

9 December 2014

*– Acquisition of advanced roaming network company  
reducing mobile voice roaming charges –*

## **Monteray Mining Group to Acquire Norwood Systems**

Monteray Mining Group Limited (**Monteray** or the **Company**) is pleased to announce that it has entered into a binding termsheet (**Agreement**) with the major shareholder and board of Norwood Systems Pty Ltd (**Norwood**) to acquire 100% of Norwood (**Transaction**).

Through its proprietary **CO**rporate **RO**aming **NE**twork **AC**cess (**CORONA**) platform, Norwood has developed one of the world's most advanced alternative roaming solutions to reduce significantly mobile phone voice roaming charges for corporate travellers, while improving connectivity to their corporate telephony networks when on the road.

Norwood's **solution is live** and has been adopted by users from more than **30 large corporate organisations**. Norwood's first customer to have the CORONA platform installed and deployed was iiNet Limited, one of Australia's largest Internet service providers.

Norwood is reducing corporate roaming charges by more than 70% and can deliver potential savings to companies amounting to millions of dollars per annum, based on their roaming usage. To date, these users have collectively utilised 2 million seconds of airtime on the CORONA platform.

### **Norwood Highlights**

- CORONA delivers superior call reliability compared to 'vanilla' Voice over Internet Protocol (**VoIP**) services currently available in the market such as Skype and Viber. This is achieved through Norwood's patent-pending Dynamic Voice Path Optimisation (**DVPO**) technology.
- Early adopters include representatives from six S&P/ASX 200 companies as well as other global financial institutions, professional service providers, engineering and energy companies.
- High margin service offering – Norwood's CORONA platform seamlessly connects its clients' end-users to nearby landline telephony networks at an average cost of only 1% of average prevailing international roaming rates.
- Norwood has signed its first 'white label' reseller agreement with Progility Group plc, an AIM quoted communication systems integration business, with sales presence on five continents.
- The corporate voice roaming segment (~US\$30b) that CORONA addresses is forecast to reach US\$45b by 2018, growing at a rate of 12% pa.
- Norwood is one of the most highly awarded technology companies in Australia in 2014 and was the winner of the 'New Product' category at the prestigious National iAwards in August 2014.
- Norwood has filed five (5) patent family applications covering multiple aspects of the CORONA platform's operation in Australia, US and EU jurisdictions. Several of these patent applications are now at the "cleared for acceptance" stage.
- Additional capital raised alongside the Transaction will be mostly applied to significantly increase sales efforts, building on the already launched product.

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**Commenting on the transaction, Paul Ostergaard, Chairman and CEO of Norwood, said:**

*“We are extremely thrilled to be a party to this transaction with Monteray Mining Group. Our CORONA platform solves a significant problem that all kinds of businesses and users encounter when travelling internationally. Countless times corporate travellers have found themselves with expensive roaming charges after returning from business abroad – our platform seamlessly reduces such costs by more than 70%, delivering considerable savings to companies. The agreement with Monteray will allow us to take CORONA to market in a much more substantial way”.*

**About the CORONA platform**

CORONA has a seamless integration for both the corporate organisation and end-user corporate traveller. No end-user behaviour change is needed – same dial-plan, no multiple SIMs and virtually the same user interface as the native phone. No upfront costs are charged and no hardware is required as the software-based solution leverages existing communications infrastructure.

The development and refining of the CORONA platform has now largely been completed with a high level of customer adoption as evidenced by increasing average usage per user per month. As a result, new funds proposed to be raised pursuant to the Transaction are to be mainly applied towards enhancing Norwood’s sales and marketing capability.

**Heads of Agreement**

On 5 December 2014, Monteray executed a binding termsheet with the major shareholder and board of Norwood that, subject to the satisfaction of a number of conditions precedent outlined below, will result in Monteray acquiring 100% of the issued capital of Norwood.

