

Zonetail Inc. Announces Non-Brokered Private Placement for up to \$1,295,683

Toronto, Ontario--(Newsfile Corp. - February 19, 2020) - **Zonetail Inc. (TSXV: ZONE) ("Zonetail" or the "Company")**, is pleased to announce that it intends to offer for sale, on a non-brokered private placement basis, securities of the Company (the "Offering") consisting of units of the Company (the "Units") at a price of \$0.02 per Unit, with each Unit being comprised of one common share (a "Share") and one whole common share purchase warrant (a "Warrant"), for aggregate gross proceeds to Zonetail of a minimum of \$450,000 (the "Minimum Proceeds") and a maximum of \$1,295,683 (the "Maximum Proceeds"). Each Warrant will entitle its holder to purchase one (1) additional Share of the Company at an exercise price of \$0.05, for a period of twelve (12) months from the closing date of the Offering. The Offering is subject to the receipt of all necessary approvals, including the approval of the TSXV, as well as the satisfaction of other customary closing conditions, including achievement of the Minimum Proceeds under the Offering.

Assuming the Minimum Proceeds are raised, the Company will issue 22,500,000 Shares and 22,500,000 Warrants. Assuming the Maximum Proceeds are raised, the Company will issue 64,784,130 Shares and 64,784,130 Warrants.

In connection with the Offering, the Company may pay finder's fees equal to 6% of the gross proceeds in cash and issue 6% non-transferable warrants (the "Finder Warrants") to various registered dealers or finder's, representing up to 6% of the Units sold through such registered dealers or finders in the Offering. Each Finder Warrant will entitle the holder thereof to purchase one (1) Zonetail Share at a price of \$0.05 per share for a period of twelve (12) months from the closing date of the offering with the same expiry provision and the Warrants.

The proceeds derived from the sale of the Units will be used for payment of certain expenses of the Company. Please see the Use of Proceeds table below.

The Units will be made available for subscription to all existing shareholders of Zonetail who held common shares of Zonetail (the "Common Shares") as of February 18, 2020 (the "Record Date"), pursuant to the existing security holders prospectus exemption available under Ontario Securities Commission Rule 45-501 - *Ontario Prospectus and Registration Exemptions* ("Rule 501") and equivalent provisions of applicable securities laws in other jurisdictions of Canada (the "Existing Shareholder Exemption"), where available, and will be allocated on a "first come, first served" basis so long as such allocation is within the principles of fair and equal treatment set out in Rule 501. Investors relying on the Existing Shareholder Exemption will be required, among other things, to represent in writing certain requirements of the Existing Shareholder Exemption, including that they were as of the Record Date, and continue to be, a shareholder of Zonetail. The aggregate acquisition cost of securities of the Company to an investor relying on the Existing Shareholder Exemption cannot exceed \$15,000 unless that shareholder has obtained advice regarding suitability of the investment from a registered investment dealer in the investor's jurisdiction. Units will also be available under other exemptions from the prospectus requirements under applicable securities laws, such as the accredited investor exemption. The total number of Common Shares issuable pursuant to the Financing will not be greater than 100% of the currently outstanding Common Shares of Zonetail.

If you are an existing shareholder of the Company as of the Record Date who is interested in participating in the Offering, please contact Errol Farr at errol.farr@zonetail.com or at 20 Dalhousie Street, Toronto M5B 1Y7 and (416) 583-3773 for further information. Participation under the Existing Shareholder Exemption will be open from the date of this news release until April 3, 2020, with all required documentation to be provided to the Company on or before such date. If you are a shareholder of Zonetail who held Common Shares on the Record Date, please contact the Company on or before such date.

A portion of the Offering may be allocated to investors relying on the "accredited investor" or other exemptions available to Zonetail under National Instrument 45-106 - *Prospectus Exemptions*. The Company has set a minimum gross proceeds that it must raise for the Offering to proceed.

