

**FRESHTEL HOLDINGS LIMITED
(ACN 111 460 121)**

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT**

DATE AND TIME OF MEETING:

20th November 2015 at 3:00pm (AEDT)

VENUE OF MEETING:

Offices of Kemp Strang Lawyers
Level 17, 175 Pitt Street,
Sydney 2000

These documents should be read in their entirety.

If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Freshtel Holdings Limited (ACN 111 460 121) (**the Company**) will be held at 3:00pm (AEDT) on 20th November 2015 at the offices of Kemp Strang Lawyers, Level 17, 175 Pitt Street, Sydney. (**the Meeting**).

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting (**the Notice**) describes in more detail the matters to be considered at the Meeting.

Please refer to section 7 of the Explanatory Statement accompanying this Notice for a glossary of terms and abbreviations used in this Notice and the Explanatory Statement.

ORDINARY BUSINESS:

1. Item 1: Financial Statements and Reports

“To receive and consider the Annual Report of the Company for the year ended 30 June 2015 which includes the Annual Financial Report of the Company, the Directors’ Report, the Directors’ Declaration and the Auditor’s Report.”

Note: this item of business is **for discussion only and is not a resolution**.

However, pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

2. Resolution 1: Remuneration Report

To consider, and if thought fit, to pass the following resolution as a **non-binding resolution**:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report for the year ended 30 June 2015 as contained in the Annual Report of the Company for the year ended 30 June 2015.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of (in any capacity):

- a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- a Closely Related Party of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report.

However, the Company need not disregard a vote if it is cast by:

- a person described above as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: in accordance with section 250R of the Corporations Act, the vote on this resolution is **advisory only and does not bind the Directors or the Company.**

However, pursuant to section 250SA of the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, the Remuneration Report.

3. Resolution 2: Re-election of Director - Mr Peter Buttery

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution:**

“That Mr Peter Buttery, who retires by rotation in accordance with clause 13.2 of the Constitution of the Company and the ASX Listing Rules, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company effective immediately upon the close of the Meeting.”

OTHER BUSINESS:

In accordance with section 250S of the Corporations Act, the Shareholders are invited to ask questions about, or make comments in relation to, the management of the Company and to raise any other business that may be brought forward at the Meeting in accordance with the Constitution of the Company and the Corporations Act.

BY ORDER OF THE BOARD:



**Graham Henderson
Company Secretary**

Dated: 16th October 2015

IMPORTANT INFORMATION

Voting Entitlement

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 7:00pm (AEDT) on 18th November (**the Entitlement Time**).

Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after the Entitlement Time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

Required Majority

- (a) In accordance with the Corporations Act, for the Resolutions to be effective:
 - (i) the Resolutions must be passed at a meeting of which not less than 28 days written notice specifying the intention to propose the Resolutions has been given (satisfied by this Notice); and
 - (ii) in the case of ordinary resolutions, the Resolutions must be passed by more than 50% of all the votes cast by Shareholders present and entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative); and
 - (iii) in the case of special resolutions, the Resolutions must be passed by not less than 75% of all the votes cast by Shareholders present and entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative).
- (b) Pursuant to clause 12.7 of the Constitution of the Company, subject to any rights or restrictions for the time being attached to any class or classes of Shares, at the Meeting:
 - (i) each Shareholder entitled to vote, may vote in person or by proxy, attorney or Representative;
 - (ii) on a show of hands, each person who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
 - (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by them, or in respect of which they are appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).
- (c) Pursuant to clause 12.8 of the Constitution of the Company, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is demanded in accordance with clause 12.10 of the Constitution of the Company.

Proxies, Powers of Attorney and Representatives of Corporate Shareholders

- (a) **(Proxy form):** A proxy form in the form required by the Corporations Act accompanies this Notice. Shareholders are recommended to use this proxy form.
- (b) **(Appointment of proxies):** A proxy need not be a Shareholder of the Company. Proxies appointing the Chairman which do not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions.
- (c) **(Representatives of Corporate Shareholders):** A body corporate that is a Shareholder may authorise, in accordance with section 250D of the Corporations Act, by resolution of its Directors or other governing body, such person or persons as it may determine to act as its Representative at the Meeting. A person so authorised shall be entitled to exercise all the rights and privileges of the body corporate as a Shareholder.
- (d) **(Deposit of proxy forms and powers of attorney):** To be valid forms of proxy, the original instrument and any Power of Attorney or other authority under which the instrument is signed, must be received by the Registered Office of the Company or the share registry of the Company, Computershare Investor Services Pty Limited, by no later than **3:00pm (AEDT) on 18th November 2015 (48 hours prior to the Meeting)**.

The proxy form can be sent to the share registry of the Company, Computershare Investor Services Pty Limited:

By Post: Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

By Facsimile: (within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

Enquiries

All enquiries in relation to the contents of the Notice or the Explanatory Statement should be directed to the Company Secretary, Mr Graham Henderson.

