

Ziptel Limited

ACN 108 042 593

PROSPECTUS

For the non-renounceable pro rata rights issue to existing Shareholders of Ziptel Limited (Ziptel or Company) of approximately 59,893,560 New Shares, on the basis of 2 New Shares for every 3 Shares held at an issue price of \$0.02 per New Share, to raise approximately \$1,197,871 and 1 free New Option for every 2 New Shares subscribed for under the Prospectus exercisable at \$0.05.

Offer closes at 5:00pm WST on 3 July 2017

Underwriter
Patersons Securities Limited

IMPORTANT NOTICE

This is an important document, which should be read in its entirety. It contains information that will assist you in making a decision regarding your participation in the Rights Issue. You may wish to consult your stockbroker or professional adviser about the contents of this Prospectus.

If you do not lodge an Entitlement and Acceptance Form by 5pm (Perth time) on 3 July 2017, you will not be issued the New Shares and Attaching Options in accordance with this Prospectus.

TABLE OF CONTENTS

IMPORTANT NOTES	1
KEY OFFER INFORMATION	4
CHAIRMAN'S LETTER	6
INVESTMENT OVERVIEW	7
SECTION 1 DETAILS OF THE OFFER	12
SECTION 2 ZIPTTEL	16
SECTION 3 WHAT YOU MAY DO	18
SECTION 4 PURPOSE AND EFFECT OF THE OFFER	23
SECTION 5 TERMS AND CONDITIONS OF ATTACHING OPTIONS	27
SECTION 6 FINANCIAL INFORMATION	29
SECTION 7 RISK FACTORS	30
SECTION 8 ADDITIONAL INFORMATION	37
SECTION 9 AUTHORISATION AND DIRECTORS' RESPONSIBILITY STATEMENT	44
SECTION 10 DEFINED TERMS	45
SECTION 11 CORPORATE DIRECTORY	48

IMPORTANT NOTES

This Prospectus is dated 13 June 2017 and has been lodged with the Australian Securities and Investments Commission (**ASIC**). The expiry date of this Prospectus is the date that is 13 months from the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than the expiry date.

Within 7 days after the date of this Prospectus, the Company will apply to ASX for the New Shares and Attaching Options issued under this Prospectus to be quoted on ASX.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus. ASIC and ASX make no statement regarding the merits of the investment to which this Prospectus relates.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer. Except as required by law and only to the extent required, neither the Company nor any other person warrants the future performance of the Company or the return on any investment made under this Prospectus.

The information contained in this Prospectus is important and Shareholders should read it in full. Investing in the New Shares and Attaching Options involves risks. In particular, it is important that you consider the Risk Factors (see Section 7) that could affect the Company before deciding what course you should follow. Before deciding whether to participate in the Rights Issue, Shareholders should read and understand the whole of the Prospectus. This Prospectus does not take into account the investment objectives, financial situation or particular needs of any Shareholder or any other person. Shareholders should not rely on this Prospectus as the sole basis for making an investment decision regarding the New Shares and Attaching Options. Shareholders should consider seeking independent taxation and financial advice before making such a decision.

Investment Decisions

Individual applicants are responsible for determining their allocations of Rights, New Shares and Attaching Options before trading in the New Shares or Attaching Options. You should not trade in the New Shares or Attaching Options before receiving confirmation of your allocation.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares and Attaching Options or otherwise permit an offering of New Shares and Attaching Options in any jurisdiction outside of Australia or New Zealand.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Right Issue is not being extended to any Shareholders whose registered address is outside of Australia or New Zealand.

Residents of New Zealand who are not Participating Shareholders are not entitled to apply for the New Shares or Attaching Options.

The distribution of this Prospectus outside Australia and New Zealand may be restricted by law. If you come into possession of this Prospectus, you should observe those restrictions and should seek your own advice on the restrictions. Any non-compliance with the restrictions may contravene applicable securities laws.

Further details in relation to foreign jurisdictions is set out below.

United States

The New Shares or Attaching Options have not been nor will be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, any *US Person* as defined in Regulation S under the US Securities Act, except in a transaction exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

Any offer, sale or resale of New Shares or Attaching Options in the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act if made prior to 40 days after the date on which New Shares and Attaching Options are issued under the Rights Issue or if the New Shares and Attaching Options were purchased by a dealer under the Rights Issue.

New Zealand Shareholders

The Offer is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013*.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Warning Statement for New Zealand Shareholders

New Zealand investors should also consider the taxation and currency risks associated with investing in the New Shares or exercising Attaching Options.

Prospectus Availability

Shareholders with registered addresses in Australia and New Zealand can obtain a copy of this Prospectus during the period of the Rights Issue by telephoning the Share Registry. You will only be entitled to exercise your Rights in relation to the New Shares to which you have a Right by correctly completing the Entitlement and Acceptance Form which accompanies this Prospectus (refer to Section 3 for further information). In addition to taking up all of your Rights, if you wish to apply for additional New Shares under the Shortfall Offer, you will only be able to do so by completing the relevant Section of the Entitlement and Acceptance Form (refer to Section 3 for further information). Participating Shareholders do not need to do anything to receive their Attaching Options which will be issued to them with their New Shares.

The Corporations Act prohibits any person from passing the Entitlement and Acceptance Form on to another person unless it is included in or accompanied by a printed copy of the Prospectus.

Future Performance

To the extent that this Prospectus contains forward looking statements, you should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the relevant entities as well as general economic conditions and conditions in the financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of the Company, any of its officers or any person named in this Prospectus or involved in the preparation of this Prospectus makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statements, and you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Prospectus reflect views held only as at the date of this Prospectus.

Continuously Quoted Securities

This is a Prospectus for an offer to acquire continuously quoted securities (as defined in the Corporations Act) of the Company in the form of New Shares and an offer to apply for additional New Shares and Attaching Options under the Shortfall Offer, and has been prepared in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

Privacy Disclosure

The Company collects, holds and uses personal information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the applicant is successful, to service the applicant's needs as an investor, provide facilities and services that the applicant requests and carry out appropriate administration of the applicant's security holding in the Company. All personal information will be collected in accordance with the National Privacy Principles as set out under the *Privacy Act 1988* (Cth). Company and tax law requires some of the information to be collected. If you do not provide the information requested, the Company may not be able to accept or process your Application.

By submitting an Entitlement and Acceptance Form, each applicant agrees that the Company may use the information provided by an applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Underwriter, the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

Your information may also be used or disclosed to inform you about matters that the Company considers may be of interest to you. If you do not want your personal information to be used for this purpose, you should contact the Company.

The Corporations Act requires the Company to include information about the security holder (including name, address, and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications and compliance by the Company with legal and regulatory requirements.

Under the *Privacy Act 1988* (Cth), an applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access, particularly where the request requires compilation of personal information that has been archived or is a significant size. Access requests must be in writing to: The Company Secretary, Ziptel Limited, Suite 3, 138 Main Street Osborne Park WA 6017.

Definitions and Interpretation

Some capitalised words or terms used in this Prospectus have defined meanings that appear in Section 10 All references to dollars (\$) or cents in this Prospectus are references to Australian currency, unless otherwise stated. All references to time in this Prospectus are to Perth time.

References in this Prospectus to the number of Rights to which certain Shareholders are entitled to are references to the number of Rights expected to be held by those Shareholders on the Record Date.

KEY OFFER INFORMATION

KEY OFFER TERMS FOR THE NEW SHARES

Issue price	\$0.02
Maximum number of Fully Paid New Shares to be issued	59,893,560
Maximum amount to be raised under the Offer	\$1,197,871
Maximum number of Fully Paid Shares following the Offer	149,733,899

KEY OFFER TERMS FOR THE ATTACHING OPTIONS

Issue price	Nil
Maximum number of Attaching Options to be issued	29,946,780
Exercise Price	\$0.05
Expiry Date	6 July 2020
Maximum number of Attaching Options following the Offer	29,946,780

KEY DATES

Announcement of Offer	13 June 2017
Ex date (date which Shares trade without entitlement to participate in Offer)	19 June 2017
Record Date for participation in the Offer	20 June 2017
Anticipated dispatch of Offer Documents to Eligible Shareholders	22 June 2017
Opening Date for the Offer	23 June 2017
Last Day to extend Closing Date	28 June 2017
Closing Date for lodgement of Entitlement and Acceptance Forms and payment	3 July 2017
Shares and Attaching Options quoted on deferred settlement basis	4 July 2017
ASX notified of under subscriptions	5 July 2017
Shortfall settled	5 July 2017
Allotment and Issue of New Shares and Attaching Options under the Offer	6 July 2017
Trading for New Shares and Attaching Options commences on a normal basis	7 July 2017
Dispatch of holding statements	12 July 2017

The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late Applications, either generally or in particular cases, without notifying you. You are encouraged to submit your Application as soon as possible. Any extension of the Offer will have a consequential effect on the date of issue of the New Shares and Attaching Options.

CHAIRMAN'S LETTER

13 June 2017

Dear Fellow Shareholder,

The Board of Directors of Ziptel is pleased to present you with this Prospectus and the opportunity to increase your existing shareholding in the Company. You would have noticed that the Offer contained in the previous rights issue prospectus was withdrawn by the Company due to the low take up by Shareholders and the need to re-price the Offer. As a result, the Directors have resolved to offer Shares at \$0.02 to Eligible Shareholders as set out in this Prospectus.

Over the past few months, Ziptel has conducted a review of its operations with a view to maximising shareholder value in the near term.

