

Our Ref. ALS-576218

Fax Cover Sheet

To: Company Announcements Office

Company: ASX

Subject: Withdrawal of takeover bid for FRE

Date: 2 September 2016

Fax: 1300 135 638

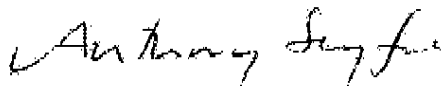
No. of Pages: 2 (including this page)

Dear Sir/Madam

Withdrawal of takeover bid for Freshtel Holdings Limited (ASX: FRE)

We act for the bidder, Dominet Digital Corporation Pty Ltd, and attach a notice of withdrawal of our client's takeover bid.

Yours faithfully



Anthony Seyfort
Partner
HWL Ebsworth Lawyers

+61 3 8644 3675
aseyfort@hwle.com.au

Adelaide
Alice Springs
Brisbane
Canberra
Darwin
Hobart
Melbourne
Norwest
Perth
Sydney



Dominet Digital Corporation Pty Ltd
20 Green St
Richmond Vic 3121
ABN: 42 385 377 332

2 September 2016

WITHDRAWAL OF ON-MARKET TAKEOVER BID

In accordance with section 652C(1)(d) of the Corporations Act (and as contingently foreshadowed in section 1.11 of its Bidder's Statement dated 19 November 2015), Dominet Digital Corporation Pty Ltd ACN 086 657 561 (DDC) is immediately withdrawing the unaccepted offers made under its on-market bid for shares in Freshtel Holdings Limited (FRE).

Specifically, the withdrawal has been triggered by FRE's decision to undertake an underwritten entitlements offer, its entry into an Underwriting Agreement and the inclusion in such capital raising of a shortfall offer.

Initially DDC was aggrieved by the structure of the capital raising and made an application to the Takeovers Panel for a declaration of unacceptable circumstances. FRE has since modified the structure of the capital raising in a manner that addresses DDC's concerns and, accordingly, DDC has sought and been granted leave to withdraw its application to the Panel.

DDC intends to accept its entitlements in full and to seek further shares under the shortfall facility.

In anticipation of the capital raising proceeding and DDC participating in any shortfall as a shareholder, DDC has informed FRE that it will not use its increasing holding to requisition a general meeting or to seek the removal of the current directors of FRE during 2016. It has also advised the underwriter that it will not make any further on-market purchases during September.