

ASX AND MEDIA RELEASE

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ZipTel Operations Review & Market Update

- ZipTel Limited ("**ZipTel**" or "**the Company**", ASX: ZIP) has been conducting its review of operational activities. The review has to date determined the following near-term strategic outcomes for the Company:
 - Appointment of an external IT contractor to operate and manage the Zipt and AussieSim platforms while retaining revenue upside;
 - Progress the Enterprise suite 'Software as a Service' (SaaS) product ZiFi: which has a developed Proof of Concept; signed Memorandums of Understandings ("MOUs") ; and identified short term revenue opportunities;
 - Change in the organisational structure, delivering significant reductions in management salaries; and
 - Reserve the option to explore new opportunities whilst taking the steps to preserve the cash balance;
- These outcomes are expected to deliver immediate cost savings, with monthly expenditure to fall to circa \$30,000 per month.

ZipTel announced that it would conduct a review of its operations in the Company's December 2016 quarterly report. The main objective of the review was to assess the Company's assets, financial performance and organisational structure to maximise shareholder value in the near term. The review was conducted by the ZipTel board, management and its advisors.

REVIEW OUTCOMES

Outsourcing of Zipt and AussieSim operational and financial responsibilities

A key finding of the review centred on the ongoing viability of the Zipt and AussieSim products and their capacity to generate sufficient revenue for the Company, within the existing operational and financial structure.

These products operate in a highly competitive and ever evolving market segment, which requires ongoing marketing and technology spend to remain at the forefront of communications solutions. Whilst the Company is extremely proud of these products and the operational results achieved to date, the financial returns are not significant enough to justify further investment in their current form.

As a result, the Company has engaged an external IT consultant to manage and operate these products/ platforms, including maintaining the current platforms and their servicing requirements. Part of the engagement is to review the platform capabilities; and provide recommendations to the Company on alternative paths to commercialisation.

Progress Zifi Enterprise Suite

In November 2016 Ziptel launched its patent protected Zifi telecommunication system. The Zifi technology delivers an enhanced, fault-tolerant, integrated closed-network communications platform to a wirelessly networked site such that mobile devices are able to provide users with the ability to make voice calls, group / conference calls, send text and rich messages (both 1-1 and group) between devices registered to the network. Devices are connected to the server-side virtual infrastructure that manages the interconnectivity without the need to connect to public telephony or traditional two-way radio infrastructure.

The Company will continue to work on the delivery of a SaaS enterprise solution using the patent protected Zifi Intellectual Property

As previously announced to the ASX, this technology requires minimal further investment to customise to a client or end user. It is envisaged that these costs will be substantially paid for by the client or end user.

Existing MOUs (as previously announced) are in place with a range of potential customers, which as a result of the findings of the review to date, will be considered and further business modelling will be undertaken to ensure the commercial viability of each proposal prior to commencement of the business activities. The Company will provide an update to market in due course of its findings.

The Company continues to be confident that Zifi offers an attractive and cost effective path to an ongoing revenue stream in the near term.

Organisational structure - Executives and Director fees

As part of the Company's review of operations and adoption of a lean cost structure, Chief Executive Officer Bert Mondello has stepped down as an executive director, with immediate effect. Mr Mondello will remain on the ZipTel board as a non-executive director.

Mr Keaton Wallace remain as an Executive Director on a reduced salary. Mr Wallace's focus will be reviewing the existing and potential Zifi Enterprise Suite opportunities to ensure commercial viability.

As a direct result of the steps detailed above, ZipTel has reduced its whole of Company monthly cash burn to circa \$30,000.

This figure includes delivery of the Zifi POC platform to market under the SaaS model and allows the Company to pursue opportunities to increase shareholder value as they arise.

-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, 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 the Zipt mobile based communications application for consumers and the Zipt Systems Enterprise suite for businesses.

