SUPPLEMENTARY PROSPECTUS

Family Zone Cyber Safety Limited (ACN: 167 509 177)

1. Important Information

This Supplementary Prospectus is dated 26 July 2016 and is supplementary to the prospectus dated 12 July 2016 (**Prospectus**) issued by Family Zone Cyber Safety Limited ACN 167 509 177 (**Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 26 July 2016. ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning where used in this Supplementary Prospectus. For the avoidance of doubt, references to 'Section' in this Supplementary Prospectus mean references to that section of the Prospectus, unless otherwise stated.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged.

2. Reasons for Supplementary Prospectus

2.1 Purpose of this document

The purpose of this Supplementary Prospectus is to:

(a) increase the oversubscriptions for the Public Offer;

(b) update the financial information of the Company so that the audited financial statements of the Company include statements of cash flows;

(c) provide further information in relation to certain risks and disclosures relating to the Intellectual Property; and

(d) provide disclosure about the nature and objectives of the Fidelio Agency Agreement and Shares issued pursuant to the Fidelio Agency Agreement since the date of the Prospectus.

2.2 Application Forms

As the content of this Supplementary Prospectus is not considered to be materially adverse to investors, applicants who have already subscribed for Securities under the Prospectus to the date of this Supplementary Prospectus do not need to take any action.

3. Amendments to the Prospectus

3.1 Oversubscriptions

The Company has decided to increase the amount of oversubscriptions it will accept by $500,000 such that oversubscriptions of 7,500,000 Shares at an issue price of $0.20 to raise a further $1,500,000. The Maximum Subscription amount will therefore be $6,000,000 rather than $5,500,000 under the Prospectus.

The main effect of this will be to:

(a) increase the cash on hand, net assets and equity by $500,000 (less additional costs of the Offers) under the Maximum Subscription; and

(b) increase the number of Shares on issue by 2,500,000 under the Maximum Subscription.

A revised definition of Maximum Subscription to replace the definition in Section 17 of the Prospectus is as follows: "**Maximum Subscription** means 30,000,000 Shares at $0.20 each to raise $6,000,000".

3.2 Key Information

Due to the increase in oversubscriptions. the below revised key information table replaces the key information table in Section 3 of the Prospectus.

Public Offer	**Minimum Subscription**	**Maximum Subscription**
Price per Share	$0.20	$0.20
Number of Shares offered	22,500,000	30,000,000
Amount to be raised (before costs)	$4,500,000	$6,000,000
Option Offer		
Price per Prospectus Option	$0.005	$0.005
Number of Prospectus Options offered[1]	7,500,000	7,500,000
Amount to be raised (before costs)[1]	$37,500	$37,500
General		
Total cash on completion of the Offers (after costs of the Offers)	$4,666,243	$6,078,308
Total Shares on issue on completion of the Offers	54,477,706	61,977,706

Notes:

1. Assumes the full amount is raised under the Option Offer.
2. Refer to Section 6.7 for further details relating to the proposed capital structure of the Company.

3.3 Details of the Offers

Due to the increase in oversubscriptions, the wording regarding oversubscriptions and Maximum Subscription in Section 6.1 is amended such that the Company is offering oversubscriptions of 7,500,000 Shares at an issue price of $0.20 to raise a further $1,500,000 with the Maximum Subscription being $6,000,000.

3.4 Use of funds

The Company intends to apply the additional funds raised from the increased oversubscriptions to marketing, sales and business development and the increased expenses of the Offers. A revised use of funds table to replace the use of funds table in Section 6.6 of the Prospectus is set out below.

Source of Funds	Minimum Subscription	Maximum Subscription
Cash on hand[1]	$671,000	$671,000
Funds raised under the Public Offer	$4,500,000	$6,000,000
Funds raised under the Option Offer[2]	$37,500	$37,500
Total funds available	**$5,208,500**	**$6,708,500**
Use of funds		
Family Zone Platform maintenance and development[3]	$1,595,000	$1,695,000
Marketing, sales and business development[4]	$1,588,000	$2,738,000
Hosting and data services	$245,000	$345,000
IP protection	$120,000	$120,000
Corporate overheads	$956,000	$956,000
Expenses of the Offers	$543,257	$630,192
Working Capital	$161,243	$224,308
Total	**$5,208,500**	**$6,708,500**

Notes:

1. As at 30 June 2016 the Company had approximately $671,000 cash on hand.
2. Assumes the full amount is raised under the Option Offer.
3. Refer to Section 8.2 for further details in respect to the Family Zone Platform.
4. Refer to Section 8.5 for further details in respect to the Company's marketing initiatives and wholesale distribution opportunities.

3.5 Capital Structure

A revised capital structure table reflecting the increase in oversubscriptions is set out below to replace the capital structure table in Section 6.7 of the Prospectus.

