



8 September 2016

DEED OF UNDERTAKING

Freshtel Holdings Limited (ACN 111 460 121) (**ASX: FRE**) (**the Company**) advises that as part of its recent discussions with Dominet Digital Corporation Pty Ltd (**Dominet**) regarding the Company's rights issue offer, Dominet executed a Deed of Undertaking (by way of deed poll) in favour of the Company.

The Company further advises that the effect of the Deed of Undertaking is that:

- (a) on or prior to 31 December 2016, Dominet cannot:
 - (i) requisition a meeting of shareholders;
 - (ii) vote against the appointment or re-appointment as a director of any of the existing directors of the Company (though this does not prevent Dominet from abstaining from voting on such resolutions);
 - (iii) vote in favour of the removal of any of the existing directors of the Company (though this does not prevent Dominet from abstaining from voting on such resolutions);
- (b) without the prior written consent of the Company or unless the transferee will be subject to the restrictions set out in (a) above, Dominet cannot sell or transfer on or prior to 31 December 2016 any of its shares or options in the Company to any third party (other than through an on-market sale on the ASX); and
- (c) from withdrawal of its takeover offer to 30 September 2016, Dominet cannot purchase any shares in the Company on the ASX market.

The restrictions in paragraphs (a) and (b) are subject to and conditional upon the issue of 374,558,729 new shares and 93,639,682 options by the Company pursuant to the Company's prospectus dated 19 August 2016.

The Deed of Undertaking does not have any effect on any other shareholders or their ability to do any of the abovementioned matters; the Deed of Undertaking only relates to Dominet and its shareholding.

The Company also notes that as a result of the Deed of Undertaking, the Company acquires a relevant interest in the securities held by Dominet. Given Dominet currently holds over 5% of the Company's shares, the Company obtains a relevant interest in over 5% of its own shares. Accordingly, annexed to this announcement is a substantial holder notice.

Any enquiries in respect of this announcement should be directed to:

Graham Henderson
Company Secretary
Telephone: 03 9946 5345 Email: gkhen@tpg.com.au

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To FRESHTEL HOLDINGS LIMITED

ACN: 111 460 121

1. Details of substantial holder

Name FRESHTEL HOLDINGS LIMITED (ACN 111 460 121)

ACN/ARSN

The holder became a substantial holder on 31 AUGUST 2016

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares	59,062,940	59,062,940	5.26%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Freshtel Holdings Limited	Relevant interest under section 608(1) of the Corporations Act 2001 (Cth) (Act) – see Deed of Undertaking annexed as Appendix A	59,062,940 fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Freshtel Holdings Limited	Dominet Digital Corporation Pty Ltd <The Caruso Family A/C>	Dominet Digital Corporation Pty Ltd <The Caruso Family A/C>	59,062,940 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Freshtel Holdings Limited	31 August 2016	N/A	N/A	59,062,940 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
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7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Freshtel Holdings Limited	2980 Frankston-Flinders Road, Balnarring VIC 3926
Dominet Digital Corporation Pty Ltd <The Caruso Family A/C>	PO Box 2393, Richmond Vic 3121

Signature

print name PETER BUTTERY capacity DIRECTOR

2016 **sign here**



date 8 September

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
 - (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
 - (3) See the definition of "relevant interest" in sections 608 and 671 B(7) of the Corporations Act 2001
 - (4) The voting shares of a company constitute one class unless divided into separate classes.
 - (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interesting
 - (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
 - (7) Include details of.
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
 - (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

APPENDIX A – DEED OF UNDERTAKING

DEED OF UNDERTAKING

Subject to Freshtel Holdings Limited (**FRE**) lodging a supplementary prospectus with the ASIC in the form set out in Annexure "A" this deed, Dominet Digital Corporation Pty Ltd (**DDC**) undertakes to FRE to:

- (a) on or prior to 31 December 2016, subject to the issue of 374,558,729 new shares and 93,639,682 options by FRE pursuant to FRE's prospectus dated 19 August 2016, not:
 - (i) requisition a meeting of shareholders of FRE to consider any resolution of any nature;
 - (ii) vote against the appointment or re-appointment as a director of any of the existing directors of FRE; and
 - (iii) vote in favour of the removal of any of the existing directors of FRE,and, to the extent that DDC breaches of the above obligations, agrees that FRE may ignore or reject any actions that DDC takes in breach of these obligations; and
- (b) without the prior written consent of FRE or unless the transferee will be subject to the restrictions set out in paragraph (a), subject to the issue of 374,558,729 new shares and 93,639,682 options by FRE pursuant to FRE's prospectus dated 19 August 2016, not sell or transfer on or prior to 31 December 2016 any of DDC's shares or options in FRE to any third party, other than through an on-market sale on the ASX; and
- (c) from withdrawal of its takeover offer to 30 September 2016, not purchase any shares in FRE on the ASX market.

Executed by DDC a deed poll in favour of FRE.

Dated this 31st day of August 2016.

