



**ASX AND MEDIA RELEASE**  
**18 August 2017**

## **ZipTel enters into Agreement utilising ZipT IP**

### **ZipT IP to integrate into global content/social platform with Space Digital Media**

#### **Highlights:**

- **ZipTel has entered into an agreement to integrate ZipT IP into, and assist with development of, the Convo App, in return for share of revenue for 10 Years;**
- **Convo App is a content driven communication/social platform that has:**
  - **A well credentialed executive team headed by CEO Vishal Patel and advisor team introduced by Be Seen Global Limited which includes but is not limited to former director of engineering at Facebook, Lars Rasmussen;**
  - **secured Virat Kohli (Indian and global cricket legend) and Gareth Bale (global soccer superstar) as publishers, ambassadors and shareholders in Convo to deliver unique content directly to millions once launched; and**
  - **secured brand partnership with Be Seen Media Ltd;**
- **Asian and African markets to be key focus of Convo App, with main target in the first instance being India, Nigeria and South Africa; and**
- **SDM intends to spend at least £5 million in the marketing of the Convo App or sign up a minimum 1,000 active content publishers to the Convo App within 3 years; and**
- **Worldwide Release Set for Q4 2017.**

ZipTel Limited ("ZipTel" or "the Company") (ASX: ZIP) has signed an agreement ("Agreement") with London-based Space Digital Media Limited (SDM) to have certain ZipT technology integrated into the Convo App and to assist with development of the Convo App. The Convo App is aiming to become a globally significant content driven communication/ social platform that boasts a well credentialed executive team.

The Convo App will use low bandwidth technology, enabling it to use less data than conventional social platforms, even in areas with slower Internet speeds. It is both a publisher and a platform for third party publishers, giving it the ability to scale to create rich data and advertisement monetisation through branded content.

Commenting on the agreement, ZipTel Director, Mr Keaton Wallace, said, *"India, South Africa and Nigeria are three of the fastest growing areas in the world for telecommunications growth, however, ZIP believes that take-up in these areas is being significantly handicapped by unreliable and slow internet networks, leaving a massive audience that are unable to obtain the service they desire."*

*"The Convo App, which our ZipT technology will now be an important addition to, will allow these people to connect to the state-of-the-art, and affordable 'Convo' calling/messaging system that delivers local and relevant content."*

#### **Convo App backed by well credentialed executives and well-known brand ambassadors**

SDM boasts a well-credentialed executive and advisory team, all of whom have extensive experience in executing global roll out (technical, marketing, sales) strategies for technology based products.

SDM has also secured Virat Kohli (Indian and global cricket legend) and Gareth Bale (global soccer superstar) as publishers, ambassadors and shareholders, who have combined social media audiences of over 100 million people. They will aim to provide the Convo App with huge public appeal and brand value.

SDM has an agreement with Be Seen Media Ltd, a business that links brands with publishers and influencers which it is hoped will play a key role in the strategic growth and marketing of the Convo App.

Advisors working with SDM under their agreement with Be Seen include Lars Rasmussen, a co-founder of Google Maps and former director of engineering at Facebook, Shailendra Singh, an experienced music promoter in Asia and a respected marketer in India and Tony Barnes, Head of Digital at Virgin/EMI Records.

### **ZipTel to share in potential revenue**

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

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

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

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

SDM also plans to have a team of specialists in branded content and content production, assisting brands create and publish paid for branded content across its platform which can range from product placement in content, to exclusive brand sponsored social content.

The Convo App is also intended to branch out into e-commerce, offering users the ability to purchase merchandise and the latest trending products which will be promoted and marketed by influencers and ambassadors.

In addition, the Convo App is intended to contain several in app purchases like unique and exclusive digital stickers and the ability to purchase exclusive content in the future.

### **Convo App to facilitate third party publishers**

The Convo App will target publishers on its platform, plus other identified influencers/publishers providing reach and visibility to millions on social media daily.

In addition, Convo will also be targeting global content publishers (global broadcasters, news corporations, etc.) with the intent of becoming a prominent third-party publisher.

It is intended that these influencers/publishers will provide rich content as well as strong co-marketing opportunities to scale the user base, positioning the Convo App to enter significant advertisement and marketing deals.

### **African and Asian Focus**

The Convo App will initially have an Asian and African focus, with the main target in the first instance being India, Nigeria and South Africa (with the intention to then focus and grow into Europe and other regions).

These are people who:

- could access mobile internet, but the data costs prevent them from consuming;
- receive substandard data coverage or highly congested networks; or
- are not aware of, or cannot access content because it is not relevant or in local language.

### **Key terms of Agreement**

ZipTel will grant SDM a worldwide, perpetual, non-exclusive, revocable license to use the source code of certain Zipt components to use for integration into the Convo App. ZipTel will also provide development assistance to enable SDM to complete the Convo App.

The Agreement involves the enhancement of the Convo App using parts of the Zipt technology, and then the assignment of these enhancements to SDM for the purposes of operating and developing the Convo App. ZipTel will share revenue from the Convo App with SDM as set out below. No assignment or transfer under the Agreement prevents ZipTel from using the Zipt technologies that it currently has. SDM has no right to sublicense any of the Zipt technologies licensed to SDM and the technology can only be used in relation to the Convo App.

Under the Agreement SDM has agreed to expend £5 million on marketing of the Convo App within the first 3 years of the Agreement or sign up a minimum of 1,000 active content publishers to the Convo App.

SDM must pay ZipTel a royalty, calculated on the basis of net revenue (meaning gross revenue less any direct cost, namely all bank charges, transaction charges, brokerage fees, taxes and arm's length revenue shares). Gross revenue is the gross amount of revenue received by SDM from independent third parties in relation to the Convo App, less any goods and services or value added taxes paid by SDM and are separately identified on invoices. The rate of the royalty is:

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

The royalty is payable on a quarterly basis commencing from 1 August 2017 to 31 July 2027 and SDM is required to submit monthly statements detailing the quantum of the royalty (if any) and how it was calculated. ZipTel has standard rights of inspection and audit in relation to the royalty statements received.

The Agreement otherwise contains terms and conditions considered standard for this type of licensing and development agreement.

**-Ends-**

For more information please contact:

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## About ZipTel

ZipTel is an Australian owned and operated telecommunications business focused on providing international roaming and calling solutions to consumers and businesses, using state of the art technologies developed and wholly owned by ZipTel Limited.

## About Space Digital Media

Space Digital Media creates 'Convo', a product that will deliver calling/messaging, local and relevant content. The Convo App is a content driven communication/social platform. Convo will use world class low bandwidth technology which retains quality even in areas with slower Internet speeds.

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

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

