
FAMILY ZONE CYBER SAFETY LIMITED

ACN 167 509 177

NOTICE OF GENERAL MEETING

TIME: 9.30am (WST)

DATE: Monday, 9 April 2018

PLACE: 945 Wellington Street, West Perth, WA

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

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

CONTENTS PAGE

Notice of General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	5
Glossary	11
Schedule 1 – Terms and Conditions of Employee Options	13
Schedule 2 – Terms and Conditions of Broker Options	17
Schedule 3 – Overview of Employee Options Plan	19
Proxy Form	(attached)

IMPORTANT INFORMATION

Time and place of Meeting

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.30am (WST) on Monday 9 April 2018 at 945 Wellington Street, West Perth WA.

Your vote is important

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

Voting in person

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

Voting by proxy

A Proxy Form is enclosed with 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. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- 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.

BUSINESS OF THE GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 9.30am (WST) on Monday, 9 April 2018 at 945 Wellington Street, West Perth WA.

The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting. The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7:00pm (AEDT) on 7 April 2018.

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

AGENDA

ORDINARY BUSINESS:

RESOLUTION 1 – RATIFICATION OF SHARE PLACEMENT – DECEMBER 2017

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 8,366,668 Shares (**Placement Shares**) each at an issue price of \$0.60 (**Placement**) on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the Placement or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 2 – AUTHORITY TO GRANT BROKER OPTIONS

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

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 516,765 Tranche 1 Broker Options (each exercisable at \$0.75 on or before the date that is three years after the date of grant) and 516,765 Tranche 2 Broker Options (each exercisable at \$0.90 on or before the date that is three years after the date of grant) to BW Equities (or their nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of BW Equities, and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely as a result of being a Shareholder), and any associates of BW Equities. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3 – AMENDMENT TO EMPLOYEE SHARE OPTION PLAN

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 7.2 Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, approval is given to amend the Company's Employee Share Option Plan and the grant of Employee Options (and the issue of Shares on conversion of Employee Options) thereunder on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: *The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director (other than a Director who is ineligible to participate in the Company's Employee Share Option Plan), and any associates of those Directors. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

RESOLUTION 4 – AUTHORITY TO GRANT EMPLOYEE OPTIONS TO MR CRISPIN SWAN

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

"That, subject to the approval of Resolution 3, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 240,000 Employee Options to Mr Crispin Swan (or his nominees) under the Company's Employee Share 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 any Director (other than a Director who is ineligible to participate in the Company's Employee Share Option Plan), and any associates of those Directors. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

RESOLUTION 5 – AUTHORITY TO GRANT EMPLOYEE OPTIONS TO MR TIM LEVY

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

"That, subject to the approval of Resolution 3, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 220,000 Employee Options to Mr Tim Levy (or his nominees) under the Company's Employee Share 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 any Director (other than a Director who is ineligible to participate in the Company's Employee Share Option Plan), and any associates of those Directors. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

DATED: 5 MARCH 2018

BY ORDER OF THE BOARD



**TIM LEVY
MANAGING DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 9.30am (WST) on, Monday 9 April 2018 at 945 Wellington Street, West Perth.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice of Meeting. This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1 – RATIFICATION OF SHARE PLACEMENT

1.1 General

On 14 December 2017, the Company issued 8,366,668 Shares to sophisticated and institutional investors at \$0.60 per Share to raise \$5.02 million. The Placement Shares were issued without need for shareholder approval under the Company's Listing Rule 7.1A, capacity which was approved by Shareholders at the Company's 2017 Annual General Meeting.

Net proceeds of the Placement are being used to support an aggressive expansion in the attractive New Zealand market, to accelerate integration of the Linewize and Family Zone platforms and to further strengthen the Company's balance sheet.

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

Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The Company's Shareholder approved the 10% Placement Facility at the Company's 2017 Annual General Meeting.

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

Resolution 1 seeks Shareholder approval for the ratification of the issue of the Placement Shares. The effect of Shareholders passing Resolution 1 will be to restore the Company's ability to issue securities within the additional 10% placement capacity under Listing Rule 7.1A during the 10% Placement Period without obtaining prior Shareholder approval.

Resolution 1 is an ordinary resolution.

1.2 Information required by ASX Listing Rule 7.5

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

- (i) 8,366,668 Shares were issued by the Company on 14 December 2017.

- (ii) The Placement Shares were issued at an issue price of \$0.60 per Share to raise \$5,200,000 (before costs).
- (iii) The Placement Shares are fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (iv) The Placement Shares were issued to sophisticated and institutional investors none of whom is a related party of the Company.
- (v) The funds raised from the issue of the Placement Shares are being used to support an aggressive expansion into the attractive New Zealand market, accelerate integration of the Linewize and Family Zone and to further strengthen the Company's balance sheet.
- (vi) A voting exclusion statement is included in the Notice.

