

Shareholder Update

As stated at in the Chairman's address to the 2016 AGM, the Board's sole focus has and continues to be the identification of a future business to provide both existing and new shareholders with an attractive growth orientated business. In the past few months the board has had many discussions with the ASX regarding the new regulations which were due to be implemented in September (now December) and how it would relate to FRE in future. Specifically in order to fund working capital including the funds required for the identification and acquisition of any such business, the Company identified it will need to raise further funds. The Company will update the market shortly in relation to this proposed fundraising.

Freshtel Holdings Limited (FRE) has been notified by the ASX that it will be afforded a period of approximately 6 months, namely until 11 February 2017, to demonstrate to the ASX's satisfaction compliance with Listing Rule 12.1. If FRE is unable to demonstrate compliance with Listing Rule 12.1 on or before this deadline, ASX may suspend FRE's securities from official quotation. Listing Rule 12.1 requires an entity's operations to, in the ASX's opinion, be sufficient to warrant continued quotation. That is the focus of the board today.

Peter Buttery
Chairman