This review identified the Company's Zifi telecommunication system as the immediate focus going forward. The Zifi technology delivers an enhanced, fault-tolerant, integrated closed-network communications platform to a wirelessly networked sites.

Zifi was identified as Ziptel's best in-house asset for delivery of a revenue generative income stream in the short term.

To this end, all the resources of the Company have been pared back and only those resources required have been committed to delivery and execution of Zifi agreements.

Zifi is a B2B product, setting it apart from the Company's other platforms - Zipt and AussieSim. Both of these consumer targeted products operating in extremely competitive markets. As a B2B product, the Zifi product requires substantially lower resources to be delivered successfully.

The Company is confident that it can deliver its Zifi product profitably, and in the interim continues to assess new opportunities in the technology space.

On behalf of the Board of Directors, I thank you for your continued support.

Yours sincerely



Josh Hunt
Chairman

INVESTMENT OVERVIEW

Introduction

The purpose of this Section is to give Shareholders an investment overview that helps them make an informed investment decision by highlighting key information. It is an introduction to the Offer and is not intended to replace the other Sections of this Prospectus, which Participating Shareholders should read in full.

Question	Response	Where to find more information
What is the Offer?	The Company is making a fully underwritten non-renounceable rights issue offer to each Participating Shareholder of two New Shares for every three Existing Shares held on the Record Date at an issue price of \$0.02 per New Share with one free Attaching Option for every two New Shares subscribed for exercisable at \$0.05 on or before 6 July 2020	Section 1
What is the Issue Price for the New Securities?	The price is \$0.02 per New Share and nil per Attaching Option	Section 1.3
What are the terms of the Attaching Options?	The Attaching Options have an exercise price of \$0.05 and expire 6 July 2020. The Company will apply for quotation of the Attaching Options on ASX. Full terms of Attaching Options are set out in Section 5	
Who is an Eligible Shareholder?	Every Shareholder registered as a holder of Shares at 5pm (Perth time) on the Record Date, and who has a registered address in Australia or New Zealand is entitled to participate in the Offer.	
How many New Securities will be issued?	59,893,560 New Shares and 29,946,780 Attaching Options. There are no existing options on issue	
What is the amount that will be raised under the Offer?	A maximum of \$1,197,871 will be raised under the Offer	Section 4.2
Is the Offer Underwritten?	Yes, by Patersons Securities Limited. Terms of the Underwriting Agreement are set out at Section 8.6.	Section 8.6

Question	Response	Where to find more information
What is the purpose of the Offer?	<p>The purpose of the Offer is to:</p>	
	<ul style="list-style-type: none"> • Fully develop the Zifi product suite; • Sustain the existing businesses of the Company; • Continue to review other acquisition opportunities; • General working capital; and • Assist with meeting the costs of the Offer. <p>A use of funds table is set out at Section 4.2 though as with any budget the actual use of funds may change depending upon the circumstances.</p>	Section 4
What is the effect of the Offer?	<p>The effect of the Offer will be to:</p>	
	<ul style="list-style-type: none"> • Increase cash reserves by \$1,197,871; and • Increase the total Shares on issue to 149,733,899 and Attaching Options to 29,946,780. 	Section 4
What are the risks of a further investment in the Company?	<p>The investment in New Securities should be considered speculative. Before deciding to invest under the Offer you should consider the risks set out at Section 7, in particular the risks summarised below:</p>	
	<p><i>Technology Risk</i></p> <p>Moving forward the Company will be reliant upon certain technologies and upon the successful commercialisation of these technologies. There is a risk that as marketable technologies continue to develop in the communications industry there may be certain product developments that supersede, and render obsolete, the products and services of the Company, this would adversely affect the profitability of the Company and likely the value of the New Shares.</p> <p>As Shareholders are aware the Company has faced significant competition in relation to its products and technology – it is likely that it will continue to face these pressures.</p>	Section 7

Past Losses and Limited Trading History

Since the Listing of the Company on the ASX the Company has accumulated losses of \$23.7m to the end of December 2016 and there is no guarantee that the Company will not suffer losses in the future due to the nature of its business.

The Company has a limited trading history and has been attempting to commercialise its products with varying degrees of success. No assurance can be given as to the future commercial viability of the products of the Company.

Competition

There is significant competition in the telecommunications industry generally. There is no assurance that the Company will succeed in the strategy of developing products that are effective or economic. Competitors' products may render the potential products obsolete and/or otherwise uncompetitive.

Uncertainty of Future Profitability

The Company is still in the development and commercialisation phase of its products and services. No guarantee can be given that any of the products of the Company will achieve commercial sales or that any revenue will be generated by the products of the Company. Accordingly, the extent and timing of any profits, if any, are uncertain and the quantum of any profit can not be predicted.

Potential for Dilution

Upon completion the Offer will result upon the issue of a further 59,893,560 New Shares and any Shareholder who does not elect to take their Entitlement will hold a lesser proportion of the Company than they did prior to the completion of the Offer.

Prior to deciding whether to take up any or all of their Entitlements, Shareholders should read this Prospectus in its entirety and review announcements made by Ziptel to ASX (at www.asx.com.au under the code "ZIP") in order to gain a better appreciation of Ziptel its activities, operations, financial position and prospects.

Question	Response	Where to find more information
	<p>The Offer is non-renounceable so you are not able to trade your Entitlement.</p>	
	<p>As an Eligible Shareholder you may:</p>	
<p>What are the alternatives for Eligible Shareholders?</p>	<ul style="list-style-type: none"> • Take up all of your Entitlement; • Take up all of your Entitlement and apply for additional Shortfall Securities; • Take up part of your Entitlement and allow the balance to lapse; or • Allow all of your Entitlement to lapse. 	<p>Section 3</p>
	<p>Any Entitlement not accepted will form part of the Shortfall.</p>	
<p>What happens if Eligible Shareholders don't accept their Entitlement?</p>	<p>Eligible Shareholders are entitled to apply for Shortfall Securities. The Shortfall Securities will be placed at the sole and absolute discretion of the Underwriter.</p>	<p>Section 3.4</p>
	<p>Non Participating Shareholders' Entitlements will form part of the Shortfall.</p>	
<p>What will happen to Non Participating Shareholders' Entitlements?</p>	<p>Non Participating Shareholders' Entitlements will form part of the Shortfall.</p>	<p>Section 3.6</p>
<p>What are the key dates of the Offer?</p>	<p>Prospectus lodged with ASIC and ASX Appendix 3B lodged with ASX</p>	<p>13 June 2017</p>
	<p>Notice sent to Shareholders</p>	<p>14 June 2017</p>
	<p>Ex date (date which Shares trade without entitlement to participate in Offer)</p>	<p>19 June 2017</p>
	<p>Record Date to determine eligibility of Shareholders to participate in the Offer</p>	<p>20 June 2017</p>
	<p>Anticipated dispatch of Prospectus and Entitlement Forms to Eligible Shareholders</p>	<p>22 June 2017</p>

Question	Response	Where to find more information
	Last day to extend Closing Date	28 June 2017
	Closing Date	3 July 2017
	New Shares and Attaching Options quoted on a deferred settlement basis	4 July 2017
	ASX notified of under subscriptions	5 July 2017
	Allotment and Issue Date of New Shares and Attaching Options	6 July 2017
	New Shares and Options commence normal trading on ASX	7 July 2017

Section 1 Details of the Offer

1.1 The Offer

The Company is making a non-renounceable rights issue offer to each Participating Shareholder of two New Shares for every three Existing Shares held on the Record Date at an issue price of \$0.02 per New Share with one free Attaching Option for every two New Shares subscribed for exercisable at \$0.05 on or before 6 July 2020.

The issue price of \$0.02 per New Share is payable in full on Application.

You may elect (but there is no obligation) to exercise the Attaching Options at any time on or before 5pm (Perth time) on 6 July 2020 and on exercise you must pay \$0.05 per Share (resulting in the issue of one Share per exercised Attaching Option). A Notice of Exercise will be provided to you with your holding statement for your Attaching Options.

The number of New Shares and Attaching Options to which a Participating Shareholder is entitled is shown on your Entitlement and Acceptance Form accompanying this Prospectus.

The Closing Date and time for acceptances and payment is 5pm (Perth time) on 3 July 2017. Entitlement and Acceptance Forms and payment must be received by the Share Registry before this time. Participating Shareholders should allow sufficient postage time to ensure that Entitlement and Acceptance Forms reach the Share Registry by the specified time.

Participating Shareholders in Australia or New Zealand with an Australian bank account may pay through BPAY®. Payment by BPAY® should be made in accordance with the instructions set out in the Entitlement and Acceptance Form using the reference number shown on that form and must be received by no later than 5pm (Perth time) on 3 July 2017 (or such other date as may be determined by the Company). Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment. Applicants should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

The reference number is used to identify your holding. If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. If you pay by BPAY® and do not pay for all your Rights, your remaining Rights will lapse. If you provide more money than your Rights require it will be assumed to be provided in relation to an application for New Shares under the Shortfall Offer.

If you pay by BPAY® you do not need to lodge your Entitlement and Acceptance Form.

Your completed Entitlement and Acceptance Form or BPAY® acceptance, once received by the Share Registry, cannot be withdrawn.

Participating Shareholders do not need to do anything to receive their Attaching Options. They will be issued to them on 6 July 2017.

Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Company reserves the right, in its absolute discretion, to extend the Offer, close the Offer early or accept late Applications either generally or in particular cases.

