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Market Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney, NSW 2000

Dear Shareholders

COMPANY UPDATE

It's been a productive period since the last update on the 12 October 2017 and our Company is making progress towards achieving our objectives. In this update, we highlight the following:

- **Completion of rights issue to raise approximately \$5.5M**
- **Expansion of US distribution channel for TZ Smart Lockers through new agreement with Novitex Enterprise Solutions, Inc.**
- **Signing of co-development and licensing agreement with major automotive manufacturer**
- **TZ Smart Locker System accreditation from global security division of major US technology provider**
- **Successful tender wins in US University sector**

Completion of rights issue

The Board would like to thank shareholders for support with the recent rights issue, which completed last week and raised A\$5.5M for the Company. The rights issue was underwritten by First Samuel Limited who picked up the shortfall of approximately 130M shares of the 200M shares that was offered to eligible shareholders.

The monies raised will provide additional working capital to fund the development and commercialisation of the Company's core SMART Device technology and support the Company through the cash flow challenges of our "lumpy" projects based business.

Expansion of US distribution channel

The Company is pleased to advise that our US wholly owned subsidiary, Telezygology, Inc. ("TZI") has entered into a distribution agreement with Novitex Enterprise Solutions, Inc. for the distribution of the Company's Smart Locker solutions in the US market.

Novitex is a major provider of outsourced technology solutions in US market with offerings covering business process automation through to communications management. They hold one of the largest market shares in custom mail solutions, managing over 1,100 mail centers across North America.

The distribution agreement underpins a relationship that has been developed over several years and is anticipated to expand the scope of engagements and opens the door to increased sales activities with Novitex's established customer base in the corporate, health, financial and educational sectors. Together with the distribution agreement with Ricoh USA, Inc., the Company is well placed to access and serve the US corporate market.

The signing of the Novitex distribution agreement has also provided the framework for a A\$1M purchase order for the supply of 50 Smart Lockers for a global information technology corporation, which will be deployed during this fiscal year. Due to non-disclosure obligations, TZI is restricted from identifying the name of the customer.

Signing of co-development and licensing agreement

TZI recently entered into a co-development agreement with a global automotive manufacturer ("Licensee") to develop a new utility vehicle that will integrate TZ Smart Device Technology. Due to non-disclosure obligations, TZI is restricted from identifying the name of the Licensee.

The agreement provides for TZI and the Licensee to collaborate exclusively to jointly develop the new vehicle platform over the next nine (9) months. Depending on the outcome of the development, the parties will decide whether the vehicle platform will proceed to commercialisation by 30 September 2018. On which basis, we have agreed to negotiate a formal licensing agreement by 1 January 2019.

Under the terms of the agreement, TZI has agreed not to enter into any similar agreement to license its smart device technology with any competitor of the Licensee until 31 January 2019. If the vehicle platform proceeds to commercialisation, the agreement does provide for TZI to have the exclusive rights to supply the proprietary hardware and software licensing for at least two (2) years from 31 January 2019.

TZ Smart Locker System accreditation

We are pleased to advise that TZI has received confirmation that after extensive testing and review, our Smart Locker software platform has been approved by the Global Security Division of a major US technology provider for integration with their HR and Security systems. Again, due to non-disclosure obligations, TZI is restricted from identifying the name of the Company.

This "green light" significantly opens the door to broader adoption of our solutions within that corporation and given the scale and global spread of their organization, is an important breakthrough for the Company.

Successful tender wins in US University sector

The US Educational Sector is a growth sector for our US business although sales are seasonal with a small window for implementation between university term breaks.

We have been active in a number of tender submissions recently and we are pleased to report that TZI has been successful in winning a high percentage of those tenders. Included in the wins are Virginia Tech (Virginia Polytechnic Institute and State University), University of Maine, University of North Carolina (Chapel Hill), George Washington University in Washington DC.

Most of the above incremental “wins” may not have an immediate impact on the Company’s fiscal year performance but they do however underpin and demonstrate progress and importantly that our solutions are respected and relevant to the markets we participate in.

We will continue to keep shareholders updated as the business progresses.

Yours Sincerely



John Wilson
Managing Director