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ASX Release

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Update on Direct Carrier Billing Dispute with Telstra

Impelus Limited (ASX: **IMS**) (**Impelus** or **Company**) refers to its announcement of 1 February 2018 in relation to the decision by Telstra Corporation Limited (**Telstra, ASX: TLS**) to cease providing Direct Carrier Billing Services (**DCB** or **Services**) as of March 2, 2018 to all its DCB partners including Impelus.

As indicated in the announcement of 1 February 2018, Impelus has attempted to try and resolve this issue with Telstra but without success. Impelus' strong position is that Telstra has a continuing obligation to provide it with the Services after March 2, 2018 and intends on initiating proceedings in the Supreme Court of New South Wales (**Supreme Court**) to seek injunctive or expedited final relief to prevent Telstra from ceasing to provide it with the Services from March 2, 2018.

The Company is extremely disappointed with Telstra's decision after having shared such a long and successful relationship in DCB for more than 4 years.

While, as previously announced, Impelus has classified its DCB operations as non-core (and has been reducing costs in that area of its operations and focusing on its existing and profitable technology-led Digital Performance Marketing business), premature withdrawal of the Services in March 2018 in breach by Telstra will have a material impact on Impelus' FY2018 revenue and earnings before interest and tax (**EBITDA**). The Company estimates that the impact on EBITDA for FY2018 is in the range of \$550k to \$680k.

The directors remain committed to a resolution of this issue but are of the view that the commencement of proceedings in the Supreme Court is in the best interests of all shareholders at this time to preserve the Company's rights that have been breached by Telstra.

NEIL WILES

CEO & Managing Director