



ASX Announcement

PERTH - 28 NOVEMBER 2016

FAMILY ZONE - AUSTRALIAN OPERATIONS ACHIEVING EXPECTATIONS

- Consumer sign-ups meeting Company expectations
- Success driven by school seminars, digital and radio advertising
- Cyber Experts in the Family Zone platform increases from 9 to 12 Experts
- Well positioned for integration of Family Zone with Sonar & MyNet

Family Zone in Australia

Family Zone Cyber Safety Limited (ASX: FZO) ("Family Zone" or the "Company") is pleased to provide an update on its Australian operations which are designed to pilot Family Zone's products, technologies, marketing and partnering models ahead of broader pushes across the globe.

Family Zone officially launched its consumer offering in Australia in July 2016 around the time of the Company's listing on ASX.

Since launch, the Company has shifted the business from an engineering focus to customer support, marketing and sales.

Family Zone has trialed a number of marketing campaigns to test branding, communications and pricing. Key learnings include:

- Cyber safety is an attractive marketing theme, offering better than expected click through rates;
- Family Zone is capable of generating publicity through major media channels and our Cyber Experts are and continue to be a key component of media access;
- Conversion of audiences is the key challenge in parental control technologies and marketing trials to date highlight the influence of schools and importance of school communities.

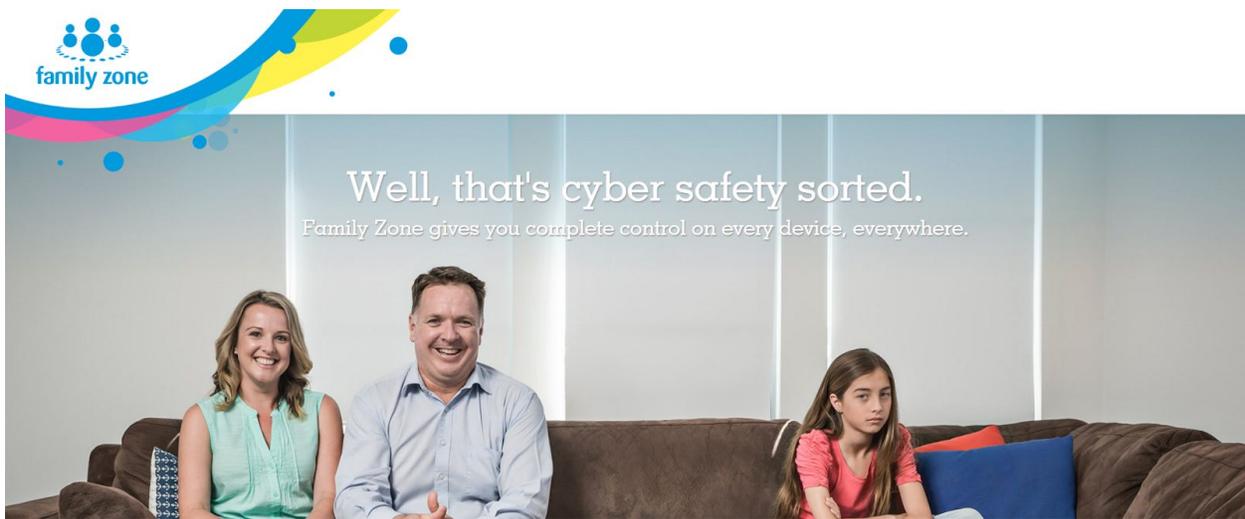
The influence of schools and their increasing willingness to engage in cyber safety outside of the campus and to talk to parents about parental control products was a key driver for the Company's acquisition of cyber security platforms Sonar and My Net¹. It has also focused the Company's sales strategies around schools and our Cyber Experts.



With a view to better targeting of marketing messages the Company launched the **Cyber Safety Sorted** campaign in October 2016. The objective of this campaign is to target the most engaged audiences and drive conversion.

Cyber Safety Sorted

Family Zone's Cyber Safety Sorted campaign focuses our efforts on parents currently struggling with their kid's digital use. Supported by an innovative reverse-testimonial radio campaign where kids are heard to say "it's the worst invention ever", the Cyber Safety Sorted campaign has achieved Company targets and is now the basis for our plans for 2017.



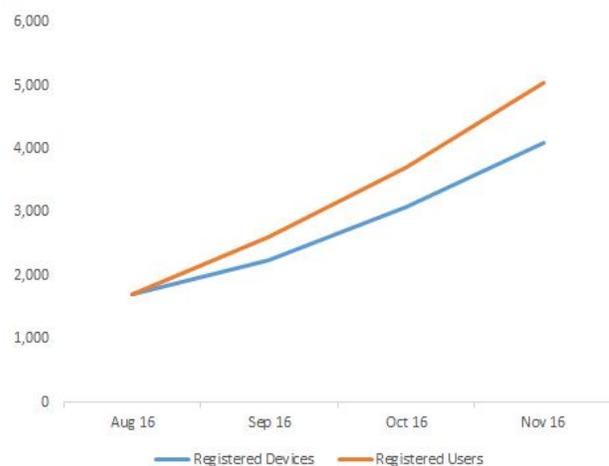
Operations

The Company's sales and marketing efforts are now showing rewards.

The Company has close to 4,500 registered devices in the filtering platform and visitors and users of our website and portal are growing.

The Company is satisfied with progress to date and will endeavour to accelerate registrations in the coming months.

