

31 May 2016

Dear Shareholder,

### **Etherstack plc Annual General Meeting**

I am pleased to invite you to Etherstack plc's Annual General Meeting, which will be held at 2.30 pm (London time) on 24 June 2016 at the office of Cavendish Ware Limited, Becket House, 8th Floor 36-37 Old Jewry, London.

The accompanying Notice of Annual General Meeting describes the business that will be proposed and sets out the procedures for your participation and voting. Your participation in our Annual General Meeting ("AGM") is important to Etherstack and a valuable opportunity for the Board to consider, with shareholders, the performance of the Group.

Please note that only Shareholders, Chess Depositary Interest ("CDI") holders, proxy holders and corporate representatives in attendance at the AGM will be eligible to ask questions of the Directors.

The Directors are unanimously of the opinion that all of the resolutions to be proposed are in the best interests of Shareholders and of Etherstack as a whole. Accordingly, they seek your vote in favour of all resolutions.

For Shareholders that are unable to attend the meeting to vote in person, please complete and submit your proxy form in line with the attached instructions. Submitting a proxy form will ensure your vote is recorded but will not prevent you from attending and voting at the meeting itself.

For CDI holders your vote is recorded by completing the Voting Instructions Form. You can still attend the meeting however voting is via the Voting Instructions Form.

I look forward to meeting you at the AGM.

Yours sincerely



**Peter Stephens**  
Chairman

## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Etherstack plc (the “Company”) will be held at 2.30 pm (London time) on 24 June 2016 at the office of Cavendish Ware Limited, Becket House, 8th Floor 36-37 Old Jewry, London, to consider and, if thought fit, pass the following resolutions:

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes the matters to be considered.

### AS ORDINARY RESOLUTIONS

1. To receive and adopt the accounts of the Company for the year ended 31 December 2015 and the Directors’ and Auditors’ reports thereon.

2. To re-elect David Deacon as a Director

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4 and for all other purposes, David Deacon retires as a Director and being eligible, seeks re-election.

3. To re-elect Paul Barnes as a Director

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4 and for all other purposes, Paul Barnes retires as a Director and being eligible, seeks re-election.

4. To re-elect Scott Minehane as a Director

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4 and for all other purposes, Scott Minehane retires as a Director and being eligible, seeks re-election.

5. To re-elect Peter Stephens as a Director

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4 and for all other purposes, Peter Stephens retires as a Director and being eligible, seeks re-election.

6. To re-appoint Grant Thornton UK LLP as auditors to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

7. In substitution for any existing authorisation under section 551 of the Companies Act 2006 but without prejudice to the exercise of any such authorisation prior to the date of this resolution, the Directors of the Company are generally and unconditionally authorised in accordance with that section to allot Shares in the Company and to grant rights (“relevant rights”) to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £72,859 such authorisation to expire at midnight on 24 June 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or agreement which would or might require Shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot Shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

8. Directors of the Company are generally and unconditionally authorised for the purposes of Listing Rule 10.11 of ASX Limited to issue Shares to Peter Francis Howard Stephens (“Peter Stephens” a director of the Company) up to 15 million Shares at a subscription price of not less than AUD\$0.10 per Share pursuant to Peter Stephens’ participation in the shortfall of the Entitlement Offer.

## AS SPECIAL RESOLUTIONS

9. THAT subject to the passing of resolution numbered 7 above (“**Section 551 Resolution**”) and in substitution for any existing power under sections 570 and 573 of the Companies Act 2006 (the “Act”) but without prejudice to the exercise of any such power prior to the date of this resolution, the Directors of the Company are empowered in accordance with those sections to allot equity securities (within the meaning of section 560 (1), (2) and (3) of the Act) either pursuant to the Section 551 Resolution or by way of a sale of treasury shares, in each case as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £29,143; and
  - (b) the allotment of equity securities in connection with an offer to all holders of ordinary shares of 0.4p each in the capital of the Company (“Ordinary Shares”) in proportion (as nearly as may be) to the respective numbers of Ordinary Shares held by them (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and such power shall expire when the Section 551 Resolution is revoked or would (if not renewed) expire, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.
10. THAT the Company is generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the “Act”) to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 0.4p each in the capital of the Company (“Ordinary Shares”), and to cancel or hold in treasury such shares provided that:
- (a) the maximum number of Ordinary Shares authorised to be purchased is 7,285,864 (representing 10 per cent of the Company’s issued ordinary Share capital);
  - (b) the minimum price which may be paid for an Ordinary Share is 0.4p;
  - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 5 per cent above the average market value of the Ordinary Shares for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
  - (d) this authority shall expire at midnight on 24 June 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company unless previously renewed, revoked or varied by the Company in general meeting; and
  - (e) the Company may at any time before the expiry of this authority make a contract to purchase Ordinary Shares which would or might be executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares pursuant to any such contract.
11. THAT for the purposes of Listing Rule 7.1A and for all other purposes, the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the explanatory notes, be approved.

