

Pershing

Pershing Securities Australia Pty Limited
ACN 136 184 962, AFSL 338264

19 November 2015

To the Company Announcements Office
ASX Limited

For immediate release to market

On market takeover bid by DDC for ordinary shares in the capital of FRE

In accordance with section 6.1.1 of the ASIC Market Integrity Rule (ASX Market) 2010, Pershing Securities Australia Pty Ltd ACN 136 184 962, AFSL 338264 (**Pershing**) announces that Pershing will, on behalf of Dominet Digital Corporation Pty Ltd ACN 088 657 561 (**DDC**), pursuant to section 635 of the *Corporations Act (Cth) 2001 (Corporations Act)*, offer to acquire on market at a price of 0.1 cents per share (**Offer Price**), all of the fully paid ordinary shares (**FRE Shares**) in the capital of Freshtel Holdings Limited ACN 111 460 121 (**FRE**) which are listed for quotation on the official list of the Australian Securities Exchange (**ASX**) that exist or will exist during the Offer Period (as defined below), which DDC does not already own (**Offer**).

From the date and time of this announcement and ending at close of trading on ASX on 15 January 2016, Pershing (on behalf of DDC) will accept at the Offer Price every FRE Share offered to Pershing on market, up to a maximum of 1,112,239,192 FRE Shares (being all the FRE Shares not already owned by DDC) together with any additional FRE Shares which are issued during the Offer Period.

Terms of the Offer

Given that the offer is an on-market bid, it is unconditional and the consideration will be paid by way of cash.

The key features of the Offer are:

- it is an on-market unconditional offer of 0.1 cents per FRE Share;
- Pershing will accept FRE Shares offered to it on market from today at the Offer Price until the conclusion of the Offer Period (defined below); and
- the Offer Period may be extended and the Offer Price may be increased or the Offer withdrawn in accordance with the Corporations Act.

Acquisition from Announcement

DDC has appointed DJ Carmichael Pty Limited (DJ Carmichael), to act in the capacity of Corporate Adviser to the takeover. DJ Carmichael have instructed Pershing as ASX Market Participant, to purchase all FRE Shares that exist or will exist from today until the conclusion of the Offer Period which are not already owned by DDC on its behalf on market during the official trading days (**Trading Days**) of ASX. Pershing has been instructed to purchase, at



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Pershing Securities Australia Pty Ltd
Member of ASX Comp Serv Co Pty Ltd, AFSL No 338264, ABN 19 0126 19 1162

the Offer Price, every FRE Share offered for sale during the Trading Days in the period from the date of this announcement until the end of the Offer Period.

Settlement and Brokerage

Payment for FRE Shares sold to DDC under the Offer will be made on a T+3 settlement basis in accordance with the usual ASX Settlement Operating Rules for ASX trading.

As the Offer will only be capable of acceptance by holders of FRE Shares (Shareholders) selling through Brokers which are participating organisations of ASX, all FRE Shares to be purchased by DDC will be purchased on-market only during Trading Days.

Any brokerage charged by Brokers acting for shareholders wishing to sell their FRE Shares will be the sole responsibility of those shareholders.

Offer Period

Pershing will stand in the market on behalf of DDC and accept FRE Shares offered to it at the Offer Price from the date of this announcement. However, the Offer will be made during the period commencing 3 December 2015 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 15 January 2016 (Offer Period) unless extended by DDC pursuant to the Corporations Act.

DDC reserves the right to withdraw unaccepted Offers in the circumstances permitted by, and in accordance with, Part 6.7 of the Corporations Act, at any time before the end of the Offer Period.

Bidder's Statement

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on FRE and lodged with each of the Australian Securities Exchange (ASX) and Australian Securities and Investments Commission today. A copy of the Bidder's Statement will also be sent to FRE shareholders prior to commencement of the Offer Period.

The FRE Shares

The FRE Shares which are subject of the Offer are all fully paid ordinary shares in the capital of FRE which DDC does not already have a relevant interest in at the date of the Bidder's Statement or such other shares which are issued during the Offer Period. Immediately before the making of this announcement:

- in so far as DDC is aware, there are 1,123,676,186 FRE Shares on issue, all of which are quoted on ASX; and
- DDC has a relevant interest in 11,436,994 FRE Shares, which represent approximately 1.02% of all FRE Shares on issue in the capital of FRE.

Deane Sweeney
Company Secretary
Pershing Securities Australia Pty Ltd

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

YOU SHOULD READ THIS DOCUMENT IN ITS ENTIRETY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISOR AS SOON AS POSSIBLE.

BIDDER'S STATEMENT

***ON MARKET
OFFER BY***

Dominet Digital Corporation Pty Ltd

ACN 086 657 561

TO ACQUIRE ALL YOUR ORDINARY SHARES IN

FRESHTEL HOLDINGS LIMITED

ACN 111 460 121

FOR 0.1 CENTS CASH FOR EACH FRE SHARE

TO ACCEPT THIS OFFER PLEASE INSTRUCT YOUR BROKER TO SELL YOUR SHAREHOLDING TO DOMINET DIGITAL CORPORATION PTY LTD ON-MARKET THROUGH THE ASX.

THE OFFER HAS NO CONDITIONS AND IS ABLE TO BE ACCEPTED BY SELLING ON ASX IMMEDIATELY, ALLOWING THREE TRADING DAYS FOR RECEIPT OF CASH.

Please call +613 8592 6306 if you require assistance with your acceptance.

