May 23, 2019

Frankly Announces Closing Of Third And Final Tranche Of US$7 Million Private Placement

NEW YORK, May 23, 2019 /PRNewswire/ -- Frankly Inc. (TSX VENTURE: TLK) (the "**Company**") is pleased to announce that it has completed a third and final tranche of its previously announced non-brokered private placement offering of units (the "**Private Placement**"), for which it received more subscriptions than units available for sale. The Company raised gross proceeds of approximately C$9.42 million (approximately US$7 million) across all three tranches of the Private Placement.

The third tranche issuance consisted of an aggregate of 10,890,900 Units at a price of C$0.35 per Unit, for gross proceeds of C$3,811,815.00. Each unit ("**Unit**") consisted of one common share in the capital of the Company ("**Common Share**") and one-half of one warrant to acquire a Common Share (each whole warrant to purchase one common share, a "**Warrant**"). Each Warrant entitles the holder to acquire one Common Share from the Company at a price of C$0.65 per Common Share until twenty-four months from the date of issuance.

The Common Shares and Warrants are subject to a hold period of four months and one day from the date of issuance in accordance with applicable Canadian securities legislation, as well as contractual "lock-up" restrictions pursuant to which subscribers in the Private Placement agreed not to dispose or otherwise transfer the economic consequences of securities composing the Units, or securities of the Company held prior to the completion of the Private Placement (collectively, the "**Locked-up Securities**"), for eleven months from the issue date, with 30% of the Locked-up Securities being released from lock-up four months and one day from the issue date, and the remainder of the Locked-up Securities being released on a schedule of 10% of the Locked-up Securities each month thereafter. In connection with the Private Placement, the Company will pay a finder's fee to a third-party finder who is a current shareholder of the Company consisting of (i) 6.5% of the gross proceeds of the Private Placement raised in cash, and (ii) that number of finder's warrants as is equal to 6.5% of the securities sold in the Private Placement. Each finder's warrant is exercisable to purchase one Unit at the offering price of C$0.35 for a period of two years from the closing date of any applicable tranche of the Private Placement. The finder's fee will not be payable on subscriptions completed by the finder for the finder's own account, subscriptions from insiders of the Company, subscriptions from residents of the United States, or on subscriptions from subscribers introduced to the Private Placement by persons other than the finder.

Certain directors and senior officers of the Company participated in the third tranche of the Private Placement, as described in the table below. There is no material effect or change on the percentage of outstanding securities of the Company owned by any director or senior officer other than Mr. Lou Schwartz, who, prior to completion of the Private Placement, beneficially owned 157,331 Common Shares (including Common Shares issuable upon the exercise of options), or approximately 5.77% of the outstanding Common Shares on a partially diluted basis, and after the Private Placement will beneficially own 2,514,694 Common Shares (including Common Shares issuable upon the exercise of options and Warrants), or approximately 8.57% of the outstanding Common Shares on a partially diluted basis, which post-Private Placement percentage ownership calculation excludes 1,092,614 Common Shares indirectly owned and controlled by Gray Media, Inc., and SKP America LLC from the number of outstanding Common Shares used in the denominator, as such Common Shares are expected to be purchased and cancelled from each such shareholder.

Subscriber	**Subscription Amount (Units)**	**Subscription Amount (C$)**
Tom Rogers, Director	386,100	135,135.00
Steve Zenz, Director	115,830	40,540.50
Lou Schwartz, Chief Executive Officer	1,571,575	550,051.25
Mike Munoz, Chief Financial Officer	75,290	26,351.50
Omar Karim, Chief Operating Officer	144,788	50,675.80
John Wilk, General Counsel and Secretary	102,317	35,810.95
Total:	2,395,900	$838,565

The subscriptions by directors and senior officers constitute "related party transactions" under Multilateral Instrument MI 61-101 - *Protection of Minority Securityholders in Special Transactions*("**MI 61-101**"). Absent exemptions therefrom, transactions subject to MI 61-101 are subject to valuation and shareholder approval requirements. The Company is relying on the exemption from the formal valuation requirement at section 5.5(a) of MI 61-101 - *Issuer Not Listed on Specified Markets*, as no securities of Frankly are listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ exchange, or a stock exchange outside of Canada and the United States (each, a "**Specified Market**").

The Company is relying on the exemption from minority approval available at Section 5.7(b) of MI 61-101 -*Fair Market Value Not More than $2,500,000* for the related party transactions, as (i) no securities of the issuer are listed or quoted on a Specified Market; (ii) at the time the related party transaction was agreed to, neither the fair market value of the securities to be distributed in the transaction nor the consideration to be received for those securities, insofar as the transaction involved interested parties, exceeded C$2,500,000; (iii) the Company had one or more independent directors in respect of the transaction who is an not employee of the issuer; and (iv) such director approved the transaction.

The Company expects to use the proceeds of the Private Placement to satisfy its obligations under a debt reduction and share repurchase agreement with Raycom Media, Inc., and a share repurchase agreement with SKP America, LLC, as well as for transaction expenses and working capital. A portion of the proceeds and subscriptions remain "in trust" pending completion of normal-course review procedures applicable to insider subscriptions and subscribers above certain investment thresholds. For additional information related to the Private Placement and the use of proceeds therefrom, including information with respect to the Private Placement of the type considered in section 5.2 of MI 61-101, see the Company's news releases dated May 1, 2019, May 13, 2019 and May 17, 2019, and the associated material change report filed in connection therewith.

The Company has received conditional approval from TSXV for the Private Placement, which remains subject to TSXV final approval.

About Frankly

Frankly Media provides a complete suite of digital solutions for media companies to create, manage, distribute and monetize their content on all platforms maximizing audience engagement and revenue potential. The company is headquartered in New York with offices in Atlanta. For more information, visit www.franklymedia.com.

Notice Regarding Forward-Looking Statements

This release includes forward-looking statements regarding the Company and anticipated transactions involving the Company. Forward-looking events and circumstances discussed in this release include statements regarding the use of proceeds from the Private Placement, and approval of the Private Placement by the TSXV. The subject or results of any forward-looking statement may not occur by any specified or expected dates or at all, and could differ materially as a result of known and unknown risk factors and uncertainties affecting the parties, including but not limited to failure to obtain investor participation in the Private Placement, market sentiment toward the Company's securities and market conditions generally, lack of regulatory approval for the Private Placement, and the ability to obtain future financing proceeds. The outcome of the subject of any forward-looking statement cannot be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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