Family Zone Users & Devices



Cyber Expert Partnerships expanding

Key to Family Zone's business model is the concept of partnerships and in particular partnerships with trusted parties in cyber safety.

Cyber Experts is a term the Company has coined for professionals working in the emerging industry of cyber safety. These professionals are often in schools talking to kids, teachers and parents about the challenges of the digital age. And within the Family Zone platform these experts can create packages of cyber safety settings and develop business models to offer these packages and communicate with their customers.

Family Zone currently has 12 Australia-based Cyber Experts in the platform, a number of whom are now generating material incomes from their Family Zone partnership.

Below is an example of the promotional benefits Family Zone derives from its relationship with Australia's leading Cyber experts.

  Jordan Foster There is no doubt that protecting and regulating our kids' online activity is one of the major challenges of today. I urge all parents to engage in their kids' online world. Installing parental controls is a key step forward.	  David Kobler Family Zone is by far THE best web based filtering service (and so much more) on the market today. It will truly help you establish a safe, online environment for your family both in and outside the home.	  Pete Brown As a high school IT teacher I've seen the worst of what kids' exposure to the cyber world can do. This is why I recommend Family Zone as it provides a universal and affordable level of control for parents.
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Other partnerships expanding

As part of the Company's broader strategy of embedding Family Zone inside cyber safety conversations across the country we are developing a range of partnerships.

Family Zone has:

- Registered 74 schools in the Family Zone platform for "safe wifi" and marketing opportunities, with 26 registered in November.
- Further developed the relationship with Computer Troubleshooters, Australia's leading provider of home IT services, with a number of franchisees now stocking Family Zone products.
- Became a partner of Australia's leading Learning Management platform SEQTA.
- Developed joint promotions with a number of schools and school service providers (eg providers of technology).

Family Zone continues to seek out and be sought out by potential partners. This is an important part of Family Zone's awareness strategy and successes to date and demonstrates the soundness of Family Zone's PR efforts.

Integration of Sonar & MyNet

The Company announced earlier in November the acquisition of the Sonar & MyNet Platforms¹.

Sonar (formerly known as Blue Reef) is one of the leading cyber security platforms in the Australian education sector offering firewall technologies, plus web and content filtering.

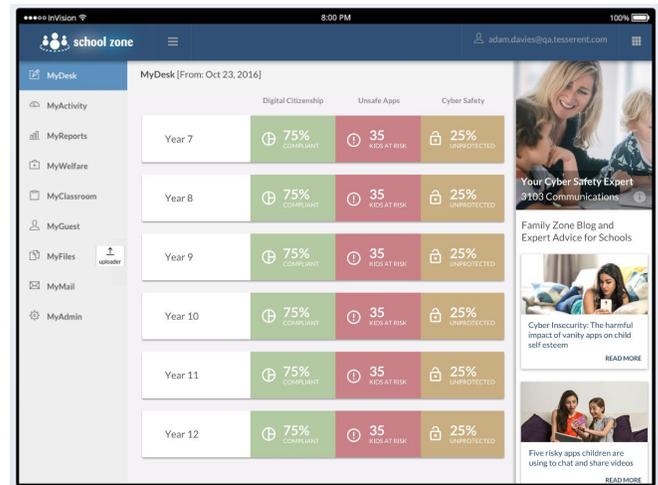
MyNet is an administration, self-service and reporting tool recently launched by Tesserent as an extension of Sonar. MyNet responds to the specific cyber needs of the education sector, which differs from typical enterprises. MyNet handles the complex demands around the IC&T curriculum, pastoral care and parental reporting requirements.

Since it started being marketed in mid-2016, MyNet has attracted enthusiastic responses from existing and potential education clients and is a key driver of sales enquiries in the USA.

Since announcement of the transaction, Family Zone has been working on strategies to integrate the platforms, focusing on the most compelling features for parents and schools.

The integrated platform is to be productised as School Zone. It is expected to be ready for market release in the first half of 2017 and will be the centerpiece of Family Zone's sales efforts in 2017.

The image to the right is an example of phase 1 integration of the platforms. The MyNet platform has been re-branded and key Family Zone information such as the usage of unsafe apps, the level of cyber safety in the school community and insights from cyber experts is now made available to the school.



Commercial Opportunity

The acquisition of Sonar & MyNet and integration into the Family Zone offers exciting short and long term product and distribution opportunities. It immediately generates license revenue for Family Zone both in Australia and the USA and gives Family Zone direct access to 200,000+ home users in those countries.



Furthermore, through the reseller arrangements agreed with experienced Cyber Security solutions provider Tesseract, the Company expects rapid growth in school installations.

Market Soundings

Within days of the announcement of the proposed Sonar / MyNet acquisition our sales team commenced market soundings with Tesseract and non-Tesseract serviced schools.

The response has been overwhelmingly positive. Pleasingly a high proportion of schools approached have expressed interest in discussing approaches to mandate the Family Zone consumer offering on devices brought onto the school campus.

The results of these soundings evidence the Company's intention with respect to this acquisition.

¹ Subject to shareholder approval. Refer to ASX announcement released 08/11/2016

About Family Zone

Family Zone is an ASX listed technology company focused on cyber safety. Meeting a growing demand to keep kids safe online and manage digital lifestyles, Family Zone has developed a unique and innovative cloud-based solution which combines Australian innovation with leading global technology.

To learn more about the Family Zone platform and the Company please visit www.familyzone.com.

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