Participating Shareholders who apply for all of their Rights may, in addition to taking up all of their Rights, apply for additional New Shares and Attaching Options under the Shortfall Offer. However, the Company does not guarantee the issue of additional New Shares and Attaching Options under the Shortfall Offer. The issue of New Shares and Attaching Options under the Shortfall Offer is at the sole and complete discretion of the Directors and a scale back policy may apply.

Any fractional entitlements to a New Share and Attaching Option will be rounded up to the next whole number of New Shares and Attaching Options.

1.2 Who is entitled to participate in the Offer

Every Shareholder registered as a holder of Shares at 5pm (Perth time) on the Record Date, and who has a registered address in Australia or New Zealand is entitled to participate in the Offer.

Additionally, other investors are invited to apply for New Shares under the Shortfall Offer in accordance with Section 3.4.

1.3 Issue price

The issue price per New Share is \$0.02. The issue price for the Attaching Options is nil.

1.4 Exercise price for Attaching Options

The exercise price for each Attaching Option is \$0.05.

1.5 Use of proceeds

The proceeds of the capital raising will be used to pay the costs of the Offer, working capital requirements and for the Company to continue to pursue new opportunities which it considers will add shareholder value as further set out in Section 4.1.

1.6 Underwriting Agreement

The Offer is to be fully underwritten by the Underwriter, Patersons.

The Underwriter has entered into an Underwriting Agreement with the Company under which it has agreed to fully underwrite the Offer on the terms and conditions set out in the Underwriting Agreement.

The Underwriter will be paid:

- (a) 6% on the underwritten amount, payable by Ziptel (**Underwriting Fee**).
- (b) any sub underwriting fees will be paid by the Underwriter from the Underwriting Fee.
- (c) The Underwriting Agreement may be terminated by the Underwriter in the circumstances set out in Section 8.6.

1.7 ASX Quotation

The Company will apply within 7 days after the date of this Prospectus for the New Shares and Attaching Options to be granted official quotation by ASX.

1.8 Participating and Non Participating Shareholders

The Offer that is the subject of this Prospectus is not an offer in any place where, or to any person to whom, it would be unlawful to make such an offer.

This Offer is made to the following Shareholders (**Participating Shareholders**):

- (a) all Shareholders with registered addresses in Australia; and
- (b) all Shareholders with registered addresses in New Zealand,

at 5.00 pm (Perth time) on the Record Date.

Beyond Australia and New Zealand, the Directors have decided that it is unreasonable for the Company to make the Offer to Shareholders in other jurisdictions as at the Record Date (**Non Participating Shareholders**), having regard to the small number of Shareholders in each other jurisdiction, the small number and value of securities held by those Shareholders and the costs of complying with the legal and regulatory requirements in those jurisdictions.

Consequently, and in accordance with the ASX Listing Rules, the Offer is not being made to Non Participating Shareholders.

Participating Shareholders holding Shares on behalf of persons who reside outside Australia or New Zealand are responsible for ensuring that taking up the Rights under the Rights Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of these regulations. Where the Prospectus has been dispatched to a Shareholder domiciled outside Australia or New Zealand, and where that country's securities code or legislation prohibits or restricts in any way the making of the Offer contemplated by the Prospectus, the Prospectus is provided for information purposes only.

1.9 New Shares

The New Shares will be fully paid ordinary shares in the capital of the Company, and from the date of issue, will rank equally in all respects with Existing Shares on that date.

By accepting your Rights, you agree to comply with the Constitution in respect of the New Shares issued to you under this Prospectus. Details of the rights and liabilities attaching to the New Shares are set out in Section 8.4.

1.10 Participation in dividends

The New Shares will rank equally with Existing Shares and accordingly will participate in any dividend declared after they are issued.

Attaching Options do not entitle the holders to participate in dividends. When Attaching Options are exercised and Shares are issued, the Shares will rank equally with Existing Shares and accordingly will participate in any dividend declared after they are issued.

Future dividends will be determined by the Directors and will be dependent on various matters, including the Company's financial performance, its capital structure, cash position and the requirements of the Company's financing facility agreements.

Consequently, the Directors cannot give any assurances concerning the payment of future dividends.

1.11 Possible income tax implications regarding the Rights

Shareholders should be aware that there may be taxation implications of participating in the Offer, subscribing for New Shares and exercising the Attaching Options for Shares. The taxation consequences of participating in the Offer may vary depending on the individual circumstances of each Shareholder. Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

1.12 CHESS

The New Shares and Attaching Options will participate, from the date of commencement of quotation, in CHESS. They must be held in uncertificated form (i.e. no share certificate will be issued) on either the CHESS sub register under sponsorship of a broker or the issuer sponsored sub register. New Shares and Attaching Options issued to Participating Shareholders will be issued to the same sub register as their existing holding.

Arrangements can be made at any subsequent time to convert your holding from the issuer sponsored sub register to the CHESS sub register under sponsorship of a broker or vice versa by contacting the Share Registry or your broker.

1.13 Professional Advice

If you are in doubt as to whether to accept the Offer, please contact your stockbroker or other professional adviser.

Section 2 Ziptel

2.1 History

Ziptel is an Australian registered public company which was originally listed on the ASX as Concept Sports Limited on 4 March 2004. The Company changed its name in May 2008 to Beyond Sportswear International Limited and again on 29 August 2013 to Skywards Limited. On 11 June 2014 Ziptel acquired the Company by reverse takeover. The Company changed its name to Ziptel in June 2014 following the completion of the acquisition of AussieSim Pty Ltd and a successful capital raising of \$5 million pursuant to a prospectus dated 14 May 2014.

2.2 The business of Ziptel

Listed in July 2014, 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.

Ziptel has developed products that assist users to avoid excessive overseas calling and roaming charges in the high growth, billion dollar overseas travel market including the site-based, reliable VoIP and messaging platform – “ZiFi” launched in November 2016.

The Company’s products are detailed below:

ZiFi – Overview

ZiFi is a customisable, site-based communication and mobile collaboration platform. ZiFi enables rich communications and information sharing between users whilst on-site.

The platform has specific applications in remote sites associated with industries like mining and agriculture. Broader applications are also possible wherever efficient communication is required within a closed group.

ZiFi allows users to communicate via their existing smartphones (iOS and Android), avoiding costs associated with traditional dedicated communications systems (such as CB radio) and is container based so can be deployed on any small business server – eliminating the need/cost of further hardware.

Zipt – Overview

Zipt is a mobile-based international communication App that enables consumers to send SMSs and make international calls for free between users. The App can also call any landline or mobile at some of the world’s lowest call rates. At present, as announced on the ASX, Zipt is in care and maintenance mode due to its high operating costs.

Zipt delivers mobile calls 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 a SIM card and can be installed on any smartphone or tablet on compatible platforms. Zipt can be used over Wi-Fi or any mobile network.

Since its launch in June 2015, more than 10 million users globally have downloaded Zipt.

AussieSim – Overview

AussieSim is a sim card product providing heavily discounted mobile phone roaming services for overseas travel in more than 180 countries (roaming rates for talk, text and data usage are up to 95% cheaper).

2.3 Future direction

Ziptel has recently undertaken a review of its operational activities which has resulted in a number of near-term strategic outcomes to reduce overheads, with monthly expenditure targeted to be circa \$30,000 a month.

A strategic review of Zipt has resulted in the platform being placed in a care and maintenance phase to save costs.

The Company's main focus is development and delivery of the Zifi platform. Since launch of these products, the Company has sought to develop relationships with companies in key industries which require low bandwidth, calling and messaging solutions i.e. agriculture, maritime, airlines and remote communications providers.

The Company has announced the execution of multiple Memorandums of Understanding (MOUs) with respect to pilot programs and distribution for Zifi. These MOUs 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 under each MOU.

The Company is also exploring more opportunities within the enterprise space for the Zifi Platform as well as additional acquisition opportunities with a view to increasing shareholder value.

Section 3 What You May Do

If you have any questions about your Rights, please contact:

- the Company Secretary on (08) 6252 4224; or
- your stockbroker or professional adviser.

The information below applies to all Participating Shareholders. If you are a Non Participating Shareholder, please read Section 3.6 for an understanding of the arrangements that apply to you.

3.1 Participating Shareholders

As a Participating Shareholder you may:

- take up all or part of your Rights;
- take up all of your Rights and apply for additional New Shares and Attaching Options under the Shortfall Offer; or
- take no action and allow all of your Rights to lapse.

3.2 Apply for all your Rights

If you wish to apply for all of your Rights, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in that form. The Entitlement and Acceptance Form sets out the number of New Shares to which you are entitled. The completed Entitlement and Acceptance Form must be accompanied by a cheque or bank draft payable at an Australian bank for the appropriate Application Money calculated at \$0.02 per New Share, and received by the Share Registry at the following address by no later than 5.00 pm (Perth time) on 3 July 2017:

Delivery address:

Security Transfer Australia Pty Ltd

PO Box 52 Collins Street West VIC 8007

Cheques must be made payable to *Ziptel Limited – Rights Issue* and crossed *Not Negotiable*. Cash will not be accepted and receipts will not be issued. The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. Accordingly, if a cheque is not honoured on its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form is required to be completed in accordance with the instructions on the Entitlement and Acceptance Form.

Applicants are not guaranteed the number of additional New Shares and Attaching Options under the Shortfall Offer for which they apply and may be issued a lesser number (or none). If so, a refund will be provided (without interest) to unsuccessful Applicants.

