

Completion of Acquisition and Issue of Shares

Further to recent announcements, Delta Drone International Limited (formerly ParaZero Limited) (**Company**) is pleased to advise shareholders of the following important matters.

Completion of acquisition of Delta Drone South Africa

On 22 December 2020, completion occurred under the share sale agreement between the Company and Delta Drone SA in respect of the acquisition of 100% of the issued share capital in Delta Drone South Africa (**Share Sale Agreement**).

In accordance with the terms of the Share Sale Agreement, the Company has issued 203,512,750 fully paid ordinary shares (**Shares**) and 45,000,000 Performance Shares to Delta Drone SA. The terms of the Performance Shares are set out in the Annexure to this announcement.

In addition to the above, the Company has issued 27,205,882 Shares (with 2,205,882 Shares being escrowed for 24 months from quotation) to Delta Drone SA on conversion of the Second Tranche and Third Tranche Convertible Notes in accordance with the terms of those Convertible Notes, which provided for automatic conversion on completion of the Share Sale Agreement.

Issue of Shares under the offer

The Company also advises that 125,000,000 Shares have been issued to successful applicants under the offer pursuant to the prospectus dated 10 November 2020 (**Prospectus**), being the maximum number of Shares that were available for issue under the offer.

The Company will despatch holding statements by post to successful applicants by no later than 22 December 2020.

As set out in the Prospectus, the Company has also issued 6,000,000 Shares to Cukierman & Co Investment House Ltd (**CIH**) in consideration for having introduced the Company to Delta Drone SA which has resulted in the Company's acquisition of Delta Drone South Africa. All of these shares will be escrowed for 24 months from quotation.

Relisting

The Company currently expects its relisting to be finalised on 30 December 2020.

This announcement has been authorised for release by the Board of Delta Drone International Limited.

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ANNEXURE: TERMS AND CONDITIONS OF PERFORMANCE SHARES

The terms and conditions of the Class A Performance Shares are set out as follows:

- (a) **(Entitlement)** Each Class A Performance Share entitles Delta Drone SA to subscribe for one fully paid ordinary Share in the capital of the Company if Delta Drone achieves consolidated revenue (for the avoidance of doubt, only Delta Drone and excluding the Company) for any full financial year (being 1 January to 31 December) during the three-year term of the Class A Performance Share of not less than US\$3.2 million (based on audited accounts) ("**First Performance Milestone**").
- (b) **(Notice of satisfaction of First Performance Milestone)** The Company will give written notice to Delta Drone SA promptly following satisfaction of the First Performance Milestone or lapse of a Class A Performance Share where the First Performance Milestone is not satisfied.
- (c) **(No voting rights)** A Class A Performance Share does not entitle Delta Drone SA to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Class A Performance Share does not entitle Delta Drone SA to any dividends.
- (e) **(No rights to return of capital)** A Class A Performance Share does not entitle Delta Drone SA to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Class A Performance Share does not entitle Delta Drone SA to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Class A Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of Delta Drone SA will be changed in a manner consistent with the applicable Listing Rules and Corporations Act at the time of reorganisation.
- (i) **(Application to ASX)** The Class A Performance Shares will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Class A Performance Share on ASX within the time period required by the Listing Rules.
- (j) **(Participation in new issues)** A Class A Performance Share does not entitle Delta Drone SA (in its capacity as a holder of a Class A Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Change of control):**
 - (i) Subject to paragraph (ii), if there is a Change of Control Event in relation to the Company prior to the conversion of the Class A Performance Shares, then the First Performance Milestone will be deemed to have been achieved and each Class A Performance Share will automatically and immediately convert into a Share.
 - (ii) If the number of Shares to be issued as a result of the conversion of all Class A Performance Shares due to a Change of Control Event in relation to the Company is in excess of 10% of the share capital of the Company at the time of the conversion, then the number of Class A Performance Shares to be converted will be pro-rated so that the aggregate number of Shares issued upon conversion of the Class A Performance Shares is equal to 10% of the share capital of the Company at the time of conversion.

