

ASX RELEASE

18 November 2014

Elizabeth Harris
Principal Adviser, Listings Compliance
Level 40 152-158 St Georges Terrace
PERTH WA 6000
By email: Elizabeth.harris@asx.com.au

ASX Aware Query

Dear Elizabeth,

We refer to your letter 18 November 2014 and respond to each of the questions set out in that letter below.

- 1. Does the Entity consider the Airloyal Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes

- 2. If the answer to question 1 is "no", please advise the basis for that view.**

N/A

- 3. If the answer to question 1 is "yes", when did the Entity first become aware of the Airloyal Agreement?**

Discussions regarding a proposed transaction with Airloyal began on 2 July 2014. A lengthy negotiation process ensued with due diligence being undertaken by both parties up until an agreement between the Company and Airloyal was executed on the evening of Friday 24 October 2014.

- 4. If the answer to question 1 is "yes" and the Entity first became aware of the Airloyal Agreement before the Airloyal Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.**

The announcement was prepared immediately following execution of the agreement (which was on the weekend) - there were no trading days where the agreement was signed but an announcement was unreleased.

5. **Does the Entity consider the Placement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes

6. **If the answer to question 1 is “no”, please advise the basis for that view.**

N/A

7. **If the answer to question 1 is “yes”, when did the Entity first become aware of the Placement?**

Wednesday 5 November 2014

8. **If the answer to question 1 is “yes” and the Entity first became aware of the Placement before the Placement Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.**

The board discussed and agreed the placement on Wednesday afternoon based on a proposal by its corporate adviser and this was when the Entity first became aware of the placement. The company went into trading halt the following day to complete the Placement as is conventional practice for the completion of such capital raisings.

9. **Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

The Entity is in compliance with the Listing Rules, particularly Listing Rule 3.1.

If you have any queries regarding the attached please do not hesitate to contact me.

Yours sincerely,



Loren Jones

Company Secretary



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14 November 2014

Ms Loren Jones
Company Secretary
Ziptel Limited
Suite 9
330 Churchill Avenue
SUBIACO WA 6008

Dear Loren

Ziptel Limited (the “Entity”)

ASX Limited (“ASX”) refers to the following:

1. The price query letter sent to the Entity on 17 October 2014 in which it was noted that the Entity’s securities had increased in price from \$0.15 on Wednesday 15 October 2014 to an intra-day high of \$0.21 on Friday 17 October 2014 (“First Price Query Letter”).
2. The Entity’s response to the question in the First Price Query Letter *“Is the Company aware of any information concerning it that has not been announced which, if known to the market, could be an explanation for recent trading in the securities of the Company?”* to which the Entity answered *“No.”* (“First Price Query Response”). The First Price Query Letter and the First Price Query Response were released to the market on 17 October 2014 at 19:52 (AEDT).
3. The announcement by the Entity released to the market at 9:42 (AEDT) on 27 October 2014 entitled *“Ziptel signs milestone distribution agreement for ZipT App”* (“Airloyal Announcement”) which stated as follows:

“Ziptel Limited (ASX:ZIP) (the “Company”) is pleased to announce that it has entered into a landmark agreement with Airloyal (www.airloyal.com), a leading digital marketing company operating in significant growth economies across India and South East Asia. The deal with Airloyal will see the ZipT application promoted across India and South East Asia through Airloyal’s flagship product Ladoo, a mobile advertising and brand engagement platform.” (“Airloyal Agreement”)
4. The price query letter sent to the Entity on 5 November 2014 in which it was noted that the Entity’s securities had increased in price from \$0.41 on Monday 3 November 2014 to an intra-day high of \$0.55 on Wednesday 5 November 2014 (“Second Price Query Letter”).
5. The Entity’s response to the question in the Second Price Query Letter *“Is the Company aware of any information concerning it that has not been announced which, if known to the market, could be an*

explanation for recent trading in the securities of the Company? to which the Entity answered “No.” (“Second Price Query Response”). The Second Price Query Letter and the Second Price Query Response were released to the market on 5 November 2014 at 13:37 (AEDT).

6. The placing of the Entity’s securities into Trading Halt Session State on 6 November 2014 at 10:14 am (AEDT) (“Trading Halt”).
7. The announcement by the Entity which lifted the Trading Halt (following which the Entity’s securities recommenced trading) released to the market at 9:10 (AEDT) on 10 November 2014 entitled “\$5 Million Institutional Placement to Accelerate ZipT Subscriber Acquisition” (“Placement Announcement”) in which the Company announced that it had raised \$5 Million via a share placement to domestic and international institutions at 42 cents a share (“Placement”).
8. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
9. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

10. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity;*
or
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

11. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information

to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A

Airloyal Agreement

1. Does the Entity consider the Airloyal Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did the Entity first become aware of the Airloyal Agreement?
4. If the answer to question 1 is “yes” and the Entity first became aware of the Airloyal Agreement before the Airloyal Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.

Placement

5. Does the Entity consider the Placement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 1 is “no”, please advise the basis for that view.
7. If the answer to question 1 is “yes”, when did the Entity first become aware of the Placement?
8. If the answer to question 1 is “yes” and the Entity first became aware of the Placement before the Placement Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.

Listing Rule 3.1 confirmation

9. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5.00 pm (WST) on Tuesday, 18 November 2014**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Elizabeth.Harris@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is

in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Elizabeth Harris

Principal Adviser, Listings Compliance (Perth)