a two tranche placement to raise $10.12 million through the issue of 84,333,335 Shares each at an issue price of $0.12 each. The Tranche 1 Placement Shares were issued on 6 May 2020, with the Tranche 2 Placement Shares to be issued subject to Shareholder approval.

The Tranche 2 Placement Shares (comprising 30,833,333 Shares) will be issued at an issue price of $0.12 each (being the same issue price as the Tranche 1 Placement Shares) to raise an additional $3.7 million (before costs) under the Placement.

The Company's Non-executive Chairman, Mr Peter Pawlowitsch has subscribed for 4,166,666 Tranche 2 Placement Shares subject to Shareholder approval under Resolution 4 (Refer to Section 5 below).

The funds raised from the issue of the Tranche 2 Placement Shares will aggregated with the proceeds from the issue of the Tranche 1 Placement Shares and be used to invest in product and business development activities focused on serving US school districts and their parent communities.

A summary of Listing Rule 7.1 is provided in Section 3.2

Listing Rule 7.2 sets out various types of equity issues that are excluded from the operation of Listing Rule 7.1 and 7.1A. The issue of the Tranche 2 Placement Shares does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires Shareholder approval under Listing Rule 7.1.

Resolution 3 seeks the required Shareholder approval to the issue of the Tranche 2 Placement Shares under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares and will raise up to $3.7 million to be used to invest in product and business development activities focused on serving US school districts and their parent communities. In addition the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed the Company will not be able proceed with issue the Tranche 2 Placement Shares and will therefore not raise the $3.7 million under the second tranche of the Placement which will result in a scale back of the product and business development activities planned in the US education market.

Resolution 3 is an ordinary resolution.

## 4.2 Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

(a) The maximum number of Shares the Company may issue under Resolution 3 is 30,833,333.

(b) The Tranche 2 Placement Shares are intended to be issued as soon as possible after receiving Shareholder approval and 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). It is expected the Tranche 2 Placement Shares will be issued on the one date.

(c) Other than as contemplated by Resolution 4 (refer to Section 5 below) the Tranche 2 Placement Shares will be issued to Samurai Ventures LLC or their nominee (a US based strategic investor) and Regal Funds Management Pty Ltd (a substantial Shareholder in the Company) neither of whom are a related party of the Company

(d) The Tranche 2 Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.

(e) The Tranche 2 Placement Shares will each be issued at $0.12 and will raise $3.7 million (before costs).

(f) The funds raised from the issue of the Tranche 2 Placement Shares will be used to invest in product and business development activities focused on serving US school districts and their parent communities as outlined further in Section 3.1 above.

(g) A voting exclusion statement is included in the Notice.

# 5. Resolution 4 – Approval for Peter Pawlowitsch to participate in the Placement

## 5.1 General

As announced on 29 April 2020, it is proposed that Peter Pawlowitsch participate in the second tranche of the Placement. Further details of the Placement are set out in Section 3.1.

It is proposed that Peter Pawlowitsch(or his nominees) participate in the Placement by subscribing for up to a total of $500,000 worth of Tranche 2 Placement Shares, being 4,166,666 Shares (**Director Placement Shares**) at $0.12 per Share (being the issue price under the Placement).

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

(a) a related party

(b) a person who is, or was at any time in the six months prior to the issue or agreement, a substantial (30%+) holder in the company;

(c) a person who is, or was at any time in the six months prior to the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them the right or expectation to do so;

(d) an associate of a person referred to in paragraphs (a) to (c) above; or

(e) a person whose relationship with the company or a person referred to in a Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.



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The issue of the Director Placement Shares to Peter Pawlowitsch falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires Shareholder approval under Listing Rule 10.11.

Resolution 4 seeks the required Shareholder approval to the issue of the Director Placement Shares under and for the purposes of Listing Rule 10.11.

If Resolution 4 is passed, Peter Pawlowitsch will subscribe for the Director Placement Shares, and the Company will issue the Director Placement Shares to Peter Pawlowitsch or his nominee, pursuant to the Placement.

If Resolution 4 is not passed, Peter Pawlowitsch will not participate in the Placement and the Company will not issue the Director Placement Shares to Peter Pawlowitsch.

Resolution 4 is an ordinary resolution.

### 5.2 Information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13:

(a) The Director Placement Shares will be issued to Peter Pawlowitsch (or his nominees).

(b) Peter Pawlowitsch is a related party of the Company within the category of LR 10.11.1 by virtue of being a Director.

(c) The maximum number of Shares the Company may issue under Resolution 4 is 4,166,666. The Director Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.

(d) The Placement Shares may be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(e) The Director Placement Shares will each be issued at $0.12.

(f) The issue of the Director Placement Shares will raise $500,000. The funds raised from the issue of the Director Placement Shares will be aggregated with and used for the same purpose as the funds raised from Placement Shares as set out in Section 3.1.

(g) A voting exclusion statement is included in the Notice.

## 6. Resolution 5 – Approval to grant Broker Options to Bell Potter

### 6.1 General

The Company appointed Bell Potter to act as lead manager to the Placement.

In consideration for its services provided as lead manager and bookrunner to the Placement, the Company agreed to pay Bell Potter a management fee of 3% of funds raised under the Placement (excluding funds raised from US investors), a selling fee of 3% of funds raised under the Placement (excluding funds raised from US investors, the Board or investors on the Chairman’s list) and an option fee through the issue of 2,000,000 Broker Options (subject to Shareholder approval).

The Broker Options will be exercisable at $0.18 within three years of the issue date. Full terms and conditions of the Broker Options are set out in Schedule 1.

A summary of Listing Rule 7.1 is provided in Section 3.2.

