

Syntonic secures A\$5.38m to fund global growth via a share placement and secured convertible notes

Highlights:

- Commitments to raise A\$1.84 million (before costs) from new and existing investors via a placement of new ordinary shares at 0.79 cents per share
- Convertible note facility with new investor, Obsidian, to provide up to US\$2.5 million (A\$3.54 million) of which Syntonic will issue an initial tranche of convertible notes to raise US\$1 million (A\$1.42 million)
- These funds will provide the working capital to accelerate Syntonic's global mobile carrier footprint growth, targeting cash flow breakeven in Q3 FY2020
- Strong sales pipeline exists for licensing and deploying Syntonic's proprietary Revenue Generation Platform in 2019

Seattle, United States – Syntonic Limited ("Syntonic" or "Company") (SYT:ASX), a mobile platform and services provider, is pleased to advise that it has received firm commitments for a placement of 233,336,450 new fully paid ordinary shares ("Shares") at an issue price of 0.79 cents per Share to existing and new sophisticated and professional investors to raise A\$1.84 million (before costs) ("Placement"). The Company has also entered into a convertible securities agreement ("Convertible Note Agreement") with Obsidian Global Partners, LLC ("Obsidian") in which it has agreed to issue secured convertible notes to Obsidian ("Convertible Notes") on the terms and conditions detailed below.

The funds raised via the Placement and issue of the Convertible Notes will provide Syntonic with working capital to accelerate the Company's growth to capture, manage, and support its pipeline of potential clients and will be utilised for (amongst other matters) expansion of the Company's global sales and support team and general working capital expenditure. Along with continued prudent cost management the additional capital will assist Syntonic to achieve its targeted positive net cash position in early 2020.

Gary Greenbaum, CEO and Managing Director of Syntonic, commented:

"We are delighted to now have sufficient working capital to capture the growing range of opportunities for licensing the Company's highly regarded Revenue Generation Platform with leading mobile operators around the world, building on our recent success across Asia, Africa and South America.

"The mix of equity and convertible notes provides us with both the ability to broaden our shareholder register and the flexibility to access funds when needed during the year. Following this financing, we anticipate achieving cash flow break-even in Q3 FY2020."

Placement

The Placement issue price of 0.79 cents per Share represents a 25% discount to the Company's 15-day volume weighted average price (VWAP).

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The Shares, which are expected to be issued on Monday, 8 April 2019, will be issued within the Company's existing 10% capacity under ASX Listing Rule 7.1A and accordingly shareholder approval will not be required.

Henslow Markets Pty Ltd and Lodge Partners acted as co-lead managers for the Placement.

Convertible Notes

The Company has entered into the Convertible Note Agreement, pursuant to which, subject to the satisfaction of certain conditions, Obsidian may subscribe for, and the Company may elect to (at its sole discretion) issue, Convertible Notes to raise up to US\$2.5 million (A\$3.54 million). The Company advises that it has agreed to issue an initial tranche of 1,000,000 Convertible Notes to Obsidian to raise US\$1 million (A\$1.42 million) before costs ("Initial Notes"). The key terms and conditions of the Convertible Note Agreement are as follows:

- Each Convertible Note is priced at US\$1.00 and has a face value of US\$1.15 ("Face Value").
- Obsidian will subscribe for, and Syntonic will issue the Initial Notes to raise an amount of US\$1 million (A\$1.42 million) before costs.
- The maximum number of Shares that the Initial Notes can convert into will be capped at 152,640,050 Shares. The Initial Notes are being issued within the Company's existing 15% capacity under Listing Rule 7.1.
- The Company must, within 60 days from the issue of the Initial Notes, seek shareholder approval to cancel and replace or re-issue the Initial Notes ("Replacement Notes"). The Replacement Notes will have the same conversion price detailed below, and a maturity date of 12 months. If shareholder approval is not obtained (for whatever reason), the Initial Notes will mature 90 days from the date of issue and (unless converted) the Company must redeem the Initial Notes at US\$1.265 (being 110% of the Face Value).
- The Company may elect (at its sole discretion) to issue, additional Convertible Notes to raise an additional US\$1,500,000 (in two separate tranches) ("Additional Notes"), subject to (amongst other matters) the Company obtaining shareholder approval for the issue of the Additional Notes.
- The Initial Notes, Replacement Notes and Additional Notes will be secured against the whole of the undertaking property and assets of the Company pursuant to a first ranking general security agreement.
- The Initial Notes, Replacement Notes and Additional Notes (if issued) will have a conversion price that is the lesser of:
 - 90% of the lowest trading daily VWAP during the 5 trading days prior to the conversion notice date; and
 - a fixed conversion price of A\$0.015.
- Obsidian must, if it elects to convert the Convertible Notes, convert a minimum amount of A\$30,000 worth of Convertible Notes or, if the aggregate Face Value of the outstanding Convertible Notes is less than A\$30,000, the entire outstanding amount.
- Obsidian undertakes not to, on any trading day, sell Shares in excess of the greater of the 15% of the daily trading volume on that trading day and A\$15,000.

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It is expected that the Initial Notes will be issued on Monday 8 April 2019.

The Company will send shareholders a notice of meeting to convene a general meeting to consider the necessary resolutions to issue the Replacement Notes. The notice of meeting that will be sent to shareholders will include further details in respect to the Replacement Notes and Convertible Note Agreement.

Lodge Partners and Henslow Markets acted as co-agents for the issue of the Convertible Notes.

Global Expansion Update

Further to the Company's Q2 FY19 Quarterly Activities and Cashflow Report dated 24 January 2019, the Company provides the following updates in respect to its operations and activities:

1. As announced in October 2018, Tata Communications commercially launched its digital commerce platform, branded opari™, which is powered by Syntonic platform technologies. Syntonic and the Opari executive team are working to further expand their relationship in a formalized agreement to accommodate the most recently announced Syntonic technologies and to expand Opari's service onto Syntonic's partner networks. The proposed arrangement remains subject to the completion of negotiations and the execution of formal documentation.
2. As announced in October 2018, Smart Communications, a leading mobile operator in Southeast Asia, updated its RoamFree traveler app such that it is powered by a white-labelled version of Syntonic's International Roaming Service™. The parties are now working to expand the scope of their activities to accommodate a more comprehensive roaming solution using the full services offered by the Syntonic Revenue Regeneration Platform. The proposed arrangement remains subject to the completion of negotiations and the execution of formal documentation.
3. Syntonic refers to its previous announcement in respect to a partnership with Bridge Alliance, dated 6 March 2019, and advises that the Company is presently engaged in discussions with Bridge Alliance in respect to the confidentiality provisions in the agreement which may, if such matters are escalated and cannot be resolved, result in the termination of the agreement. The Company will keep shareholders updated on the progress of its engagement by way of ASX announcement.

About Obsidian

Obsidian Global Partners is an alternative asset investment firm based in New York City, United States. The firm has greater than forty years of experience investing into and partnering with public and private companies across the global markets.

About Syntonic

Syntonic Ltd (SYT.ASX) is a Seattle-based software company which provides easy-to-deploy mobile services for telecommunication carriers to generate more revenue from mobile data and participate in the app economy. Syntonic has created the world's leading unified mobile revenue platform spanning mobile advertising, content monetisation, mobile commerce, and expense management for enterprise mobility. Syntonic's carrier-grade service has been



designed with high availability, scalability and 100% revenue assurance in mind. The Syntonic platform has been deployed and validated on the world's largest networks.

To learn more about Syntonic, visit www.syntonic.com.

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