

**MobileWave Group plc
("MobileWave" or the "Company")**

**Notice of General Meeting
Trading update**

**Proposed issue of New Ordinary Shares and amendments to Articles of Association
Capital Reorganisation**

The Company is pleased to announce that it has today posted a circular to Shareholders, convening a General Meeting for 11.00am on 21 October 2011 and informing Shareholders that the Company has entered into an Investment Agreement with Dutchess Opportunity Cayman Fund, Ltd, conditional on Shareholder approval, whereby the Investor has agreed to subscribe for up to £4.0 million of New Ordinary Shares in the Company over a period of three years. The circular, which also contains a trading update and details of a Capital Reorganisation is summarised below.

Introduction

In August 2010, the Company completed the acquisition and reverse takeover of MobileWave Limited. Its core business comprises a mobile marketing platform with an innovative suite of consumer loyalty applications designed to deliver measurable, targeted mobile marketing campaigns. Since acquiring the MobileWave business, the Company has continued to invest in the development of its product offering.

In May 2011 Shareholders approved a proposal to raise up to £2.0 million in aggregate by way of an issue of Convertible Preference Shares in order to finance the ongoing development of the MobileWave business. To date the Company has raised \$400,000 from investors in the Convertible Preference Shares and continues to seek further investors for the Convertible Preference Shares.

In addition to the initiative to raise funds from the issue of the Convertible Preference Shares, the Company has entered into an agreement with the Investor subject to Shareholders' approval, whereby the Investor has committed to subscribe for up to £4.0 million of New Ordinary Shares over a period of thirty six (36) months.

As the business continues to evolve, this additional investment will provide assurances that the Company will have sufficient working capital until such time as further Convertible Preference Shares can be issued.

Investment Agreement

On 5 October 2011, the Company entered into the Investment Agreement with the Investor, conditional on Shareholder approval, whereby the Investor has agreed to subscribe for up to £4.0 million of New Ordinary Shares over a period of three years. The material terms of the agreement are as follows:

- The Company is entitled to serve notice on the Investor (the "Put Notice") requiring it to subscribe for New Ordinary Shares equal in value to the greater of (i) £25,000 and (ii) 400% of the average daily volume ("ADV") of New Ordinary Shares multiplied by the average of the three (3) daily closing bid prices for the New Ordinary Shares immediately preceding the Put Notice. The ADV is computed using the closing best prices on the three trading days prior to the Put Notice.
- The Company is also entitled, on one occasion only to serve notice requiring the Investor to subscribe for New Ordinary Shares up to a value of £250,000.
- The subscription price at which the Investor will subscribe for New Ordinary Shares will be 92% of the lowest daily volume weighted average price of the New Ordinary Shares during the ten (10) consecutive trading days immediately after service of the Put Notice.
- The Company will not be entitled to require the Investor to subscribe for further New Ordinary Shares until each transaction has been completed.
- The Company is entitled to withdraw from a transaction if the subscription price of the New Ordinary Shares as determined by reference to the share price for the 10 days following service of the Put Notice falls below a price to be set by the Company when it serves the Put Notice.
- The Company is required to pay a commitment fee to the Investor of £80,000 to be satisfied by the issue of 5,720,000 New Ordinary Shares payable at par.
- The Company will, once shareholder approval of the Investment Agreement has been obtained, issue warrants to the Investor, entitling the Investor to subscribe for up to 2,515,723 New Ordinary Shares equivalent to a value of £40,000 priced at a premium of 20% to the mid-market price of Existing Ordinary Shares on 03 October 2011.
- In addition, the Company has agreed to pay the Investor's legal costs limited to \$15,000, of which \$10,000 has already been paid.

Capital Reorganisation

The nominal value of the Existing Ordinary Shares is 5 pence per share. Pursuant to the Investment Agreement, it is possible that the Company will allot and issue shares to the Investor at a price below the nominal value of the Ordinary Share. Since it is not possible for a company to allot new shares at less than their nominal value as this is not permitted pursuant to the Act, the Company needs to reduce the nominal value of its shares if it is to have the ability to issue new ordinary shares. A resolution is therefore being proposed at the General Meeting that each Existing Ordinary Share will be subdivided into one New Ordinary Share of 0.1p per share and one Deferred C Share of 4.9p per share.