Listing Rule 7.2 set out various types of equity issues that are excluded from the operation of Listing Rule 7.1 and 7.1A. The issue of the Broker Options does not fall within any of the exceptions to Listing Rule 7.1. While the issue of the Broker Options does not exceed the Company's 15% limit in Listing Rule 7.1 and therefore could be issued without breaching this rule, the Company agreed to grant the Broker Options to Bell Potter subject to Shareholder approval to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To this end, Resolution 5 seeks the required Shareholder approval to issue the Broker Options under and for the purposes of Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed with the grant of the Broker Options. In addition the grant of the Broker Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed then the Company will not be able to proceed with the grant of the Broker Options and the option fee will be payable in cash at an amount equivalent to the value of these Broker Options calculated using the B&S option valuation methodology.

Resolution 5 is an ordinary resolution.

## 6.2 Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

(a) The Broker Options will be granted to Bell Potter (or their nominees).

(b) The maximum number of Broker Options the Company may grant under Resolution 5 is 2,000,000.

(c) The Broker Options are each exercisable at $0.18 on or before the date that is 3 years from the date of grant. Full terms and conditions of the Broker Options are set out in Schedule 1. Shares issued on exercise of the Broker Options will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.

(d) The Broker Options may be granted 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).

(e) The Broker Options will be granted for nil consideration as they are being granted in recognition of lead management and selling fees provided in respect to the Placement. Accordingly, no funds will be raised from the grant of the Broker Options.

(f) The material terms (being the fees and services provided) of the lead manager agreement with Bell Potter are outlined in Section 6.1 above. The lead manager agreement includes other standard indemnities, warranties, representations and termination clauses which are not considered material terms so have not been included.



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(g) A voting exclusion statement is included in the Notice.

# 7. Resolutions 6 – Approval to issue Performance Rights to Matthew Stepka

## 7.1 General

As announced on 29 April 2020, Mr Stepka was appointed as a Director effective 1 May 2020.

The Company and Mr Stepka have agreed that, subject to Shareholder approval, Mr Stepka will be issued:

(a) 5,000,000 SP Performance Rights (comprising 1,000,000 Class A SP Performance Rights, 1,000,000 Class B SP Performance Rights, 1,000,000 Class C SP Performance Rights, 1,000,000 Class D SP Performance Rights and 1,000,000 Class E SP Performance Rights) in connection with his appointment as a Director; and

(b) 500,000 Remuneration Performance Rights in lieu of 100% of his annual cash remuneration (being a total of $60,000) for the next 12 months.

(together the **MS Performance Rights**).

The MS Performance Rights will be issued under the Company's Performance Rights Plan and subject to the Vesting Conditions outlined below. It is noted that the VWAP from 1 May 2020 (being the date of Mr Stepka's appointment) until 25 May 2020 was $0.152 and the closing Share price on 25 May 2020 was $0.165, which is higher that the Vesting Condition for the Class A SP Performance Rights. The assessment of the SP Performance Rights Vesting Conditions will however be from the date of issue of the SP Performance Rights and be based on a 30 day VWAP.

| Performance Rights | Vesting Condition | Milestone Date | Expiry Date |
|---|---|---|---|
| Remuneration Performance Rights | Continued employment with the Company in existing role from issue date until the Milestone Date | 6 months from issue date | 3 years from issue date |
| Class A SP Performance Rights | The 30 day VWAP of the Company's Shares being greater than the Placement issue price being $0.12 prior to the Milestone Date | 1 years from issue date | 3 years from issue date |
| Class B SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 50% above the Placement issue price being $0.18 prior to the Milestone Date | 1 years from issue date | 3 years from issue date |
| Class C SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 100% above the Placement issue price being $0.24 prior to the Milestone Date | 1 years from issue date | 3 years from issue date |
| Class D SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 200% above the Placement issue price being $0.36 prior to the Milestone Date | 2 years from issue date | 3 years from issue date |
| Class E SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 400% above the Placement issue price being $0.60 prior to the Milestone Date | 2 years from issue date | 3 years from issue date |

The above Performance Rights will each convert into a Share for no consideration on exercise by the holder once vested.



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If a Vesting Condition of a Performance Right is not achieved by the applicable Milestone Date, then the Performance Right will lapse. If a vested Performance Right is not exercised on or before the Expiry Date, then the Performance Right will lapse.

If a Change of Control Event (as defined in Schedule 2) occurs prior to the expiry or conversion of a Performance Right, then the Performance Right will convert.

The principle terms of the Performance Rights are summarised in Schedule 2. Further terms and conditions of the Performance Rights are set out in the Performance Rights Plan a summary of which is provided in Schedule 3.

### 7.2 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

(a) a director of the company;

(b) an associate of a director of the company; or

(c) a person whose relationship with the company or a person referred to in a Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the MS Performance Rights falls within Listing Rule 10.14.1 as Mr Stepka is a Director and therefore the issue requires Shareholder approval under Listing Rule 10.14.

Resolutions 6 seek Shareholder approval to issue the MS Performance Rights to Mr Stepka (or his nominees) under and for the purposes of Listing Rule 10.14.

If Resolution 6 is passed, the Company will issue the MS Performance Rights to Mr Stepka (or his nominees).

If Resolution 6 is not passed, the Company will not issue the MS Performance Rights to Mr Stepka (or his nominees) and the Company will be required to pay Mr Stepka's Directors fees in cash.

Resolution 6 is an ordinary resolution.

### 7.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company’s members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.



