

**MINUTES OF THE ANNUAL SHAREHOLDERS MEETING
HELD ON FRIDAY 16th SEPTEMBER 2016 AT 2.00PM
AT THE RANGITOTO ROOM, LEVEL 2 OF THE
ANZ VIADUCT EVENTS CENTRE, 161 HALSEY STREET, AUCKLAND**

Present:

Mr. B Mogridge (BM)	Independent Chairman
Mr. B Irvine (BI)	Independent Director
Mr. B Robinson (BR)	CEO & Managing Director
Mr. D Robinson (DR)	Director
Mr. W Robinson (WR)	Director

Apologies:

Sir P Maire (PM)	Director
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In Attendance

Mr. S Bosley	Chief Financial Officer / Company Secretary
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Introduction:

The Chairman of the meeting (BM) opened the meeting at 2:00pm, welcoming shareholders to the 11th annual meeting of the shareholders of Rakon Limited, noting that the meeting was properly convened, and that notice of the meeting had been duly given and that a quorum was present, then declaring the meeting open. BM thanked shareholders for their attendance and interest in Rakon as shareholders. BM then introduced the Directors and the CFO to the shareholders, noting Rakon director Sir Peter Maire as an apology, due to a business conflict preventing his attendance at the meeting. BM advised that the Notice of Meeting contained the business to be dealt with.

BM explained the voting process for shareholder and/or proxy holders, as well as advising shareholders that there will be opportunities to address the Board with questions during the meeting. BM confirmed that only shareholders and/or proxy holders are able to cast a vote. Further, BM confirmed that voting on resolutions would be by a poll rather than by a show of hands.

Apologies:

BM moved a motion that PM is an apology for the meeting and requested confirmation of any other apologies. The motion was seconded by a shareholder in attendance.

Proxies:

BM advised that 1,412 shareholders holding 70,690,801 shares were represented by proxies.

Minutes of Previous Meeting:

BM noted that the minutes of the previous 2015 Annual Shareholders Meeting were confirmed as a true and correct record by the Board in a recent meeting. BM noted that a copy of these minutes were available for inspection by shareholders if required.

Annual Report and Financial Statements:

BM put forward the first item of business as being to receive and consider the Annual Report, including the financial statements for the year ended 31 March 2016 and the auditor's report. BM advised that this year Rakon again followed the provisions of the Companies Act and rather than mailing the full Annual Report to all shareholders, instead mailed a condensed Review Document to those shareholders that elected to receive in that manner. Shareholders wanting to receive the full Annual Report were able to do so by returning a notice of election or by viewing the Annual Report online at the Rakon website. BM commented that we should regard the Annual Report as taken and as read.

➤ Chairman's Address:

BM addressed the shareholders on Rakon's 2016 performance and outlook through his 2016 ASM Chairman's address. Refer to the NZX release statement – '2016 ASM – Chairman's Address'.

➤ Managing Director's Address:

BM then invited the CEO & Managing Director (BR) to address shareholders. Refer to the NZX release statement – '2016 ASM – Presentation'.

➤ Shareholder Questions on the Annual Report:

BM asked for shareholders to raise any questions on the Annual Report and financial statements. The following questions and statements were made by shareholders.

Shareholder # 1 (John Hawkins, Chairman of the NZ Shareholders Association):

The shareholder and proxy holder (JH) confirmed he was speaking on behalf of the NZSA, holding approx. 36 million proxies on behalf of the NZSA and 3.26 million proxies in his own name. JH read a statement on behalf of the NZSA which called for change on the Board in order that Rakon achieve its potential and for this reason the NZSA would be voting against the re-election of Darren Robinson but would vote for Bryan Mogridge to ensure that there was some stability and with the expectation that a search is started for appropriate new technology savvy Board talent.

Shareholder # 2 (Ken Baird):

The shareholder (KB) commented that the skills of the Robinson family were needed to get the company out of the current difficult situation and it would be difficult to find equivalent technology skills if the Robinsons were to be replaced.

Shareholder # 3 (Andrew Whittaker):

Q: The shareholder (AW) raised a question about the bonuses paid to executive directors and whether there was any discussion around the Board table as to whether it was appropriate to accept the bonuses.

A (BM): BM first confirmed that the bonuses in the 2016 Annual report related to 2015 performance, with payments made in the 2016 year. BM confirmed that they were approved by the Remuneration Committee and by the full Board, and this was based on targets achieved in the 2015 year where there had been significant progress in terms of work achieved. BM noted that the executive directors had

worked incredibly hard through a difficult period and the goal was to motivate them and to grow the business.

Shareholder # 4 (Mary Bell):

Q: The shareholder (MB) requested to know whether other people could be brought in that had knowledge about the crystal industry and were as competent in this as the Robinsons.

A (BM): BM confirmed that the industry was small globally and that specific technology related skills were not widely available.

Shareholder # 5 (Rex Bushell, representing the Bushell Family Trust):

The proxy holder (RB) made the comment that it was important that there was a clear split between the Board and Management and that getting rid of the Robinson's wasn't what shareholders were trying to do. In my view with an independent Board the Robinsons were still very important to the future of the company.

Shareholder # 6 (Martin Watson, proxy holder for Trevor James and directors of the NZSA):

The proxy holder (MW) made the comment that the statements from the NZSA were not calling for the Robinsons to be expelled, but that it was time for fresh perspectives on the Board.

