



ASX Announcement

Wednesday 15 March 2017

Issue of Placement Shares

Family Zone Cyber Safety Ltd (ASX: FZO, **Family Zone** or **the Company**) is pleased to advise, further to its announcement on 7 March 2017 that it had raised \$2.85 million pursuant to a placement of 14,250,000 fully paid ordinary shares (**Shares**) at \$0.20 (**Placement**), that it has agreed to issue a further 2,200,000 Shares under the Placement to a strategic investment fund, raising a further \$0.44 million.

The Company confirms that it has issued 12,950,000 Placement Shares, as outlined in the attached Appendix 3B and 2,500,000 Placement Shares are to be issued on or about 31 March 2017. These Placement Shares are being issued under the Company's ASX Listing Rule 7.1 and 7.1A capacity.

As previously disclosed on 7 March 2017, subject to Shareholder approval at a general meeting to be held in April 2017, the Company will issue a further 1,000,000 Placement Shares to Directors and executives of the Company.

Disclosure required under ASX Listing Rules 7.1A.4(b) and 3.10.5A

The Shares issued under the Placement were issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1 and the Company's additional 10% placement capacity under ASX Listing Rule 7.1A. As such, the Company provides the below information under ASX Listing Rule 7.1A.4(b) and 3.10.5A in respect of the Shares issued under ASX Listing Rule 7.1A.

- a) The Company issued 6,381,104 Shares at \$0.20 per Share under ASX Listing Rule 7.1A which resulted in the following dilution to existing Shareholders:

Number of Shares on issue prior to the Placement	63,811,039
Shares issued under ASX Listing Rule 7.1A	6,381,104
Percentage of dilution of existing Shareholders as a result of the Placement Shares issued under ASX Listing Rule 7.1A	10%

- b) The Company issued the Shares as a Placement to sophisticated and professional investors under ASX Listing Rule 7.1A as it was of the view that it was the most efficient and expedient mechanism to raise the funds required to achieve its stated objectives.
- c) The Company confirms that there was no underwriter in respect to the Placement.
- d) The lead manager to the Placement was BW Equities, with Alto Capital acting as co-lead. The fee payable to BW Equities in respect to the Placement includes a 2% cash management fee on all funds raised and 4% cash fee on funds raised by BW Equities under the Placement. Alto Capital will be paid a 2% management fee on Placement funds it has introduced.

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Subject to Shareholder approval at a general meeting to be held in April 2017, BW Equities will also be issued:

- i) 1,500,000 Broker Options (\$0.30, 3 years) for capital raising services in respect of the Placement; and
- ii) 250,000 Advisor Options (\$0.30, 3 years) for corporate advisory services.

Subject to Shareholder approval at the general meeting to be held in April, Alto Capital will also be issued 250,000 Shares in lieu of cash for corporate advisory services provided to the Company.

Fidelio agency partnership milestones achieved

As announced on 7 March 2017, the Company has revised its agency agreement with Fidelio Partners so that all share-based compensation under the revised Fidelio Agency Agreement is now subject to Shareholder approval, therefore providing the Company with increased capacity under Listing Rule 7.1 to issue the Placement Shares.

Fidelio Partners recently introduced and facilitated the Company's partnership agreement with one of the world's largest mobile operators, Telkomsel Indonesia (refer to ASX announcement dated 20 February 2017). Pursuant to the Agency Agreement, the Company will issue 309,889 Shares subject to Shareholder approval for the achievement of its first performance milestone.

The Company will send a notice of meeting to Shareholders in due course with respect to, amongst other things, the relevant approvals required for the placement of the balance of the Placement Shares including Director and executive participation in the Placement, the issue of the Broker/Advisor securities outlined above and the issue of Shares to Fidelio pursuant to the revised Agency Agreement.

The Cleansing Notice and Appendix 3B in respect to the Shares issued pursuant to the Placement is attached. The Appendix 3B also includes the application for quotation of 185,714 Shares released from escrow (Refer to ASX announcement dated 10 March 2017).

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NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT 2001

This notice is given by Family Zone Cyber Safety Limited (ASX: FZO) (**Family Zone** or the **Company**) in relation to an issue of 12,950,000 Shares under a Placement to sophisticated and professional investors without disclosure to investors under Part 6D/2 of the Corporations Act 2001 (Cth) (**Act**).