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The issue of the Performance Rights to Mr Stepka (or his nominees) pursuant to Resolution 6 constitutes the giving of a financial benefit and Mr Stepka is a related party of the Company by virtue of being a Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Performance Rights to Mr Stepka because the proposed issue of these Performance Rights are considered reasonable in the circumstances and were negotiated and agreed with Mr Stepka, prior to his appointment as a Director (when he was not in a position of influence), with the dealing being at arm's length. The Performance Rights formed part of Mr Stepka's remuneration package in agreeing to be appointed at a Director.

## 7.4 Information required by Listing Rule 10.15

The following information is provided for the purposes of Listing Rule 10.15 in respect to Resolution 6:

(a) The maximum number of securities the Company may issue to Mr Stepka (or his nominee) under Resolution 6 is:

(i) 5,000,000 SP Performance Rights (comprising 1,000,000 Class A SP Performance Rights, 1,000,000 Class B SP Performance Rights, 1,000,000 Class C SP Performance Rights, 1,000,000 Class D SP Performance Rights and 1,000,000 Class E SP Performance Rights); and

(ii) 500,000 Remuneration Performance Rights.

(b) Approval is required to issue the MS Performance Rights to Mr Stepka under the Performance Rights Plan as he falls within Listing Rule 10.14.1 by virtue of being a Director.

(c) The value attributed to each of the MS Performance Rights is outlined below. These values are based on an independent valuation by Stantons International Securities Pty Ltd (**Stantons**) at a deemed grant date of 12 May 2020.

| | **Value per Performance Right** |
|---|---|
| Remuneration Performance Right | $0.145 |
| Class A SP Performance Right | $0.138 |
| Class B SP Performance Right | $0.115 |
| Class C SP Performance Right | $0.091 |
| Class D SP Performance Right | $0.096 |
| Class E SP Performance Right | $0.068 |

Independent accountants, Stantons have determined the value attributed to the Remuneration Performance Rights (which have non-market based vesting conditions) using the Black & Scholes valuation methodology. For valuation purposes these Performance Right are considered zero priced options given they will be issued for nil consideration and no consideration is payable on their conversion into Shares. The non-market based vesting conditions have not been taken into account in assessing the fair value of the Remuneration Performance Rights.

Key input assumptions to the Black & Scholes valuation include, the Company's Share price on the deemed grant date of 12 May 2020, the exercise price, the term of the

Performance Right, the expected volatility of the underlying Shares (based on 12 month historic volatility of the Shares), the expected dividend yield and the risk-free interest rate for the term of the Performance Rights.

The SP Performance Rights (which are subject to market based vesting conditions) have been valued using the Monte Carlo simulation methodology which incorporates the effect of the market based vesting conditions directly into the Monte Carlo simulation. Under this model, the SP Performance Rights value has been estimated using the average present value of the payoff of 100,000 simulated outcomes.

Based on these valuations, the implied total value of the MS Performance Rights to be issued to Mr Stepka under Resolution 6 is $580,500.

Refer to Section 7.4(d) below for further details in regard to Mr Stepka's remuneration.

(d) Mr Stepka's total remuneration package based on the indicative values attributed to the MS Performance Rights outlined in Section 7.4(c) is outlined in the table below

| Cash remuneration | Security based remuneration | | Total |
|---|---|---|---|
| | Remuneration Performance Rights[1] | SP Performance Rights | |
| - | $72,500 | $508,000 | **$580,500** |

*1. To be issued in lieu of Mr Stepka's cash salary of $60,000*

In accordance with Accounting Standards the total value of the Performance Rights will be expensed over the vesting period of the Performance Rights. Mr Stepka's effective 12 month remuneration package, based on the indicative values attributed to the MS Performance Rights outlined in Section 7.4(c) and expensing the total security based remuneration over a 12 month period, is outlined in the table below.

| Cash remuneration | Security based remuneration | | Total |
|---|---|---|---|
| | Remuneration Performance Rights[1] | SP Performance Rights | |
| - | $72,500 | $426,500 | **$498,500** |

*1. To be issued in lieu of Mr Stepka's cash salary of $60,000*

(e) No securities have previously been issued to Mr Stepka under the Performance Rights Plan.

(f) The MS Performance Rights will be granted with the vesting conditions, milestone dates and expiry dates as set out in Section 7.1. The principle terms of the MS Performance Rights are set out in Schedule 2. Shares issued on exercise of the MS Performance Rights will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.

(g) The Remuneration Performance Rights proposed to be issued to Mr Stepka are in lieu of cash remuneration of $60,000 for the next 12 months. As the Company continues to manage its cash costs to progress towards a more sustainable cash flow position



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this form of remuneration represent a cash cost saving and also highlights Mr Stepka's commitment to the Company having chosen to receive the Remuneration Performance Rights in lieu of 100% of his annual cash salary.

The SP Performance Rights proposed to be issued to Mr Stepka reflect his strategic role in guiding and mentoring the Company's US team and helping to shape Family Zone AI and wellbeing strategy and products. The SP Performance Rights are designed to encourage and align his remuneration and to reward the growth in Shareholder value with share price based vesting targets. Whilst Mr Stepka is a Non-executive Director, the Board (excluding Mr Stepka) considered it appropriate to include performance based remuneration targets to reflect his strategically important role in key growth areas for the Company. The issue of the SP Performance Rights is not considered to impact Mr Stepka's independence.

(h) The MS Performance Rights will be issued no later than three years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(i) The MS Performance Rights will be issued for nil cash consideration as below:

(i) The Remuneration Performance Rights will be issued in lieu of Director's cash remuneration of $60,000. The Company has determined the number of Remuneration Performance Rights to be issued to Mr Stepka based on the issue price of the last capital raising being $0.12 each.

(ii) The SP Performance Rights will be issued as security based incentive remuneration in connection with Mr Stepka's appointment as a Director.

Accordingly, no funds will be raised from the issue of the MS Performance Rights.