2. RESOLUTION 2 – AUTHORITY TO GRANT BROKER OPTIONS

2.1 General

The Company has agreed, subject to Shareholder approval, to grant a total of 516,765 Tranche 1 Broker Options (each exercisable at \$0.75 on or before the date that is three years after the date of grant) and 516,765 Tranche 2 Broker Options (each exercisable at \$0.90 on or before the date that is three years after the date of grant) to BW Equities (or their nominees) following the successful completion of the Placement.

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

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

Further terms and conditions of the Broker Options are set out in Schedule 2.

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

The effect of Shareholders passing Resolution 2 approving the grant of the Broker Options will be to maintain the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months.

Resolution 2 is an ordinary resolution.

2.2 Information required by Listing Rule 7.3

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

- (a) The maximum number of Broker Options that the Company may grant under Resolution 2 is:

- (i) 516,765 Tranche 1 Broker Options (each exercisable at \$0.75 on or before the date that is three years after the date of grant) and
 - (ii) 516,765 Tranche 2 Broker Options (each exercisable at \$0.90 on or before the date that is three years after the date of grant).
- (b) 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).
 - (c) The Broker Options will be granted for nil cash consideration as part of the fees payable to BW Equities for acting as joint lead manager to the Placement and corporate advisor to the Company in relation to the Placement. Accordingly, no funds will be raised from the grant of the Broker Options.
 - (d) The Broker Options will be granted to BW Equities (or their nominees) who is not a related party of the Company.
 - (e) The Tranche 1 Broker Options are each exercisable at \$0.75 on or before the date that is three years after the date of grant and the Tranche 2 Broker Options are each exercisable at \$0.90 on or before the date that is three years after the date of grant. Shares issued on exercise of the Broker Options will be fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. Further terms and conditions of the Broker Options are set out in Schedule 2.
 - (f) It is expected that the Broker Options will be granted on one date.
 - (g) A voting exclusion statement is included in the Notice.

3. RESOLUTION 3 – APPROVAL OF AMENDMENT TO THE EMPLOYEE SHARE OPTION PLAN

3.1 General

The Company's Employee Share Option Plan (**Plan**) was approved by the Board in July 2016 and a summary of the Plan was outlined in the Company's initial public offering Prospectus dated 12 July 2016 and is also included in Schedule 3. Outlined below is a summary of options which have been granted under the Plan since its adoption.

Grant date	Exercise Price	Expiry	Number
19 September 2016	\$0.33	19 September 2019	3,880,958
15 December 2016	\$0.33	19 September 2019	1,614,280
16 December 2016	\$0.30	15 December 2019	6,000,000
20 February 2017	\$0.33	19 September 2019	634,656
<i>Notes:</i>			
1. All Options granted were subject to various vesting conditions based on performance milestones.			
2. 317,254 Options granted under the Plan have been exercised and Shares issued.			

As announced on 13 February 2018 the Board has approved a proposed grant of up to 3.65 million Employee Options which are proposed to be allocated and granted to all eligible employees (including Executive Directors) in December 2018 subject to the achievement of key performance targets set by the Board and shareholder approval of an amendment to the Company's Employee Share Option Plan to allow these Options to be granted under the Plan.

The proposed grant of Employee Options will be undertaken subject to the following key terms:

- A maximum pool of up to 3.65 million Employee Options has been established. This will be granted to eligible employees at the end of the 2018 calendar year subject to:
 - Board-set performance targets (see below); and
 - Employees role and base earnings in the period.
- Employee Options have a three year term and will be exercisable at the lower of:
 - 10% above the VWAP for Shares for the 10 trading day period prior to the Employee Options pools being established; and
 - 20% below the VWAP for Shares for the 10 trading day period prior to the Employee Options being granted to eligible participants.
- Employee Options will be subject to the following vesting conditions: 33.3% will vest on grant, 33.3% will vest after 1 year and 33.3% vest will after two years.
- The Board has set the performance target for the period ending 31 December 2018 as an additional 70,000 'paying' customer accounts being registered. The final number of Employee Options in the pool will be determined based on a percentage of the performance target achieved. No Employee Options will be granted if the Company adds less than 35,000 'paying' accounts by 31 Dec 2018.

3.2 The Plan

Clause 8(b) of the Plan provides that:

The Exercise Price shall be as determined by the Board (in its discretion) and specified in the Invitation, provided that in no event shall the Exercise Price be less than 80% of the volume weighted average prices at which Shares were traded on the ASX during the one week period immediately preceding the grant date of the Options.