This sub-division will not affect the inherent value of your Ordinary Shares as the number of issued Ordinary Shares in existence both before and after the sub-division will remain the same. Existing share certificates in respect of Ordinary Shares will remain valid in respect of the newly

denominated New Ordinary Shares and replacement certificates will only be sent out for trades or transfers effected on or after 24 October 2011.

The New Ordinary Shares will have the same rights and restrictions as the Existing Ordinary Shares. The Deferred C Shares will have the restricted rights set out in the appendix to this circular, will not be admitted to trading on AIM, will have no practical economic value, will not be listed, will be non-voting, will carry no right to a dividend and will, following court approval, be subject to eventual cancellation by the Company for a nominal amount. For administrative purposes the Company may register the Deferred C Shares in the name of a nominee for the Shareholders.

General Meeting

In order to subdivide the Existing Ordinary Shares into New Ordinary Shares and Deferred C Shares as explained above, to authorise the Directors to allot and issue New Ordinary Shares in accordance with the Investment Agreement and to issue the warrants to the Investor as described in this circular, the Resolutions will need to be passed at the General Meeting.

A notice convening the General Meeting to consider and, if thought fit, pass the Resolutions is set out at the end of the circular posted to Shareholders. A summary of the Resolutions is set out below:

Resolution 1 seeks the authority of Shareholders to subdivide each Ordinary Share as explained in this circular.

Resolution 2 seeks the authority of Shareholders for an increase in the share capital of the Company.

Resolution 3 seeks the authority from Shareholders for Directors to allot New Ordinary Shares in accordance with the Investment Agreement.

Resolution 4 seeks the authority of Shareholders for certain amendments to the articles of association of the Company.

Resolution 5 seeks the authority of Shareholders to dis-apply statutory pre-emption rights in respect of the authority to allot and issue New Ordinary Shares pursuant to and in accordance with the Investment Agreement.

Trading update

MobileWave is a broad based global mobile technology solution partner to companies and brands that enables them to have a meaningful and real relationship with end users. MobileWave's long term ambition is to become an integrator of business functions into a mobile platform, thereby enhancing commercial effectiveness and efficiency in order to generate maximum returns. The Company aims to partner with enterprises to assist them develop their businesses in dealing with what the Board perceives to be an increasing use and reliance by consumers on mobile phones and

social media. MobileWave's goal is to be the leading B2B mobile relationship management platform for maximizing enterprise effectiveness and efficiency.

Since acquiring the MobileWave business the Directors have carried out a full business review and have broadened the focus of the development of the MobileWave business, focusing in particular on organic growth of the Company's technology and on strategic acquisitions. MobileWave intends to become a global organization, with a focus on developing markets, where we aim to gain clear market leadership. Our key initiatives include:

- **Partnerships**

MobileWave intends to develop partnerships with leading advertising agencies, telecom operators and customer relationship management platforms to accelerate the integration of its own platform with brands and retailers' existing loyalty systems.

- **Strategic Acquisitions**

The Company will seek to acquire appropriate mobile platform, services and technology companies complimentary to its existing business and adding to its revenue. Discussions are in progress with several companies in this regard.

- **White Labeling**

MobileWave's offering will have a highly scalable interface and can be 'skinned' with a brand or retailers look-and-feel and rapidly rolled out as a customized solution to complement their existing marketing, mobile and loyalty initiatives and/or to mobilize their enterprise software.

Since 2010 MobileWave has engaged a Silicon Valley marketing consultancy firm, Global Fluency, with the intention of expanding into North America and making its platform and message more relevant to enterprise marketers. As a consequence of the relationship with Global Fluency, MobileWave has forged a strategic alliance with the Chief Marketing Officer Council (CMO), a non-profit network of approximately 6,000 marketing professionals engaged in developing best practice in customer relationship management, marketing automation and loyalty. MobileWave has benefitted from this collaboration from introductions to CMO councils member organisations as well as from the credibility of being associated with this influential business network.

As part of the process of expanding its reach, MobileWave has now moved its product development away from South Africa and has in place a development agreement with Ariose Software in Delhi, India. The Company's immediate focus is around the marketing function and capability. The initial goal is and remains to gain critical mass as MobileWave focuses on becoming a global provider of mobile marketing and advertising solutions that enable brands, advertising agencies, retailers and large enterprises to implement highly targeted, interactive and measurable campaigns by communicating with and engaging consumers via their mobile devices. The Company believes that the integrated, user friendly platform, currently being developed will be a leading solution for customers looking to build deeper relationships with their consumers and/or end users. It is expected that this platform will enable the Company's customers to plan via insight-based profiling

and segmentation, execute, target, monitor and measure mobile marketing and advertising campaigns in real time throughout the campaign lifecycle to drive better results from customers, including enhanced return on investment.