## Voting Exclusion Statement

The Company will disregard any votes cast on each of these Resolutions by a person who might obtain a benefit if the Resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities), and any associate of those persons.

The following voting exclusion statement applies to the Resolutions under the Listing Rules or where applicable, the provisions of the Companies Act. The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons, unless it is cast:

- by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- by the Chairman as proxy for a member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides and the member who is entitled to vote has indicated on the proxy form that the Chairman may vote as a proxy in relation to each resolution to which the voting exclusion relates:

Resolution	Resolution Title	Excluded Persons
2	Election of Mr David Deacon as a Director	David Deacon and any of his Associates.
3	Election of Mr Paul Barnes as a Director	Paul Barnes and any of his Associates.
4	Election of Scott Minehane as a Director	Scott Minehane and any of his Associates.
5	Election of Peter Stephens as a Director	Peter Stephens and any of his Associates.
8	Participation in Shortfall Offer - Peter Stephens	Peter Stephens and any of his Associates.
11	Approval of 10% Placement Facility	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

## Record Date

The Directors have fixed the close of business on the day which is 2 days before the date of the Meeting as the record date for determination of Shareholders entitled to notice of and the right to vote at the Meeting, either in person or by proxy.

## Proxy voting by holders of Shares

Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the proxy. A proxy will not be valid unless it is deposited by mail or by fax at the office of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or fax number 08707036322 (or +44 3707036322 if you are sending from outside the UK) by 2.30 pm (London time) on Wednesday 22nd June 2016.

### Proxy voting by holders of CDIs

Holders of CDIs are invited to attend the meeting. CDI holders may complete, sign and return the enclosed CDI Voting Instruction Form to Computershare Investor Services Limited, at GPO Box 242, Melbourne, Victoria, 3001 Australia (free fax number within Australia: 1800 783 447 or outside Australia: +61 3 9473 2555) in order to direct CHESS Depository Nominees Pty Ltd. ("CDN") to vote the relevant underlying Common Shares on his or her behalf or may instruct CDN to appoint such CDI holder or his or her nominee as proxy to vote the Common Shares underlying the CDIs in person at the meeting. In either case, the CDI Voting Instruction Form needs to be received at the address shown on the Form not less than 96 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or an adjournment thereof.

By order of the Board



**Paul Barnes FCCA**  
**Company Secretary**

Registered Office: 3rd Floor, 30-31 Friar Street Reading Berkshire RG1 1DX

Date: 31 May 2016

#### Notes:

1. As a member, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. A form of proxy accompanies this notice. To be valid, your proxy form and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive no later than by 2.30 pm (London time) on Wednesday 22nd June 2016.
3. If you appoint a proxy, this will not prevent you attending the meeting and voting in person if you wish to do so.
4. Any corporation which is a member can authorise one or more person(s) to act as its representative(s) at the meeting.
5. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, to have the right to attend and vote at the meeting a member must first have his or her name entered in the Company's register of members by no later than the close of business on the day that is two days before the date of the meeting or, if this meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
6. Except as provided above, members who have general queries about the meeting should email [shareholderhelp@etherstack.com](mailto:shareholderhelp@etherstack.com).

## Explanatory notes to the resolutions

### Resolution 1: Receive the 2015 Annual report

The Directors are required by company law to present the 2015 Annual report comprising the 2015 financial statements, the Directors report and the Auditors report on the financial statements to the meeting. These can be viewed on the Etherstack website:

<http://www.etherstack.com/investor/pdf/1540661.pdf>

### Resolution 2,3,4 and 5: Appointment of Directors

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Under clause 93.1 of the Company's Articles of Association, any Director who was not appointed or re-appointed at one of the preceding two annual general meetings shall retire from office and be eligible for re-appointment, so that the Company holds an election of directors each year. This means that all of the Directors shall retire from office. Each of the Directors is eligible for re-election and is seeking re-election.