Under the terms of the Agreement, Monteray will acquire 100% of Norwood for the following consideration:

- Non-refundable deposit of \$25,000 payable on the date of announcement of the Transaction
- An additional \$50,000 non-refundable deposit payable at the completion of the mutual due diligence period (being 19 December 2014)
- 350.0 million ordinary fully paid shares in Monteray
- Up to 43.6 million share options in Monteray exercisable at the capital raising issue price within 3 years of the date of issue
- 150.0 million Performance Shares which will convert to fully paid ordinary shares upon the achievement of the Milestones 1 and 2 as outlined below:

Milestone	Number of Shares to be Issued
<b>Milestone 1:</b> Norwood being awarded two separate ‘Material Contracts’ whereby a ‘Material Contract’ is defined as a contract with a third party which generates gross revenue to Norwood of at least \$200,000 in any 12 month consecutive period	75.0 million
<b>Milestone 2:</b> Norwood generating gross revenue for any 12 month consecutive period of at least \$3.0 million	75.0 million

### **Conditions Precedent**

The Transaction is subject to a number of conditions being satisfied, including:

- i) Mutual due diligence (to be completed by 19 December 2014);
- ii) All outstanding Norwood convertible notes being either converted into ordinary shares or cancelled;
- iii) 100% acceptance of the offers made by Monteray to Norwood shareholders and convertible noteholders;
- iv) Execution of a formal share sale and purchase agreement (**SSA**);
- v) Norwood creditors at the completion of the Transaction not exceeding \$280,000;
- vi) Monteray raising a minimum of \$3.75 million (with Azure Capital Ltd to be appointed as Lead Manager) in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules; and
- vii) Monteray shareholder approval.

### **Re-compliance with Chapters 1 & 2 of the ASX Listing Rules**

The acquisition of Norwood will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Recompliance**). The Company will despatch a notice of meeting (**NOM**) to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of Norwood.

### **Name Change**

As part of the transaction, the Company will seek the approval of shareholders to change its name to Norwood Systems Limited.

### **Board Change**

Norwood will be entitled to nominate three persons to the Board of Directors on completion of the Transaction whilst one Monteray nominee will remain. One of Norwood nominees will be the current CEO and founder of Norwood, Mr Paul Ostergaard, as Managing Director.

Paul founded Norwood in 2011 and has a 25-year track record of success and innovation in the high-technology sector, having worked in senior executive roles in start-ups and large corporations across the North American, European and Asia-Pacific regions. Prior to Norwood, Paul founded several companies in the wireless communications sector.

Previously, Paul headed the global platform marketing strategy for a \$1 billion systems platform at 3Com Corporation, leading the platform's brand and core technology development across seven divisions and 37 product lines. During his tenure at 3Com, worldwide market share for this platform increased to an all-time peak of 35% with sales increasing at an average of 50% p.a. to reach \$1.2 billion in annual revenues.

Paul holds a Bachelor of Electronic Engineering from the University of Western Australia and an MBA from INSEAD.

### Indicative Capital Structure on Completion

	Number of Shares
Current Issued Capital (includes placement of remaining entitlements issue shortfall)	130,800,710
Upfront consideration Shares to be issued to Norwood	350,000,000
Minimum \$3.75 million Re-compliance Capital Raising <sup>1</sup>	187,500,000
<b>Total Shares on Issue following Completion and Re-compliance</b>	<b>668,300,710</b>
<b>Performance Shares</b>	<b>150,000,000</b>
Existing Options (exercisable at \$0.25 – \$0.40)	9,000,000
Options to be issued to Norwood <sup>2</sup> (exercisable at the Capital Raising issue price, 3 year term)	43,593,213
<b>Total Options</b>	<b>52,593,213</b>

### Indicative Timetable

An indicative timetable for the Transaction is set out below. The Company notes that the timetable may be subject to change.