Alternatively, you can use the BPAY® facility which is detailed on the Entitlement and Acceptance Form. If you use the BPAY® facility you need to make sure your payment is received by 5.00 pm

(Perth time) on 3 July 2017 and you do not need to return your Entitlement and Acceptance Form. Please refer to Section 1.1 for further details regarding BPAY® payments.

3.3 Shortfall Offer

If you are a Participating Shareholder and you apply for all of your Rights you may, in addition to taking up all of your Rights, apply for additional New Shares and Attaching Options under this Shortfall Offer (if a Shortfall exists following the Rights Issue). A Shortfall arises if the aggregate of the valid Applications received for New Shares as at the Closing Date is less than the total number of New Shares offered to be issued under the Rights Issue.

Applicants wishing to apply for additional New Shares and Attaching Options under the Shortfall Offer are required to complete the section of the Entitlement and Acceptance Form relating to the Shortfall Offer in accordance with the instructions on that form or, if they are not a Shareholder, request an application form from the Share Registry. The completed Entitlement and Acceptance Form must be accompanied by a cheque or bank draft payable at an Australian bank for the appropriate Application Money calculated for your Rights plus the additional New Shares at a price of \$0.02 per New Share and received by the Share Registry by no later than 5pm (Perth time) on 3 July 2017 at the address referred to in Section 3.2 above.

Alternatively, you can BPAY® an amount greater than the amount required to take up all of your Rights and it will be assumed that you are applying for that number of New Shares under the Shortfall Offer. Please refer to Section 1.1 for further details regarding BPAY® payments.

Applications for New Shares and Attaching Options under the Shortfall Offer will be determined in the sole and absolute discretion Underwriter, in consultation with the Directors, and may be scaled back. There is no guarantee that any applications under the Shortfall Offer will be successful.

3.4 Rights not taken up

If you are a Participating Shareholder and you decide not to take up all or part of your Rights, the New Shares and Attaching Options representing your Right may be offered to Participating Shareholders under the Shortfall Offer. If there is insufficient demand from Participating Shareholders, the Shortfall Offer will be made available to other investors and the Underwriter. In accordance with ASX Listing Rule 7.2 (Exception 3), the Directors reserve the right to issue New Shares and Attaching Options under the Shortfall Offer, at their discretion, within 3 months after the Closing Date. The offer of New Shares and Attaching Options under the Shortfall Offer is a separate offer made under this Prospectus and any investor (other than a Shareholder) who wishes to apply for New Shares and Attaching Options under the Shortfall Offer should request an application form from the Share Registry.

You should note that if you do not participate in the Offer you will have your percentage equity in the Company reduced. If you take up your full Rights, your percentage holding in the Company will remain approximately the same. By applying for, and being allotted New Shares and Attaching Options under the Shortfall Offer, you may see your percentage holding in the Company increase.

3.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding offer to apply for New Shares on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application. The Directors' (or their delegates') decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you agree to be bound by the terms of the Offer;
- (b) all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) after the Company (or the Share Registry) receives the Entitlement and Acceptance Form or any payment of Application Money by BPAY®, you may not withdraw it;
- (d) you agree to apply for the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Money via BPAY®, at \$0.02 per New Share;
- (e) you agree to be issued the number of New Shares for which you have applied, subject to your Rights;
- (f) you authorise the Company, the Underwriter, the Share Registry and their respective officers or agents, to do anything on your behalf necessary for the New Shares and Attaching Options to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in the Entitlement and Acceptance Form;
- (g) you declare that you were the current registered holder of Existing Shares on the Record Date;
- (h) you acknowledge that the information contained in this Prospectus and the Entitlement and Acceptance Form is not investment advice or a recommendation that New Shares and Attaching Options are suitable for you given your investment objectives, financial situation or particular needs;
- (i) you are a Participating Shareholder, are not in the United States nor acting for the account nor benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares and Attaching Options under the Offer;
- (j) the New Shares and Attaching Options have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (k) you have not and will not send any materials relating to the Offer to any person in the United States or any other country outside Australia and New Zealand.

If you wish to let your Rights lapse

Any Rights which you do not take up, sell or transfer will lapse and New Shares in respect of those Rights may be sold. By allowing your Rights to lapse you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up those Rights (or any value for those Rights which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in the Company will also be diluted.

3.6 Non Participating Shareholders

The Offer is not being extended to any Non Participating Shareholders. The Company is of the view that it is not reasonable or practicable to extend the Offer to Non Participating Shareholders, having regard to:

- (a) the number of Non Participating Shareholders and their proportion to the total issued capital of the Company;

- (b) the number and value of the New Shares which would be offered to Non Participating Shareholders if they were eligible Shareholders; and
- (c) the cost of complying with the legal requirement, and requirements of the regulatory authorities in the respective overseas jurisdictions.

Accordingly, the Offer is not being extended to Shareholders whose registered address is outside Australia or New Zealand and no action has been taken to register or qualify the Offer, the Rights, the New Shares or the Attaching Options, or otherwise permit the public offering of the New Shares and Attaching Options, in any jurisdiction other than Australia or New Zealand.

3.7 Foreign Offer Restrictions

The following international selling restrictions relate to the issue of New Shares under the Offer.

Neither this Prospectus nor the Entitlement and Acceptance Form constitutes an offer of securities in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by laws, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

Each Participating Shareholder who submits an Entitlement and Acceptance Form together with full payment of the Application Money will be deemed to have represented, warranted and agreed that:

- (a) the New Shares or Attaching Options will not be registered under the US Securities Act or any US state or other securities laws, and may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (b) they are not in the United States or acting for the account or benefit of a person in the United States; and
- (c) if in the future they decide to sell or otherwise transfer their New Shares or Attaching Options, they will only do so in standard transactions on ASX where neither they nor any person acting on their behalf knows or has reason to know that the sale has been prearranged with, or that the purchase is in, the United States.

3.8 Nominees

The foreign selling restrictions under the Offer summarised in Section 3.7 apply to the underlying beneficial holder.

Nominees, trusts and custodians must not apply on behalf of any beneficial holder that would not itself be a Participating Shareholder. Accordingly, any Application made on the Entitlement and Acceptance Form by a nominee on behalf of a beneficiary, must be in accordance with the Offer. This would be the case where:

- (a) the nominee has a registered address in Australia (irrespective of the registered address of the beneficiary);
- (b) the beneficiary is not in the United States and is not acting for the account or benefit of a person in the United States; and
- (c) the beneficiary is eligible under all applicable securities laws to receive an offer under the Offer.

A nominee must not send any materials relating to the Offer outside Australia and must not submit an Application or otherwise accept the Offer on behalf of a person in the United States.

Shareholders who are nominees, trustees or customers are therefore advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia are responsible for ensuring that accepting the Offer does not breach securities laws in the relevant overseas jurisdictions. By submitting an Entitlement and Acceptance Form together with full payment of the Application Money, you will be deemed to have made the representations and warranties, on your behalf and any of your clients for whom you are acting as nominee.

Section 4 Purpose and effect of the Offer

4.1 Reasons for the Offer and use of funds

The purpose of the capital raising is to continue investing in the development, management, maintenance and delivery of the ZiFi platform and continuing to pursue new opportunities which it considers will add shareholder value.

4.2 Funds raised

The Company is seeking to raise a total of up to approximately \$1,197,871 from this Rights Issue. Presented below is how the Company intends to use its current funds at the date of this Prospectus and the proceeds of the Offer. Given that the Offer is underwritten there is no variance in the levels of subscription or amount of funds raised.

Use of funds	\$
Development, management, maintenance and delivery of the ZiFi and Zipt platforms	\$400,000
ZiFi and Aussiesim marketing and promotion activities including the assessment of existing MOU's and the sourcing of new partners for the technology of the Company	\$300,000
Assessment and development of other technology opportunities within the business and strategic plan of the Company	\$150,000
General working capital	\$227,871
Costs of the Offer	\$120,000
Total	\$1,197,871

1. These funds will be applied to ZiFi and if positive cash flow results are achieved from ZiFi operations, funds will then be applied to the operation of the Zipt platform and to assist with the assessment of market opportunities.

2. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, existing creditors, legal, tax and audit fees, insurance and travel costs.

The above table is a statement of present intentions as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Company reserves the right to alter the way funds are applied on this basis.

4.3 Recent funding and working capital arrangements

The Company last raised capital of \$5,000,000 with the placement of 11,904,761 shares at \$0.42 in November 2014.

4.4 Impact on capital structure

The effect of the Offer will be to:

- Increase cash reserves by \$1,197,871; and
- Increase the total Shares on issue to 149,733,899 and Attaching Options to 29,946,780.

The indicative capital structure of Ziptel following the issue of New Shares and Attaching Options under the Offer is as follows:

	Number of Shares
Existing Shares	89,840,339
Maximum number of New Shares	59,893,560
Total maximum number of Shares after the Offer	149,733,899
Attaching Options	29,946,780

The above figures assume that all Rights (including the Rights of Non Participating Shareholders) are exercised on completion of the Offer.

4.5 Effect of the Offer on control of the Company

General effect and consequences

The potential effect that the Offer will have on the control of Ziptel, and the consequences of that effect, will depend on a number of factors, in particular shareholder take-up of the Offer and the consequences of the underwriting of the Offer. The primary consequences are as follows:

- (a) if all Participating Shareholders take up their Entitlements under the Offer, the Offer will have no significant effect on the control of the Company as Participating Shareholders would continue to hold the same percentage interest in the Company;
- (b) if some Participating Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Participating Shareholders will be diluted;
- (c) the proportional interests of Non Participating Shareholders will be diluted because Non Participating Shareholders are not entitled to participate in the Offer.