The Company hereby notifies ASX under section 708A(5)(e) of the Act that:

- a) the Shares were issued without disclosure to investors under Part 6D.2 of the Act;
- b) the Company is providing this notice under paragraph (5)(e) of section 708A of the Act;
- c) as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;
- d) as at the date of this notice, the Company has complied with section 674 of the Act; and
- e) as at the date of this notice, there is no information:
 - i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - B) the rights and liabilities attaching to the shares.

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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 unique and innovative cloud-based solutions 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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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Family Zone Cyber Safety Limited

ABN

33 167 509 177

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 12,950,000 Shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

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4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5	Issue price or consideration	\$0.20 per Share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued pursuant to a Placement to sophisticated and professional investors
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	30 November 2016
6c	Number of +securities issued without security holder approval under rule 7.1	6,568,896 Shares ¹
6d	Number of +securities issued with security holder approval under rule 7.1A	6,381,104 Shares ¹

Note 1: Total issued under LR 7.1 and 7.1A – 12,950,000 Shares

6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) Nil

6f Number of +securities issued under an exception in rule 7.2 Nil

6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.
 Yes
 Placement issue price agreed: 3 March 2017
 Share issue date: 15 March 2017
 15 Day VWAP: \$0.216 (BW Equities)
 75% VWAP: \$0.162

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements N/A

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements Refer to Annexure 1

7 +Issue dates
 Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.
 15 March 2017

8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		58,041,928	Ordinary fully paid shares

9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		13,233,637	Fully paid ordinary shares escrowed until 29 August 2018
		4,466,427	Fully paid ordinary shares escrowed for 12 months from issue dates from 14.03.2016 to

+ See chapter 19 for defined terms.

	06.05.2016.
833,333	Fully paid ordinary shares escrowed until 15 June 2017
10,500,000	Class A Performance Shares escrowed until 29 August 2018 or 29 August 2017 (Conversion ratio into ordinary shares 1:1)
10,499,999	Class B Performance Shares escrowed until 29 August 2018 or 29 August 2017 (Conversion ratio into ordinary shares 1:1)
10,499,998	Class C Performance Shares escrowed until 29 August 2018 (Conversion ratio into ordinary shares 1:1)
4,000,000	Incentive options (\$0.25, 20 May 2019) escrowed until 29 Aug 2018.
3,348,750	Unquoted options (\$0.25, 29 August 2019) escrowed until 29 August 2018.
6,745,001	Unquoted options (\$0.25, 29 August 2019) escrowed until 23 August 2017
3,899,773	Employee options (\$0.33, 19 September 2019) subject to various vesting conditions
1,000,000	Employee options (\$0.33, 19 September 2019) subject to various vesting conditions escrowed until 29 Aug 2018
6,000,000	Employee options (\$0.30, 15 Dec 2019) subject to various vesting conditions.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

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Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought 185,714

39 +Class of +securities for which quotation is sought Fully Paid Ordinary Shares

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
Yes

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now End of restriction period

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	58,227,642	Fully paid ordinary shares

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Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:Date: 15 March 2017.....
(Company secretary)

Print name: .Emma Wates.....

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	61,977,706
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	1,833,333 Shares issued under Appendix 3B lodged with ASX 16 December 2016 (Shareholder approval obtained on 13 December 2016)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	63,811,039

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	9,571,655
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>166,667 Class A Performance Shares; 166,667 Class B Performance Shares; and 166,666 Class C Performance Shares Issued under Appendix 3B dated 5 December 2016</p> <p>6,568,896 Shares issued under this Appendix 3B dated 15 March 2017</p> <p>2,500,000 Shares agreed to be issued on or about 31 March 2017 pursuant to the Placement.</p> <p>See Note 1.</p>
“C”	9,568,896
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	9,571,655
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	9,568,896
Total [“A” x 0.15] – “C”	2,759 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Note 1: The Fidelio Agency Agreement was revised such that all Shares agreed to be issued pursuant to this agreement will be subject to shareholder approval and therefore are no longer included in the calculation of “C”.

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	63,811,039
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	6,381,104
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	6,381,104 Shares issued under this Appendix 3B dated 15 March 2017.
“E”	6,381,104

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	6,381,104
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	6,381,104
Total ["A" x 0.10] – "E"	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.