The exercise price of the Employee Options proposed to be granted have the potential to be less than 80% of the VWAP of Shares on issue if there is a greater than 30% appreciation in the Company's Share price throughout year. The Company is therefore seeking Shareholder approval to amend clause 8(b) of the Plan in respect to the exercise price of options granted under the Plan to:

The Exercise Price shall be as determined by the Board (in its discretion) and specified in the Invitation.

Resolution 3 seeks shareholder approval for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, to amend the Company's current Employee Share Option Plan (as outlined above) and the grant of Employee Options (and the issue of Shares on exercise of the Options) under the Plan.

The effect of this Resolution will be to exempt the proposed grant of Employee Options under the Plan as contemplated above from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the amendment to the Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the Plan as an exception to the limit under Listing Rule 7.1.

Resolution 3 is an ordinary resolution.

The Board believes the proposed Option grant will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the plan will:

- enable the Company to recruit, incentivise and retain key personnel and other employees needed to achieve the Company's business objectives;
- link the reward of participants with the achievements of strategic targets and performance of the Company;
- align the financial interest of participants in the Plan with those of Shareholders; and
- provide incentives to participants in the Plan to focus on superior performance that creates Shareholder value.

3.3 Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided in relation to the Plan:

- (a) The proposed amendment to the Plan is outlined in Section 3.2 above and the material terms of the Plan are summarised in Schedule 3.
- (b) The Plan was established prior to the Company's listing on ASX and a summary of the terms of the Plan were included in its initial public offering Prospectus dated 12 July 2016.
- (c) Securities issued under the Plan are outlined in Section 3.1.
- (d) A voting exclusion statement has been included for the purposes of Resolution 3.

4. RESOLUTIONS 4 AND 5 – AUTHORITY TO GRANT EMPLOYEE OPTIONS TO DIRECTORS

4.1 General

The Company has agreed, subject to Shareholder approval, to grant up to 240,000 Employee Options to Mr Crispin Swan and up to 220,000 Employee Options to Mr Tim Levy as a long term incentive in connection with their role as Executive Director – Sales and Managing Director respectively.

Subject to the approval of Resolution 3, the Employee Options are to be granted by the Company under the Plan. A summary of the Plan is included in Schedule 3.

The Employee Options proposed to be granted to the Directors pursuant to Resolutions 4 and 5 are on the same terms and conditions as those proposed to be granted to all employees of the Company. As outlined in Section 3.1 above, the Employee Options will be granted from a pool and will be allocated to all employee and Directors on the same allocation basis having regard to performance and relative base salary of the employee or Director.

The Company has considered the remuneration structures of other peer companies to determine if the proposed incentive based remuneration structure and quantum of Employee Options proposed to be granted to employee (and executive Directors) is fair and reasonable. The Company believes that the grant of the Employee Options to the Executive Directors is a fair and reasonable incentive based remuneration package. In considering the above remuneration package, the Company has considered the remuneration packages and incentive plans implemented by other peer companies operating within the software and services sector.

Resolutions 4 and 5 seek Shareholder approval for the grant of Employee Options to Directors Mr Swan and Mr Levy.

The principle terms of the Employee Options are summarised in Schedule 1. Further terms and conditions of the Employee Options are set out in the summary of the Plan in Schedule 3.

Shareholder approval is required for the grant of the Employee Options under the Plan to Messrs Swan and Levy under Listing Rule 10.14 because they are Directors of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the grant of the Employee Options to the Executive Directors will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

Resolutions 4 and 5 are ordinary resolutions.

4.2 Specific Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 4 and 5:

- a) The maximum number of securities to be granted to:
 - (i) Mr Swan (or his nominees) is 240,000 Employee Options; and
 - (ii) Mr Levy (or his nominee) is 220,000 Employee Options.
- b) The Employee Options will be granted for nil cash consideration as they are being granted as incentive based remuneration. Accordingly, no funds will be raised from the grant of the Employee Options. Upon conversion of the Employee Options, Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- c) The principle terms and conditions of the Employee Options are set out in Schedule 1. Further terms and conditions of the Plan are set out in Schedule 3.
- d) Securities granted under the Plan are summarised in Section 3.1.
- e) Under the Plan, only eligible employees (including Directors) or their nominees (subject to Board approval), are entitled to participate in the Plan. By virtue of being Directors, Mr Swan and Mr Levy are eligible employees for the purposes of the Plan.
- f) Messrs Swan and Levy are related parties of the Company by virtue of being Directors.
- g) The Company has not made any loans in relation to the grant of the Employee Options to Mr Swan or Mr Levy.
- h) A voting exclusion statement is included in the Notice.
- i) The Company will grant the Employee Options no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

5. ENQUIRIES

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

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities and Investments Commission.

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

Board means the current board of directors of the Company.

Broker Options means the Tranche 1 Broker Options and the Tranche 2 Broker Options.

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

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

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.

Employee Share Option Plan has the meaning set out in Section 3.1.