Where Entitlements not taken up

New Shares that are not taken up by the Participating Shareholders:

- (a) will be first used to satisfy valid applications under the Shortfall Offer; and
- (b) if not taken up under the Shortfall Offer, will be placed to the Underwriter or to the sub underwriters.

Specific control effects

The Offer is fully underwritten. Ziptel is not aware of any existing Shareholders who have agreed to act as sub underwriters to the Offer. The Underwriter has agreed to ensure that neither the Underwriter nor any other person will acquire an ability, through participation in underwriting or sub-underwriting of the Offer, to increase their holding to an amount in excess of 19.9% of all the

Shares on issue on completion of the Offer (including upon exercise of all or a portion of the Attaching Options issued by the Company). Accordingly, Ziptel is not aware that any person's relevant interest in Shares will exceed 19.9% of all Ziptel on issue on completion of the Offer.

4.6 Substantial Shareholders

As at the date of this Prospectus the following are the substantial Shareholders of the Company:

Name	Shares	Current %	100% Uptake	50% Uptake
Umberto Mondello and associated entities	11,477,500	12.78%	12.78%	10.22%
Keaton Wallace and associated entities	10,376,000	11.55%	11.55%	9.24%
K2 Asset Management Ltd	7,182,123	7.99%	7.99%	6.40%

Each of Mr Mondello and Mr Wallace have signed firm commitment letters undertaking to take up their respective full allocation of Entitlements. In the event that all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

4.7 Takeovers prohibition of 20% voting power threshold

The Company does not intend to appoint a nominee to sell the Rights of Non Participating Shareholders for the purposes of compliance with section 615 of the Corporations Act. As a result, the exemption from the takeovers prohibition in item 10 of section 611 of the Corporations Act will not be applicable to any application for New Shares under the Offer or the Shortfall Offer.

You must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold) (**section 606**), when applying for New Shares or exercising Attaching Options granted under this Prospectus. The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 as a result of your application for New Shares or any exercise of Attaching Options.

If you may be at risk of breaching section 606 as a result of applying for New Shares or the exercise of Attaching Options, the choices available to you include:

- (a) not taking up all or part of your Rights and/or not making any application under the Shortfall Offer;
- (b) selling your Rights or Attaching Options, either on market (if the Attaching Options are granted Official Quotation) or off market;
- (c) selling some or all of your Shares prior to exercising any Rights or Attaching Options held by you; or
- (d) relying on another exemption from the takeovers prohibition in section 611 of the Corporations Act (such as the 3% creep exemption).

If you may be at risk of exceeding the 20% voting power threshold in section 606 or increasing your voting power from a position above 20% as a result of the acquisition of New Shares following exercise of Rights or Attaching Options, you should seek professional advice before exercising Rights or Attaching Options.

4.8 Dividend Policy

The New Shares will rank equally with Existing Shares and accordingly participate in any dividend declared after they are issued.

Attaching Options do not entitle the holders to participate in dividends. When Attaching Options are exercised and Shares are issued, the Shares will rank equally with Existing Shares and accordingly participate in any dividend declared after they are issued.

4.9 Future dividends will be determined by the Directors

Factors beyond the control of the Directors, such as those listed in Section 7, may affect the Company's level of profitability and its ability to pay future dividends. Consequently, the Directors cannot give any assurances concerning the payment of any future dividends.

Section 5 Terms and conditions of Attaching Options

5.1 Terms and conditions of Attaching Options

Each Attaching Option entitles the holder to subscribe for and be issued one Share in the Company on the following terms:

- (a) each Attaching Option is exercisable at any time on or before 5.00 pm (Perth time) on 6 July 2020 (**Option Expiry Date**). Any Attaching Options not exercised by the Option Expiry Date will automatically lapse on the Option Expiry Date;
- (b) the exercise price for each Attaching Option (which is payable immediately on exercise) is \$0.05 per Share (**Exercise Price**);
- (c) all or some of the Attaching Options may be exercised by the holder giving written notice to the Company at its registered office on or before 5.00 pm (Perth time) on the Option Expiry Date (**Notice of Exercise**);
- (d) the Notice of Exercise, which will be provided to you with your holding statement, must specify the number of Attaching Options being exercised and must be accompanied by a cheque, payable to the Company, for the total applicable Exercise Price payable by the holder;
- (e) on receipt by the Company of the Notice of Exercise and the payment of the Exercise Price, the Company must, within the time period prescribed by the ASX Listing Rules:
 - (i) issue to the holder one Share in the Company for each Attaching Option exercised by the holder;
 - (ii) cause to be dispatched to the holder the relevant acknowledgement of issue as soon as is reasonably practicable; and
 - (iii) (if applicable) issue a new holding statement for the balance of Attaching Options that remain unexercised.

5.2 Shares issue on exercise of Attaching Options

Shares issued on the exercise of the Attaching Options will rank equally in all respects with the then Existing Shares (except in respect to any dividends which have been declared but not yet distributed before the exercise of the Attaching Option) and will be subject to the provisions of the Constitution:

- (a) the Attaching Options do not entitle the holder to vote at any meetings of Shareholders;
- (b) the Attaching Options do not provide any entitlement to dividends paid on Shares;
- (c) the Company will apply for quotation of the Attaching Options on the ASX;
- (d) the Attaching Options are transferable by a holder in accordance with the ASX Listing Rules (if applicable);
- (e) in the event of a pro rata issue of Shares by the Company the Exercise Price for each Attaching Option will be adjusted in accordance with ASX Listing Rule 6.22.2;
- (f) if any reorganisation (including consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company occurs before the expiry of the Attaching Options, the number of Attaching Options to which the holder is entitled and/or the Exercise Price of the Attaching Options must be reorganised in accordance with the ASX Listing Rules applying to a reorganisation at the time of the reorganisation;

- (g) an Attaching Option does not confer the right to participate in new issues of capital offered to Shareholders during the term of the Attaching Options without exercising the Attaching Options. However, the Company will ensure that for the purposes of determining entitlements to any new issue, the record date will be at least 5 Business Days after a new issue or dividend payment is announced, giving the holders the opportunity to exercise their Attaching Options prior to the date for determining entitlements to participate in any new issue;
- (h) in the event of the liquidation of the Company, all unexercised Attaching Options will lapse;
- (i) to the extent that the terms and conditions of the Attaching Options are inconsistent with or contrary to the ASX Listing Rules, the ASX Listing Rules provisions will prevail and these terms and conditions are deemed to incorporate the relevant ASX Listing Rules provisions as an amendment to these terms; and
- (j) these terms and conditions are governed by the laws of the State of Western Australia. The parties submit to the non-exclusive jurisdiction of the courts of Western Australia.

Section 6 Financial Information

This Section provides relevant information for Shareholders to consider when assessing whether to participate in the Offer, including the potential financial impact of the Rights Issue.

Pro Forma Balance Sheet

The impact of the Rights Issue is expected to be an increase in cash of approximately **\$1,077,871** (after estimated costs of the Offer).

Set out below is the audited Statement of Financial Position for the Company at 30 June 2016, the reviewed Statement of Financial Position at 31 December 2016 and the pro forma unaudited Statement of Financial Position as at 31 December 2016 including the effect of completion of the Offer. The pro forma Statement of Financial Position has been prepared assuming that expenses of the Offer have been paid.

	AUDITED Year ended 30 JUNE 2016	REVIEWED Half Year ended 31 DECEMBER 2016	PROFORMA ADJUSTMENTS OFFER*	PROFORMA ON COMPLETION OF OFFER
CURRENT ASSETS				
Cash and cash equivalents**	1,353,070	1,122,025	1,077,871	2,199,896
Trade and other receivables	111,740	81,565	-	81,565
Inventories	20,988	21,299		21,299
TOTAL CURRENT ASSETS	1,485,798	1,224,889	1,077,871	2,302,760
NON-CURRENT ASSETS				
Receivables	24,001	-	-	-
Property, plant and equipment	6,566	963	-	963
Intangible assets	124,856	111,515	-	111,515
TOTAL NON-CURRENT ASSETS	155,423	112,478	-	112,478
TOTAL ASSETS	1,641,221	1,337,367	1,077,871	2,415,238
CURRENT LIABILITIES				
Payables	718,583	574,195	-	574,195
Provisions for advance billings	13,882	4,985	-	4,985
TOTAL CURRENT LIABILITIES	732,465	579,180	-	579,180
NON CURRENT LIABILITIES				
Provisions	103,437	171,043	-	171,043
TOTAL NON CURRENT LIABILITIES	103,437	171,043	-	171,043
TOTAL LIABILITIES	835,901	750,223	-	750,223
NET ASSETS	805,320	587,144	1,077,871	1,665,015
EQUITY				
Issued capital	12,402,899	12,402,899	1,077,871	13,480,770
Reserves	11,468,657	11,949,725	-	11,949,725
Accumulated losses	(23,066,236)	(23,765,480)	-	(23,765,480)
TOTAL EQUITY	805,320	587,144	1,077,871	1,665,015

*The unaudited pro-forma adjustments reflect completion of the Offer on a fully subscribed basis.

** On 28 April 2017, Company reported an unaudited cash balance of ~\$620,000 as at 31 March 2017. On 18 April 2017, the Company reported that it had received approval of an Australian government Research and Development tax refund of \$632,643 which would be banked in due course.