(j) A summary of the terms of the Performance Rights Plan is set out in Schedule 3.

(k) The Company has not made any loans to Mr Stepka in relation to the issue of the MS Performance Rights.

(l) Details of any securities issued under the Performance Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Performance Rights Plan after Resolution 6 is approved and who were not named in the Notice will not participate until approval is obtained under that rule.

(m) A voting exclusion statement is included in this Notice.

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# 8. Resolutions 7 – Approval to issue Director Options to Phil Warren

## 8.1 General

The Company has agreed that, subject to Shareholder approval, Mr Warren will be issued 1,000,000 Director Options (each exercisable at $0.21 within three years of issue) as a long term incentive in connection with his role as a Non-executive Director.

The Director Options will be issued under the Company's Employee Option Plan and will be subject to the following vesting conditions.

| Tranche | Vesting Condition | Number |
|---|---|---|
| 1 | None | 500,000 |
| 2 | The 30 day VWAP of the Company's Shares being greater than $0.25 | 500,000 |

The principle terms of the Director Options are summarised in Schedule 4. Further terms and conditions of the Director Options are set out in the summary of Company's Employee Share Option Plan in Schedule 5.

## 8.2 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

(a) a director of the company;

(b) an associate of a director of the company; or

(c) a person whose relationship with the company or a person referred to in a Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Director Options falls within Listing Rule 10.14.1 as Mr Warren is a Director and therefore the issue requires Shareholder approval under Listing Rule 10.14.

Resolutions 7 seek Shareholder approval to issue the Director Option to Mr Warren (or his nominees) under and for the purposes of Listing Rule 10.14.

If Resolution 7 is passed, the Company will issue the Director Options to Mr Warren (or his nominees).

If Resolution 7 is not passed, the Company will not issue the Director Options to Mr Warren (or his nominees).

Resolution 7 is an ordinary resolution.

## 8.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Director Options to Mr Warren (or his nominees) pursuant to Resolution 7 constitutes the giving of a financial benefit and Mr Warren is a related party of the Company by virtue of being a Director.

After a review of publicly available information relating to the remuneration structures of several of the Company's peers listed on the ASX, the Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of issue of the issue of the Director Options to Mr Warren because the issue of these Director Options is considered reasonable remuneration in the circumstances.

## 8.4 Information required by Listing Rule 10.15

The following information is provided for the purposes of Listing Rule 10.15 in respect to Resolution 7:

(a) The maximum number of securities the Company may issue to Mr Warren (or his nominee) under Resolution 7 is 1,000,000 Director Options (each exercisable at $0.21 within three years from the issue date).

(b) Approval is required to issue the Director Options to Mr Warren under the Company's Employee Share Option Plan as he falls within Listing Rule 10.14.1 by virtue of being a Director.

(c) The value attributed to each of the Director Options is outlined below. These values are based on an independent valuation by Bentleys Chartered Accountants of the Options issued on similar terms and conditions to the Company's Chairman, Peter Pawlowitsch in November 2019 and which were outlined in the Company's Half Year Financial Report. These values were also considered in determining the number of Director Options to be issued to Mr Warren.

| Director Options | Value per Director Option |
|---|---|
| Tranche 1 | $0.0923 |
| Tranche 2 | $0.0917 |

The Bentleys valuation used a Monte Carlo simulation methodology which incorporates the effect of the market based vesting conditions directly into the Monte Carlo simulation and key input assumptions in regard to stock price, exercise price, terms, time vesting period share price target and volatility. Under this model, the Director Options value has been estimated using the average present value of the payoff of 50,000 iterations.

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Based on these valuations, the implied total value of the Director Option to be issued to Mr Warren under Resolution 7 is approximately $92,000.

Refer to Section 8.4(d) below for further details in regard to Mr Warren's remuneration.

(d) Mr Warren's total remuneration package based on the indicative values attributed to the Director Options outlined in Section 8.4(c) is outlined in the table below

| Cash remuneration | Security based remuneration | Total |
|---|---|---|
| $40,000 | $92,000 | **$132,000** |

In accordance with Accounting Standards the total value of the Tranche 2 Director Options will be expensed over the vesting period of the Tranche 2 Director Options. Mr Warren's effective 12 month remuneration package, based on the indicative values attributed to the Director Options outlined in Section 8.4(c) and expensing the total security based remuneration over a 12 month period, is outlined in the table below.

| Cash remuneration | Security based remuneration | Total |
|---|---|---|
| $40,000 | $61,433 | **$101,433** |

(a) No options have previously been issued to Mr Warren under the Employee Share Option Plan.

(b) The Director Options are exercisable at $0.21 per Director Option within three years from the issue date and subject to the vesting conditions set out in Section 8.1. The principle terms of the Director Options are set out in Schedule 4. Shares issued on exercise of the Director Options will be fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.

(c) The Directors Options are proposed to be issued Mr Warren as a security based incentive in connection with his role as Non-executive Director and are on the similar terms as the options issued to the Company's Non-executive Chairman in November 2019.

(d) The Director Options will be issued no later than three years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(e) The Director will be issued for nil cash consideration as they are being issued as a security incentive based remuneration. Accordingly, no funds will be raised from the issue of the Director Options.

(f) A summary of the terms of the Company's Employee Share Options Plan is set out in Schedule 5.

(g) The Company has not made any loans to Mr Warren in relation to the issue of the Director Options.

(h) Details of any securities issued under the Company's Employee Options Plan will be published in the annual report of the Company relating to the period in which they

were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Performance Rights Plan after Resolution 7 is approved and who were not named in the Notice will not participate until approval is obtained under that rule.

(i) A voting exclusion statement is included in this Notice.

