



STATEMENT OF COMMITMENTS
(BASED ON ACTUAL FUNDS RAISED – \$5,010,500)

Scout Security Limited (ACN 615 321189) (**Company**) intends to apply funds raised from the offer of 25,052,500 ordinary fully paid shares (**Shares**) at an issue price of \$0.20 per Share (**Offer**) pursuant to the Replacement Prospectus dated 23 June 2017 (**Prospectus**) together with existing cash reserves over the next two years following admission of the Company to the official list of ASX as follows:

FUNDS AVAILABLE	\$5,010,500	Percentage of Funds (%)
Existing cash reserves of the Company ¹	\$140,000	2.72%
Funds raised from the Capital Raising	\$5,010,500	97.28%
Total	\$5,150,500	100%
ALLOCATION OF FUNDS	\$5,010,500	Percentage of Funds (%)
Marketing and Sales	\$1,947,557	37.81%
Inventory Production & Purchasing ²	\$1,640,498	31.85%
Research and Development ³	\$205,062	3.98%
Expenses associated with the Offers and Acquisition ⁴	\$537,705	10.44%
Working Capital ⁵	\$819,678	15.91%
TOTAL	\$5,150,500	100%

Notes

1. These funds represent cash held by the Company and Scout as at 23 August 2017.
2. Inventory Production and Purchasing are funds that will be used to purchase Scout hardware from contract manufacturers on an ongoing basis. These monies are expected to be recouped by Scout as inventory is sold and will be applied to the next inventory order.
3. Research and development expenses are related to the development of future products and services and include, but are not limited to, the purchase of components and testing equipment, contract engineering work, non-recurring engineering fees, custom fixtures and/or molds, the purchase of competing smart home devices and services
4. Refer to the Prospectus for the itemised costs of the expenses associated with the Offers.
5. Working capital includes the general costs associated with the management and operation of the business including administration expenses, management salaries, directors' fees, rent and other associated costs.

The above table is a statement of current intentions as of the date of this announcement. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.