

9 February 2016

Dear Shareholder

## NOTICE OF SPECIAL MEETING

The Board of Snakk Media Limited (**Snakk** or the **Company**) has resolved to call a special meeting to be held in the Calder Mackay 1 Room, The Heritage Hotel Auckland, 35 Hobson Street, Auckland City, on Thursday, 25 February 2016 at 1.30pm.

### Why are we doing this?

The special meeting is part of the broader Capital Strategy Program Snakk is undertaking to provide the Company with the leadership, capital, shareholder base and market support it needs to continue its growth trajectory and expansion into Southeast Asia. Already completed steps include:

- (a) We have refreshed and reinvigorated the Board, with my appointment as Chairman and the appointment of Martin Riegel and Rob Antulov as Independent Directors.
- (b) We undertook a successful capital raising of \$2.2m (an increase from its original target of \$1.5m), providing the company with the capital it needs to take advantage of organic growth opportunities. It also allowed us to welcome new, supportive, large shareholders to our register.
- (c) At the same time, we transitioned our listing to the NXT Market – we are focused on providing ongoing, transparent benchmarks, in the form of Key Operating Milestones which are provided under the NXT Market Rules. In time, we believe that the NXT Market's other features of research and market making will benefit all shareholders.
- (d) In January, we consolidated our share base, giving all holders one new share for every 20 shares held previously.

The resolutions sought at the special meeting will support those initiatives and future undertakings, by enabling the Board to:

- (a) secure the long-term services of non-executive directors and employees and align their interests with those of shareholders of Snakk through the issue of options; and
- (b) reduce administrative costs resulting from the composition of Snakk's current share register through changes in the constitution.

Whilst Snakk received a waiver from the NXT Market Rules to enable it to change its constitution at the next annual meeting, the Board believes that calling this special meeting now to approve the issue of options and to change the constitution will better position Snakk to focus on its core business.

In addition to updating the constitution to meet the NXT Market Rules the constitution includes allowing for the compulsory sale of shares held by shareholders who hold less than a minimum holding after Snakk has given at least four weeks' notice to affected shareholders, which is a shorter period of notice than the three month notice period previously imposed by the NZAX Listing Rules.

A further benefit is that by amending its constitution now, Snakk will be able to accept electronic and postal votes from its shareholders at the 2016 Annual Meeting.

Snakk also seeks to take this opportunity to "future proof" the constitution for any change in the markets on which it is listed by including provisions that would enable it to list on the NZX Main Board or the ASX without requiring further constitutional change. No such change in listing is currently planned, but if, and when, Snakk grows it may be appropriate to transition to the NZX Main Board and/or the ASX.

### Further Information

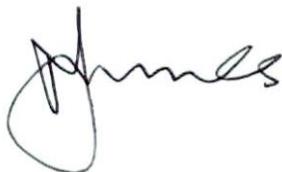
We encourage you to read the explanatory notes accompanying the formal notice of meeting on the following page in full. You can cast your vote by:

- (a) attending the special meeting and voting in person; or
- (b) appointing a proxy (or representative) to attend in person and vote in your place.

I support these resolutions and recommend that you vote in favour of all four resolutions. Martin Riegel and Rob Antulov also support the resolutions, although they have declined to make any recommendation on resolution 1 and 2 respectively (given their respective interests in the outcome of those resolutions).

I look forward to seeing you at the special meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James', written over a light grey rectangular background.

**Peter James**  
**Independent Chair**

## NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF SNAKK MEDIA LIMITED

Notice is hereby given to all Shareholders that a Special Meeting of Shareholders (**Meeting**) of Snakk Media Limited (**Snakk** or the **Company**) will be held in the Calder Mackay 1 Room, The Heritage Hotel Auckland, 35 Hobson Street, Auckland City, on Thursday, 25 February 2016 at 1.30pm.

