

STATEMENT OF CAPITAL STRUCTURE

The capital structure of Parazero Limited (ACN 616 678 701) (**Company**) following completion of the conditions under the replacement prospectus dated 30 April 2018 (**Prospectus**) (**Public Offer**) and the acquisition of 100% of the issued capital of Parazero Limited (Israel company number 51-493282-1) (**Parazero Israel**) (**Acquisition**) is set out below. Unless otherwise stated, capitalised terms not defined in this announcement have the meaning given in the Prospectus.

Capital Structure	Shares	Options
Shares on issue as at the date of the Prospectus	2,500,000	-
Shares issued under the Acquisition	51,580,391	-
Shares issued pursuant to the Public Offer	25,000,000	-
Shares issued on conversion of Convertible Loans	8,750,000	-
Issue of Shares pursuant to the Cleansing Offer ¹	-	-
Replacement Options issued ²	-	8,419,069
Performance Options issued under Employee Option Plan ³	-	55,000,000
Broker Options issued ⁴	-	4,000,000
TOTAL	87,830,391	67,419,069

Notes:

- 1 The Company resolved not to issue any the 1,000 Shares offered under the Cleansing Offer.
- 2 The Replacement Options are to replace the options held by employees of Parazero Israel under an employee option scheme adopted by Parazero Israel at a date prior to its entry into the Acquisition. Options exercisable at \$0.0027 on or before 13 June 2023.
- 3 These Performance Options are exercisable at \$0.20 each and expire on or before 13 June 2023. Subject to the exceptions outlined in section 12.3 of the Prospectus, the Performance Options will only be exercisable after the satisfaction of the following vesting milestones, each calculated for a given Year (as defined below):
 - a. one third of the Performance Options will vest and become exercisable upon the Company achieving aggregate revenue of US\$1,500,000 from total sales of products based on the Technology in a Year (**Class A Performance Options**); and
 - b. one third of the Performance Options will vest and become exercisable upon the Company achieving aggregate revenue of US\$4,000,000 from total sale of products based on the Technology in a Year OR if the 14 trading day volume weighted average price of the Company stock has increased in value by more than 300% from the IPO price (**Class B Performance Options**); and
 - c. one third of the Performance Options will vest and become exercisable upon the Company achieving aggregate revenue of US\$8,000,000 from total sale of products based on the Technology in a Year OR if the 14 trading day volume weighted average price of the Company stock has increased in value by more than 500% from the IPO price (**Class C Performance Options**).

The term "Year" shall mean one of: (a) the time period commencing 1 July 2018 and ending on the 12 months anniversary of the listing of completion of the relisting or IPO; (b) The 12 month period immediately after the end of the first Year; and (c) The 12 month period immediately after the end of the second Year
- 4 Options exercisable at \$0.30 on or before 13 June 2021

For and on behalf of Parazero Limited

Stephen Buckley
Company Secretary