<p>Bidder dominet</p>	<p>Corporate Adviser to the Offer DJ Carmichael</p>	<p>HWL EBSWORTH LAWYERS</p>
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THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to how to deal with this document, you should consult your Broker or your legal, financial or other professional advisor as soon as possible.

KEY DATES

Date of announcement of Offer	19 November 2015
Bidder's Statement lodged with FRE, ASIC and ASX	19 November 2015
FRE Shareholders able to sell FRE Shares to DDC	19 November 2015
Date of Offer	3 December 2015
Offer closes (unless extended or withdrawn) 4.00pm (AEDT)	15 January 2016

These dates may vary as permitted under the Corporations Act. Any changes to the above timetable will be notified on DDC's website at www.domlnet.com.au.

ACCEPTANCE

To accept the Offer, you should follow the instructions set out in Section 2 of this Bidder's Statement.

QUESTIONS

If you have any questions in relation to this document, the Offer or how to accept the Offer, please call the Offer Information Line on +613 8592 6306 from Monday to Friday between 10am and 4pm (AEDT). Please note that calls to these numbers may be recorded.

IMPORTANT INFORMATION AND NOTICES**(a) Bidder's Statement**

This Bidder's Statement is given by DDC to FRE under Part 6.5 of the Corporations Act and relates to the Offer. This Bidder's Statement is dated 19 November 2015.

The Offer relates to all FRE Shares that exist or will exist at any time during the Offer Period (but excluding all FRE Shares held by DDC).

(b) Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with ASIC on 19 November 2015. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

(c) Offers outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

(d) Important notice to US shareholders

The Offer is made for the shares of an Australian-registered company. It is important that US shareholders understand that the Offer is subject to disclosure requirements in Australia that are quite different from those in the US.

You should be aware that, subject to the Corporations Act, DDC may purchase FRE Shares otherwise than under the Offer, such as in the open market.

(e) Disclosure regarding forward-looking statements

This Bidder's Statement includes certain forward-looking statements and statements of current intention (which include those in Section 5 of this Bidder's Statement). As such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the industries in which DDC and FRE operate as well as matters such as general economic conditions, many of which are outside the control of DDC and its directors. These factors may cause the actual results, performance or achievements of DDC or FRE to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forecasts or forward-looking statements. The past performance of DDC and FRE is not a guarantee of future performance.

The forward-looking statements do not constitute a representation that any such matter will be achieved in the amounts or by the dates indicated and are presented as a guide to assist you in assessing the Offer. The forward-looking statements are based on information available to DDC at the date of this Bidder's Statement.

(f) ***Investment decisions***

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You should therefore seek your own financial and taxation advice before deciding whether or not to accept the Offer.

(g) ***Information on FRE***

All information in this Bidder's Statement relating to FRE has been prepared by DDC using information included in public documents filed by FRE or published by FRE on its website. None of the information in this Bidder's Statement relating to FRE has been commented on or verified by FRE or its directors or independently verified by DDC or its directors for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, DDC does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on FRE in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of FRE to provide a Target's Statement to FRE Shareholders in response to this Bidder's Statement, setting out certain material information concerning FRE.

(h) ***Privacy***

DDC will collect your information from the register of FRE Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of FRE Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to DDC's related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. The registered office of FRE is 2980 Frankston Flinders Road, Balnarring, Victoria 3926.

(i) ***Rounding***

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Bidder's Statement.

(j) ***Defined terms and Interpretation***

Unless otherwise noted, capitalised terms and certain abbreviations used in this Bidder's Statement are defined in the Glossary in Section 10. That Section also sets out certain rules of interpretation which apply to this Bidder's Statement.

CEO's letter

Dear FRE Shareholder,

I am pleased to enclose a Bidder's Statement in relation to an Offer from Dominet Digital Corporation Pty Ltd (DDC) to acquire all of the issued ordinary shares of Freshtel Holdings Limited (FRE) that it does not already own.

DDC is offering 0.1 cents cash for each of your FRE Shares. The Offer is unconditional and will remain open until 4pm, 15 January 2016, unless extended or withdrawn.

DDC has appointed DJ Carmichael Pty Limited (DJ Carmichael) to act in the capacity of Corporate Adviser to the takeover. The purchase offer will be formally made by Pershing Securities Australia Pty Ltd (Pershing), an ASX market participant engaged by DJ Carmichael to purchase, at the Offer Price of 0.1 cents per share, all FRE Shares offered for sale to it on the ASX during the Offer Period.

The Offer provides you certain and immediate value and the opportunity to receive cash within three trading days from the date you instruct your Broker to sell your FRE Shares.

Key reasons for accepting the Offer include:

- (a) the Offer provides liquidity in the market for FRE Shares at the most recent (but occasional) trading prices of FRE Shares;
- (b) the Offer value will be paid to you in cash, providing you with a certain and immediate value for your FRE Shares;
- (c) as the Offer is unconditional - you can sell your FRE Shares to DDC immediately and receive cash 3 Trading Days (T+3) after your acceptance; and
- (d) the Offer removes any risks and uncertainties that could otherwise affect the future value, and the potential realisation of the value, of your FRE Shares.

If you wish to accept this Offer you can do so by instructing your Broker to sell your shareholding in FRE to DDC on-market through the ASX. I encourage you to read this Bidder's Statement for more details about the Offer. The Offer is open for acceptance until 4:00pm (AEDT) on 15 January 2016, unless extended or withdrawn.

If you have any questions in relation to the Offer please contact your legal, financial or other professional advisor. Alternatively, you may contact the Offer Information Line on +613 8592 6306 from Monday to Friday between 10am and 4pm (AEDT).