# 9. Resolution 8 – Approval to grant Advisor Options to Focus Capital Partners LLC

## 9.1 General

As outlined in recent announcements, the Company has identified the US education market as a key growth sector for the Company and is currently investing in product and business development activities focused on US schools districts and their parent communities.

As part of this US expansion strategy, the Company engaged Focus Capital Markets LLC, a US based corporate advisory firm, to provide advisory services in relation to the Company's expansion into the US including the introduction to potential new US based Board appointees and US based funds to the recent capital raising, business development opportunities and strategic advice. In consideration for the advisory services provided (and to be provided), the Company agreed to issue 4,000,000 Advisor Options comprising 2,000,000 Tranche 1 Advisor Options ($0.18, 3 years) and 2,000,000 Tranche 2 Advisor Options ($0.24, 3 years) to Focus Capital Markets LLC. Full terms and conditions of the Advisor Options are set out in Schedule 1.

A summary of Listing Rule 7.1 is provided in Section 3.2.

Listing Rule 7.2 set out various types of equity issues that are excluded from the operation of Listing Rule 7.1 and 7.1A. The issue of the Advisor Options does not fall within any of the exceptions to Listing Rule 7.1. While the issue of the Advisor Options does not exceed the Company's 15% limit in Listing Rule 7.1 and therefore could be issued without breaching this rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this the Company is asking Shareholders to approve the issue under Listing Rule 7.1 so it does not use up any of its 15% limit on issuing securities without Shareholder approval under Listing Rule 7.1.

To this end, Resolution 8 seeks the required Shareholder approval to issue the Advisor Options under and for the purposes of Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Advisor Options. In addition the grant of the Advisor Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 8 is not passed then the Company will still proceed with the grant of the Advisor Options but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue of the Advisor Options.



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Resolution 5 is an ordinary resolution.

## 9.2 Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

(a) The Advisor Options will be granted to Focus Capital Markets LLC (or their nominees).

(b) The maximum number of Advisor Options the Company may grant under Resolution 8 is 4,000,000 Advisor Options, comprising 2,000,000 Tranche 1 Advisor Options and 2,000,000 Tranche 2 Advisor Options.

(c) The Tranche 1 Advisor Options are each exercisable at $0.18 on or before the date that is 3 years from the date of grant and the Tranche 2 Advisor Options are each exercisable at $0.24 on or before the date that is 3 years from the date of grant. Full terms and conditions of the Advisor Options are set out in Schedule 1. Shares issued on exercise of the Advisor Options will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.

(d) The Advisor Options may be granted 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).

(e) The Advisor Options will be granted for nil consideration as they are being granted in recognition of advisory services provided (and to be provided) in respect to the Company's US expansion strategy. Accordingly, no funds will be raised from the grant of the Advisor Options.

(f) The material terms (being the fee and services provided) of the advisory services engagement with Focus Capital Markets LLC are outlined in Section 9.1 above.

(g) A voting exclusion statement is included in the Notice.

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# 10. Definitions

**$** means Australian Dollars.

**Advisor Option** means the Tranche 1 Advisor Options and the Tranche 2 Advisor Options

**Broker Option** means an Option on the terms and conditions set out in Schedule 1.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Bell Potter** means Bell Potter Securities Limited.

**Board** means the board of Directors.

**Class A SP Performance Rights** means the Performance Rights issued on the terms and conditions set out in Schedule 2.

**Class B SP Performance Rights** means the Performance Rights on the terms and conditions set out in Schedule 2.

**Class C SP Performance Rights** means the Performance Rights issued on the terms and conditions set out in Schedule 2.

**Class D SP Performance Rights** means the Performance Rights issued on the terms and conditions set out in Schedule 2.

**Class E SP Performance Rights** means the Performance Rights issued on the terms and conditions set out in Schedule 2.

**Business Day** has the same meaning as defined in Chapter 19 of the Listing Rules.

**Chair** means the chair of this Meeting.

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

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Director Placement Shares** has the meaning given in Section 5.1.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Listing Rules** means the listing rules of ASX.

**LR 7.1 Tranche 1 Placement Shares** has the meaning given in Section 3.1(a)

**LR 7.1A Tranche 1 Placement Shares** has the meaning given in Section 3.1(a)

**Meeting** has the meaning in the introductory paragraph of the Notice.

**MS Performance Rights** has the meaning set out in Section 7.1.

**Notice** means this notice of meeting.

**Option** means an option to acquire a Share.

**Performance Right** means a performance right issued under the Performance Rights Plan.

**Placement** has the meaning given in Section 3.1.

**Performance Rights Plan or Plan** means the Family Zone Cyber Safety Limited Performance Rights Plan, the key terms of which are summarised in Schedule 3.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Performance Rights** means the Performance Rights issued on the terms and conditions set out in Schedule 2.

**Resolution** means a resolution contained in this Notice.

**Section** means a section contained in this Explanatory Memorandum.

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

**Shareholder** means a shareholder of the Company.

**SP Performance Rights** means the Class A SP Performance Rights, Class B SP Performance Rights, Class C SP Performance Rights, Class D SP Performance Rights and Class E Performance Rights.

**Tranche 1 Advisor Option** means an Option on the terms and conditions set out in Schedule 1.

**Tranche 2 Advisor Option** means an Option on the terms and conditions set out in Schedule 1.

**Trance 1 Placement Shares** has the meaning given in Section 3.1.

**Tranche 1 Placement Participants** has the meaning given in Section 3.4(b)

**Tranche 2 Placement Shares** has the meaning given in Section 3.1.

**Tranche 2 Placement Participants** means Peter Pawlowitsch, Samurai Ventures LLC and Regal Funds Management Pty Ltd.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time, being the time in Perth, Australia.

