

ASX AND MEDIA RELEASE
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Convo App iOS Soft Launch **ZipT IP integrated into Convo App**

- o Space Digital Media (SDM) has commenced the 'soft' launch of the Convo Mobile Application (Convo App) ahead of the full launch in Q4 2017;
- o The Convo App is live on the IOS app store across selected countries, to enable SDM to expedite the on-boarding of publishers & advertisers prior to full launch;
- o The Convo App uses the underlying Zipt technology as per the terms of the Revenue share agreement as announced to the ASX on 18 August 2017;
- o Under the terms of the agreement with SDM, Ziptel will receive a royalty of between 10% and 20% of Net Revenue generated by the Convo App.

ZipTel Limited ("ZipTel" or "the Company") (ASX: ZIP) is pleased to provide an update on the progress of its agreement with London-based Space Digital Media Limited (SDM) to have ZipT technology integrated into a new app aimed at becoming a globally significant content driven communication/ social platform; the Convo App.

Launch Strategy

SDM will use the soft launch strategy to give them the ability to segment users into cohorts, thereby allowing them to establish the type of users that have the highest and lowest values from a Life Time Value (LTV) perspective. From the information gained during the soft launch, each new release of the Convo App will equate to better targeting, optimised LTVs, and lower cost per acquisition (CPA). This, coupled with an understanding of what creative content and channels gain the most traction, will position SDM well to achieve their download and associated advertising and revenue goals.

The ability to gather data on user behaviour; define success criteria; determine which mediums of promotion and communication are most effective; and gain knowledge to improve and repeatedly optimise with each version, will allow SDM to generate a defined strategic plan for the full launch.

Convo App, its advantages and development

SDM believes the Convo App's key point of difference is the ability to deliver high quality and exclusive content to users – this is the key for future growth and monetisation. Development steps taken include the creation of a new section within the Convo App called 'News'.

This section allows users to create their own mini feeds by following publishing pages of topics and publishers that interest them. Users will not see content outside of what is followed, allowing them to customize the content they consume without having to view content that is irrelevant to their interests and likes.

Back-end development on the Convo App will allow the publishers to be displayed in an intuitive manner with their content. Further user experience enhancements have also been made.

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Publishers

Over time, it is planned that users will have access to some of the world's best-connected publishers (news organisations, celebrities, social influencers & brands) to follow. SDM plans to have up to 1,000 publishers for its launch with a goal to onboard over 3,500 publishers via its global network through their agreement with Be Seen Media.

Third Party publishers will be introduced in a staggered manner over the coming months based on the data and user behaviour gained from the soft launch.

ZipTel to share in potential revenue

Under the ZipTel/SDM agreement, ZipTel granted a license to certain IP rights to the ZipT technology to SDM and assisted in the development of the Convo App in return for royalty payments of between 10% and 20% of Net Revenue received in relation to the Convo App.

SDM intend to focus on building revenue in three core areas initially – advertisement, branded content and E-Commerce.

The Convo App will have its own 'in app' advertisement engine for publishers to generate advertisement revenue and gain more visibility. It is intended that this feature has been added to allow the Convo App to generate revenue from its publishers, whilst giving publishers value for money in terms of additional reach and followers.

SDM's model contemplates that the Convo App is to generate revenue from traditional "in app" advertisement placements and banner ads placed between content or on user interaction. The Convo App is intended to enable publishers to drive traffic to their pages and benefit from ongoing advertisement revenue splits.

Part of the strategy for the Convo App is to have a team of specialists in branded content and content production, assisting brands create and publish paid for branded content across its platform.

SDM must pay ZipTel a royalty, calculated on the basis of net revenue earned from the Convo App.

The rate of the royalty is:

- where the total gross revenue in the aggregate is less than £10 million, 20% of net revenue; or
- where the gross revenue in the aggregate is £10 million or more, 10% of net revenue.

The royalty is payable on a quarterly basis and ZipTel has standard rights of inspection and audit in relation to the royalty statements received.

-Ends-

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About ZipTel

ZipTel is an Australian owned and operated telecommunications business focused on providing international roaming and calling solutions to consumers and businesses.

About Space Digital Media

Space Digital Media operates 'Convo', a product that will deliver calling/messaging, local and relevant content. The Convo App is a content driven communication/social platform.

The Convo App is a cross-platform mobile messaging application which allows users to call, send messages, share photographs, documents and audio recordings at no cost and with only a basic data connection. No 3G or Wi-Fi connectivity is required to utilise the Convo App. The Convo App is a communication platform which features content on a wide array of subjects and allows users to share and comment on that content. It features a reward points system for users who undertake certain actions, such as inviting new users to the Convo App or interacting with Convo App.

SDM are a marketing agency that transforms businesses for the digital age. They exist to help brands embrace the creative and technological changes that affect all aspects of their business. SDM is wholly owned by Sport Convo Limited, a platform that delivers Sport Digital Content that boasts the likes of Virat Kohli and Gareth Bale as shareholders and ambassadors.

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