Yours sincerely

Holger Arlans
Chief Executive Officer

Reasons why you Should Accept the Offer

There are some important reasons why you should accept DDC's Offer. These include:

1. ***The Offer is unconditional and you can sell your FRE Shares immediately and receive a cash payment three trading days after your acceptance***

There are no conditions attached to the Offer and you can sell your FRE shares at 0.1 cents cash per FRE Share on market now. Accordingly you can ACCEPT the Offer knowing that you will be paid in cash three trading days after your acceptance (T+3 Basis).

Section 2 of this Bidder's Statement provides instructions on how you can ACCEPT the Offer.

2. ***DDC is offering cash for your FRE Shares which provides you with certainty compared with retaining your FRE Shares***

DDC's Offer is to acquire your FRE Shares for 100% cash consideration.

The certainty provided by receiving cash at the current market price under the Offer should be compared with the risks and uncertainties associated with remaining an FRE Shareholder, including the uncertainty of FRE's ability to grow in value and the uncertainty about you being able to sell your shares at all in an otherwise illiquid market.

Frequently asked questions

What is the Offer?

DDC is making an Offer to acquire all your FRE Shares. The Offer consideration is 0.1 cents cash for each FRE Share.

When can I sell my FRE Shares to DDC?

You can sell your FRE Shares on-market to DDC immediately and receive cash proceeds within three trading days. Pershing will stand in the market on behalf of DDC and receive FRE Shares offered to it at the Offer Price from the Announcement Date until 15 January 2016, the date the Offer is scheduled to close (unless extended or withdrawn in accordance with the Corporations Act). To accept the Offer, you should follow the instructions set out in Section 2 of this Bidder's Statement.

What is this Bidder's Statement?

This Bidder's Statement was prepared by DDC for distribution to FRE Shareholders. This Bidder's Statement describes the terms of the Offer for your FRE Shares and information relevant to your decision whether or not to accept the Offer. This Bidder's Statement is an important document. Should you have any doubt as to how to deal with this document, you should consult your financial, legal or other professional advisor.

Who is DDC?

Dominet Digital Corporation Pty Ltd ACN 086 657 561 is an investment and consulting company with a focus on digital innovation and investments. The director of DDC is Domenic Carosa.

How do I accept the Offer?

The Offer can only be accepted by selling all or some of your FRE Shares on market to DDC's Broker before the end of the Offer Period. You are not required to complete a form to accept the Offer. If your FRE Shares are in a CHESS Holding, you will need to instruct your Broker to accept the Offer for you. If your FRE Shares are registered in an Issuer Sponsored Holding, you may instruct a Broker of your choice to sell your FRE Shares and accept the Offer on your behalf. Further information on how to accept the Offer is set out in Section 2 of this Bidder's Statement.

Are there any conditions of the Offer?

No. The Offer is an unconditional cash offer.

When does the Offer close?

The Offer is currently scheduled to close at 4.00pm (AEDT) on 15 January 2016 (unless extended or withdrawn in accordance with the Corporations Act).

Will I need to pay brokerage if I accept the Offer?

You are responsible for paying your Broker's fees.

If I accept the Offer, when will I be paid?

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of DDC's purchase of FRE Shares on-market. This means that you will be paid on a T+3 Basis.

What are the tax implications of accepting the Offer?

A general description of the taxation treatment for FRE Shareholders accepting the Offer is set out in Section 8. You should not rely on that description as advice for your own affairs. You should consult your taxation advisor for detailed taxation advice before making a decision as to whether or not to accept the Offer for your FRE Shares.

1. **Overview of the Offer**

1.1 **Summary of Offer terms – on market takeover bid**

DDC offers under an on market takeover bid to purchase all FRE Shares that exist or will exist at any time during the Offer Period (but excluding all FRE Shares held by DDC or its Associates) for 0.1 cents cash per share.

A copy of the takeover announcement made to ASX on 19 November 2015 by Pershing is set out in Appendix 1 of this Bidder's Statement.

1.2 **Offer**

DDC hereby offers to acquire all FRE Shares together with rights attaching to them for consideration of 0.1 cents cash per share, on the terms and conditions set out in this Offer.

1.3 **How the Offers will be made**

The Offers will be made on behalf of DDC by Pershing through the ASX during the Offer Period.

1.4 **Persons to whom the Offer is made**

The Offer is made to all holders of ordinary shares of FRE to which DDC (or its Associates) are not already entitled.

1.5 **Offer Period**

The Offer Period will officially commence at the start of trading on ASX on 3 December 2015 and finish immediately at the close of trading on the ASX on 15 January 2016, unless extended or withdrawn. However, from about the time trading in FRE Shares commenced on 19 November 2015, Pershing has stood in the market and offered to acquire on behalf of DDC all FRE Shares offered to it at the Offer Price, and will continue to do so prior to the Offer Period, unless the Offer is withdrawn.

1.6 **Acquisitions prior to Offer Period**

From about the time trading in FRE Shares commenced on 19 November 2015, Pershing has stood in the market and offered to acquire on behalf of DDC all FRE Shares offered to it at the Offer Price, prior to the Offer Period, unless the Offer is withdrawn.

1.7 **Extension of Offer Period**

DDC may, at its discretion, extend the Offer Period (subject to the Corporations Act).

1.8 **Payment date**

The usual rules for settlement of transactions which occur on market on the ASX will apply in respect of DDC's purchase of FRE Shares pursuant to the Offer. This means that if you accept the Offer, you will be paid on a T+3 Basis.