	Shares[1]		Performance Shares[2]	Unlisted Options[3]
	Minimum Subscription	Maximum Subscription		
On issue as at date of the Supplementary Prospectus[8]	16,718,779	16,718,779	28,000,000	4,000,000[4]
Issued on conversion of the Convertible Notes[5]	13,758,927	13,758,927	-	2,593,750[6]
Issued to Advisors on completion of the Offers[7]	1,500,000	1,500,000	-	-
Issued pursuant to the Option Offer	-	-	-	7,500,000
Issued pursuant to the Public Offer	22,500,000	30,000,000	-	-
Total following completion of the Offers	**54,477,706**	**61,977,706**	**28,000,000**	**14,093,750**

Notes:

1. Rights attaching to Shares are summarised in Section 15.1.
2. Comprising 9,333,334 Class A Performance Shares, 9,333,333 Class B Performance Shares and 9,333,333 Class C Performance Shares which convert into Shares on a one for one basis on achievement of the respective Performance Milestones. Further details in respect to the Performance Shares are outlined in Section 15.3.
3. Refer for Section 15.2 for further details in respect to the terms and conditions of the Unlisted Options.
4. Incentive Options held by Directors and consultants with an exercise price of $0.25 and expiry date of 20 May 2019.
5. The Company currently has 1,430,000 Convertible Notes on issue which will convert into 13,758,927 Shares and 2,593,750 Attaching Options on completion of the initial public offering of the Company on ASX. Further details in respect to the terms and condition of the Convertible Notes are outlined in Section 6.7.1
6. Attaching Options to be issued which have an exercise price of $0.25 and will expire on the date which is three years from Official Quotation of the Company's Shares on ASX.
7. The Lead Manager (or its nominees) will be issued 1,500,000 Shares pursuant to the Lead Manager Mandate.
8. Includes 718,750 Shares issued pursuant to the Fidelio Agency Agreement.

3.6 Restricted securities

Details in relation to restrictions that may apply to securities offered under the Prospectus are outlined in Section 6.8. The Prospectus Options offered under the Option Offer may be subject to escrow as determined appropriate by ASX. Accordingly, in Section 6.8 of the Prospectus a new sentence is added as follows:

Some or all of the Prospectus Options may be subject to ASX escrow as determined appropriate by ASX.

3.7 Financial information

Section 10.1 of the Prospectus incorporates by reference the audited financial statements of the Company for the period ending 30 June 2014, 30 June 2015 and 31 March 2016. These accounts did not include statements of cash flows.

Accordingly the audited financial statements of the Company for the period ending 30 June 2014, 30 June 2015 and 31 March 2016 referred to in Section 10.1 have been updated with cash flow statements and are available free of charge on request to the Company on +61 8 9322 7600 between 9.00am and 5.00pm (WST) Monday to Friday.

3.8 Fidelio Agency Agreement

The Fidelio Agency Agreement is detailed in Sections 8.6.4 and 14.2 of the Prospectus. Further detail regarding this relationship is provided by inserting the following new paragraphs at the end of Section 8.6.4 of the Prospectus as follows.

The objective of Fidelio Partners arrangement is the sale of Family Zone services through telecommunications carriers, particularly in Asia Pacific. As set out in the Prospectus in Sections 8.5.2 the Company has developed both retail and wholesale commercial models for working with telecommunications carriers. Fidelio Partners' role is to work with the Company to: qualify target telecommunication carriers; generate and introduce sales leads; assist in pre-sales efforts; assist in deal negotiations; and assist in relationship management.

The Company intends through its arrangements with Fidelio Partners to target commercial arrangements with a range of telecommunications providers in Asia Pacific primarily (due to the existing relationships of the three shareholders of Fidelio Partners in Asia) but not exclusively.

Potential telecommunications providers will be chosen by the Company in collaboration with Fidelio Partners based on a variety of factors which can include relationships the Fidelio principals possess, potential for sales, likely service margins and requirements (if any) for exclusivity requirements of the telecommunication carrier in the relevant market.

The Company will be the counterparty to any commercial arrangements that arise from the agency of Fidelio Partners.

The Company has also issued 718,750 Shares pursuant to the Fidelio Agency Agreement outlined in Section 14.2. Pursuant to this agreement with Company was required to issue Shares on receipt of a purchase order from a leading mobile carrier in the South East Asia for the roll out of the Family Zone product. A purchase order for Family Zone Boxes was received in July 2016 from a major telecommunications carrier in the Philippines as outlined in Section 8.6.3 and subsequently the Company has issued 718,750 Shares.

3.9 Update of risks

The Intellectual Property includes one pending international patent application.

An additional risk in relation to the pending patent application is to be inserted into the Key Risks section of the table in the "Investment Overview" in Section 4 and in Section 13 of the Prospectus as follows.

Patent rights	The Company is the applicant of a pending international patent application. There is no guarantee that the patent application will be granted or that the Company will receive enforceable patent rights. There is a risk that the Company will not be entitled to practice the invention claimed in the patent, and that the working of its patented invention may be prevented by another patent or patent application which has an earlier priority date to the Company's application. Even if the Company succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties. The grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid, the patent is unenforceable.	13.1.24

13.1.24 Patent rights

Patent rights – The Company is the applicant of a pending international patent application. The prospect of attaining patent protection for products and the technology such as those proposed to be used in the Family Zone Platform or commercialisation of that product is highly uncertain and involves complex and continually evolving factual and legal questions. These include:

(i) legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect the Company's ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent being significantly less than the scope of protection sought by the Company. As a result, the Company patent application may not proceed to an issued patent and, if issued, may not be of commercial benefit to the Company, or may not afford the Company adequate protection from competing products; and

(ii) since most patent applications remain secret for eighteen months from the time of filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, the Company cannot be certain that it is the first to make the inventions covered by the pending patent applications or that its patent application for its invention was the first to be filed.

Even if the Company succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties.

4. Directors' Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

This Supplementary Prospectus is signed for and on behalf of Company by:

Phil Warren
Director
26 July 2016