In this Notice, words importing the singular include the plural and vice versa.

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# Schedule 1 – Terms and Conditions of Broker and Advisor Options

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

**1. Entitlement**

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

**2. Exercise Price and Expiry Date**

| Option | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| Broker Options | 2,000,000 | $0.18 | Three years from issue date |
| Tranche 1 Advisor Option | 2,000,000 | $0.18 | Three years from issue date |
| Tranche 2 Advisor Option | 2,000,000 | $0.24 | Three years from issue 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 of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

**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

(b) 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



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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):

(a) 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

(b) 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.

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# Schedule 2 - Terms and Conditions of Performance Rights

The Performance Rights will be granted with the Vesting Condition, Milestone Date and Expiry Date as follows:

| Performance Rights | Vesting Condition | Milestone Date | Expiry Date |
|---|---|---|---|
| Remuneration Performance Rights | Continued employment with the Company in existing role from issue date until the Milestone Date | 6 months from issue date | 3 years from issue date |
| Class A SP Performance Rights | The 30 day VWAP of the Company's Shares being greater than the Placement issue price being $0.12 prior to the Milestone Date | 1 years from issue date | 3 years from issue date |
| Class B SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 50% above the Placement issue price being $0.18 prior to the Milestone Date | 1 years from issue date | 3 years from issue date |
| Class C SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 100% above the Placement issue price being $0.24 prior to the Milestone Date | 1 years from issue date | 3 years from issue date |
| Class D SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 200% above the Placement issue price being $0.36 prior to the Milestone Date | 2 years from issue date | 3 years from issue date |
| Class E SP Performance Rights | The 30 day VWAP of the Company's Shares increases by 400% above the Placement issue price being $0.60 prior to the Milestone Date | 2 years from issue date | 3 years from issue date |

The above Performance Rights will each convert into a Share for no consideration on exercise by the holder once vested.

If a Vesting Condition of a Performance Right is not achieved by the applicable Milestone Date, then the Performance Right will lapse. If a vested Performance Right is not exercised on or before the Expiry Date, then the Performance Right will lapse.

The achievement of the Vesting Condition for the Executive Performance Rights is to be independently reviewed by the Company's auditors. The achievement of the Vesting Conditions for all other Performance Rights outlined above will be determined by the Board from time to time.

(**No Voting rights**) A Performance Right does not entitle a holder to vote on any resolutions proposed at a general meeting of the Company's Shareholders.

(**No dividend rights**) A Performance Right does not entitle a holder to any dividends.

(**Rights on winding up**) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(**Not transferable**) A Performance Right is not transferable.

(**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.

(**Quotation of shares on conversion**) An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right within the time period required by the Listing Rules.

(**Participation in entitlements and bonus issues**) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.

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(**Vesting on a Change of Control Event**) If there is a Change of Control Event in relation to the Company prior to the conversion or expiry of the Performance Rights, then:

(a) all outstanding Vesting Conditions will be deemed to have been satisfied; and

(b) each Performance Right will automatically and immediately convert into a Share.

For these purposes, **Change of Control Event** means

(a) the occurrence of:

  (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and

  (ii) that takeover bid has become unconditional; or

(b) the announcement by the Company that:

  (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:

    (A) cancelled; or

    (B) transferred to a third party; and

  (ii) the Court, by order, approves the proposed scheme of arrangement.

(**No other rights**) A Performance Right 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 term.

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# Schedule 3 - Summary of Performance Rights Plan

Summary of the Performance Rights Plan and terms on which offers of Performance Rights may be made:

a) The directors of the Company from time to time, at their discretion, may at any time invite eligible employees to participate in the grant of Performance Rights.

b) The eligible employees under the Plan are full time and part time employees (including a director) of the Company and its related bodies corporate or any other person who is declared by the Board to be eligible to receive a grant of Performance Rights under the Plan (**Eligible Employees**). Subject to the Board approval, an Eligible Employee may nominate a nominee to receive the Performance Rights to be granted to the Eligible Employee.

The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.

c) The Plan is administered by the Directors of the Company, who have the power to:

(i) determine appropriate procedures for administration of the Plan consistent with its terms;

(ii) resolve conclusively all questions of fact or interpretation in connection with the Plan;

(iii) delegate the exercise of any of its powers or discretions arising under the Plan to any one or more persons for such period and on such conditions as the Board may determine; and

(iv) suspend, amend or terminate the Plan (subject to restrictions on amendments to the Plan which reduce the rights of a participant of the Plan in respect of any Performance Rights or Shares already granted).

d) (Performance Rights will be granted for nil cash consideration, unless the Board determines otherwise (which will be no more than a nominal amount).

e) No amount will be payable on the exercise of Performance Rights under the Plan.

f) The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.

g) The Company must have reasonable grounds to believe that the number of Shares to be issued on exercise of the Performance Rights when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three years under:

(i) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or

(ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

does not exceed 5% of the total number of issued Shares at the time the invitation to acquire Performance Rights is made (but disregarding any securities issued as the result of an offer that can be disregarded in accordance with ASIC Class Order 14/1000).

h) The Shares to be issued on issued on exercise of the Performance Rights will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares.

i) The Performance Rights granted under the Plan will be subject to vesting conditions determined by the Board from time to time and expressed in a written offer made by the Company to the Eligible Employee which is subject to acceptance by the Eligible Employee within a specified period. The



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vesting conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant in the Plan and/or by the Company or (iii) such other performance conditions as the Board may determine and set out in the offer. The Board determines whether vesting conditions have been met.

j) Performance Rights will have an expiry date as the Board may determine in its absolute discretion and specify in the offer to the Eligible Employee.