1.9 **No conditions**

The Offer is not subject to any conditions.

1.10 **Brokerage and other costs**

As the Offer by DDC is pursuant to an on-market takeover bid, Offers will be made during normal trading on ASX. FRE Shareholders may only accept the Offer through Brokers who are members of ASX. Any brokerage fees charged by such Brokers will be the sole responsibility of accepting FRE Shareholders.

No stamp duty or goods and services tax (GST) will be payable by you on the transfer of FRE Shares pursuant to the Offer (other than GST payable to your Broker in respect of brokerage fees charged to you).

1.11 *Withdrawal of Offer*

DDC may withdraw the Offer in respect of any unaccepted Offers at any time:

- with the written consent of ASIC and subject to the conditions (if any) specified in such consent; or
- where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence, DDC's voting power in FRE is at or below 50%; or
- upon the occurrence of an Insolvency Event in relation to FRE (regardless of DDC's voting power in FRE).

Notice of withdrawal of the Offer must be given by DDC to the ASX.

1.12 *Variation of Offer*

DDC may vary the Offer by increasing the Offer Price in accordance with the Corporations Act. If an FRE Shareholder has sold their FRE Shares prior to any such variation, that FRE Shareholder will not receive any benefit from the variation.

1.13 *Jurisdiction*

The Offer and any contract that results from an FRE Shareholder's acceptance of the Offer are governed by the laws of Victoria.

2. How to accept the Offer

2.1 ***How to sell your FRE Shares to DDC***

FRE Shareholders may sell their FRE Shares to DDC on market by offering to sell some or all of their FRE Shares on ASX at the Offer Price on and from the start of trading on ASX on 19 November 2015 until the end of the Offer Period.

Pershing will stand in the market to acquire on behalf of DDC all FRE Shares offered at the Offer Price during normal trading on ASX on and from 19 November 2015 as follows:

- ***For Issuer Sponsored Holdings of FRE Shares (Securityholder Reference Number beginning with "I"):***
To sell your FRE Shares to DDC you may instruct any Broker to initiate acceptance;
- ***For CHESSE Holdings of FRE Shares (Holder Identification Number beginning with "X"):***
To sell your FRE Shares to DDC you must instruct your Controlling Participant to initiate acceptance; and
- ***For Brokers and Participants:***
To sell FRE Shares to DDC you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules.

You are not required to complete a form to accept the Offer.

3. Information on DDC

3.1 **Overview of DDC**

DDC is an investment and consulting company with a focus on digital innovation and investments.

DDC was incorporated on 11 March 1999.

DDC's registered office is located in Richmond, Victoria.

Further information on DDC may be obtained from DDC's website: www.dominet.com.au.

3.2 **Director**

As at the date of this Bidder's Statement the Director of DDC is Domenic Carosa. Information about Mr Carosa may be obtained from DDC's website.

3.3 **DDC's Relevant Interest and Voting Power in FRE**

As at the date of this Bidder's Statement, DDC has a relevant interest in 11,436,994 FRE Shares. DDC's voting power in FRE is 1.02% because of its relevant interest in FRE Shares.

3.4 **Directors' Interests in FRE**

Domenic Carosa has the same interest in FRE Shares as does DDC.

3.5 **DDC's intentions before commencement of the Offer Period**

DDC intends to purchase FRE Shares on ASX from the time the Offer is announced up to the commencement of the Offer Period. Any such FRE Shares will be purchased at the Offer Price.

4. Information on FRE

4.1 *Profile of FRE*

FRE is an ASX listed company that operates a sub-contracted VOIP business and has stated that it has been searching for an appropriate investment opportunity.

4.2 *Publicly available information*

The information in this Section has been prepared based on a review of publicly available information concerning FRE. It has not been verified and DDC does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information concerning FRE may be included in its target's statement in relation to the Offer.

Being a company listed on the ASX, FRE is subject to the periodic and continuous disclosure requirements. Accordingly, more information concerning FRE, including FRE's 2015 full year statutory accounts, may be accessed via the ASX website (www.asx.com.au) or FRE's website (www.freshtelholdings.com.au).

5. DDC's Intentions

5.1 **Overview**

This Section 5 sets out DDC's intentions, on the basis of the facts and information concerning FRE known to DDC, in relation to the following:

- the continuation of the businesses of FRE;
- any major changes to businesses of FRE and any redeployment of the fixed assets of FRE; and
- the future employment of the present employees of FRE.

DDC and its advisors have reviewed information that is publicly available concerning FRE and its businesses and assets. However, DDC has not undertaken any formal due diligence in relation to FRE's businesses in connection with the Offer and consequently does not believe that it is aware of all material information, facts and circumstances that may be necessary to enable it to assess all of the operational, commercial, taxation and financial implications of its current intentions.

At the conclusion of the Offer Period (or at such earlier time as DDC acquires a controlling interest in FRE) DDC will, to the extent to which it is able, conduct a review of FRE and its operations, assets, liabilities and employees following which it will review its intentions as set out in this Section 5. Final decisions will only be reached after that review has been concluded and the results evaluated and in the light of all material information, facts and circumstances that exist at that time.

Consequently, the statements set out in this Section 5 are statements of DDC's current intention only, which may change as new information becomes available or circumstances change. The statements in this Section 5 should be read in this context.

5.2 **Intentions upon acquiring more than 50% of FRE shares**

DDC's intentions if it acquires a relevant interest in more than 50% of FRE Shares are set out below.