EXECUTED by **DOMINET DIGITAL CORPORATION PTY LTD**)
ACN 086 657 561)
in accordance with section 127 of the)
Corporations Act 2001 (Cth):)



Signature of sole director/company secretary*

Domenic Carosa
Name of sole director/company secretary*

ANNEXURE A – FORM OF SUPPLEMENTARY PROSPECTUS

FRESHTEL HOLDINGS LIMITED ACN 111 460 121

SECOND SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Second Supplementary Prospectus**) intended to be read with the first supplementary prospectus dated 26 August 2016 (**First Supplementary Prospectus**) and the prospectus dated 19 August 2016 (**Prospectus**), issued by Freshtel Holdings Limited (ACN 111 460 121) (**Company**).

This Second Supplementary Prospectus is dated 31 August 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Second Supplementary Prospectus.

This Second Supplementary Prospectus should be read together with the Prospectus and the First Supplementary Prospectus. Other than as set out below, all details in relation to the Prospectus and the First Supplementary Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus and the First Supplementary Prospectus have the same meaning in this Second Supplementary Prospectus. If there is a conflict between the Prospectus, the First Supplementary Prospectus and this Second Supplementary Prospectus, this Second Supplementary Prospectus will prevail.

This Second Supplementary Prospectus will be issued with the Prospectus and the First Supplementary Prospectus as an electronic prospectus and may be accessed on the Company's website at [http:// www.freshtelholdings.com.au](http://www.freshtelholdings.com.au). The Company will send a copy of this Second Supplementary Prospectus to all applicants who have subscribed for Shares pursuant to the Prospectus prior to the date of this Second Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

2. REASONS FOR SUPPLEMENTARY PROSPECTUS

2.1 Purpose of this document

By this Supplementary Prospectus the Company provides the information set out in Section **Error! Reference source not found.** below for the information of Shareholders.

2.2 Application Forms

As the content of this Second Supplementary Prospectus is not considered to be materially adverse to investors:

- (a) applications for Shares under the Offer must be made using the Application Form attached to or accompanying the Prospectus (see the Application Form and Section 4 of the Prospectus for detailed instructions on how to complete the Application Form and return it by the Closing Date); and
- (b) applicants who have already subscribed for Shares under the Prospectus to the date of this Second Supplementary Prospectus do not need to take any action.

2. AMENDMENTS TO PROSPECTUS

By this Supplementary Prospectus, the following amendments are made to the Prospectus:

2.1 Replacement of Section 2 of the Prospectus

Section 4.8 of the Prospectus is amended by replacing that section with the following:

2 TIMETABLE

Lodgement of Prospectus with the ASIC	19 August 2016
Lodgement of Prospectus & Appendix 3B with ASX	19 August 2016
Notice sent to Shareholders	23 August 2016
Ex date	24 August 2016
Record Date for determining Entitlements	25 August 2016
Prospectus despatched to Shareholders & Company announces despatch has been completed	31 August 2016
Closing Date*	13 September 2016
Securities quoted on a deferred settlement basis	14 September 2016
ASX notified of under subscriptions	16 September 2016
Despatch of holding statements	19 September 2016
Quotation of Shares issued under the Offer*	20 September 2016

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

2.2 Replacement of Section 4.8 of the Prospectus

Section 4.8 of the Prospectus is amended by replacing that section with the following:

4.8 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to the Prospectus and will remain open for up to three months following the Closing Date, with the initial issue of Securities (to those that applied by the Closing Date) issued within 10 business days of the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.001 being the price at which Shares have been offered under the Offer.

One (1) New Option with an exercise price of \$0.0025 and an expiry date of 30 September 2020 will also be issued for every eight (8) Shares subscribed for and issued under the Shortfall Offer.

Eligible Shareholders who wish to apply for Shares above their Entitlement are invited to apply for additional Securities under the Shortfall Offer by completing a Shortfall Application Form. Investors who are not Shareholders of the Company can also apply for Shortfall Securities by completing the Shortfall Application Form. A Shortfall Application Form can be obtained from the Company on request.

Pursuant to the Underwriting Agreement, following consultation with the Company and having taken into account applications received by the Company in respect of the allocation of Shortfall Securities, the Underwriter has the sole right to nominate and determine (following reasonable consultation with, and due consideration of any comments provided by, the Company) who is to receive the Shortfall Securities. There is no guarantee that eligible Shareholders will receive the Shortfall Securities applied for. If the number of Shortfall Securities issued is less than the number applied for, surplus application monies will be refunded in full. Interest will not be paid on any application monies refunded.

If the Underwriter's right to allocate Shortfall Securities is terminated (for example because the Underwriting Agreement is terminated), the Company will issue Shortfall Securities first to eligible Shareholders. If the number of Securities applied for by Eligible Shareholders exceeds the Shortfall, Shortfall Securities will be allocated proportionally among such eligible Shareholders according to their respective proportionate shareholding in the Company.

No eligible Shareholder or investor will be issued any Shortfall Securities if, as a result of such issue, their voting power in the Company would increase from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

3. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

Peter Buttery
Chairman
For and on behalf of
FRESHTEL HOLDINGS LIMITED