The proceeds from the Offering will be used by Zonetail in accordance with the proposed budget set out in the Use of Proceeds table below. The Offering will only close if the Minimum Proceeds are raised. If more than the Minimum Proceeds are raised, all additional funds up to the Maximum Proceeds will be used as set out in the Use of Proceeds table below. The Offering of the Units will be comprised of a minimum of \$450,000 of Units.

USE OF PROCEEDS

	Minimum Offering 6 months (Feb 2020 - July 2020) \$	Maximum Offering 12 months (Feb 2020 - Jan 2021) \$
Management fees & consulting	*30,000	*88,200
General and administration		
Office costs	22,800	57,600
Insurance - D&O, CGL	6,000	24,000
Public company fees (incl. SEDAR, TSX-V, AGM)	13,500	27,500

Professional fees	46,000	52,000
Cost of offering (legal, regulatory)	9,000	26,000
Shareholder communications (incl. IR activities)	-	30,000
	97,300	217,100
Sales and marketing		
Management fees & consulting	*30,000	*205,800
Wages	54,000	180,000
Memberships	18,000	36,000
	102,000	421,800
Application maintenance and upgrades	28,000	191,000
Other expenses	1,700	89,583
Payment of accounts payable	191,000	288,000
GRAND TOTAL	450,000	1,295,683

*No more than 25% of the aggregate amount raised in the Offering from the sale of Units will be used to pay salaries. Although Zonetail intends to use the proceeds of the Offering as described above, the actual allocation of net proceeds may vary from the uses set forth above, depending on how future operations unfold, unforeseen events or adjustments in accordance with prudent business practices. The allocation of total management fees consist of administration 50%, sales and marketing 50% in the case of the Minimum Proceeds - administration 30%, sales and marketing 70% in the case of Maximum Proceeds.

OBJECTIVE OF THE OFFERING

The Offering, if successful, is to provide working capital to enable the Company to continue its sales and marketing efforts, upgrade its application functionality and usage and seek to achieve profitable operations in the next 6-12 months. Revenue streams from the Company's operations are not included in the use of proceeds.

Certain insiders of Zonetail may participate in the Offering; however, the total participation by insiders is not expected to exceed 25% of the Offering. The Company will pay finders fees comprised of cash and securities of the Company in consideration for any finder assisting with the Offering.

The terms of the Offering were developed in part by reference to the TSX Venture Exchange (the "TSXV") Discretionary Waivers of \$0.05 Minimum Pricing Requirement Bulletin dated April 7, 2014. Completion of the Offering is subject to Zonetail successfully identifying participating investors and obtaining final approval from the TSXV.

All of the securities issuable in connection with the Offering will be subject to a hold period expiring four months and one day after the date of issuance of the securities.

The securities offered have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This release does not constitute an offer for sale of securities in the United States.

It is anticipated that the first closing of the Offering will occur on or about March 3, 2020. Zonetail will update shareholders when the Offering has been completed and TSXV final approval has been received.

About Zonetail

Zonetail is a mobile platform for hotels and condominiums providing guests and residents access and interaction with building amenities and services as well as neighboring restaurants, stores, services, and attractions.

Zonetail is partnered with AAHOA, the largest association of hoteliers in the world, representing over 25,000 hotels and 50% of the US market. Zonetail is also partnered with Shiftsuite, one of the largest property management system software providers to the condo industry in Canada, with approximately 2,000 condo buildings, representing an estimated 400,000 units. Zonetail has offices in Toronto, Ontario and San Dimas, California.

For more information, please visit <https://www.zonetail.com>.

For further information, please contact:

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ANY SECURITIES REFERRED TO HEREIN WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "1933 ACT") AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO A U.S. PERSON IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Forward Looking Statements

This release includes forward-looking statements regarding Zonetail and its business. Such statements are based on the current expectations and views of future events of Zonetail's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of the failure to complete the rights offering, known and unknown risk factors and uncertainties affecting Zonetail, including risks regarding economic factors and the equity markets generally and many other factors beyond the control of Zonetail. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Forward-looking statements speak only as of the date on which they are made and Zonetail undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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