ASX Listing

DDC will review the obligations and requirements for FRE remaining listed on ASX having regard to the Listing Rules and may seek to raise capital and to conduct further business activities in order to satisfy Chapter 12 of the Listing Rules based on the outcome of this review. DDC considers that FRE may be a suitable listed entity to acquire a complementary technology business in the future (but DDC has no particular target business in contemplation at this time).

Directors

DDC intends, subject to the Corporations Act and FRE's Constitution, to seek to re-constitute the Board of Directors of FRE to reflect DDC's majority ownership of FRE whilst at the same time including directors on the Board that are independent from DDC, which may include one or more of the current directors of FRE. No decision has been made as to the constitution of the Board or who DDC's nominees would be; their identity would depend on the relevant circumstances at the time.

FRE's businesses, assets and employees

DDC intends to procure that the FRE Board implements the intentions of DDC which are to conduct a review of the operations, assets, structure and employees of FRE, in light of information to which new directors will gain access, to identify:

- (a) business opportunities and areas of revenue generation which may provide overall strategic operational benefit;
- (b) areas of cost saving which may provide overall strategic and operational benefit;

and

- (c) any business or businesses which do not fit into the strategic plan for FRE and then evaluate the best and most appropriate way of organising such business or businesses.

Final decisions will only be reached after that review and in light of all material facts and circumstances.

While DDC does not currently have any specific intentions in relation to this review or its outcomes, its current expectation is that the review will focus on identifying the most effective means of utilising FRE's assets and maximising the investment DDC has made in FRE.

The status of FRE's existing employees, if any, will be considered as part of the review outlined above, but it is anticipated that as a consequence of that review the services of the employees and that of contracted service providers whose roles overlap with existing DDC employees or service providers will be terminated.

Dividends

DDC intends to maintain FRE's current policy of not declaring dividends before the establishment of a stable profit stream which can support both FRE's future operating and capital expenditure requirements and dividend distributions.

Capital raisings & funding

FRE's existing business plan and the current intentions of DDC in relation to FRE are likely to involve expenditure requirements. While no decision has been made in this regard, it may be necessary to undertake a substantial equity offering. DDC has not finalised its intentions in this regard and accordingly the form and timing of any future capital raisings or debt raisings have not been determined at this time.

Further acquisitions of FRE Shares

DDC may acquire additional FRE Shares under the "creep" provisions of the Corporations Act. In summary, those provisions would permit DDC and its Associates to acquire up to 3% of FRE Shares every 6 months after completion of the Offer. DDC has not yet decided whether it will acquire further FRE Shares under the "creep" provisions in the future, as that will be dependent upon (among other things) the extent of Voting Power of DDC and its Associates in FRE and market conditions at the time. DDC may also acquire additional FRE Shares as permitted by the Corporations Act as part of any future capital raising by FRE.

Information protocols

DDC will seek access to all books and records of FRE to assist it to implement its intentions as set out above. Whether such access is given would be a decision for the independent directors of FRE at the time, after complying with their statutory and fiduciary duties. If access is given, those books and records may contain confidential information concerning FRE. DDC contemplates that such access would be given under an appropriate confidentiality agreement.

No compulsory acquisition

If DDC acquires more than 90% of FRE shares it will not seek to compulsorily acquire the balance.

5.3 Intentions if DDC acquires less than 50% of FRE Shares

If DDC acquires less than 50% of FRE Shares, it will seek to obtain representation on the Board of Directors of FRE. Through this, DDC hopes to gain a more detailed understanding of the corporate structure, assets, businesses, personnel, financing, capital structure and operations of FRE, and it would seek to promote its intentions set out in section 5.2.

DDC may in the future acquire further FRE Shares in accordance with the requirements of the Corporations Act.

5.4 *Limitations on intentions*

If at the conclusion of the Offer FRE is a controlled entity but is not a wholly owned subsidiary of DDC there will be minority FRE Shareholders. In this event DDC expects that there will be directors on the Board that are Independent from DDC, which may include one or more of the current directors of FRE. Any directors appointed to the Board by DDC will act at all times in accordance with their statutory and fiduciary duties. DDC intends that all requisite shareholder approvals and other requirements of law, including the Corporations Act and ASX Listing Rules, are complied with in pursuing any of the intentions referred to above.

As a result of these requirements the approval of minority FRE Shareholders may be required for the implementation of some or all of the intentions outlined above. The requirement for FRE directors to have regard to their fiduciary duties in the context of a partly owned subsidiary and the possible requirement to seek approval of FRE minority shareholders may prevent a particular intention from being achieved.

5.5 *Intentions generally*

Except as otherwise disclosed above, DDC intends on the basis of the facts and information concerning FRE which are known to it:

- to continue the businesses of FRE;
- not to make any major changes to the businesses of FRE or to redeploy FRE's fixed assets; and
- to continue the employment of FRE's present employees.

6. Information on FRE securities

6.1 **Issued securities**

According to publicly available information, FRE has 1,123,676,186 fully paid ordinary shares on issue at the date of this Bidder's Statement.

6.2 **Relevant interest in FRE securities and voting power**

As at the date of this Bidder's Statement, DDC has a relevant interest in 11,436,994 FRE Shares. DDC's voting power in FRE is 1.02% because of its relevant interest in FRE Shares.

6.3 **Consideration provided for FRE securities during previous four months**

Except for the acquisitions of FRE Shares set out below, DDC and its Associates have not acquired FRE securities during the period of four months ending on the day immediately before the date of the Offer.