k) Performance Rights will be exercisable by the holder from the date the applicable vesting conditions are satisfied or waived by the Board up to and including the applicable expiry date.

l) The vesting conditions of Performance Rights will have a milestone date as determined by the Board in its absolute discretion and will be specified in the offer to the Eligible Employee. Performance Rights will not be listed for quotation. However, the Company will make an application to ASX for official quotation of all Shares issued on exercise of the Performance Rights within the period required by the Listing Rules.

m) The Performance Rights are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act.

n) If a vesting condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse. Unless the Board determines otherwise, an unvested Performance Right will lapse if the holder ceases to be an Eligible Employee for the purposes of the Plan by reason of resignation, termination for poor performance or termination for cause.

o) Unless the Board determines otherwise, if the holder of Performance Rights granted under the Plan ceases to be an employee for any other reason other than those reasons set out in paragraph (n), including but not limited to retirement, total and permanent disablement, death, redundancy or termination by agreement, then any Performance Rights which have not lapsed will continue to held by the holder as if it was still an Eligible Employee, except that any continuous service condition will be deemed to have been waived.

p) If, in the opinion of the Board, a holder of Performance rights granted under the Plan acts fraudulently or dishonestly, is in breach of his or her obligations to the Company and its related bodies corporate, has done an act which has brought the Company or any of its related bodies corporate into disrepute, or if the Company becomes aware of a material misstatement or omission in the financial statements in relation to the Company or any of its related bodies corporate, or a holder is convicted of an offence in connection with the affairs of the Company or any of its related bodies corporate or has judgment entered against him or her in any civil proceedings in respect of the contravention of his or her duties at law in his capacity as an employee, consultant or officer of the Company or any of its related bodies corporate, the Board will have the discretion to deem any Performance Rights will lapse.

q) If in the opinion of the Board, Performance Rights vested as a result of the fraud, dishonesty or breach of obligations of either the holder or any other person and in the opinion of the Board, the Performance Rights would not have otherwise vested; or the Company is required by, or entitled under, law to reclaim an overpaid bonus or other amount from a holder, then the Board may determine (subject to applicable law) any treatment in relation to the Performance Rights or Shares issued upon exercise of Performance Rights to comply with the law or to ensure no unfair benefit is obtained by the Participant.

r) Where there is a transaction, event or state of affairs that, in the Board's opinion, is likely to result in a change of control of the Company (**Change of Control Event**), the Board may in its discretion determine that all or a specified number of the holder's Performance Rights vest and become exercisable or cease to be subject to restrictions (as applicable), although the Board may specify in an offer to a Participant that any additional or different treatment will apply if a Change of Control Event occurs.



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s) Unless the Board determines otherwise, if a Change of Control Event occurs, any restrictions on dealing imposed on vested Performance Rights will cease to have effect.

t) There are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

u) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the number of Shares which must be allocated on the exercise of a Performance Right.

v) 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) the number of Shares which must be allocated on the exercise of a Performance Right will be increased by the number of Shares which the Participant would have received if the Performance Right had vested before the record date for the bonus issue.

w) If there is any reorganisation of the issued share capital of the Company, the rights of the Performance Rights holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

x) Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to Performance Rights issued under the Plan.

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# Schedule 4 – Terms and Conditions of Director Options

The terms and conditions of the Director Options are outlined below:

**1. Entitlement**

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

**2. Exercise Price and Expiry Date**

The Exercise Price, Vesting Conditions and Specified Expiry Date of each Option are referred to in the tables below.

| Exercise Price | Specified Expiry Date |
|---|---|
| $0.21 | Three years from issue date |

| Tranche | Vesting Condition | Number |
|---|---|---|
| 1 | None | 500,000 |
| 2 | The 30 day VWAP of the Company's Shares being greater than $0.25 | 500,000 |

The Options will expire on that date (**Expiry Date**) which is the earlier of:

(a) the Specified Expiry Date referred to in the above table; or

(b) the making by the Board of a determination that the Employee has acted fraudulently, dishonestly or in breach of the Employee's obligations to the Company or any of its subsidiaries; or

(c) as determined in accordance with item 3 below; or

(d) as determined in accordance with item 4 below,

and thereafter no party has any claim against any other party arising under or in respect of the Options.

**3. Ceasing to be an Employee**

If at any time prior to the Expiry Date of any Options, an Employee ceases to be an Employee as a Good Leaver, the Employee, will be entitled to keep any Options for which the relevant Vesting Condition has been met (**Vested Options**) and the Board, in its absolute discretion, shall determine the amount of any Options for which the relevant Vesting Condition has not been met (**Unvested Options**) to vest.

If at any time prior to the Expiry Date of any Options, an Employee ceases to be an Employee as a Bad Leaver:

(a) in respect of any Vested Options held, such Employee will have until the earlier of:

(i) three months from the date of ceasing to be an Employee; or

(ii) the Expiry Date of the Options,

to exercise the Options, otherwise the Options will automatically lapse; and

(b) any other Options will automatically lapse.

For the purposes of this item 3:



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"**Employee**" means a person who is a full-time or permanent part-time employee or officer or director or company secretary of the Company or a related body corporate or such other person as the Board determines.

"**Good Leaver**" means an Employee who ceases to be an Employee by reason of retirement, permanent disability, redundancy or death or anyone determined by the Board as a good leaver on a case by case basis and at its absolute discretion.

"**Bad Leaver**" means an Employee who ceases to be an Employee by any reason other than as a Good Leaver.

**4. Change in Control**

Notwithstanding any other terms contained in the rules of the Company's Employee Share Option Plan, upon the occurrence of a Change in Control Event the Board may determine (in its discretion):

(a) that the Options may vest and be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Change in Control Event provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or

(b) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Change in Control Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately vest and become exercisable and if not exercised within 10 days, shall lapse.