### Business

#### Ordinary Resolutions

##### **Resolution 1 – Issue of options to Martin Riegel**

The Shareholders of the Company are requested to consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That the issue of up to 50,000 options to acquire ordinary shares in the Company to Martin Riegel or his nominee on the terms and conditions described in the explanatory notes to this Notice of Meeting be authorised and approved.”*

##### **Resolution 2 – Issue of options to Rob Antulov**

The Shareholders of the Company are requested to consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That the issue of up to 100,000 options to acquire ordinary shares in the Company to Rob Antulov or his nominee on the terms and conditions described in the explanatory notes to this Notice of Meeting be authorised and approved.”*

##### **Resolution 3 – Issue of options to employees**

The Shareholders of the Company are requested to consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That the issue of up to 310,000 options to acquire ordinary shares in the Company to employees of Snakk (as defined in the NXT Market Rules) on the terms and conditions described in the explanatory notes to this Notice of Meeting be authorised and approved.”*

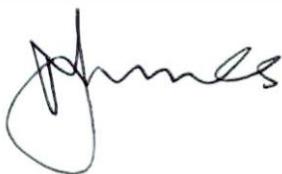
#### Special Resolution

##### **Resolution 4 – Revocation of existing constitution and adoption of new constitution**

The Shareholders of the Company are requested to consider and, if thought fit, pass the following resolution as a special resolution:

*“That the existing constitution of the Company be revoked and a new constitution, in the form presented at the Special Meeting, be adopted.”*

By Order of the Board  
**SNACK MEDIA LIMITED**



**Peter James**  
Independent Chair

## EXPLANATORY NOTES

### PROXIES AND REPRESENTATIVES

Shareholders may exercise their right to vote at the Meeting either by being present in person or by appointing a proxy to attend and vote in your place. A proxy need not be a Shareholder of the Company. A body corporate Shareholder may appoint a representative to attend the meeting on its behalf. A combined admission card and proxy form is enclosed with this Notice of Meeting. If you wish to attend the Meeting and vote, please bring this admission card with you to the meeting.

If you wish to vote by proxy you must complete and sign the proxy form and send it to the Company's share registrar, Computershare Investor Services Limited, no later than 48 hours prior to the commencement of the Meeting. A reply paid envelope is enclosed if mailing the proxy form from within New Zealand. If you wish to deposit your proxy by fax, please send it to Computershare on fax (09) 488 8787.

### VOTING PROCEDURES

Resolutions 1, 2 and 3 are ordinary resolutions, requiring a simple majority of the votes of those shareholders entitled to vote and voting. Resolution 4 is a special resolution, requiring approval by at least 75% of the votes of those shareholders entitled to vote and voting.

Resolution 1 cannot be voted on by Martin Riegel or associated persons of Mr Riegel (unless as a directed proxy).

Resolution 2 cannot be voted on by Rob Antulov or associated persons of Mr Antulov (unless as a directed proxy).

Resolution 3 cannot be voted on by any employee of Snakk (as defined in the NXT Market Rules) or associated persons of any such employee (unless as a directed proxy).

### RESOLUTIONS 1, 2 AND 3: ISSUE OF OPTIONS

The Board proposes to issue options to acquire ordinary shares in the Company (**Options**) to non-executive directors and employees as outlined below.

#### *Issue of Options to Directors*

The Board is of the view that the issue of Options to non-executive directors is very important in securing the services of suitably qualified individuals to act as non-executive directors for a growth company such as Snakk. It is anticipated that the issue of Options will also secure the long-term services of non-executive directors and will align their interests with those of shareholders of Snakk.

Rob Antulov was appointed to the Board in January 2016 as an Independent Non-Executive Director and currently holds no Options in Snakk.

Martin Riegel was appointed to the Board in June 2015 as an Independent Non-Executive Director. Mr Riegel currently holds 50,000 Options in Snakk. However, the Board is of the view that in light of the importance of securing Mr Riegel's ongoing services as a non-executive director, and his contribution to Snakk to date, the number of Options currently held by Mr Riegel is below market.