Date of Purchase	Securities	Consideration
15 September 2015	1,000,000 ordinary shares	0.1 cents per FRE share
17 September 2015	34,876 ordinary shares	0.1 cents per FRE share
10 November 2015	3,365,124 ordinary shares	0.1 cents per FRE share
11 November 2015	858,206 ordinary shares	0.1 cents per FRE share

6.4 **FRE Share price history**

The last sale price of FRE Shares on ASX before the date of this statement was on 12 November 2015 at 0.2 cents per share.

The highest closing price during the three months immediately before 19 November 2015 was 0.2 cents. The lowest closing price during the three months immediately before 19 November 2015 was 0.1 cents.

6.5 **Inducing benefits given during previous four months**

Neither DDC nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of FRE Shares,

which benefit was not offered to all FRE Shareholders under the Offer.

7. **Funding**

7.1 ***Maximum cash consideration***

The consideration for the acquisition of FRE Shares to which the Offer relates will be satisfied wholly in cash.

If the Offer is accepted in respect of all FRE Shares on issue as at the Announcement Date (other than those FRE Shares already owned by DDC), the maximum consideration payable by DDC for those shares will be approximately \$1,112,240.

7.2 ***DDC's funding arrangements***

DDC has existing cash or cash-equivalent reserves and marketable securities exceeding \$1,112,240 at call and DDC intends to fund the Offer solely through these existing resources.

The funds available to the Company are sufficient to fund the maximum amount of consideration payable under the Offer and all associated transaction costs.

8. Taxation Implications

8.1 ***No tax advice given***

Acceptance of the Offer may have taxation implications. You should seek professional advice regarding the taxation implications of accepting the Offer.

DDC and its advisors do not accept any liability or responsibility for any taxation implications arising from the acceptance of the Offer by Australian resident and non-resident Shareholders or for the summary below. Shareholders should obtain independent Australian advice on the taxation consequences of the Offer before accepting.

8.2 ***Australian taxation issues***

It is not possible to cover all Shareholder situations in the Australian taxation summary that follows (which, except where otherwise expressly stated, applies only to Australian tax-resident taxpayers) and the taxation implications of the decision by a Shareholder whether or not to accept the Offer will depend on the particular circumstances of each Shareholder.

The Australian taxation summary that follows is based on the law, and interpretation thereof, in force as at the date of this Bidder's Statement - 19 November 2015.

Australian resident shareholders

FRE Shares held on revenue account

For Shareholders who are tax resident in Australia and who dispose of FRE Shares held on revenue account, any gain or loss from the disposal will be assessed as ordinary income or claimed as a revenue deduction. CGT roll-over relief will have no application to the Shareholders. The CGT discount will also not be available.

FRE Shares held on capital account

Shareholders may realise a capital gain or capital loss in respect of the disposal of their FRE Shares where the shares are held on capital account. The acceptance of this Offer would constitute the disposal of FRE Shares by the Shareholder, which in turn would constitute a CGT event for Australian taxation purposes. CGT roll-over relief will not be available to the Shareholders. For Shareholders who are tax resident in Australia, a capital gain should arise on disposal of their FRE Shares to the extent that the capital proceeds from the disposal (being the consideration received under the Offer) exceed the cost base of the shares. The taxation treatment of the gain will depend on the date of acquisition of the FRE Shares, the Shareholder's cost base and the nature and tax attributes of the Shareholder.

For FRE Shares disposed of within 12 months of acquisition, the full amount of the capital gain realised would be assessable. If a Shareholder (being an individual, trust or superannuation fund) has held their FRE Shares for at least 12 months, the Shareholder may apply the CGT discount. The CGT discount is used to reduce the assessable capital gain by one half (i.e. 50%) for individuals and trusts, and by one third (i.e. 33 1/3%) for superannuation funds. Companies are not entitled to the CGT discount.

Shareholders who are tax resident in Australia may realise a capital loss on disposal of their FRE Shares to the extent the amount of the capital proceeds received is less than the cost base of the shares. The Shareholder may utilise the capital loss against any available capital gains of the current year in working out their net capital gains for the income year for inclusion in their assessable income. Any excess capital loss may be carried forward to be offset against any capital gains made by the Shareholder in a future year.

Non-resident shareholders

FRE Shares held on revenue account

If a Shareholder who is not resident in Australia enters into a profit making transaction in Australia with respect to their FRE Shares, the profit on disposal of the FRE Shares may be included in its assessable income as ordinary income. The Australian taxation implications will depend on the source of the gain and whether there is a double tax agreement between the non-resident Shareholder's country of residence and Australia.

FRE Shares held on capital account

Shareholders who are not resident in Australia will generally not be subject to Australian CGT on acceptance of the Offer unless they, together with their Associates, directly own at least 10% or more of the FRE Shares and more than 50% of the value of FRE's assets are attributable to Australian real property.

8.3 Foreign taxation issues

The foreign taxation implications of non-resident Shareholders disposing of FRE Shares will be a function of the taxation laws (foreign and Australian) as they apply to the Shareholders. It is not possible to address these situations as they will be specifically dependent on the taxation laws of the applicable jurisdictions, any relevant double-tax agreements and the particular circumstances of the Shareholder.

8.4 Transfer taxes

Generally, no stamp duty (share transfer duty) is payable for transfers of shares in listed companies.

The disposal of FRE Shares pursuant to the Offer would not be subject to GST. To the extent that you are charged GST in relation to your Broker or Controlling Participant for carrying out your instructions to institute acceptance of the Offer or for any other costs incurred in accepting the Offer, you may not be able to claim any or full input tax credits for GST incurred on the costs as the disposal of shares is input taxed. This will depend on the individual circumstances of each Shareholder.