High profile tier 1 customers will be targeted within sectors which will act as reputation builders critical to establish the Company's credentials as a serious, trusted player in the mobile marketing and relationship management space. Current industry focus areas are pharma/health, financial services, retail, FMCG, sport and entertainment and mass transit.

People

At the beginning of June, the Company recruited Kurt Pakendorf as Group CEO and a board member of MobileWave Group Plc. Kurt is a highly experience technology executive who has held significant leadership positions in technology companies based in Europe and the USA. Prior to this Kurt was an attorney practising corporate law in South Africa, the United Kingdom, and Belgium and with the United Nations in Kosovo.

A new Chief Technology Officer and Chief Revenue Officer are expected to be appointed shortly.

Litigation update

As shareholders are aware, the Company has been pursuing Mr Devinder Raj Narang in respect of the deferred cash payment of US \$1.5 million which was due on 31 December 2009, together with accrued interest following the disposal of the Freeplay business on 4 August 2008.

The Company obtained judgment against Mr Narang in the UK which it is seeking to enforce in India. The next hearing date for the matter in India is scheduled on 15 November 2011. In addition to pursuing Mr Narang through the Indian courts, the Company is also seeking to enforce the judgement granted against Mr Narang in the UK. Consequently a dual track is being pursued. The Company has terminated the mediation efforts that were being undertaken by a third party, known to both Mr Narang and the Board.

Recommendation

The Directors believe that the Proposals are in the best interests of the Company. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do so in respect of their own aggregate holdings of 19,385,589 Ordinary Shares in which they are interested, representing approximately 24.5 per cent. of the existing issued ordinary share capital of the Company.

For further information, please contact:

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy 11.00 a.m. on 19 October 2011

General Meeting 11.00 a.m. on 21 October 2011

DEFINITIONS

The following definitions apply throughout the announcement unless the context requires otherwise:

"Act"	the Companies Acts 1985 and 1989, as amended or replaced by the Companies Act 2006 ("2006 Act") where the context requires
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the rules governing the admission to, and operation of AIM contained in the document entitled the "AIM Rules" published by the London Stock Exchange
Capital Reorganisation	the splitting of the 110,819,638 issued and unissued Existing Ordinary Shares with a nominal value of 5 pence into 110,819,638 issued and unissued New Ordinary Shares with a nominal value of 0.1 pence each and 110,819,639 Deferred C Shares with a nominal value of 4.9 pence each
"Capita Registrars"	a trading name of Capita Registrars Limited
"Company" or "MobileWave" or "Group"	MobileWave Group plc and its subsidiaries as the context requires
"Convertible Preference Shares"	the convertible redeemable preference shares of 1p each in the capital of the Company
"Deferred C Shares"	the deferred C shares of 4.9 pence each resulting from the Capital Reorganisation of the Ordinary Shares as set out in the circular
"Directors" or the "Board"	the directors of MobileWave, whose names appear on page 4 of this document

“Existing Ordinary Shares”	ordinary shares of 5 pence each in the share capital of the Company
“Form of Proxy”	the form of proxy enclosed with this document for use at the General Meeting
“GM” or “General Meeting”	the General Meeting of the Company convened for 11.00 a.m. on 21 October 2011 by the Notice of GM and any adjournment thereof
“Investment Agreement”	the agreement dated 5 October 2011 between the Company and the Investor concerning the proposed investment by the Investor in New Ordinary Shares as described in the circular
“Investor”	Dutchess Opportunity Cayman Fund Ltd
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company resulting from the Capital Reorganisation of the Existing Ordinary Shares as set out in the circular.
“Notice of General Meeting”	the notice of GM set out at the end of the circular
“Proposals”	the proposed Capital Reorganisation, the issue of New Ordinary Shares and the amendments to the Company’s articles of association
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority pursuant to section 73A of the Financial Services and Markets Act 2000, as amended
“Resolutions”	the resolutions set out in the Notice of GM
“Shareholders”	holders of Ordinary Shares
“United States” or “US”	the United States of America, its territories and possession, any state of the United States and the District of Columbia