



Communications Technology Investments

TELLZA ANNOUNCES 2016 Q3 FINANCIAL RESULTS
Revenue in the quarter was US\$138 Million, up 61% year over year

Toronto, ON – November 8, 2016 – Tellza Communications Inc. (TSX: TEL) announced its unaudited financial results for the nine months ended September 30, 2016.

2016 Highlights

Communications Business

- Revenue for Q3 – 2016 is up 61% from Q3-2015 to USD \$138 Million (2015 - \$85 Million)
- Revenue on a YTD basis is up 59% from the comparable period in 2015 to USD \$340 Million (2015 - \$213 Million)
- YTD EBITDA* was USD \$1.9 Million or \$0.17/share (2015 - \$1.7 Million or \$0.15/share)
- YTD Net Income was USD \$0.6 Million or \$0.05/share (2015 - \$Nil Million or \$0.00/share)

Technology Business

- Deployed system at Canadian Telco customer; five customers using white label platform.

Investment Business

- Acquired a 33% interest in Rightway Funding Group LLC; since the acquisition in April 2016, Rightway has distributed \$1.0M USD to its shareholders, of which \$0.3M was distributed to Tellza.
- Acquired a 9.9% interest in Merkez Faktoring A.S.

Corporate

- Consolidated common stock on a 1:15 basis, reducing the number of shares outstanding from 168.6 million to 11.2 Million.
- Disposed of Tel3 business unit.
- Expanded senior credit facility to \$7.5 Million; Nil outstanding at September 30, 2016

While we conduct our business primarily in USD and report our financial results in USD, our common shares are listed and trade on the Toronto Stock Exchange in CDN dollars. Expressed in CDN dollars, YTD EBITDA* was \$2.5 Million or \$0.22/share and Net Income was \$0.8 Million or \$0.07/share.

Tellza's communications business operates in the "nearly free" market for international communications. Our investment in systems and processes over the last few years has allowed us to remain profitable, while many of our competitors have commenced exiting the business. We believe that the "nearly free" communications market will remain strong and sizeable into the future producing low margin, consistent cash flows.

"Tellza's strategy is to invest excess cash flows from its core business into new business activities and adjacent markets aimed at improving our cash flows and profitability, while continuing to acquire up to 5% annually of its outstanding common stock for cancellation when market conditions permit," said Gary Clifford, Executive Chairman, Tellza Communications Inc.

The Company's financial statements and other disclosures are available on SEDAR.

The Company's corporate profile is located at www.tellza.com/#investors.

About Tellza

Tellza is a communications company with additional investments in Technology and Financial services. Tellza has been both EBITDA* and Net Income positive since 2010. Through Phonetime, Matchcom and Route Dynamix, we produce over \$100M+ USD in quarterly turnover. Tellza Technologies provides big data solutions to the Telecommunications market, while Tellza Investments oversees our 33% interest in Rightway Funding and 9.9% interest in Merkez Faktoring.

Caution Regarding Forward Looking Information:

This press release contains forward-looking statements, which may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. These statements are not a guarantee of future performance and are inherently subject to risks and uncertainties. Tellza's actual results could differ materially from those currently anticipated due to a number of factors set forth in reports and other documents filed by the Company with Canadian securities regulatory authorities from time to time. See www.sedar.com which contains all securities files.

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*We define EBITDA and Cash Profits as earnings before taxes, depreciation and amortization, stock based compensation, and interest. EBITDA, which is a non-GAAP financial measure, it is a standard measure used in the telecommunications industry to assist in understanding and comparing operating results. EBITDA is reviewed regularly by management and our Board of Directors in assessing performance and in making decisions regarding the ongoing operations of the business and the ability to generate cash flows. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. EBITDA is not a measure of financial performance nor does it have a standardized meaning under IFRS. In evaluating these measures, investors should consider that the methodology applied in calculating as such measures may differ among companies and analysts. Below is a reconciliation of "EBITDA" to net income for the periods presented:

Nine months ended September 30,	2016	2015
Net income and comprehensive income for the period	\$ 597	\$ 13
Provision for income taxes	\$ 225	\$ -
Depreciation of property and equipment	\$ 341	\$ 419
Amortization of intangible assets	\$ 683	\$ 1,213
Equity Pick-up from non-controlled investment	\$ (100)	\$ -
Interest and debt costs	\$ 114	\$ 85
EBITDA	\$ 1,860	\$ 1,730

Financial summary:

Tellza Communications Inc.

Unaudited (USD - 000's)

	September 30, <u>2016</u>	December 31, <u>2015</u>
	\$	\$
Cash	1,509	1,425
Total Assets	81,205	57,421
Shareholders' Equity	18,077	17,347
Line of credit	—	—
Non-Recourse debt of subsidiary	2,767	—
Working capital	870	1,192

For six months ended (USD - 000's)

	June 30, <u>2016</u>	June 30, <u>2015</u>
	\$	\$
Cashflow from operations	2,099	1,678
Changes in non-cash working capital	765	(5,567)
Operating cash flows	2,864	(3,889)
Investing activities	(2,719)	(771)
Financing activities	(61)	(18)
Change in cash position	84	(4,678)

Tellza Communications Inc.

UNAUDITED CONSOLIDATED STATEMENT OF OPERATION

[amounts in thousands of U.S. dollars]

	Three months		Nine months	
	2016	2015	2016	2015
	\$	\$	\$	\$
For the three and nine months ended September 30,				
Revenue	137,783	85,378	340,278	213,358
Cost of revenue	135,788	83,215	333,681	206,754
Gross margin	1,995	2,163	6,597	6,604
Operating expenses	1,537	1,725	4,737	4,874
Income before undernoted:	458	438	1,860	1,730
Depreciation of property and equipment	90	173	341	419
Amortization of intangible assets	153	403	683	1,213
Equity Pick-up of non-controlling interests	(63)	—	(100)	—
Interest and debt costs	45	26	114	85
	225	602	1,038	1,717
Income before income taxes	233	(164)	822	13
Provision for income taxes	—	—	—	—
Current	—	—	—	—
Deferred	52	—	225	—
Net income and comprehensive income	181	(164)	597	13
Net income and comprehensive income attributable to				
Shareholders	172	(157)	514	(20)
Non-controlling interests	9	(7)	83	33
	181	(164)	597	13
Earnings per share attributable to shareholders				
- basic and diluted	\$ 0.02	-\$ 0.01	\$ 0.05	\$ 0.00
Weighted average number of common shares outstanding				
- basic and diluted	11,240,387	11,827,641	11,240,387	11,827,641