9. Additional Information

9.1 **Regulatory and other approvals**

There are no regulatory approvals that DDC is required to obtain before acquiring FRE Shares under the Offer.

9.2 **Approvals for payment of consideration**

DDC is not aware of any FRE Shareholder who requires any approval or clearance, in accordance with the statutory requirements below, in order to be entitled to receive any consideration under the Offer.

(a) **Banking (Foreign Exchange) Regulations 1959 (Cth)**

The Banking (Foreign Exchange) Regulations 1959 (Cth) may impose restrictions on certain financial transactions and require the consent of the Reserve Bank of Australia for the movement of funds into and out of Australia. Based on DDC's searches, restrictions currently apply if funds are to be paid to, or received from:

- (i) specified individuals and entities associated with the former government of the Federal Republic of Yugoslavia;
- (ii) specified ministers and senior officials of the Government of Zimbabwe;
- (iii) certain specified entities associated with the Democratic People's Republic of Korea (North Korea);
- (iv) specified individuals and entities associated with the Libyan regime;
- (v) specified individuals and entities associated with the Syrian regime;
- (vi) specified individuals associated with the Burmese regime; and
- (vii) several entities and individuals who contribute to Iran's proliferation activities not already listed by the UN Security Council.

(b) **Other Commonwealth legislation**

The Charter of the United Nations Act 2002 (Cth) prohibits:

- (i) assets from being provided to proscribed persons or entities; and
- (ii) the use or dealing, and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities,

in each case without the written consent of the Minister of Foreign Affairs.

Persons and entities from various countries have been proscribed under various Regulations made pursuant to the Charter of the United Nations Act 2002 (Cth) including in relation to Al- Qaida and the Taliban, Côte d'Ivoire, Democratic People's Republic of Korea (North Korea), Democratic Republic of Congo, Eritrea, Iran, Liberia, Libya, Somalia and Sudan.

9.3 **No escalation agreements**

Neither DDC nor any Associate of DDC has entered into any escalation agreement in respect of FRE Shares that is prohibited by section 622 of the Corporations Act.

9.4 **Consents**

Each of DJ Carmichael, Pershing and HWL Ebsworth has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn their consent to the inclusion of:

- (a) references to their name; and

(b) additionally, in the case of Pershing, the statement it has made as set out in Appendix 1,

in this Bidder's Statement in the form and context in which those references and statements appear.

Each person who is named in this Bidder's Statement as acting in a professional capacity for DDC in relation to the Offer (including, without limitation, DJ Carmichael, Pershing and HWL Ebsworth):

- (a) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based, other than a statement included in this Bidder's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than any statement which has been included in this Bidder's Statement with the consent of that party.

9.5 *No other material information*

There is no other information that:

- is material to the making of the decision by a holder of FRE Shares whether or not to accept the Offer; and
- which is known to DDC,

other than:

- as set out or referred to elsewhere in this Bidder's Statement; or
- information which it would be unreasonable to require DDC to disclose because the information has previously been disclosed to holders of FRE Shares.

10. Glossary and Interpretation

10.1 Glossary

The following terms have the meanings set out below unless the context requires otherwise:

AEDT means Australian Eastern Daylight Time.

Announcement Date means 19 November 2015, being the date of the Broker Announcement.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 12 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange it operates.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

Bidder's Statement means this document, being the bidder's statement of DDC under Part 6.5 of the Corporations Act relating to the Offer.

Broker Announcement means the announcement in relation to the Offer made by Pershing on 19 November 2015, a copy of which is set out in Appendix 1.

Broker means a person who is a share broker and a participant in CHESS.

Business Day means a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).

CGT means Australian capital gains tax.

CHESS Holding means a holding of Shares on the CHESS sub register of FRE.

CHESS means the Clearing House Electronic Sub-Register System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia.

Controlling Participant in relation to FRE Shares has the same meaning as in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001 (Cth)* and any regulations made under that Act.

DDC Group means DDC and all its subsidiaries.

DDC means Dominet Digital Corporation Pty Ltd ACN 086 657 561.

DDC's Broker means Pershing.

DDC's Corporate Adviser means DJ Carmichael.

DJ Carmichael means DJ Carmichael Pty Limited ACN 003 058 857, AFSL 232571.

FRE means Freshtel Holdings Limited ACN 111 460 121.

FRE Share means a fully paid, ordinary share in FRE.

FRE Shareholder or **Shareholder** means a person who is registered as the holder of FRE Shares in the Register.

GST means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

Holder Identification Number or **HIN** means the number used to identify an FRE Shareholder on the CHESS sub-register of FRE.

Insolvency Event means any of the events set out in section 652C(2) of the Corporations Act.

Issuer Sponsored Holding means a holding of FRE Shares on FRE's issuer sponsored sub-register.

Listing Rules means the listing rules of ASX as amended or varied from time to time.

Offer or **DDC Offer** means the offer to acquire FRE Shares under the terms and conditions contained in this Bidder's Statement, as varied in accordance with the Corporations Act.

Offer Period means the period commencing on 3 December 2015 and ending on 15 January 2016, or such later date to which the Offer has been extended.

Offer Price means 0.1 cents per FRE Share.

Participant has the meaning given in the ASX Settlement Operating Rules.

Pershing means Pershing Securities Australia Pty Ltd ACN 136 184 962, AFSL 338264.

Prescribed Occurrence means any of the events set out in section 652C(1) of the Corporations Act.

