

19 November 2019

Dear Shareholder

NOTICE TO OPTION HOLDERS OF NON-RENOUNCEABLE RIGHTS ISSUE

On 15 November 2019, Syntonic Limited (**Company**) announced that it would be offering shareholders the opportunity to participate in a non-renounceable pro-rata entitlement offer to raise \$3,472,033 (before costs) (**Entitlement Offer**) on the basis of one (1) fully paid ordinary share in the capital of the Company (**New Share**) for every one (1) fully paid ordinary share held at the record date on 25 November 2019 (**Record Date**), at an issue price of \$0.001 per New Share, together with a free attaching option (exercisable at \$0.02, expiring on 31 December 2022) (**New Option**).

Only shareholders with a registered address in Australia or New Zealand will be eligible to participate in the Entitlement Offer (**Eligible Shareholders**).

Assuming no existing options or convertible notes are exercised before the Record Date, 3,472,032,756 New Shares and 1,736,016,378 New Options will be issued under the Entitlement Offer.

The Entitlement Offer is non-renounceable so rights are not tradeable on ASX. All New Shares will rank equally with the Company's existing shares.

The Entitlement Offer will be made by way of a prospectus pursuant to section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Prospectus**) lodged with ASX on 19 November 2019, which is available on the Company's website at <http://syntonic.com/> and on the ASX website at www.asx.com.au.

Shortfall Offer

If the Entitlement Offer is not fully subscribed, subject to any restrictions imposed by the *Corporations Act 2001* (Cth) and Listing Rules, Eligible Shareholders can subscribe for New Shares (and New Options) not otherwise taken up under the Entitlement Offer (**Shortfall Shares**) in accordance with the shortfall allocation policy detailed in the Prospectus (**Shortfall Offer**). Third party investors who have been invited by the Company or the Underwriter may also participate in the Shortfall Offer.

The Shortfall Offer will be a separate offer made pursuant to the Prospectus. The issue price of the Shortfall Shares will be \$0.001 each, being the same price as the New Shares being offered under the Entitlement Offer.

Underwriter

The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd (**Underwriter**) pursuant to a mandate and an underwriting agreement with the Company (**Underwriting Agreement**). All Shortfall Shares that are not taken up by Eligible Shareholders or third party investors will be allocated to the Underwriter, in accordance with the Underwriting Agreement.

The Company understands that the Underwriter will endeavor to procure sub-underwriting commitments for all or part of the underwritten New Shares.

Option holders

The purpose of this letter is to give you notice, as an option holder of the Company, that if you wish to participate in the Entitlement Offer in relation to the shares underlying your options, you must exercise your options before the Record Date.

Notice of exercise of your options and payment of the exercise price of the options must be received by the Company's share registry, Computershare Investor Services Pty Limited, on or before 22 November 2019. Any notice of exercise of options received after this date cannot be assured of the allotment of shares by the Record Date.

There is no obligation for you to exercise your options. This letter is intended to inform you of your rights in relation to your options and the Entitlement Offer. If you do not wish to participate in the Entitlement Offer, you do not need to take any action.

Purpose of Offer

Successful completion of the Entitlement Offer will raise \$3,472,033 (before costs). The main purpose for the Entitlement Offer is to raise funds for:

- (a) Obsidian Payment: repayment of US\$750,000 to Obsidian Global Partners LLC (**Obsidian**) in respect to its convertible notes. The Company and Obsidian have entered into an agreement pursuant to which the Company will cancel the existing convertible notes issued to Obsidian (**Obsidian Agreement**) in full and final settlement of the Company's outstanding debt to Obsidian (refer to ASX announcement of 3 April 2019 for further details regarding the convertible notes);
- (b) Loan Facility: repayment of \$750,000 to Pentin Pty Ltd in respect to the short-term loan facility with Pentin Pty Ltd, an unrelated third party, to provide immediate working capital to the Company;
- (c) Sales and Marketing: sales and marketing activities associated with the Syntonic Revenue Generation Platform™, particularly in markets where the Company has an established presence, such as Brazil, Mexico, Vietnam, the Philippines and South Africa;
- (d) Product Development including proprietary technologies in respect of the Syntonic Revenue Generation Platform™ that have been built and are continually innovated by Syntonic, giving it an offering that provides the complete customer journey connecting premium content to mobile subscribers; and
- (e) ongoing working capital requirements.

Indicative Timetable

The timetable for the Entitlement Offer is as follows:

Event	Indicative Date
Lodgement of Prospectus with ASIC and ASX	19 November 2019
Company sends letters to Option holders	19 November 2019
Company sends letters to Eligible Shareholders and Ineligible Shareholders	21 November 2019
'Ex' Date	22 November 2019
Record Date (at 5:00pm WST)	25 November 2019

Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders	27 November 2019
Entitlement Offer Opening Date	27 November 2019
Last day to extend the Entitlement Offer Closing Date	23 December 2019
Entitlement Offer Closing Date (at 5:00pm WST)	6 December 2019
Securities quoted on a deferred settlement basis	9 December 2019
Shortfall Notification Date	9 December 2019
Issue of New Securities and Deferred Settlement Trading Ends	10 December 2019
Anticipated date for despatch of holding statements for New Securities	11 December 2019
Anticipated trading of New Shares on ASX commences	11 December 2019

The above timetable is indicative only and all dates may be subject to change. The Company Directors reserve the right to extend the Closing Date for the Entitlement Offer at their discretion. Should this occur, the extension may have a consequential effect on the anticipated date of issue for the New Shares.

Prospectus

Details of the Entitlement Offer are contained in the Prospectus. Eligible Shareholders should consider Prospectus carefully before deciding whether to participate in the Entitlement Offer and consult with their professional advisors if they have any queries.

If you have any questions in relation to your entitlement under the Entitlement Offer, please contact the Company Secretary by telephone on +61 8 9322 7600.

Yours sincerely



Gary Greenbaum
Managing Director