The Board seeks the approval of shareholders under Rule 26 of the NXT Market Rules to issue 150,000 Options to Mr Riegel and Mr Antulov. If shareholders approve the issue of the Options, any new shares issued on exercise of those Options will have a dilutionary effect on shareholders. In the event that all of the Options are issued, and all of those Options were exercised, the new shares to be issued on exercise of the Options would represent 0.955% of the total number of ordinary fully paid shares currently on issue in Snakk. Pursuant to Rule 26 of the NXT Market Rules the Options proposed to be issued to Mr Riegel and Mr Antulov must be issued within 12 months of shareholder approval being granted. Snakk will not issue Options to Mr Riegel or Mr Antulov earlier than 26 February 2016 and accordingly no adjustment will be

required to the calculation of the exercise price to reflect the recently completed share consolidation.

## ***Issue of Options to Employees***

Under Rule 25(b) of the NXT Market Rules, Snakk can issue Options equivalent to up to 3% of the number of shares on issue, over a rolling 12 month period. As at the date of this notice of meeting Snakk issued Options up to this 3% limit over the current rolling 12 month period and does not expect to have any ability to issue further Options within that limit until the second half of 2016.

The Board believes the issue of Options is an important and effective method of incentivising employees and aligning the interests of employees with shareholders. Accordingly, the Board is seeking approval of shareholders under Rule 26 of the NXT Market Rules to issue up to 310,000 Options to Snakk employees, as that term is defined in the NXT Market Rules (**Employees**), as part of Snakk's employee share option plan.

This approval will enable Snakk to issue more Options than it would otherwise be permitted to do so under the NXT Market Rules. Pursuant to Rule 26 of the NXT Market Rules Snakk may issue the Options for which approval is obtained within 36 months of such approval being granted. Snakk will not issue Options to any Employee earlier than 26 February 2016 and accordingly no adjustment will be required to the calculation of the exercise price to reflect the recently completed share consolidation.

If shareholders approve the issue of the Options, any new shares issued on exercise of those Options will have a dilutionary effect on shareholders. In the event that all of the Options for which approval is sought are issued to Employees, and all of those Options were exercised, the new shares to be issued on exercise of the Options would represent 1.973% of the total number of ordinary fully paid shares currently on issue in Snakk.

## ***Terms of Issue of the Options***

The Options to be issued pursuant to Resolutions 1, 2 and 3 will be issued subject to the terms of Snakk's employee share option plan and on the terms set out in an Option Allocation Deed entered into between Snakk and each Optionholder. The principal terms of issue of the Options are as follows:

- (a) Each Option entitles the holder to acquire one ordinary share in the Company.
- (b) The exercise price payable in respect of each Option, so as to acquire one ordinary share in the Company, will be fixed prior to the issue of the Option as the volume weighted average price of the Company's ordinary shares over the 30 days prior to the issue of the Option.
- (c) In the case of the Options to be issued to the directors, the Options shall become exercisable by the holder as follows:
  - (i) one third of the Options shall become exercisable on 14 January 2017;
  - (ii) one third of the Options shall become exercisable on 14 January 2018;
  - (iii) one third of the Options shall become exercisable on 14 January 2019;

In the case of the Options to be issued to the Employees, the Options shall become exercisable by the holder as follows:

- (iv) one third of the Options shall become exercisable on a date to be fixed by the Board from time to time, but being approximately one year from the date of issue;
  - (v) one third of the Options shall become exercisable on the date that is one year after the date fixed under subparagraph (iv) above;
  - (vi) one third of the Options shall become exercisable on the date that is two years after the date fixed under subparagraph (iv) above;
- (d) Each tranche of Options may only be exercised in the period commencing on the date on which the respective tranche of Options become exercisable by the respective holder of the Options, and ending on the date that is four years after the date set out in subparagraph (i) or (iv) above (as applicable) (**Exercise Period**).
  - (e) Should the services of the holder of an Option cease to be retained by the Company or a subsidiary of

the Company prior to a tranche of Options become exercisable by the holder, then those Options that have not become exercisable at that time shall terminate.