For the purpose of this clause (k), a Change of Control Event occurs where:

- (iii) a person acquires a voting power (within the meaning of Section 610 of the Corporations Act) in more than 50% of the Shares as a result of a takeover bid and that takeover bid is declared unconditional by the bidder; or
 - (iv) a person acquires a voting power (within the meaning of Section 610 of the Corporations Act) in more than 50% of the Shares through a scheme of arrangement and the court grants orders approving the scheme of arrangement and those court orders are lodged with ASIC.
- (l) **(No other rights)** A Class A Performance Share gives Delta Drone SA no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class A Performance Shares

- (m) **(First Performance Milestone)** A Class A Performance Share will convert into a Share upon satisfaction of the First Performance Milestone.
- (n) **(Lapse)** If the First Performance Milestone is not satisfied within three (3) years of the date of issue then the relevant Class A Performance Share will automatically lapse.
- (o) **(Issue of Shares)** The Company will issue the Share on conversion of a Class A Performance Share within ten (10) business days following the conversion or such other period required by the Listing Rules.
- (p) **(Holding statement)** The Company will issue Delta Drone SA with a new holding statement for any Share issued upon conversion of a Class A Performance Share within ten (10) business days following the issue of the Share.
- (q) **(Ranking upon conversion)** The Share into which a Class A Performance Share may convert will rank pari passu in all respects with existing Shares.

Part B – Class B Performance Shares

The terms and conditions of the Class B Performance Shares are set out as follows:

- (a) **(Entitlement)** Each Class B Performance Share entitles Delta Drone SA to subscribe for one fully paid ordinary Share in the capital of the Company if during the three year term of the Class B Performance Shares Delta Drone enters into at least two binding contracts with Australian based mining companies (being companies that conduct mining, exploration or extraction activities) for the provision of drone survey or mapping solutions services to those mining companies in Australia (Services) and Delta Drone receives not less than US\$1,000,000 (based on audited accounts) of verified of revenue in aggregate from such executed contracts received within the three year term of the Performance Shares for its Services (“**Second Performance Milestone**”).
- (b) **(Notice of satisfaction of Second Performance Milestone)** The Company will give written notice to Delta Drone SA promptly following satisfaction of the Second Performance Milestone or lapse of a Class B Performance Share where the Second Performance Milestone is not satisfied.
- (c) **(No voting rights)** A Class B Performance Share does not entitle Delta Drone SA to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Class B Performance Share does not entitle the Company to any dividends.
- (e) **(No rights to return of capital)** A Class B Performance Share does not entitle Delta Drone SA to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

- (f) **(Rights on winding up)** A Class B Performance Share does not entitle Delta Drone SA to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Class B Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of Delta Drone SA will be changed in a manner consistent with the applicable Listing Rules and Corporations Act at the time of reorganisation.
- (i) **(Application to ASX)** The Class B Performance Shares will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Class B Performance Share on ASX within the time period required by the Listing Rules.
- (j) **(Participation in new issues)** A Class B Performance Share does not entitle Delta Drone SA (in its capacity as a holder of a Class B Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Change of control):**
 - (i) Subject to paragraph (ii), if there is a Change of Control Event (defined below) in relation to the Company prior to the conversion of the Class B Performance Shares, then the Second Performance Milestone will be deemed to have been achieved and each Class B Performance Share will automatically and immediately convert into a Share.
 - (ii) If the number of Shares to be issued as a result of the conversion of all Class B Performance Shares due to a Change of Control Event in relation to the Company is in excess of 10% of the share capital of the Company at the time of the conversion, then the number of Class B Performance Shares to be converted will be pro-rated so that the aggregate number of Shares issued upon conversion of the Class B Performance Shares is equal to 10% of the share capital of the Company at the time of conversion.

For the purpose of this clause (k), a Change of Control Event occurs where:

- (iii) a person acquires a voting power (within the meaning of Section 610 of the Corporations Act) in more than 50% of the Shares as a result of a takeover bid and that takeover bid is declared unconditional by the bidder; or
- (iv) a person acquires a voting power (within the meaning of Section 610 of the Corporations Act) in more than 50% of the Shares through a scheme of arrangement and the court grants orders approving the scheme of arrangement and those court orders are lodged with ASIC.
- (l) **(No other rights)** A Class B Performance Share gives Delta Drone SA no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class B Performance Shares

- (m) **(Second Performance Milestone)** A Class B Performance Share will convert into a Share upon satisfaction of the Second Performance Milestone.
- (n) **(Lapse)** If the Second Performance Milestone is not satisfied within three (3) years of the date of issue then the relevant Class B Performance Share will automatically lapse.
- (o) **(Issue of Shares)** The Company will issue the Share on conversion of a Class B Performance Share within ten (10) business days following the conversion or such other period required by the Listing Rules.

