

24 December 2018

ASX Company Announcements
Australian Securities Exchange Ltd
Level 40 Central Park
152–158 St Georges Terrace
Perth WA 6000

Dear Sir/Madam

NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This notice is given by Parazero Limited (ACN 618 678 701) (**Company**) (ASX Code: PRZ) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**) as modified by the Australian and Investments Securities Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

As announced today, the Company intends to undertake a capital raising of up to approximately \$2.93 million via a partially underwritten non-renounceable rights issue.

The capital raising comprises a non-renounceable pro-rata rights issue of fully paid ordinary shares (**Shares**) on the basis of one (1) new Share for every three (3) Shares held as at 4.00pm (WST) on 31 December 2018 to eligible shareholders with a registered address in Australia or New Zealand (**Entitlement Offer**).

The Entitlement Offer is partially underwritten by Baillieu Ltd (**Underwriter**). The Company will pay the Underwriter a fee of 5% of the underwriting commitment, as well as reimbursement of expenses.

The Company hereby confirms that in respect of the Entitlement Offer (as per the requirements of paragraph 708AA(2)(f) of the Corporations Act):

- (a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Corporations Act
- (c) as at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and (9) of the Act; and

- (e) the potential effect that the issue of the New Shares, under the Entitlement Offer, will have on the control of the Company is as follows:
- (i) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, the issue of the New Shares under the Entitlement Offer will have no effect on the control of the Company as Eligible Shareholders would continue to hold materially the same percentage interest in the Company;
 - (ii) the percentage shareholding interests of shareholders who are not Eligible Shareholders will be diluted because those shareholders are not entitled to participate in the Entitlement Offer
 - (iii) in the more likely event that there is a shortfall, Eligible Shareholders who do not subscribe for their full entitlement of New Shares under the Entitlement Offer and ineligible shareholders unable to participate in the Entitlement Offer will be diluted relative to those shareholders who subscribe for some or all of their entitlement;
 - (iv) to the extent New Shares which are not subscribed for under the Entitlement Offer are allotted under the shortfall facility, the percentage of shareholder interests of the Company's shareholders who do not take up their entitlement to New Shares will also be diluted; and
 - (v) in relation to any person participating in the shortfall offer, the Company will have regard to the takeovers prohibition in section 606 of the Act, on the basis that no person will be issued New Shares if such issue will result in their voting power in the Company increasing from 20% or below to more than 20%.

Further details regarding the Entitlement Offer are set out in the Offer Document.

Yours faithfully



Stephen Buckley

Company Secretary