BY ORDER OF THE BOARD:



Graham Henderson
Company Secretary

Dated: 16th October 2015

EXPLANATORY STATEMENT

IMPORTANT INFORMATION

This Explanatory Statement has been prepared for the information of Shareholders of Freshtel Holdings Limited (ACN 111 460 121) (**the Company**) in connection with the Resolutions to be considered at the Annual General Meeting of Shareholders to be held at 3:00pm (AEDT) on 2nd December 2014 at the offices of Kemp Strang Lawyers, Level 17, 175 Pitt Street, Sydney. (**the Meeting**).

This Explanatory Statement has been prepared pursuant to the Corporations Act 2001 (Cth) (**the Corporations Act**) and the ASX Listing Rules in order to provide Shareholders with sufficient information to ensure that they are informed of all substantial matters relevant to the Resolutions proposed to be considered at the Meeting by the accompanying Notice of Annual General Meeting (**the Notice**).

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions.

If Shareholders are in any doubt as to how they should vote on the Resolutions proposed by the Notice and this Explanatory Statement, it is recommended that they seek advice from an accountant, solicitor or other professional advisor.

INTRODUCTION

The Meeting is being held so that the Directors can table the financial statements and reports of the Company for the financial year ended 30 June 2015 and so that Shareholders can vote on the election of Directors. This is known as the Ordinary Business of the Meeting.

At the Meeting, Shareholders will also be asked to consider additional Resolutions as set out in the accompanying Notice under the heading 'Special Business'. Details of these Resolutions and an explanation as to why the Company is putting them to Shareholders is set out in this Explanatory Statement.

Please refer to section 7 of this Explanatory Statement for a glossary of terms and abbreviations used in the Notice and this Explanatory Statement.

ORDINARY BUSINESS

1. Item 1: Financial Statements and Reports

1.1 Background to Item 1

The Corporations Act requires the financial statements, Directors' Report and Auditor's Report for the financial year ended 30 June 2015 to be tabled before the Meeting.

Accordingly, the Financial Report, Directors' Report, Remuneration Report and Auditor's Report for the Company for the year ended 30 June 2015 will be laid out before the Meeting.

1.2 The Corporations Act Requirements

The Corporations Act does not require a vote of Shareholders at the Meeting on such statements and reports.

However, the Meeting provides a forum for Shareholders to ask questions and make comments on the Company's reports and accounts as well as on the business and operations of the Company for the year ended 30 June 2015.

In addition, in accordance with section 250T of the Corporations Act, a representative of the Company's auditor for the year ended 30 June 2015, Hall Chadwick, will be in attendance to respond to any questions raised in relation to the auditor's or the Auditor's Report.

More specifically, Shareholders may ask HALL CHADWICK questions at the Meeting in relation to the following matters:

- the conduct of the audit for the year ended 30 June 2015;
- the independence of HALL CHADWICK in relation to the conduct of the audit; and
- the accounting policies adopted for the preparation of the financial statements.

Shareholders may submit written questions to HALL CHADWICK in relation to the above items. Any written questions to HALL CHADWICK must be submitted to the Company by no later than 5.00pm (AEDT) on 18th November (the fifth business day before the date of the Meeting).

2. Resolution 1: Remuneration Report

2.1 Shareholder Approval

Pursuant to section 250R(2) of the Corporations Act, the Board is seeking the approval of Shareholders to adopt the Remuneration Report of the Company for the year ended 30 June 2015.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, a reasonable opportunity will be provided at the Meeting for Shareholders to ask questions about, or make comments in relation to, the Remuneration Report.

Furthermore, given the requirements of Division 9 of Part 2G.2 of the Corporations Act, the Directors will take into account the discussion on this resolution and the outcome of this vote when considering future remuneration arrangements of the Company.

2.2 Requirements of the Corporations Act

The Remuneration Report sets out the Company's remuneration policy and reports the remuneration arrangements in place for the Executive and Non-Executive Directors of the Company and certain executives whose remuneration arrangements are required to be disclosed.

The Remuneration Report forms part of the Directors' Report which is contained in the Annual Report of the Company for the year ended 30 June 2015.

Section 250R(2) of the Corporations Act requires that at a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the vote.

However, pursuant to section 250R(3) of the Corporations Act, the vote on such a resolution is advisory only and does not bind the Directors or the Company.

Notwithstanding this, section 250SA of the Corporations Act requires that a reasonable opportunity be allowed for Shareholders at the Meeting to ask questions about, or make comments in relation to, the Remuneration Report.