Re-election of Directors:

BM moved to the next item of business being the re-election of Director's. BM confirmed that no notice of nomination to be a director for any other person has been received and that in accordance with the NZSX Listing Rules Mr Bryan Mogridge (BM) and Mr Darren Robinson (DR) retire by rotation and, being eligible offer themselves for re-election. BM advised that each member up for re-election will have a brief opportunity to give the shareholders a summation of their background and why they're reapplying for re-election.

With the first re-election being for BM, the chair for this part of the meeting was handed over to BI the Chair of the Audit & Risk Committee.

BI moved to the agenda item of BM's re-election, advising that the Board was holding 13,808,984 directed and discretionary proxies which will be voted in favour of this resolution and 16,659,451 proxies to be voted against. It was reconfirmed that voting is being undertaken by a poll today, with voting papers to be collected at the end of the meeting. BI moved a motion that BM be re-elected as a director of Rakon and a shareholder, Nico Wamsteker, from the floor seconded the motion. BI then offered the floor to BM who provided some comments supporting his re-election. BI then asked the audience if there were any questions relating to the re-election of BM.

With no further discussion, BI put the motion to the meeting, by asking shareholders to mark their voting paper clearly indicating how they wish to vote.

The chair of the meeting was then handed back from BI to BM.

BM advised Darren Robinson (DR) was eligible and has offered himself for re-election as a director. BM advised that the Board was holding 8,510,282 directed and discretionary proxies which would be voted in favour of this resolution and 20,468,275 proxies to be voted against. BM moved a motion that DR be re-elected as a director of Rakon and a shareholder from the floor seconded the motion.

BM then offered the floor to DR who provided some comments supporting his re-election. BM asked the audience if there were any questions relating to the re-election of DR. The following questions and statements were made by shareholders.

Shareholder # 7 (H. Cheng):

Q: The shareholder (HC) commented on a new Space company that had opened in Beijing, China in August and whether Rakon has business from them.

A (DR): DR confirmed that he isn't aware of the specific company being referred, but that we do currently have customers in China in the Space market, and it is mainly for high-end technological requirements where we get our business.

Shareholder # 8 (Nick Williams):

Q: The shareholder (NW) requested to know what effect there will be on DR's job once you're off the Board and how business would be affected if he were no longer a director.

A (DR): DR confirmed that customers in the industry increasingly look to dealing with positions of known influence and that being a Board director was influential when dealing with customers as it was understood that you represent the views of the Board. Equally I'm able to represent the customer view at the Board table which I think is important for the business.

Shareholder # 9 (Philip Westwood):

The shareholder (PW) made the statement that the Board needs to be independent from employees. DR replied, commenting that his own view was different and that our customers value dealing with executive directors, particularly in Asia where there is an expectation.

Shareholder # 10 (Grant Diggle, director NZSA):

Q: The proxy holder (GD) requested to know what is the reason for believing why management should be on the Board as this is different from most NZX and ASX companies.

A (BM): BM commented that there had been enough debate on the particular point and that shareholders are entitled to vote whichever they wish on this particular subject.

With no further discussion, BM put the motion to the meeting, by asking shareholders to mark their voting paper clearly indicating how they wish to vote.

Appointment of Auditors and Remuneration:

BM advised that Pursuant to Section 200 of the Companies Act 1993 PricewaterhouseCoopers are automatically reappointed as auditors for the ensuing year. The Chairman explained that the proposed ordinary resolution is required to authorise the Directors to fix the auditors' remuneration pursuant to section 197(a) of the Companies Act 1993.

BM advised the Board is holding 29,873,817 directed and discretionary proxies which will be voted in favour of this resolution, and 215,595 proxies against. BM moved a motion that the directors be authorised to fix the remuneration of the auditors for the year ending 31 March 2017. The motion was seconded by a shareholder. No questions were received from the shareholders with respect to the motion and the motion was put to the meeting.

General Business:

BM explained that we have a constitution that allows for any items of general business to be put forward and that this is a time to raise questions of a general nature.

Shareholder # 11 (Tony O'Connor):

Q: The shareholder (TO) requested to know what had been done to seek diversity on the Board in the last year.

A (BM): BM commented that the Board has had discussions around the Board make up and diversity.

Shareholder # 12 (John Hyde):

Q: The shareholder (JH) requested to know whether shareholders can expect a dividend.

A (BM): BM commented that there was not the expectation that a dividend could be paid in the current year, but that it was on the radar for the future, but first we need to be a company that has developed a sustainable profit.

Shareholder # 13 (Don Horwarth):

Q: The shareholder (DH) commented that successful companies were diversified in terms of products, geographies, customers and markets and therefore why had we not diversified into other markets.

A (BR): BR commented that the Board did say that we needed to diversify and that was where we came up with Thinxtra and the Sigfox IoT network.

Shareholder # 14 (Bryan Robinson):

Q: The shareholder (BR) requested to know whether Rakon manufactures illegal military weapons.

A (BM): No and confirmed that we operate within the rules of export out of New Zealand.

Shareholder # 15 (H. Cheng):

Q: The shareholder (HC) requested to know whether Rakon manufactures the whole GPS system, or do you have any ideas to enhance the share value in this way.

A (BR): BR confirmed that developing a GPS receiver and transceiver that will connect to IoT networks is in development.

Results & Closure:

BM referred shareholders to the forthcoming NZX announcement for the full details relating to the voting results. BM thanked the shareholders for their attention and attendance at the company's eleventh Annual Shareholders Meeting as a publicly listed NZX company. BM then declared the meeting closed at 3:50pm.

Signed as true and correct record

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Chairman