Section 7 Risk Factors

7.1 Introduction

The Company's operations are subject to a number of risks which may impact on its future performance and forecasts. Before subscribing for New Shares or exercising Attaching Options, Shareholders should carefully consider and evaluate the Company and its business and whether the New Shares are suitable to acquire, or the Attaching Options are suitable to exercise, having regard to their own investment objectives and financial circumstances and taking into consideration the material Risk Factors, as set out below.

The Risk Factors set out below are not exhaustive. Shareholders should examine the full content of this Prospectus, information released by the Company on the ASX and may wish to consult their financial or other advisers before deciding to apply for New Shares or exercise Attaching Options.

7.2 General risks

Applicants should be aware that there are risks associated with any investment in listed securities.

These factors may materially and adversely affect the market price of the securities regardless of the Company's performance. General factors that may impact the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

This Section identifies the areas the Company regards as the general risks of any investment in securities:

- (a) economic conditions in Australia and globally;
- (b) investor sentiment in local and international share markets;
- (c) changes in interest rates and the rate of inflation;
- (d) changes to government regulation, policy or legislation;
- (e) seasonal fluctuations in business;
- (f) industrial disputes;
- (g) share investment risk;
- (h) liquidity and realisation risk;
- (i) changes to accounting or financial reporting standards;
- (j) political instability or war; and
- (k) other economic and political risks.

The Company's future revenues, operating costs and the price at which Shares trade on ASX can be affected by all of the factors described above. Accordingly, the future profitability of the Company and price at which New Shares issued in relation to the Offer trade on ASX may be affected by factors which are beyond the control of the Company.

7.2.1 Investor returns and dividends

Investors are strongly advised to regard an investment in the Company as a long term proposition and note that, as with any equity investment, substantial fluctuations in the value of the investment may occur.

There is no guarantee as to the profitability, dividends, return on capital or the price at which securities in the Company may trade on the market. There is also no assurance that an active trading market for securities in the Company can be sustained.

7.2.2 Liquidity risk

There can be no assurance that there will continue to be an active market for Shares or that the price of Shares will increase. Similarly, there can be no assurance that there will be an active market for Attaching Options or that the price of Attaching Options will increase.

There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders in the Company are able to sell their securities in the Company. This may result in Shareholder receiving a market price for their Shares that is less or more than the price paid.

7.2.3 Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the future demand for Ziptel's products, the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in economies to which the Company's products may be sold, interest rates and the rate of inflation. Neither the Company nor the Directors warrant the future performance of the Company, profitability, dividends, return on capital, price or degree of liquidity, or any return on an investment in the Company.

7.2.4 Legislative

Telecommunications is a regulated industry in Australia and other countries and is subject to change.

Changes in relevant taxes, legal and administration regimes, accounting practices and government regulations, policies and legislation, including in relation to telecommunications, may adversely affect the financial performance of the Company.

7.2.5 Geo-political factors

The Company may be affected by the impact that geo-political factors have on the world or Australian economy or on financial markets and investments generally or specifically. This may include international wars, terrorist type activities and governmental response to such activities.

The Company's customers are located throughout areas where low bandwidths are prominent. As a result of the Company's international presence, it is exposed to certain risks including in relation to:

- (a) Its ability to comply with telecommunication, employment and other regulatory requirements;
- (b) Difficulties in establishing and enforcing intellectual property rights;
- (c) Language and cultural barriers;
- (d) Difficulties in staffing and management; and

- (e) Seasonal reductions in business activities in the countries where its international customers are located.

7.3 Specific risks

This Section identifies the areas the Company regards as the specific risks to an investment in the Company.

7.3.1 Past Losses and Limited Trading History

Since the Listing of the Company on the ASX the Company has accumulated losses of \$23.7m to the end of December 2016 and there is no guarantee that the Company will not suffer losses in the future due to the nature of its business.

The Company has a limited trading history and has been attempting to commercialise its products with varying degrees of success. No assurance can be given as to the future commercial viability of the products of the Company.

7.3.2 Dependence on third party servers and products

Part of the business model of the Company will be reliant upon leased third party servers and the performance of those servers. If servers upon which the technology of the Company depends do not operate as expected then the services that the Company provides may be adversely affected.

The products of the Company require the use of a smart phone or other similar device and as such the business model of the Company will be dependent upon the existence and ownership of these devices. There can be no guarantee that these devices will continue to be as widely used as they are currently or that they will not be replaced by alternative devices upon which the Company's technology will not function.

7.3.3 Competition

There is significant competition in the communications industry generally. There is no assurance that the Company will succeed in the strategy of providing communication services. Competitors' products may render Zifi, AussieSim, Zipt or other related products developed by the Company obsolete and/or otherwise uncompetitive.

Existing competitors to the Company's current suite of service offerings include calling cards, pre-paid mobile cards, VOIP services, local SIM Cards and VPN services.

These competitors have various other advantages over the Company, including:

- greater market presence, name recognition and brand reputation;
- a larger installed base of telecommunications and networking systems with enterprise customers;
- larger and more geographically distributed services and support organisations and capabilities;
- a broader offering of telecommunications and networking products, applications and services;
- a more established international presence to address the needs of global enterprises;
- substantially larger patent and intellectual property portfolios;
- longer operating histories;
- a longer history of implementing telecommunications or networking systems
- more established relationships with industry participants, customers, suppliers, distributors and other technology companies; and
- the ability to acquire technologies or consolidate with other companies in the industry to compete more effectively.

The Company may be unable to compete successfully against these or future competitors where aggressive policies are employed to capture market share and the quality of the service offered is comparable. Furthermore advancements in ancillary services such as an increased availability of “Wi-Fi” may also impact the Company by increasing the quality of, and/or customers access to, the Company’s competitors.

If the Company is successful in developing global roaming products, which may never occur, such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company’s potential future business, operating results and financial position.

7.3.4 Customer service risk

The Company’s business model is based of recurring revenue arising from usage. Poor customers service experiences may result if the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management system utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company’s products or services. If any of these occur, it may adversely impact the Company’s revenues.

7.3.5 Products and service offerings

Any misjudgements by the Company of its target market or customer demand or changes in customer preferences could result in reduced sales, increased inventory and/or lower gross margins.

7.3.6 Termination by Underwriter and terms of underwriting

In the event that a termination event occurs pursuant to the Underwriting Agreement (see description of termination events at Section 8.6) and the Underwriter terminates the Underwriting Agreement, the Offer is unlikely to raise the full amount sought. Alternatives for future funding would need to be considered by the Company (see the risk of future funding above). The Underwriting Agreement contains indemnities given by the Company. In the event of non-compliance with the terms of the Underwriting Agreement, the Company may be required to pay any costs or losses incurred by the Underwriter. This could require the Company to raise further capital and impact on the ability of the Company to meet its objectives.

7.3.7 Geopolitical risks

Politics on a global, regional or local scale could impact the Company’s operations, its access to certain countries and its right to continue operating in a particular country. Acts of terrorism or outbreak of war may disrupt or prevent the Company from operating its business programs. The Company will be subject to the risks associated with operating in target regions of the Indian Subcontinent, South East Asia, Latin America and the Middle East. These risks may include economic, social or political instability or change, hyperinflation, currency non convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations and government control over telecommunications.

7.3.8 Delivery risk

The Company is exposed to the risk of significant delays or interruptions in its operations, including infrastructure and technology failure, as it relies on infrastructure and technology to provide its customers with services. There may be a failure to deliver its services as a result of

numerous factors including, human error, power loss, improper maintenance by entities not related to the Company, physical or electronic security breaches, fire, earthquake, hurricane, flood and other natural disasters or vandalism or hacking.

7.3.9 User experience risk

The Company's business model is based on recurring revenue arising from usage. Poor user experience may affect customer take-up, retention and level of usage of the Company's products. Factors which may contribute to poor customer experience include:

- (i) ease of setting up and commencing use of the products offered;
- (ii) simplicity and reliability of customer usage;
- (iii) quality of services provided; or
- (iv) level of customer support provided.

Poor user experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquires and customers reducing the use of the Company's products or services. If any of these occur, it may adversely impact the Company's revenues.

7.3.10 Intellectual property

The Company's business relies on its technologies and know how and there can be no assurance that competitors of Ziptel will not seek to imitate or develop such technology and know-how that competes with Ziptel's. Also, there is a risk that other companies or individuals may claim to have an interest in or challenge Ziptel's intellectual property, which may adversely affect Ziptel's earnings.

Where able to do so the Company has taken all reasonable steps to mitigate the risk of misappropriation of intellectual property.

7.3.11 Key management

The Company is committed to providing an attractive employment environment, conditions and prospects to assist in retaining its key senior management personnel. However, there can be no assurance that the Company will be able to retain these key personnel. The loss of key personnel or the inability to recruit and retain high calibre staff could have a material adverse effect on the Company and the value of its Shares.

Currently, the Company has personnel who are key to its business. There can be no assurance that the Company will be able to retain sufficiently qualified personnel. The inability to do so could have a significant adverse impact on the financial performance of the Company and its ability to implement its business plans and capitalise on both its existing and potential investment opportunities.

7.3.12 Competition

The markets in which the Company operates are highly competitive and there can be no assurances that the competitive environment will not change adversely due to actions of competitors or changes in customer preferences. The telecommunication industry has constant changes in pricing and competition from both existing competitors and new entries into the market. The Company's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market and the Company is unable to counter these actions.