Furthermore, under recent changes to the Corporations Act with the introduction of Division 9 of Part 2G.2 (which came into effect on 1 July 2012), if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Meeting, the Company will be required to put to Shareholders at the Company's 2015 Annual General Meeting a resolution (**Spill Resolution**) proposing the calling of another general meeting (**Spill Meeting**) to consider the appointment of Directors of the Company. However, the Spill Resolution will only be put to the vote at the Company's 2015 Annual General Meeting if at least 25% of votes are also against the adoption of the 2014 Remuneration Report at the 2014 Annual General Meeting.

If the Spill Resolution is put to the vote at the Company's 2015 Annual General Meeting, and more than 50% of Shareholders vote in favour of the Spill Resolution, the Company is required to convene the Spill Meeting within 90 days of the Company's 2015 Annual General Meeting. All of the Directors who were in office when the Company's 2014 Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

2.3 Professional Advice

If you have any doubt or do not understand this resolution it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

3. RESOLUTION 2: Re-election of Director- Mr Peter Buttery

3.1 Background to Resolution 2

Mr Peter Buttery was elected by Shareholders as a Director of the Company at the 2011 Annual General Meeting of the Company on 30 November 2011.

3.2 Shareholder Approval

In accordance with the requirements of clause 13.2 of the Constitution of the Company and the ASX Listing Rules, Mr Peter Buttery is retiring as a Director of the Company by rotation, and pursuant to clause 13.2 of the Constitution of the Company, seeks re-election as a Director.

3.3 Requirements of the Constitution of the Company

Clause 13.2 of the Constitution of the Company requires that one third of the Directors of the Company retire at each Annual General Meeting of the Company.

Pursuant to clause 13.2 of the Constitution, the Directors to retire at the Annual General Meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

Clause 13.2 of the Constitution of the Company provides that a retiring Director is eligible for re-election.

In relation thereto, the Company notes that Mr Peter Buttery, having been elected as a Director of the Company at the 2011 Annual General Meeting of the Company, will retire from office at the Meeting, and be eligible for re-election.

3.4 Board Recommendation

The Directors, excluding Mr Peter Buttery, unanimously recommend that Shareholders vote in favour of Resolution 2.

3.5 Professional Advice

If you have any doubt or do not understand this resolution it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

4.0 GLOSSARY

In this Explanatory Statement the following terms have the meaning set out below:

ACN	Australian Company Number.
AEDT	Australian Eastern Daylight Time.
ASIC	The Australian Securities and Investments Commission.
The ASX	ASX Limited (ACN 008 624 691) and the financial market of which it operates of 20 Bridge Street, Sydney, NSW 2000.
The ASX Listing Rules	The official listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
Closely Related Party of a member of the Key Management Personnel	Includes a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the Corporations Regulations 2001.
The Company	Freshtel Holdings Limited (ACN 111 460 121) of 2980 Frankston Flinders Road, Balnarring, VIC 3926.
The Corporations Act	The Corporations Act 2001 (Commonwealth) as amended or replaced from time to time.
The Corporations Regulations 2001 (Cth)	The Corporations Regulations 2001 (Commonwealth) as amended or replaced from time to time.
The Directors	The directors of the Company as at the date of the Notice and Explanatory Statement.
The Entitlement Time	7:00pm (AEDT) on 18 th November 2015.
The Explanatory Statement	The Explanatory Statement accompanying the Notice.
Key Management Personnel	Includes all persons having authority and responsibility for planning, directing and controlling the activities of the Company,

	directly or indirectly, including all Directors (whether executive or otherwise) of the Company.
The Notice	The notice convening the Annual General Meeting of Shareholders of the Company for the year ended 30 June 2015.
The Meeting	The Annual General Meeting of the Company to be held at 3:00pm (AEDT) on 20th November 2015 at the offices of Kemp Strang Lawyers, Level 17, 175 Pitt Street, Sydney.
The Resolutions	The resolutions set out in the Notice and Explanatory Statement.
Share(s)	A fully paid ordinary share in the capital of the Company.
Shareholder(s)	A person or company registered in the register of Shareholders of the Company as the holder of one or more Shares as at the Entitlement Time.
Spill Resolution	The resolution required by the Corporations Act to be put to Shareholders at the 2015 annual general meeting of the Company proposing the calling of the Spill Meeting to consider the appointment of Directors of the Company.
Spill Meeting	The general meeting of Shareholders required to be convened by the Company within 90 days of the Company's 2014 annual general meeting pursuant to the Corporations Act following the approval of the Spill Resolution by more than 50% of Shareholders.

Freshtel Holdings Limited

ABN 92 111 460 121

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 3:00pm (AEDT) on Wednesday, 18 November 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



Update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Freshtel Holdings Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Freshtel Holdings Limited to be held at the offices of Kemp Strang Lawyers, Level 17, 175 Pitt Street, Sydney NSW 2000 on Friday, 20 November 2015 at 3:00pm (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Resolutions

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Mr Peter Buttery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

_____ / / _____

Date

FRE

999999A

Computershare +