- (p) **(Holding statement)** The Company will issue Delta Drone SA with a new holding statement for any Share issued upon conversion of a Class B Performance Share within ten (10) business days following the issue of the Share.
- (q) **(Ranking upon conversion)** The Share into which a Class B Performance Share may convert will rank pari passu in all respects with existing Shares.

Part C – Class C Performance Shares

The terms and conditions of the Class C Performance Shares are set out as follows:

- (r) **(Entitlement)** Each Class C Performance Share entitles Delta Drone SA to subscribe for one fully paid ordinary Share in the capital of the Company if during the three year term of the Class C Performance Shares the Company announces to the ASX that Delta Drone has expanded the services of its business offering (being the provision of drone survey and mapping solutions) into a new geographic location outside of Australia, Israel, South Africa, Ghana and Namibia and achieved revenue in that new geographic location of not less than US\$1,000,000 (based on audited accounts) (“**Third Performance Milestone**”).
- (s) **(Notice of satisfaction of Third Performance Milestone)** the Company shall give written notice to Delta Drone SA promptly following satisfaction of the Third Performance Milestone or lapse of a Class C Performance Share where the Third Performance Milestone is not satisfied.
- (t) **(No voting rights)** A Class C Performance Share does not entitle Delta Drone SA to vote on any resolutions proposed by the Company except as otherwise required by law.
- (u) **(No dividend rights)** A Class C Performance Share does not entitle Delta Drone SA to any dividends.
- (v) **(No rights to return of capital)** A Class C Performance Share does not entitle Delta Drone SA to a return of capital whether in a winding up, upon a reduction of capital or otherwise.
- (w) **(Rights on winding up)** A Class C Performance Share does not entitle Delta Drone SA to participate in the surplus profits or assets of the Company upon winding up.
- (x) **(Not transferable)** A Class C Performance Share is not transferable.
- (y) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of Delta Drone SA will be changed in a manner consistent with the applicable Listing Rules and Corporations Act at the time of reorganisation.
- (z) **(Application to ASX)** The Class C Performance Shares will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Class C Performance Share on ASX within the time period required by the Listing Rules.
- (aa) **(Participation in new issues)** A Class C Performance Share does not entitle Delta Drone SA (in its capacity as a holder of a Class C Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (bb) **(Change of control):**
 - (i) Subject to paragraph (ii), if there is a Change of Control Event in relation to the Company prior to the conversion of the Class C Performance Shares, then the Third Performance Milestone will be deemed to have been achieved and each Class C Performance Share will automatically and immediately convert into a Share.
 - (ii) If the number of Shares to be issued as a result of the conversion of all Class C Performance Shares due to a Change of Control Event in relation to the Company is in excess of 10% of the share capital of the Company at the time of the conversion, then the number of Class C Performance Shares to be converted will be pro-rated so that the aggregate number of Shares issued upon conversion of the Class C

Performance Shares is equal to 10% of the share capital of the Company at the time of conversion

For the purpose of this clause (k), a Change of Control Event occurs where:

- (iii) a person acquires a voting power (within the meaning of Section 610 of the Corporations Act in more than 50% of the Shares as a result of a takeover bid and that takeover bid is declared unconditional by the bidder; or
 - (iv) a person acquires a voting power (within the meaning of Section 610 of the Corporations Act) in more than 50% of the Shares through a scheme of arrangement and the court grants orders approving the scheme of arrangement and those court orders are lodged with ASIC.
- (cc) **(No other rights)** A Class C Performance Share gives Delta Drone SA no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class C Performance Shares

- (dd) **(Third Performance Milestone)** A Class C Performance Share will convert into a Share upon satisfaction of the Third Performance Milestone.
- (ee) **(Lapse)** If the Third Performance Milestone is not satisfied within three (3) years of the date of issue then the relevant Class C Performance Share will automatically lapse.
- (ff) **(Issue of Shares)** The Company will issue the Share on conversion of a Class C Performance Share within ten (10) business days following the conversion or such other period required by the Listing Rules.
- (gg) **(Holding statement)** The Company will issue Delta Drone SA with a new holding statement for any Share issued upon conversion of a Class C Performance Share within ten (10) business days following the issue of the Share.
- (hh) **(Ranking upon conversion)** The Share into which a Class C Performance Share may convert will rank pari passu in all respects with existing Shares.