

Tuesday, 29 December 2020

PRE-QUOTATION DISCLOSURE NOTICE

The following information is provided to ASX Limited (“**ASX**”) for release to the market in connection with the official quotation of 500,800,731 fully paid ordinary shares in Delta Drone International Limited ACN 618 678 701 (ASX:DLT) (“**Delta Drone International**”).

Unless otherwise defined, capitalised terms used in this notice have the meaning given to them in Delta Drone International’s prospectus dated 10 November 2020 (“**Prospectus**”).

1 Completion of Offer and the Acquisition

Delta Drone International confirms that the Offer closed on Monday, 7 December 2020 and it has received a total of \$5,000,000 from successful Applicants under the Offer.

On Tuesday, 22 December 2020, Delta Drone International issued:

- (a) 125,000,000 Shares to successful Applicants under the Offer;
- (b) 6,000,000 Shares to CIH; and
- (c) 27,205,882 Shares to holders of convertible notes which were approved for conversion at the Delta Drone International EGM held on Thursday, 3 December 2020.

Completion of the acquisition of Delta Drone South Africa occurred on Tuesday, 22 December 2020 and Delta Drone International issued 203,512,750 consideration shares and 45,000,000 performance shares to Delta Drone SA on this date in consideration for the acquisition.

2 Despatch dates

The date for despatch of:

- (a) in relation to all holdings on the CHESS sub-register, a notice from the Company under the ASX Settlement Operating Rule 8.9.1; and
- (b) in relation to all other holdings, issuer sponsored holding statements,

was Tuesday, 22 December 2020.

3 Capital Structure

A statement setting out Delta Drone International’s capital structure as of Wednesday, 30 December 2020 is provided below:

Shares	Number
Shares	500,800,731
Options	15,026,696
Performance Shares	45,000,000
Future ESOP (unallocated)	33,000,000
Total	593,827,427

4 Restricted securities

The total number of restricted securities held by shareholders is 256,718,632. Delta Drone International confirms that these securities will not be quoted for a period of 24 months from the date of official quotation (Thursday, 31 December 2020).

A statement setting out the number of securities subject to ASX restrictions, and the restriction period applied to those securities, is provided below:

Period of escrow	Number and type of security	Restricted Party	Type of escrow
For the period commencing on the date of official quotation (31 December 2020) and ending on 31 December 2022	205,512,750 fully paid Shares	Delta Drone SA	ASX mandatory
For the period commencing on the date of official quotation (31 December 2020) and ending on 31 December 2022	2,205,882 fully paid Shares	Delta Drone SA	ASX mandatory
For the period commencing on the date of official quotation(31 December 2020) and ending on 31 December 2022	6,000,000 fully paid Shares	Cukierman & Co Investment House Limited	ASX mandatory
For the period commencing on the date of official quotation (31 December 2020) and ending on 31 December 2022	45,000,000 performance shares	Delta Drone SA	ASX mandatory

5 Waiver granted

Delta Drone International was granted an ASX waiver from Listing Rule 2.1 Condition 2 to the extent necessary to permit the issue of up to 125,000,000 Shares pursuant to the Offer at an issue price of less than \$0.20 per share on the conditions disclosed in the Notice of Meeting released to ASX on 3 November 2020.

6 Unquoted Securities

Delta Drone International confirms that no unquoted securities have been issued prior to its application for admission. All securities are set out in the Prospectus and that position is unchanged.

7 Pro forma audited accounts

Set out in Schedule 1 is a pro forma statement of financial position based on the actual amount of funds raised under the Offer.

8 Performance shares

On 17 July 2020, ASX confirmed with Delta Drone International that the terms of the Performance Shares are appropriate and equitable for the purposes of Listing Rule 6.1.

The full terms of the Performance Shares are set out in Schedule 2.

9 Additional information for release to the market

Delta Drone International has separately provided ASX with copies of the following documents for release to the market:

- (a) Appendix 1A and Information Form and Checklist;
- (b) Constitution;
- (c) Prospectus;
- (d) Audited accounts for Delta Drone International and Delta Drone South Africa for the full years ended 31 December 2018, 31 December 2019 and reviewed accounts for the half year ended 30 June 2020;
- (e) The full terms and conditions of Delta Drone International's employee share option plan;
- (f) Security Trading Policy;
- (g) A distribution schedule; and
- (h) A list of the Top 20 Shareholders.

Stephen Buckley

Company Secretary
Delta Drone International Limited

SCHEDULE 1 – PRO FORMA STATEMENT OF FINANCIAL POSITION

Pro forma statement of financial position based on actual amount raised under the Offer.

	Parazero Reviewed as at 30-Jun-20 US\$	DDSA Reviewed as at 30-Jun-20 US\$	Subsequent events US\$	Pro-forma adjustments US\$	Pro-forma after issue US\$
CURRENT ASSETS					
Cash and cash equivalents	122,534	565,975	551,283	2,813,193	4,052,985
Trade and other receivables	123,335	288,815	-	-	412,150
Current tax receivable	-	25,959	-	-	25,959
Inventory	699,649	27,426	-	-	727,075
TOTAL CURRENT ASSETS	945,518	908,175	551,283	2,813,193	5,218,169
NON CURRENT ASSETS					
Property plant & equipment	69,838	255,364	-	-	325,202
Goodwill	-	378,499	3,925,000	-	4,303,499
Intangible assets	-	35,485	-	-	35,485
Right of use assets	-	91,832	-	-	91,832
Deferred tax	-	36,672	-	-	36,672
TOTAL NON CURRENT ASSETS	69,838	797,852	3,925,000	-	4,792,690
TOTAL ASSETS	1,015,356	1,706,027	4,476,283	2,813,193	10,010,859
CURRENT LIABILITIES					
Trade and other payables	239,337	20,856	-	-	260,193
Loans from Group Companies	-	1,800,898	(1,800,898)	-	-
Borrowings	26,312	-	-	-	26,312
Other financial liability	82,269	-	-	-	82,269
Current tax payable	-	1,125	-	-	1,125
Lease liabilities	-	38,792	-	-	38,792
Convertible notes	581,621	-	(581,621)	-	-
TOTAL CURRENT LIABILITIES	929,539	1,861,671	(2,382,519)	-	408,691
NON CURRENT LIABILITIES					
Other financial liability	177,136	-	-	-	177,136
Deferred tax	-	9,936	-	-	9,936
Lease liabilities	-	67,069	-	-	67,069
TOTAL NON CURRENT LIABILITIES	177,136	77,005	-	-	254,141
TOTAL LIABILITIES	1,106,675	1,938,676	(2,382,519)	-	662,832
NET ASSETS/(LIABILITIES)	(91,319)	(232,649)	6,858,802	2,813,193	9,348,027
EQUITY					
Issued Capital	10,681,414	671,786	(5,549,444)	3,132,559	8,936,315
Share based payments reserve	1,988,085	-	(1,988,085)	-	-
Predecessor accounting	(188,690)	(560,994)	188,690	-	(560,994)
Foreign exchange reserves	(219,669)	5,036	219,669	-	5,036
Accumulated losses	(12,352,459)	(391,910)	13,987,972	(319,366)	924,237
TOTAL	(91,319)	(276,082)	6,858,802	2,813,193	9,304,594
Non controlling interest	-	43,433	-	-	43,433
TOTAL EQUITY	(91,319)	(232,649)	6,858,802	2,813,193	9,348,027

SCHEDULE 2 – PERFORMANCE SHARES TERMS

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 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.