Event	Date
Announcement of Norwood Acquisition	9 December 2014
Due Diligence Completed By	19 December 2014
Despatch Notice of Meeting	30 January 2015
Lodgement of Prospectus and Offer Open	16 February 2015
Shareholder Meeting to Approve Acquisition	2 March 2015
Suspension from Trading	2 March 2015
Offer Close	16 March 2015
Re-admission to the Official List	23 March 2015

### Entitlements Issue Shortfall

As announced to the ASX, the entitlements issue offer of Monteray shares closed on 9 September 2014 with a shortfall in relation to the offer of 34,172,942 shares. Ventnor Securities Pty Ltd has placed the entire shortfall to various investors to raise \$341,729.42 (before costs) at the entitlements issue price of 1 cent per share. The allotment of these shares has occurred with reference to the Appendix 3B lodged on 19 August 2014.

<sup>1</sup> For illustrative purposes the Indicative Capital Structure table above assumes the \$3.75 million Minimum Re-compliance Capital Raising is undertaken at pre-Consolidation price equivalent to \$0.02. However it should be noted that if the share price is at a higher price prior to Re-compliance, the capital raising may be undertaken at a higher price. Furthermore the Company may decide to raise more than \$3.75 million.

<sup>2</sup> Maximum number of options to be issued as consideration pursuant to the Transaction, final number may be lower and will be determined prior to lodgement of the Notice of Meeting

**Advisers**

Azure Capital Ltd is corporate Adviser to the Transaction.

For further information please contact the CEO of Monteray, Mike Edwards on 08 9482 0560.

**Media**

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**Appendix:**

**About Norwood**

Norwood was founded in 2011 to develop and supply the best possible global mobility and roaming solutions for multi-national organisations. The company’s ground-breaking offering, CORONA, delivers the world’s most advanced international roaming solution for enterprise and government clients.

CORONA is a cloud services platform that integrates the users compatible mobile devices securely and seamlessly with their organisation’s existing corporate telephony network independent of their location.

*How CORONA Works*

Norwood’s patent-pending cloud services platform, CORONA, automatically leverages the international public switch telephone network (**PSTN**), short-haul VoIP networks and other voice bearers to optimise employee call routing, improving call quality and reliability, while lowering corporate calling expenses.

CORONA addresses a “two-sided” market by linking low-cost regional landline telephony network service providers to nearby corporate roaming travellers who need access to low-cost, high-quality telephony services. By monitoring the location of employees’ roaming smartphones, and by managing a number of scalable service agreements with regional network service providers, CORONA seamlessly connects its end-users to nearby telephony resources – using the same protocol that the international cellular telephony networks use for roaming between their networks – to drive down roaming call costs and improve contactability.

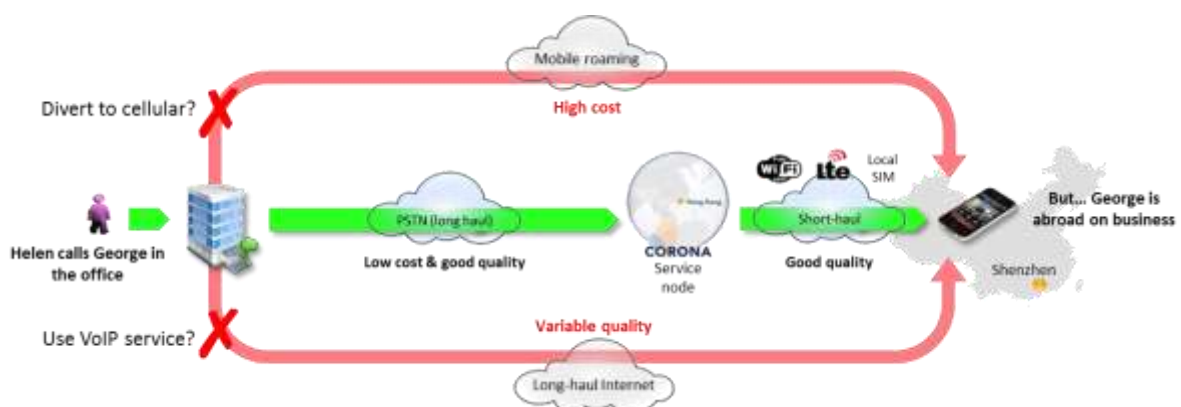


Figure: CORONA platform flow sheet