

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Norwood Systems Limited

ACN

062 959 540

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | (a) Fully Paid Ordinary Shares (Placement Shares)
(b) Unlisted Options (Placement Options)
(c) Fully Paid Ordinary Shares (Priority Shares)
(d) Unlisted Options (Priority Options)
(e) Fully Paid Ordinary Shares (Service Shares)
(f) Fully Paid Ordinary Shares (Cleansing Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 100,000,000
(b) 33,333,333
(c) Up to 42,857,143
(d) Up to 14,285,714
(e) 1,170,000
(f) 20 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) Fully Paid Ordinary Shares
(b) Options with an exercise price of \$0.055 and expiring on 15 July 2018
(c) Fully Paid Ordinary Shares
(d) Options with an exercise price of \$0.055 and expiring on 15 July 2018
(e) Fully Paid Ordinary Shares
(f) Fully Paid Ordinary Shares |

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>(a) Yes</p> <p>(b) No, shares issued on the exercise of options will rank equally with existing quoted securities. The Company intends to apply for quotation of unlisted options following the closure of the Priority Offer in accordance with the Prospectus dated 15 June 2016</p> <p>(c) Yes</p> <p>(d) No, shares issued on the exercise of options will rank equally with existing quoted securities. The Company intends to apply for quotation of unlisted options following the closure of the Priority Offer in accordance with the Prospectus dated 15 June 2016</p> <p>(e) Yes</p> <p>(f) Yes</p>
<p>5 Issue price or consideration</p>	<p>(a) Issued at \$0.035 per share for total consideration of \$3,500,000</p> <p>(b) Nil cash – free attaching to shares issued under the Placement Offer on a 1-for-3 basis</p> <p>(c) \$0.035 per share for a total consideration of up to \$1,500,000</p> <p>(d) Nil cash – free attaching to shares issued under the Priority Offer on a 1-for-3 basis</p> <p>(e) Nil cash – shares issued in lieu of cash payment for services</p> <p>(f) \$0.035 per share for a total consideration of \$0.70</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) & (c) to raise funds as detailed in section 5 of the Prospectus dated 15 June 2016</p> <p>(b) & (d) free attaching to shares issued under the Placement and Priority Offers on a 1-for-3 basis as detailed in the Prospectus dated 15 June 2016</p> <p>(e) As consideration for services provided</p> <p>(f) To remove any trading restrictions that may attach to Service Shares as detailed in the Prospectus dated 15 June 2016</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>

+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	27 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	13,239,044 Placement Shares Up to 42,857,143 Priority Shares 33,333,333 Placement Options Up to 14,285,714 Priority Options 1,170,000 Service Shares 20 Cleansing Shares Total: 104,885,254 securities
6d	Number of +securities issued with security holder approval under rule 7.1A	86,760,956 Placement Shares
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Yes Issue date: on or around 21 June 2016 VWAP: \$0.043 75%: \$0.032 Issue price: \$0.035
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 – 25,256,179 Rule 7.1A – nil
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	(a) 21 June 2016 (b) 21 June 2016 (c) 14 July 2016 (d) 14 July 2016 (e) 21 June 2016 (f) 21 June 2016

8 Number and ⁺class of all
⁺securities quoted on ASX
*(including the securities in
 section 2 if applicable)*

Number	Class
1,011,636,719	Ordinary shares [218,654,678 ordinary shares remaining are subject to escrow]
Number	⁺ Class

⁺ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	78,869,761	Unlisted class A performance shares
		78,869,761	Unlisted class B performance shares
		2,000,000	Unlisted performance shares
		3,927,774	Unlisted class A performance rights
		3,927,774	Unlisted class B performance rights
		16,970,401	Unlisted options, exercisable at \$0.02 to 9 June 2018
		5,000,000	Unlisted options, exercisable at \$0.25 to 30 November 2016
		1,000,000	Unlisted options, exercisable at \$0.40 to 8 October 2016
		9,500,000	Unlisted options, exercise price \$0.198, expiring 27 November 2020 with a restriction on disposal until 27 November 2017
		9,500,000	Unlisted options, exercise price \$0.297, expiring 27 November 2020 with a restriction on disposal until 27 November 2017
		6,000,000	Unlisted options, exercise price \$0.173 and expiring 27 November 2018
		10,000,000	Unlisted options exercise price \$0.135, expiring 27 November 2020, vesting on 27 November 2018 with a restriction on disposal until 19 April 2017
		25,336,111	Unlisted options, exercise price of \$0.02, expiring 27 November 2018 and vesting on 16 June 2017
		10,167,973	Unlisted options, exercise price of \$0.02 and expiring 27 November 2018
		500,000	Unlisted options, exercise price of \$0.02 and expiring 27 November 2018
		2,000,000	Unlisted options, exercise price of \$0.107 and expiring 29 December 2018
		7,400,000	Unlisted options, exercise price of \$0.057 and expiring 31 May 2021
		33,333,333	Unlisted options, exercise price of \$0.055 and expiring 15 July 2018
		14,285,714	Unlisted options, exercise price of \$0.055 and expiring 15 July 2018

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue – NOT APPLICABLE, DELETED

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

+ See chapter 19 for defined terms.

38 Number of securities for which
+quotation is sought

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39 Class of +securities for which
quotation is sought

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40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a trust,
distribution) or interest
payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest
payment

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41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

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42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



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(Company Secretary)

Date: 15 June 2016

Print name: Brett Tucker

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	773,859,598
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	Nil 93,749,958 Nil
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	867,609,556

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	130,141,433
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	104,885,255
“C”	104,885,255
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	130,141,433
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	104,885,254
Total [“A” x 0.15] – “C”	25,256,179 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	867,609,556
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	86,760,956
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	86,760,956
“E”	86,760,956

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	86,760,956
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	86,760,956
Total [“A” x 0.10] – “E”	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.