7.3.13 New technologies and products

The telecommunications industry is largely influenced by new technologies and developments. With new emerging technologies and products entering the market, the Company will need to continue to diversify and expand its product and service offerings and technology to support the evolving technologies and new products. This may require the development of new products and/or technologies which may require increased research and development costs.

7.3.14 Taxation

Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in the Company's shares, or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which the Company operates, may impact the future tax liabilities of the Company. Foreign Shareholders should seek their own taxation advice as the company cannot make any representations to taxation in other jurisdictions.

7.3.15 World economic conditions

The effects of global financial markets on Australia are unknown and unpredictable. As a result of this, conditions in the credit markets have continued to be uncertain and risk adverse. These adverse conditions may make it harder for the Company to raise additional funds to finance the continued development of its business and may reduce the demand for the Company's products and services, which, at least in the short term, could reduce the value of the Company's products and services. Continued adverse economic conditions could adversely affect the Company's liquidity, results of operations and financial condition.

7.3.16 Third party risk

The Company's operations requires the involvement of a number of third parties, including suppliers, contractors, software developers and clients.

Default or contractual non-compliance on the part of such third parties may have a material impact on the operations and performance of the Company. It is not possible for the Company to predict or protect itself against all such risks.

7.3.17 Dilution risk

If you are:

- (a) a Participating Shareholder and you do not take up all or part of your Entitlement under the Offer; or
- (b) a Non-Participating Shareholder and therefore, are not eligible to participate under the Offer,

your percentage shareholding in the Company is likely to be significantly diluted as a result of the completion of the Offer.

This is because New Shares and Attaching Options representing Entitlements that are not exercised will be dealt with:

- (a) first, under the Shortfall Offer by Participating Shareholders applying for New Shares and Attaching Options in excess of their respective Entitlements (that is, Additional Shares and the Attaching Options to those Additional Shares); and
- (b) second, under the Underwriting Agreement.

7.3.18 No guarantee of dividends

The Company has not since admission to the official list of the ASX, and does not currently, pay dividends. There is no guarantee that dividends will be paid on the New Shares in the future as this is a matter that depends on the financial performance or assets of the Company.

7.3.19 Attaching Options may be out of the money

The Attaching Options are currently "out of the money" and may remain so until they expire.

7.3.20 Legal Proceedings

While the Company is not currently party to any active, material legal cases there is always the risk that legal proceedings may arise from time to time in the course of the business of the Company.

Section 8 Additional Information

8.1 Nature of Prospectus

This Prospectus contains an offer to acquire continuously quoted securities (as defined in the Corporations Act) in the form of New Shares and has been prepared in accordance with section 713 of the Corporations Act. The information in this Prospectus principally concerns the terms and conditions of the Offer and information necessary for Shareholders to make an informed assessment of the effect of the Offer on the Company and the rights and liabilities of the New Shares and Attaching Options.

This Prospectus does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity not already listed on ASX. The Company has, since listing, provided ASX with information regarding its activities and that information has been publicly available. This Prospectus is intended to be read in conjunction with that publicly available information. Therefore, Participating Shareholders considering the acceptance of their Rights should have regard to that publicly available information before making an investment decision.

8.2 Inspection of Documents lodged with ASIC

The Company is a *disclosing entity* for the purposes of Part 1.2A of the Corporations Act. As a *disclosing entity*, the Company is subject to regular reporting and disclosure obligations. Broadly, these obligations require:

- (a) the preparation of both yearly and half yearly financial statements, a report on the operations of the Company during the relevant accounting period together with an audit or review report by the Company's auditor; and
- (b) subject to limited exceptions, immediately notifying ASX of any information concerning the Company which it becomes aware and which a reasonable person would expect to have a material effect on the price or value of the Shares.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

8.3 Obtaining copies of Documents

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for it during the period from the date of this Prospectus until the Closing Date.

- (a) the annual financial report most recently lodged with ASIC (**Annual Report**);
- (b) any half year financial report lodged with ASIC after the lodgement of the Annual Report and before the lodgement of a copy of this Prospectus with ASIC; and
- (c) any continuous disclosure notice given by the Company after lodgement of the Annual Report and before the lodgement of a copy of this Prospectus with ASIC.

The following table contains a list of those documents referred to in Section 8.3(c) above.

Date	ASX Announcement
9 June 2017	Change in Substantial Holding
8 June 2017	ZIP First Supplementary Prospectus
8 June 2017	Suspension (ASX Code – ZIPNA and ZIPOA)

8 June 2017	Trading Halt
30 May 2017	Dispatch of Rights Issue Prospectus
29 May 2017	Change in Substantial Holding
25 May 2017	Letter to Shareholders – Rights Issue Offer
24 May 2017	Appendix 3B
24 May 2017	ZIP Non-renounceable Issue Prospectus
24 May 2017	Ziptel Launches Fully Underwritten Rights Issue
22 May 2017	Trading Halt
16 May 2017	Change in Substantial Shareholding
1 May 2017	Appendix 3B
28 April 2017	Appendix 4C – quarterly
21 April 2017	SpeedTalk Market Update
18 April 2017	ZipTel Receives Approval of Overseas R&D Claim
29 March 2017	ZipTel Operations Review & Market Update
17 March 2017	Details of Company Address
28 February 2017	Half Yearly Report and Accounts
31 January 2017	Appendix 4C – quarterly
16 January 2017	ZiFi MOU Signed with Leading Communications Technology Group
6 January 2017	Change of Director's Interest Notice x4 - Lapse of Options
29 December 2016	Expiry of Listed Options
28 December 2016	Change of Director's Interest Notice x2
28 December 2016	Appendix 3B
28 December 2016	Expiry of Listed Options
28 December 2016	Zipt Technology Launched on Samsung Tizen Platform
19 December 2016	Ziptel Signs Landmark Distribution Agreement for Myanmar
7 December 2016	ZipTel Enters Strategic Partnership with Tata Communications

30 November 2016	Results of Meeting
28 November 2016	ZiFi Agreement Signed with Leading Agriculture Operator
16 November 2016	ZipTel Launches ZiFi Products
15 November 2016	ZipTel Files New Patent for ZiFi Technology
14 November 2016	Performance Rights Waived
9 November 2016	ZipTel launches Enterprise brands under Zipt Systems
31 October 2016	Notice of Annual General Meeting/Proxy Form
27 October 2016	Appendix 4C – quarterly
11 October 2016	ZipTel FY2016 R&D Tax Incentive Claim Received

All requests for copies of the above documents should be addressed in writing to: the Company Secretary, Ziptel Limited, Unit 3, 138 Main Street, Osborne Park WA 6017.

The above documents are not incorporated in, nor do they form part of, this Prospectus.

8.4 Rights and Liabilities Attaching to New Shares

The rights and liabilities attaching to the New Shares which will rank equally with Existing Shares:

- (a) are set out in the Constitution, a copy of which is available for inspection at the Company's registered office; and
- (b) are in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and the general law.

To obtain a statement of the rights and liabilities that attach to the New Shares in any specific circumstances, legal advice should be sought.

8.5 Rights and Liabilities Attaching to Attaching Options

The rights and liabilities attaching to the Attaching Options:

- (a) are set out in this Prospectus; and
- (b) are in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules, the Constitution and the general law.

To obtain a statement of the rights and liabilities that attach to the Attaching Options in any specific circumstances, legal advice should be sought.

8.6 Underwriting Agreement

On or about 12 June 2017, the Company entered into the Underwriting Agreement with the Underwriter who has agreed to fully underwrite the Offer on the terms and conditions set out in the Underwriting Agreement.

The Underwriter will be paid:

- (a) 6% on the underwritten amount, payable by the Company.

The sub underwriting fees will be paid by the Underwriter from the Underwriting Fee.

The Company has (subject to certain limitations) agreed to indemnify the Underwriter, its officers, employees, agents and advisers against losses in certain circumstances in connection with the Offer. The Company has given the Underwriter certain representations, warranties and undertakings in connection with (among other things) the conduct of the Offer.

The Underwriter will be remunerated by the Company for providing these underwriting services at market rates and be reimbursed for certain expenses. The Underwriter has not authorised or caused the issue of, and takes no responsibility for, this Prospectus, and to the maximum extent permitted by law, disclaims all liability in connection with the Offer and this Prospectus.

The Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events before the Company issues the New Shares and Attaching Options under the Offer, including (but not limited to) where:

- (a) the All Ordinaries Index falls 7.5% or more; or
- (b) the Shares close at a price that is less than \$0.02 on any trading days; or
- (c) the Company does not lodge this Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (d) the Company does not give the required number of copies of the Prospectus to the Underwriter and such failure is not remedied within 2 days;
- (e) official quotation on the ASX has not been granted for all the New Shares and Attaching Options by the date by which the Company must give the Underwriter written notice of the Shortfall or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (f) the Underwriter forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require or the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (g) it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (h) it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (i) the Company is prevented from allotting the New Shares and Attaching Options within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (j) any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (k) an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, has arrived, and that application has not been dismissed or withdrawn;

- (l) ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a final stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (m) the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (n) it transpires that the Company is unable to issue a notice under section 708A(6) of the Corporations Act in relation to secondary trading of the New Shares offered under the Shortfall Offer;
- (o) any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (p) a director or senior manager of the Company or the Subsidiary is charged with an indictable offence;
- (q) certain additional termination events (including breach of the Underwriting Agreement, misrepresentation, contravention of law, material adverse effect, error in due diligence reports, significant change, error in due diligence results, public statements made without Underwriter consent, misleading information, official quotation qualified, change in law, event of insolvency, suspension of debt payments, litigation event, change in board composition (without Underwriter consent), change in shareholdings or capital structure, delay, force majeure, investigation, adverse market conditions, material breach, suspension for more than 48 hours, outbreak of hostilities, certain resolutions passed, force majeure) as defined in the Underwriting Agreement occurs which in the reasonable opinion of the Underwriter reached in good faith, has or is likely to have a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

Please note that the above is not an exhaustive list of the termination events in the Underwriting Agreement.