Employee Option means an Option granted on the terms and conditions set out in Schedule 1.

Equity Securities has the same meaning as under the Listing Rules.

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

Listing Rules means the Listing Rules of ASX.

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

Option means an option to acquire a Share.

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

Plan has the meaning set out in Section 3.1.

Proxy Form means the proxy form accompanying the Notice.

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

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

Shareholder means a holder of a Share.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Tranche 1 Broker Options means an Option with an exercise price of \$0.75 and an expiry date that is three years after the date of grant and otherwise on the terms and conditions in Schedule 2.

Tranche 2 Broker Options means an Option with an exercise price of \$0.90 and an expiry date that is three years after the date of grant and otherwise on the terms and conditions in Schedule 2.

VWAP means the volume weighted average price of Shares trading on the ASX.

SCHEDULE 1 – TERMS AND CONDITIONS OF EMPLOYEE OPTIONS

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

1. Entitlement

Each Employee 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 is referred to in the below table.

Exercise Price	Specified Expiry Date	Vesting Conditions
Employee Options will be exercisable at the lower of: <ul style="list-style-type: none">10% above the volume weighted average price for shares in the Company for the 10 trading day period prior to the Options Pools being established; and20% below the volume weighted average price for shares in the Company for the 10 trading day period prior to the Options being granted to eligible participants.	3 years from grant date	33.3% of the Employee Options will vest on grant, 33.3% will vest after one year and 33.3% vest will after two years.

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:

"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 Plan Rules, 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:

- (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 (except any condition in relation to the cancellation or exercise of the Options); or
- (b) 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
- (c) the occurrence of the sale of all or a majority of the Company's main undertaking; or
- (d) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

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:

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

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.

SCHEDULE 2 – TERMS AND CONDITIONS OF BROKER OPTIONS

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

1. Entitlement

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

2. Exercise Price and Expiry Date

Broker Options	Exercise Price	Expiry Date
Tranche 1 Broker Options	\$0.75	Three years from the date of grant
Tranche 2 Broker Options	\$0.90	Three years from the date of grant

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 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.

SCHEDULE 3 – OVERVIEW OF EMPLOYEE SHARE OPTION PLAN

The key terms of the 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.



Family Zone Cyber Safety Limited | ACN 167 509 177

GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: FZO

Your proxy voting instruction must be received by **9.30am (WST) on Saturday, 7 April 2018**, 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

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the 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:	Contact us – All enquiries to Automic:
	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  <p>BY MAIL Automic Registry Services PO Box 2226 Strawberry Hills NSW 2012</p> </div> <div style="width: 45%;">  <p>WEBCHAT https://automic.com.au/</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;">  <p>IN PERSON Automic Registry Services Level 3, 50 Holt Street, Surry Hills NSW 2010</p> </div> <div style="width: 45%;">  <p>EMAIL hello@automic.com.au</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;">  <p>PHONE 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)</p> </div> </div>	

STEP 1: Please appoint a Proxy	<p>Complete and return this form as instructed only if you do not vote online</p> <p>I/We being a Shareholder entitled to attend and vote at the General Meeting of Family Zone Cyber Safety Limited, to be held at 9.30am (WST) on Monday, 9 April 2018 at 945 Wellington Street, West Perth, WA hereby:</p> <p>Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write 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.</p> <div style="border: 1px solid black; height: 25px; width: 350px; margin-left: 100px;"></div>
	<p>The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.</p> <p>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.</p>

STEP 2: Your Voting Direction	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 5px;">Resolutions</th> <th style="text-align: center; padding: 5px;">For</th> <th style="text-align: center; padding: 5px;">Against</th> <th style="text-align: center; padding: 5px;">Abstain</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">1. Ratification of Share Placement – December 2017</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 5px;">2. Authority to Grant Broker Options</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 5px;">3. Amendment to Employee Share Option Plan</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 5px;">4. Authority to Grant Employee Options to Mr Crispin Swan</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 5px;">5. Authority to Grant Employee Options to Mr Tim Levy</td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> </tbody> </table>	Resolutions	For	Against	Abstain	1. Ratification of Share Placement – December 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Authority to Grant Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Amendment to Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. Authority to Grant Employee Options to Mr Crispin Swan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Authority to Grant Employee Options to Mr Tim Levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<p><i>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.</i></p>																									

STEP 3: Sign	SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED		
	Individual or Securityholder 1	Securityholder 2	Securityholder 3
	<div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p style="text-align: center; font-size: 10px;">Sole Director and Sole Company Secretary</p>	<div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p style="text-align: center; font-size: 10px;">Director</p>	<div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p style="text-align: center; font-size: 10px;">Director / Company Secretary</p>
	<p>Contact Name..... Contact Daytime Telephone..... Date ____/____/____</p> <p>Email Address _____</p> <p>By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).</p>		