Director biographies are summarised below.

#### David Deacon, Group Chief Executive Officer

David has almost 20 years' experience in the wireless communications industry. Prior to Etherstack, David founded and ran an Australian wireless technology company, Indian Pacific Communications Pty Ltd, for six years until it was sold to a public company in April 2000. Before this, David led software development teams involved in wireless research and development in Perth and Sydney.

David founded Etherstack in 2002 and has overseen its growth into operations in seven countries around the world. For the past decade, David has been based between Europe and North America where the majority of Etherstack's client base resides, creating multiple regional offices for Etherstack to provide local support and services for the client base.

#### Paul Barnes, Non-Executive Director

Since 1983, Paul has amassed considerable experience in venture development, financial management, corporate finance and M&A transactions

Paul is a Fellow of the Association of Chartered Certified Accountants. In 2010 Paul also became a Member of the Chartered Institute for Securities & Investment.

As a business builder, Paul has been a key member of the teams which developed and listed - by admission to the AIM market - both Tristel PLC (2005) – an Infection Control and Hygiene Products Company and Oxford Catalysts Group PLC now Velosys Group PLC (2006) – a leading Innovator in the synthetic fuels industry, raising substantial funds for both companies. Various between 2005 and 2010 he served as the executive Finance Director of these two public companies in addition to having in 2003 established Beach Street Limited, an FSA regulated corporate advisory firm.

Since 2005 he has continued to develop and maintain close links with business ventures as the part-time finance director for a range of companies: in healthcare and pharmaceuticals (2005 – current), biofuels (2010 – 2014) and since 2011 as a founder and director of Amersham Investment Management Limited an Investment Management Firm, regulated by the FCA in the UK.

Paul joined Etherstack in 2002 as finance director and CFO, and held these positions throughout the development and expansion of Etherstack until December 2011 when David Carter, the current CFO, transitioned into the role. Paul was appointed a Director of Etherstack plc in February 2012.

### **Scott Minehane, Non-Executive Director**

Scott is an international regulatory and strategy expert in the telecommunications sector and has been involved in advising investors, operators, Governments and regulators in Australia, Asia, the Pacific and South Africa. His expertise extends to spectrum management and new generation fixed and mobile technologies including 4G.

Scott has a separate consultancy practice, through which he has advised a range of leading corporates and organisations including the Commonwealth, South Australian and Victorian Governments, APEC Business Advisory Council, NBNCo, Macquarie Group, Leighton Holdings, Macquarie Telecommunications, IDA Singapore, Telekom Malaysia, Axiata, Telkom South Africa and Telecom NZ.

Scott has a Bachelor of Economics and a Bachelor of Laws from the University of Queensland and holds a Master of Laws specialising in Communications and Asian Law from the University of Melbourne.

Scott joined the Board as an Independent Non-executive Director in 2012 and is chairman of the Audit & Risk Management Committee.

### **Peter Stephens, Non-Executive Director and Chairman**

Peter was previously head of European Equities Sales at both Salomon Brothers and Credit Lyonnais and since 2001 he has been working as a venture capitalist.

Peter has dealt with and advised many of the leading investment managers in the UK over the past 20 years. He is a founding shareholder of Desire Petroleum plc and GeTech Group plc, which is a quoted company on the London Stock Exchange's AIM market. He is a Director and major shareholder in five other UK ventures including Wealth Manager Cavendish Ware Limited, which is regulated by the FCA in the UK. Peter was a founder shareholder of travel company ,Scott Dunn, in 1988 which was recently sold for £77m.

Peter has an M.A. in Jurisprudence from Oxford University and qualified as a barrister in the UK in 1978.

Peter has been on the board of Etherstack London Limited since September 2007 and was appointed to the Board of Etherstack plc in 2012 as Non Executive chairman of the Board and chairman of the Remuneration committee and Nomination committee.

### **Resolution 6: Re-appointment and remuneration of Auditors**

The Company is required at each general meeting at which financial statements are laid, to appoint auditors who will remain in office until the next general meeting at which financial statements are laid.