Register means the register of FRE Shareholders maintained by FRE in accordance with the Corporations Act.

Securityholder Reference Number or **SRN** means the number allocated by FRE to identify an FRE Shareholder on its issuer sponsored sub-register.

T+3 Basis means that settlement occurs on the third Trading Day after the date of the transaction in accordance with ASX practice.

Trading Day has the meaning given to it in the Listing Rules.

Voting Power has the meaning given to it in section 610 of the Corporations Act.

10.2 **Interpretation**

- (a) Annexures to this Bidder's Statement form part of this Bidder's Statement.
- (b) Words and phrases to which a meaning is given by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules have that meaning in this Bidder's Statement unless that meaning is inconsistent with the context in which the word or phrase is used.
- (c) Headings are for convenience only and do not affect the interpretation of this Bidder's Statement.
- (d) The singular includes the plural and vice versa and words importing any gender includes the other gender, and references to persons include corporations.
- (e) References to Sections are to sections of this Bidder's Statement. References to paragraphs are references to paragraphs within the Section in which the reference to the paragraph is made.
- (f) References to "dollars", "\$" or "cents" are to Australian currency, unless stated otherwise.

11. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution of the directors of DDC dated 19 November 2015.

Signed for and on behalf of DDC by:



Domenic Carosa
Executive Chairman

Appendix 1 – Broker Announcement

Pershing Securities Australia Pty Limited
ACN 136 184 962, AFSL 338264

19 November 2015

To the Company Announcements Office ASX Limited

For immediate release to market

On market takeover bid by DDC for ordinary shares in the capital of FRE

In accordance with section 6.1.1 of the ASIC Market Integrity Rule (ASX Market) 2010, Pershing Securities Australia Pty Ltd ACN 136 184 962, AFSL 338264 (**Pershing**) announces that Pershing will, on behalf of Dominet Digital Corporation Pty Ltd ACN 086 657 561 (**DDC**), pursuant to section 635 of the *Corporations Act (Cth) 2001 (Corporations Act)*, offer to acquire on market at a price of 0.1 cents per share (**Offer Price**), all of the fully paid ordinary shares (**FRE Shares**) in the capital of Freshtel Holdings Limited ACN 111 460 121 (**FRE**) which are listed for quotation on the official list of the Australian Securities Exchange (**ASX**) that exist or will exist during the Offer Period (as defined below), which DDC does not already own (**Offer**).

From the date and time of this announcement and ending at close of trading on ASX on 15 January 2016, Pershing (on behalf of DDC) will accept at the Offer Price every FRE Share offered to Pershing on market, up to a maximum of 1,112,239,192 FRE Shares (being all the FRE Shares not already owned by DDC) together with any additional FRE Shares which are issued during the Offer Period.

Terms of the Offer

Given that the offer is an on-market bid, it is unconditional and the consideration will be paid by way of cash.

The key features of the Offer are:

- It is an on-market unconditional offer of 0.1 cents per FRE Share;
- Pershing will accept FRE Shares offered to it on market from today at the Offer Price until the conclusion of the Offer Period (defined below); and
- the Offer Period may be extended and the Offer Price may be increased or the Offer withdrawn in accordance with the Corporations Act.

Acquisition from Announcement

DDC has appointed DJ Carmichael Pty Limited (DJ Carmichael), to act in the capacity of Corporate Adviser to the takeover. DJ Carmichael have instructed Pershing as ASX Market Participant, to purchase all FRE Shares that exist or will exist from today until the conclusion of the Offer Period which are not already owned by DDC on its behalf on market during the official trading days (**Trading Days**) of ASX. Pershing has been instructed to purchase, at the Offer Price, every FRE Share offered for sale during the Trading Days in the period from the date of this announcement until the end of the Offer Period.

Settlement and Brokerage

Payment for FRE Shares sold to DDC under the Offer will be made on a T+3 settlement basis in accordance with the usual ASX Settlement Operating Rules for ASX trading.

As the Offer will only be capable of acceptance by holders of FRE Shares (**Shareholders**) selling through Brokers which are participating organisations of ASX, all FRE Shares to be purchased by DDC will be purchased on-market only during Trading Days.

Any brokerage charged by Brokers acting for shareholders wishing to sell their FRE Shares will be

the sole responsibility of those shareholders.

Offer Period

Pershing will stand in the market on behalf of DDC and accept FRE Shares offered to it at the Offer Price from the date of this announcement. However, the Offer will be made during the period commencing 3 December 2015 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 15 January 2016 (**Offer Period**) unless extended by DDC pursuant to the Corporations Act.

DDC reserves the right to withdraw unaccepted Offers in the circumstances permitted by, and in accordance with, Part 6.7 of the Corporations Act, at any time before the end of the Offer Period.

Bidder's Statement

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on FRE and lodged with each of the Australian Securities Exchange (**ASX**) and Australian Securities and Investments Commission today. A copy of the Bidder's Statement will also be sent to FRE shareholders prior to commencement of the Offer Period.

The FRE Shares

The FRE Shares which are subject of the Offer are all fully paid ordinary shares in the capital of FRE which DDC does not already have a relevant interest in at the date of the Bidder's Statement or such other shares which are issued during the Offer Period. Immediately before the making of this announcement:

- in so far as DDC is aware, there are 1,123,676,186 FRE Shares on issue, all of which are quoted on ASX; and
- DDC has a relevant interest in 11,436,994 FRE Shares, which represent approximately 1.02% of all FRE Shares on issue in the capital of FRE.

Signed on behalf of Pershing Securities
Australia Pty Ltd

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