- (f) Any Options which are not exercised during the Exercise Period shall lapse.
- (g) Shares issued upon exercise of an Option, following payment of the exercise price for that Option, shall be credited as fully paid and rank equally in all respects with shares on issue at the relevant exercise date (except for any dividend or other entitlement where the entitlement date occurs prior to the exercise date).
- (h) The Options are not transferable without the prior approval of the Company in writing.
- (i) The Options shall confer on the holder the right to participate in rights issues undertaken by the Company.
- (j) The Options shall not carry an entitlement to vote at any meeting of the shareholders of the Company.
- (k) On any consolidation, subdivision or other reconstruction of shares the number of shares over which each Option is exercisable will be adjusted in proportion to the reconstruction, and the exercise price will remain unchanged.
- (l) If, during the Exercise Period, the Company undertakes a bonus issue to the shareholders of the Company, the number of shares over which each Option is exercisable will be increased (or, at the election of the holder, additional shares may be reserved for issue on the exercise of the option) by the number of shares which the holder would have received if the option had been exercised before the record date for the bonus issue. The total exercise price shall remain unchanged however.

There is no cash consideration to be paid by Mr Riegel, Mr Antulov or any Employee before they are issued the Options.

## **RESOLUTION 4 – REVOCATION AND ADOPTION OF NEW CONSTITUTION**

Snakk's constitution was last amended in 2011. Since 2011, Snakk has migrated to the NXT Market from the NZAX (on which it was initially listed) and a number of changes have been made to applicable New Zealand legislation, particularly the Companies Act 1993 (the **Act**).

This special resolution seeks shareholder approval to alter Snakk's constitution. The alterations include changes to:

- (a) reflect the provisions of the NXT Market Rules, to the extent those rules differ from the NZAX Listing Rules;
- (b) make it consistent with changes to application New Zealand legislation, including in particular to update the provisions governing meetings of shareholders to bring them into line with the updated provisions of the Act amended in 2012 (which, amongst other things, provide for increased use of audio, audio and visual, or electronic communication methods at meetings);
- (c) "future proof" the constitution for any change in the markets on which Snakk is listed by including provisions that would enable it to list on the NZX Main Board or the ASX without requiring further constitutional change (subject to any amendments to the listing rules of those markets). No such change in listing is currently planned, but if, and when, Snakk grows it may be appropriate to transition to the NZX Main Board and/or the ASX;
- (d) enable shares held by shareholders who hold less than a minimum holding to be compulsorily sold by Snakk after giving at least four weeks' notice to affected shareholders, which is a shorter period of notice than the three month notice period previously imposed by the NZAX Listing Rules. The changes also enable the sale of a minimum holding to be conducted in a manner other than an on market sale if approved by the board following a recommendation by a NZX Primary Market Participant as to the most effective method of sale in the circumstances. As required by the NZAX Listing Rules, Snakk's constitution currently permits compulsory sales of a minimum holding to be conducted in a manner other than an on market sale if approved by NZX. The NXT Market Rules do not require NZX approval in this manner and NZX has advised that it therefore does not consider it appropriate that its consent be required to an alternative method of sale. Accordingly, the change to the constitution requires the board to have obtained a recommendation from a NZX Primary Market Participant that an alternative method of sale is the most effective method of sale in the circumstances before the board can approve and conduct a compulsory sale by that alternative method. This change

is expected to support future steps to further develop a strong, supportive shareholder base.

If any of the proposed amendments are inconsistent with the NXT Market Rules, the NXT Market Rules (as amended by any waiver or ruling granted to Snakk) will prevail. A copy of the NXT Market Rules are available at [www.nxt.co.nz](http://www.nxt.co.nz).

The proposed amendments are set out in a copy of the constitution that will be tabled at the Meeting and is available for inspection at Snakk's registered office, Level 6, 57 Symonds Street, Grafton, Auckland, 1010, New Zealand and on Snakk's website at: [www.snk.co.nz](http://www.snk.co.nz).

The proposed alterations to Snakk's constitution do not impose or remove a restriction on the activities of Snakk, and accordingly no rights arise under section 110 of the Act.