Grant Thornton UK LLP has expressed willingness to continue in office. In accordance with company law and good corporate governance practice, Shareholders are asked to authorise the Audit & Risk Committee to determine the auditors' remuneration.

### **Resolution 7: Authority to allot Shares**

This resolution asks Shareholders to renew the Directors' authority to allot new Shares. The authority, if approved, will expire on the later of 24 June 2017 and the date of the 2017 annual general meeting. The authority will allow the Directors generally to allot new Shares, and grant rights to subscribe for, or convert other securities into Shares up to a nominal value of £72,859 which is, in accordance with good corporate governance practice, equivalent to approximately 25 per cent of the total issued ordinary Share capital of the Company. The Directors consider it desirable, however, to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

### **Resolution 8: Approval for Peter Stephens to participate in any Shortfall offer**

Listing Rule 10.11 states unless one of the exceptions in Listing Rule 10.12 applies, a company must not issue or agree to issue equity securities without the approval of ordinary Shareholders to, among

others, a related party. Peter Stephens is a related party for the purposes of Listing Rule 10.11 by virtue of being a Director and approval is sought for Peter Stephens to participate in any shortfall offer up to 15 million Shares at an issue price of \$0.10 per Share.

The Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date. Shareholder approval was previously obtained for the issue of Shares to Peter Stephens, however the Shares were not issued within the one month timeframe of the date of approval. The Company is now re-obtaining Shareholder approval to allow the Shares to be issued.

The Shares will be issued at an issue price of \$0.10 per Share and will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Some or all of the funds raised from the issue of Shares to Peter Stephens will be used to offset amounts owed by the company to Peter Stephens. Funds contributed in excess of amounts owed by the company to Peter Stephens will be used to provide additional working capital.

### **Resolutions 9 and 10: Treasury shares**

The Board is seeking authority to buy back Shares in the Company. The overall purpose of the buyback resolution is to provide the Company with flexibility in the conduct of its capital management initiatives, whether through on or off-market share buybacks. There may be circumstances when share purchases may be in the best interests of the Shareholders and therefore authority is sought for the Company or any of its subsidiaries, to purchase up to ten per cent of the issued ordinary Share capital of the Company during the period stated below. The Directors will exercise this authority only after careful consideration, taking into account prevailing market conditions, other investment opportunities and the overall financial position of the Company. The authority will expire on the later of 24 June 2017 and the date of the next Annual General Meeting. The maximum price that may be paid for an ordinary share (exclusive of expenses) is 105 per cent of the average middle market quotation for the five business days immediately preceding the purchase and the minimum price that may be paid for an ordinary share (exclusive of expenses) is its nominal value.

Pursuant to the 2006 Act, the Company can hold the shares which have been repurchased itself as treasury shares and resell them for cash, cancel them (either immediately or at a point in the future), or use them for the purposes of its employee share plans. Whenever any shares are held as treasury shares, all dividend and voting rights on these shares are suspended. Any shares purchased under the authority, if approved, would be either held as treasury shares or cancelled.

### **Resolution 11: Authority to issue up to an additional 10% of issued share capital**

Listing Rule 7.1A enables eligible entities to issue Equity Securities (as that term is defined in the Listing Rules) up to 10% of its issued Share capital in accordance with the terms set out below (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

#### **General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued Share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to



be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2. The Company is currently continuing development activities associated with existing intellectual property developments and is also reviewing additional intellectual property developments. The Company may use the funds raised from the issue of Equity Securities under the 10% Placement Facility on its existing intellectual property developments and/or new intellectual property developments or investments.

### Description of Listing Rule 7.1A

(1) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

(2) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue three classes of Equity Securities: Shares, CDIs and unlisted options.

(3) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

(4) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of this Notice, the Company has on issue 72,858,643 Shares and therefore has a capacity to issue:

- (i) 10,928,796 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under this resolution 11, 7,285,864 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section (3) above).

(5) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(6) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**10% Placement Period**).

