

ASX AND MEDIA RELEASE

30 April 2015

ZipTel Quarterly Update - Q1 2015

Activity Highlights

ZipT

- Successful completion of phase one of the pilot launch with results exceeding internal management expectations across all key metrics
- 9,000 users acquired in a three week period alone
- Over a 36 hour period over 60,000 calls were placed across 300 landline and mobile networks and over 6,500 messages were sent to users in over 120 countries
- Cornerstone enterprise agreement signed with Speedcast, a leading global satellite network service provider
- Global Launch confirmed for FH1 2015

AussieSim

- Online sales revenues for the quarter totalled \$38,416, increasing by 7.8% on Q1 2014
- Sim top-up sales increased by 10.9% from Q1 2014, to \$35,567 in Q1 2015
- Activations increased by 44% from Q1 2014 to 543 for the quarter
- Renegotiation of rates across products – achieving a c.15% reduction
- A further 200 retail outlets added to AussieSim distribution network, through exclusive agreement with 7-Eleven and organic partner growth
- Product growth development to continue throughout 2015

The Directors of ZipTel Limited (“**ZipTel**” or “the **Company**”, ASX: ZIP) are pleased to report on the Company's performance for the quarter ended 31 March 2015.

Operational

ZipT

The previous quarter saw the successful completion of the pilot launch enabling management to confirm a global launch date in FH1 2015. During the pilot launch over 60,000 calls were placed across 300 landline and mobile networks and over 6,500 messages were sent to users in over 120 countries, in only a 36-hour period.

The Company were delighted with the results, which demonstrated the apps capabilities and potential to be scaled to much larger global audiences.

The Company signed a cornerstone enterprise agreement with Speedcast, a leading global satellite network service provider. The agreement is for Speedcast to use the ZipT technology and infrastructure under 'white label' to provide telephony solutions to its thousands of users across over 60 countries worldwide.

In the past three months the Company has continued to focus on the final development stages of the app and the global roll out strategy to ensure wide market traction and global appeal upon launch.

AussieSim

Online sales revenues for AussieSim increased by 7.8% from Q1 2014 to \$38,416. This coincided with online sim sales increasing by 10.9% in the quarter from Q1 2014 to \$35,567 in Q1 2015. The number of activations also achieved a 44% increase, reaching 543 in Q1 2015.

During the quarter the Company initiated a recall of all stocks held by 230 resellers to repackage and reprice the products in order to maintain a competitive position in the market. This initiative resulted in a 50% decrease in the retail price from \$49.95 to \$24.95 across all resellers. The Company was able to maintain its dollar value margin of \$14.95 by also repricing the wholesale price to \$10 with \$10 credit value included, as opposed to the previous cost of \$35 with \$20 credit value. This resulted in the wholesale value of accounts payable decreasing by 70%, leaving resellers with a future credit to purchase stocks of AussieSim.

Ahead of the upcoming high travel season (April – September) the Company has been focused on improving the AussieSim product and renegotiated its rates across its products, achieving a c.15% reduction in rates across Voice calls, SMS and data.

Following the launch of AussieSim DataCard in December 2014 the Company has added another revenue stream to the business and expects the contributions from the DataCard to increase the overall revenues at FY 2015.

This quarter saw AussieSim increase its retail points of sale, through its exclusive deal with 7-Eleven and other channels, by adding over 200 outlets to its distribution.

The Company continues to focus on driving the growth and scale of AussieSim and will be adding further features to continually improve the product throughout 2015.

Corporate

As with the previous quarter the Company begins this quarter with a strong balance sheet.

This coming quarter will be focused on the global launch of the ZipT application and driving customer growth for the app.

Cash position

At the end of the Quarter the Company had cash at bank of \$7.0(unaudited)

Outlook

The Directors are pleased with the performance of the ZipT app to date, and the results have been outstanding in the pilot phase. The app is fast approaching a wider launch and with important distribution deals in place with Mpire, and Air Loyal the Company is well positioned to gain momentum quickly in the market upon the global public launch.

We're confident that the achievements to date of AussieSim will continue in 2015. we intend to continually improve the products features as we look to expand our distribution and substantially increase the Company's revenue generation and brand awareness.

-Ends-

For more information please contact:

ZipTel Limited

Bert Mondello
CEO
T: +61 8 6252 4224
W: www.ziptel.com.au

Keaton Wallace
Executive Director
T: +61 8 6252 4224

Media Enquiries:

Asher Moses
Director
Media & Capital Partners
M: +61 438 008 616
E: asher.moses@mcpartners.com.au

About ZipTel

ZipTel is an Australian owned and operated telecommunications business focused on providing international roaming and calling solutions to the consumer, using state of

the art technologies developed and wholly owned by ZipTel Limited. ZipTel listed on the ASX in July 2014 with its core focus primarily on the distribution of three core communications products, both domestically and internationally.

About AussieSim

AussieSim is a wholly owned subsidiary of ZipTel (ASX: ZIP). AussieSim is an international pre-paid travel sim card offering consumers up to 95% savings on talk, text and data whilst travelling overseas across more than 180 countries.

Over the past two and a half years AussieSim has developed a fully integrated retail and online trading solution for the travel sim marketplace. This includes, infrastructure, such as SMS based top up technology, along with a call forwarding platform, which enables customers to receive international calls on their Australian mobiles while travelling overseas. AussieSim has direct partnerships with a number of international telecommunications networks. It has also developed an online trading platform which is scalable, can be rebranded, and is capable of being deployed offshore with domestic currency and different languages. For more information please visit <http://www.aussiesim.com.au>.

About ZipT

ZipT is a mobile based international communication application that allows consumers to SMS and make international calls for free, App to App. The application is able to call any landline and mobiles at some of the world's lowest rates. ZipT has the ability to deliver crystal clear sound quality in lower bandwidth data environments and allows consumers to retain their existing phone number, service provider and SIM card, with no lock-in contracts. ZipT does not require an AussieSim sim card and can be installed on any Smartphone. ZipT uses less data than similar products already available on the market, and is compatible with Wi-Fi or any other mobile network.

For more information visit www.zipt.com.au.



Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

ZIPTTEL LIMITED

ABN

41 108 042 593

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter (Mar 2015) \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	51	335
1.2 Payments for (a) staff costs	(217)	(540)
(b) advertising and marketing	(97)	(363)
(c) research and development	-	-
(d) leased assets	-	-
(e) suppliers	(243)	(1,575)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	38	55
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(468)	(2,090)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter (Mar 2015) \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(468)	(2,090)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(30)	(57)
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(30)	(57)
1.14 Total operating and investing cash flows	(498)	(2,147)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	5,127
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings*	(2)	(160)
1.19 Dividends paid	-	-
1.20 Payments for capital raising costs	-	(743)
Net financing cash flows	(2)	2,077
Net increase (decrease) in cash held	(500)	2,077
1.21 Cash at beginning of quarter/year to date	7,468	4,890
1.22 Exchange rate adjustments to item 1.20	-	1
1.23 Cash at end of quarter	6,968	6,968

*Included repayment of \$151,000 to directors' borrowings.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	116
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Item 1.24 includes aggregate amounts paid to directors including salaries, directors' fees, consulting fees and superannuation and reimbursements.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter (Mar 2015) \$A'000	Previous quarter (Sept 2014) \$A'000
4.1 Cash on hand and at bank	718	2,468
4.2 Deposits at call	6,250	5,000
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	6,968	7,468

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company Secretary)

Date: 30 April 2015

Print name: **David Chapple**

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.