8.7 Taxation

Shareholders should be aware that there may be taxation implications of participating in the Offer, the Shortfall Offer, receiving the New Shares, exercising the Attaching Options and/or any additional Shares.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation implications of participating in the Offer, the Shortfall Offer, receiving the New Shares, exercising the Attaching Options and/or any additional Shares. The Company, its advisers and officers do not accept any responsibility or liability for any such taxation implications to Shareholders.

Shareholders should consult their professional tax adviser in connection with participating in the Offer, the Shortfall Offer, receiving the New Shares, exercising the Attaching Options and/or any additional Shares.

8.8 Litigation

The Company is not currently involved in any material litigation.

8.9 Interests of Directors

Except as set out below or elsewhere in this Prospectus:

- (a) no Director, proposed Director or promoter of the Company holds or has held in the two years before the date of this Prospectus, any interest:
 - (i) in the formation or promotion of the Company;
 - (ii) in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) no amount has been paid or agreed to be paid and no value or any benefit has been given or agreed to be given to:
 - (i) any Director, or proposed Director, to induce him or her to become, or to qualify as, a director of the Company; or
 - (ii) any Director, proposed Director or promoter of the Company for services that he or she has provided in connection with the formation or promotion of the Company or the Offer.

As at the date of this Prospectus, the Directors have interests (either directly or indirectly) in the following securities of the Company:

Director	Shares
Joshua Nicholas Hunt	951,572
Umberto Carmelo Mondello	11,477,500
Keaton Paul Wallace	10,376,000
Salvatore Vallelonga	816,208

8.10 Interests of named persons

Except as set out elsewhere in this Prospectus:

- (a) no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus nor the Underwriter, have, or during the last two years has had, an interest in:
 - (i) the formation or promotion of the Company;
 - (ii) any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Offer under this Prospectus; or
 - (iii) the Offer under this Prospectus; and
- (b) no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no value or benefit has been given or agreed to be given to the Underwriter and all other persons named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus for services provided in connection with the formation or promotion of the Company or the Offer under this Prospectus.

Hunt & Humphry Project Lawyers has acted as lawyers to the Company in relation to the Offer. Hunt & Humphry Project Lawyers' fees for this work up to the date of lodgement of this Prospectus

are approximately \$20,000. In addition, Hunt & Humphry Project Lawyers has provided professional services to the Company during the past 2 years amounting to approximately \$90,000. Hunt & Humphry Project Lawyers may receive further fees for any additional work following lodgement of this Prospectus on the basis of its usual charge out rates. Except where otherwise specified, amount disclosed above are exclusive of any amount of goods and services tax.

8.11 Consents

Each of the persons referred to in this Section:

- (a) does not authorise or cause the issue of this Prospectus, make or purport to make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties, other than as specified in this Section;
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of the party as specified in this Section; and
- (c) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer.

Patersons has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in this Prospectus as Underwriter to the Company.

Hunt & Humphry Project Lawyers has given, and at the time of lodgement of this Prospectus, has not withdrawn their consent to be named in this Prospectus as lawyers to the Company.

8.12 Costs of the Offer

The total estimated costs of the Offer are expected to be \$120,000.

The Fees which may be paid by the Company to the Underwriter are summarised in Section 8.6.

8.13 Foreign Selling Restrictions

The distribution of this Prospectus (including an Electronic Prospectus) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on, and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws. The Company disclaims all liabilities to such persons.

This Prospectus or the New Shares and Attaching Options have not been and will not be, registered in any jurisdiction other than Australia. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

8.14 Electronic Prospectus

The offer pursuant to an Electronic Prospectus is only available to persons receiving an Electronic Prospectus within Australia. If you have received this Prospectus as an Electronic Prospectus please ensure you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please email the Company Secretary and the Company will send to you, for free, either a hard copy Prospectus or a further Electronic Prospectus or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person it has reason to believe that when the person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Section 9 Authorisation and Directors' Responsibility Statement

The Directors state they have made all reasonable enquiries and on that basis have reasonable grounds to believe any statements made by the Directors in this Prospectus are not misleading or deceptive and for any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe persons making the statement or statements were competent to make such statements, and those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Director's knowledge, before any issue of New Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis certain matters may be reasonably expected to be known to likely investors or their professional advisers.

This Prospectus is issued by the Company. Each of the Directors has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated 13 June 2017



Signed for and behalf of Ziptel Limited

By Joshua Hunt

Chairman

Section 10 Defined Terms

Annual Report	the annual financial report most recently lodged by the Company with ASIC
Applicant	an entity which makes an Application
Application	an application to apply for New Shares and Attaching Options under the Offer
Application Money	the money payable in conjunction with the Application, being the amount of money accompanying an Entitlement and Acceptance Form
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or the financial market operated by it, as the context requires
ASX Listing Rules	the official listing rules of the ASX
Attaching Option	an Option the terms of which are set out in this Prospectus, in particular in Section 5
Board	board of directors of the Company
Business Day	a day on which banks are open for business in Perth, excluding a Saturday, Sunday or public holiday
CGT	Capital Gains Tax
CHESS	Clearing House Electronic Sub register System
Closing Date	the last date for accepting an offer for New Shares by returning the Entitlement and Acceptance Form and payment for the New Shares, being 5pm (Perth time) 3 July 2017, unless extended by the Company
Company or Ziptel	Ziptel Limited ACN 108 042 593
Constitution	the constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	the directors of the Company
Entitlement	the number of New Shares and Attaching Options each Participating Shareholder is offered under the Offer as designated on their Entitlement and Application Form
Entitlement and Acceptance Form	the personalised form attached to or accompanying this Prospectus on which Applications for New Shares and Attaching Options can be made

Exercise Price	\$0.05 per New Share
Existing Shares	Shares on issue at the Record Date
Financial Year	the accounting period of 12 consecutive months beginning 1 July and ending June 30
GM	means a General Meeting of the members of the Company
Gross Proceeds	the amount raised under the Offer before the costs of the Offer
Issue Price	the price payable for two New Shares under this Prospectus, the terms and conditions of which are set out in this Prospectus
Listing Rules	the listing rules of ASX
Lodgement Date	13 June 2017
New Share	a Share to be issued under the Offer on the exercise of the Rights
Non Participating Shareholders	a Shareholder that is not a Participating Shareholder and has the meaning given in Section 1.8
Offer	the non-renounceable offer made under this Prospectus of two New Shares for every three Existing Shares held by a Shareholder on the Record Date with one free Attaching Option for every two New Shares subscribed and the offer to Participating Shareholders of additional New Shares and Attaching Options under the Shortfall Offer if there is a Shortfall and subject to the sole and complete discretion of the Directors in consultation with the Underwriter
Offer Price	\$0.02 per New Share
Official List	the official list of ASX
Official Quotation	the quotation of the Shares on the Official List
Option	means a right to acquire a Share in the Company at a specified price within a certain period
Option Expiry Date	5pm (Perth time) on 6 July 2020
Participating Shareholders	has the meaning given in Section 1.8
Perth time	the time in Perth, Australia
Prospectus	this prospectus in respect of the Rights Issue
Record Date	5pm (Perth time) on 20 June 2017
Rights	the right to subscribe for up to two New Shares for every three Existing Shares held at 5.00 pm (Perth time) on the Record Date with one free Attaching Option for every two New Shares subscribed under the Offer on payment of the issue price of \$0.05 per New Share

Rights Issue	the non-renounceable offer of two New Shares for every three Existing Shares held on the Record Date with one free Attaching Option for every two New Shares subscribed under the Offer
Section	a Section of this Prospectus
Share	a fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning
Shareholder	a holder of at least one Share
Share Registry	Security Transfer Australia Pty Ltd (ACN: 008 894 488)
Shortfall Application	the form attached to or accompanying this Prospectus on which Applications for New Shares and Attaching Options under the Shortfall Offer may be made
Shortfall Offer	has the meaning given in Section 3.3
Subsidiary	has the meaning given in the Corporations Act
Underwriter	Patersons Securities Limited ACN 008 896 311
Underwriting Agreement	as defined in Section 8.6 of this Prospectus
US Securities Act	U.S. Securities Act of 1933, as amended
Ziptel	means Ziptel Limited ACN 108 042 593

Section 11 Corporate Directory

DIRECTORS

Josh Hunt (Chairman)

Keaton Wallace (Executive Director)

Bert Mondello (Non-Executive Director)

Salvatore Vallelonga (Non-Executive Director)

COMPANY SECRETARY

Derek Hall

REGISTERED OFFICE

Suite 3, 138 Main Street

Osborne Park WA 6017

SHARE REGISTRY

Suite 913, Exchange Tower

530 Little Collins Street

MELBOURNE VIC 3000

UNDERWRITER

Patersons Securities Limited

Exchange Tower

2 The Esplanade

Perth WA 6000

LAWYERS TO THE OFFER

Hunt & Humphry Project Lawyers

15 Colin Street

West Perth, WA 6005