### Listing Rule 7.1A

The effect of Resolution 11 will be to allow the Company to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1. Resolution 11 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (1) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (2) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities. The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		50% decrease in issue price AUD \$0.05	Issue price AUD \$0.10	100% increase in issue price AUD \$0.20
Current Variable "A" 72,858,643 Shares	10% voting dilution	7,285,864 Shares	7,285,864 Shares	7,285,864 Shares
	Funds raised AUD	\$ 364,293	\$ 728,586	\$1,457,173
50% increase in current Variable "A" 109,287,965 Shares	10% voting Dilution	10,928,796 Shares	10,928,796 Shares	10,928,796 Shares
	Funds raised AUD	\$ 546,440	\$ 1,092,880	\$ 2,185,759
100% increase in current Variable "A" 145,717,286 Shares	10% voting Dilution	14,571,729 Shares	14,571,729 Shares	14,571,729 Shares
	Funds raised AUD	\$ 728,586	\$ 1,457,173	\$ 2,914,346

- (3) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 11 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (4) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards activities at its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the recipients of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The recipients under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the recipients under the 10% Placement Facility will be the vendors of the new assets or investments.

(4) Previous approval under ASX Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 19 June 2015 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 19 June 2015, the Company otherwise issued a total of 40,877,859 Shares which represents approximately 108% of the total diluted number of Equity Securities on issue in the Company on 19 June 2015, which was 37,657,784.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(5) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

---

## GLOSSARY

---

**10% Placement Capacity** has the meaning given in section [insert] of the Explanatory Statement.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASX** means ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**CDI** means Chess Depository Interest.

**Company** means Etherstack plc.

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory notes to the resolutions and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Special resolution** means a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

**Variable A** means “A” as set out in the calculation in section [insert] of the Explanatory Statement.

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 19 JUNE 2015**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 4 May 2016	40,877,859	Shares <sup>2</sup>	Existing Shareholders	\$0.10 (discount of 67.75%)	Amount raised = \$4,087,785  \$3,631,967 has been received through the debt offset mechanism as outlined in the prospectus  The remainder has been or will be applied to working capital and expense of the issue. Approximately \$200,000 remains as cash on hand.

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, as well as CDIs over the Shares, ASX Code: ESK (terms are set out in the Articles of Association).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

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

**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](http://www.intermediaryonline.com)

**For all enquiries call:**

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

## CDI Voting Instruction Form

 **For your vote to be effective it must be received by 7.00pm (Sydney time) Monday 20 June 2016**

### How to Vote on Items of Business

Each CHESS Depository Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI that you own at 7.00pm on Wednesday 17 June 2016 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depository Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depository Nominees Pty Ltd enough time to tabulate all CHESS Depository Interest votes and to vote on the underlying shares.

### 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 Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

**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** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I999999999**



**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

# CDI Voting Instruction Form

Please mark  to indicate your directions

## STEP 1 CHESSE Depository Nominees will vote as directed XX

### Voting Instructions to CHESSE Depository Nominees Pty Ltd

I/We being a holder of CHESSE Depository Interests of Etherstack plc hereby direct CHESSE Depository Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of Etherstack plc to be held at the office of Cavendish Ware Limited, Becket House, 8th Floor 36-37 Old Jewry, London on Friday 24th June 2016 at 2.30 pm (London time) and at any adjournment of that meeting.

By execution of this CDI Voting Form the undersigned hereby authorises CHESSE Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

## STEP 2 Items of Business PLEASE NOTE: If you mark the Abstain box for an item, you are directing CHESSE Depository Nominees Pty Ltd or their appointed 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	SPECIAL BUSINESS	For	Against	Abstain
1. To receive and adopt the accounts of the Company for the year ended 31 December 2015.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Approval for the Directors of Etherstack plc to allot equity securities either pursuant to the Section 551 Resolution or by way of a sale of treasury shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect David Deacon as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Approval for the Company to make market purchases of ordinary shares of 0.4p each in the capital of the Company, and to cancel or hold in treasury such shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Paul Barnes as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Authority to issue up to an additional 10% of issued share capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Scott Minehane as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5. To re-elect Peter Stephens as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6. To re-appoint Grant Thornton UK LLP as auditors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7. Authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8. Authority to issue Shares to Peter Stephens.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If you do not mark either the 'For', 'Against' or 'Abstain' box your vote will not be counted.

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

Individual or Securityholder 1 <input style="width: 100%; height: 20px;" type="text"/> Sole Director and Sole Company Secretary	Securityholder 2 <input style="width: 100%; height: 20px;" type="text"/> Director	Securityholder 3 <input style="width: 100%; height: 20px;" type="text"/> Director/Company Secretary
Contact Name _____	Contact Daytime Telephone _____	Date / / _____