For the purposes of this Item 4, **"Change in Control Event"** means:

(e) the occurrence of:

(i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and

(ii) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or

(f) the announcement by the Company that:

(i) Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:

(A) cancelled; or

(B) transferred to a third party; and

(ii) the Court, by order, approves the proposed scheme of arrangement; or

(g) the occurrence of the sale of all or a majority of the Company's main undertaking; or

(h) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

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**5. Exercise Period**

The Options are exercisable at any time after the Vesting Condition in item 2 above has been met and on or prior to the Expiry Date.

**6. 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.

**7. Shares issued on exercise**

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

**8. 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.

**9. Timing of issue of Shares**

After an Option is validly exercised, the Company must, as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

(i) issue the Share;

(j) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(k) 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 Share.

**10. 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.

**11. 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):

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

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

**12. Adjustment for rights 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.

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## 13. Adjustments for reorganisation

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

## 14. Quotation of Options

No application for quotation of the Options will be made by the Company.

## 15. Options not transferable

Options are not transferable unless they are Vested Options and only with the prior written approval of the Board of directors of the Company and subject to compliance with the Corporations Act.

## 16. 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 Registry.

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# Schedule 5 – Overview of Employee Share Option Plan

The key terms of the Company's Employee Share Option Plan (**Plan**) are set out below:

1. The Board in its discretion may offer Options to full time or part time employees or officers or directors, of the Company, or such other person as the Board determines who qualify to participate according to the relevant ASIC relief.

2. An Option offered under the Plan may be subject to any conditions as determined by the Board in its absolute discretion which are no inconsistent with any express provision in the Plan rules, the Listing Rules and the Corporations Act.

3. Each Option will be issued for nil consideration or no more than nominal monetary consideration.

4. Each Option can be exercised once all exercise conditions are satisfied and otherwise in accordance with the terms of the Plan and the conditions determined by the Board. Upon exercise, the Option will entitle the participant to subscribe for and be issued one Share.

5. Subject to the discretion of the Board, a participant's Options lapse upon the first to occur of:

   a) the Option expiry date passing; or

   b) any vesting conditions of the Options being unable to be met; or

   c) if a participant ceases to be an employee of the Company the Options lapse in accordance with the provisions for a the participant ceasing to be an employee as a good leaver or bad leaver, as determined by the Board;

   d) the Board making the determination the participant has acted fraudulently, dishonestly or in breach of obligations to the Company; or

   e) such other date for prescribed circumstances as detailed in the Option terms and conditions.

6. A Share issued on the exercise of an Option will rank equally with all other Shares and the Company will obtain official quotation of the Share on ASX.

7. The Board may determine that a restriction period will apply to some or all of the Options issued to the participant.

8. The Plan otherwise contains terms considered standard for a document of this nature.

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# GM Registration Card

family zone

Family Zone Cyber Safety Limited | ACN 167 509 177

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**Holder Number:**

## Vote by Proxy: FZO

Your proxy voting instruction must be received by **10.00am (WST) on Sunday, 28 June 2020,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY VOTE ONLINE

### Vote online at https://investor.automic.com.au/#/loginsah

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.**

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

## SUBMIT YOUR PROXY VOTE BY PAPER

**Complete the form overleaf in accordance with the instructions set out below.**

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: **https://investor.automic.com.au/#/home** Shareholders sponsored by a broker should advise their broker of any changes.

### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual**: Where the holding is in one name, the Shareholder must sign.

**Joint holding**: Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney**: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies**: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address**: Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

### ATTENDING THE MEETING

In the interests of public health and safety of our shareholders, the company is not able to allow shareholders to physically attend the shareholder meeting.

### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

## Contact

### Return your completed form

**BY MAIL**
Automic
GPO Box 5193
Sydney NSW 2001

**IN PERSON**
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

**BY EMAIL**
meetings@automicgroup.com.au

### All enquiries to Automic

**WEBCHAT**
https://automicgroup.com.au/

**PHONE**
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

AUTOMIC

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## STEP 1: Appoint Your Proxy

### Complete and return this form as instructed only if you do not vote online

In the interests of public health and safety of our Shareholders, the Company is **not able to allow Shareholders to physically attend the Shareholder Meeting.**

I/We being a Shareholder entitled to attend and vote at the General Meeting of Family Zone Cyber Safety Limited, to be held at **10.00am (WST) on Tuesday, 30 June 2020 at 945 Wellington Street, West Perth** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**
Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**
Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 6 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

## STEP 2: Your Voting Direction

| Resolutions | | For | Against | Abstain |
|---|---|---|---|---|
| 1. | Ratification of Issue of Tranche 1 Placement Shares Under Listing Rule 7.1 Capacity | | | |
| 2. | Ratification of Issue of Tranche 1 Placement Shares Under Listing Rule 7.1A Capacity | | | |
| 3. | Approval to Issue Tranche 2 Placement Shares | | | |
| 4. | Approval for Peter Pawlowitsch to Participate in the Placement | | | |
| 5. | Approval to Grant Broker Options to Bell Potter | | | |
| 6. | Approval to Grant Performance Rights to Matthew Stepka | | | |
| 7. | Approval to Grant Director Options to Phil Warren | | | |
| 8. | Approval to Grant Advisor Options to Focus Capital Partners LLC | | | |

***Please note:*** *If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

## STEP 3: Sign Here + Contact Details

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 |
|---|---|---|
| | | |
| Sole Director and Sole Company Secretary | Director | Director / Company Secretary |

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY) / /

**By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).**