

ASX & MEDIA RELEASE

12 November 2007

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

LICENCE AGREEMENT FOR MONOUNSATURATED ICE CREAM IN CHINA

The Directors of Montec International Limited (ASX: MTI) are pleased to announce the signing in Beijing of an agreement with Beijing Allied Faxi Co., Ltd (Faxi Foods) for the production and marketing of the company's monounsaturated ice cream. Under the terms of the agreement Faxi Foods has been granted a licence to market monounsaturated ice cream, initially in two flavours in Beijing and Shanghai, co-branded with Faxi Food's "BAXY" and Montec's "dairypure" brands. The agreement provides for future geographical expansion through Faxi Foods national distribution channels and the addition of new flavours after initial market proving in Beijing and Shanghai. Montec retains the right to purchase product from Faxi Foods for distribution through its own sales network or appointed distributors as mutually agreed from time to time.

Beijing Allied Faxi Foods Co., Ltd is a subsidiary of Beijing Sanyuan Foods Co., Ltd, Montec's production and distribution partner in monounsaturated UHT milk in China. Faxi markets the popular "BAXI" brand of premium ice cream through major retail outlets, primarily in Beijing and Shanghai from its manufacturing facility in Beijing and also supplies ice cream mix to major restaurant chains, including McDonalds, KFC and Dairy Queen, throughout China.



The Licence Agreement provides Montec a no cost market entry to the five billion litre China ice cream market in partnership with the major producer of premium ice cream in Beijing and access to Faxi Foods’ established frozen distribution and marketing network. Co-branding the product provides a further step in Montec’s “healthy dairy cabinet” strategy, extending the “dairypure” brand to the ice cream category while also benefiting from the well-established consumer franchise held by the “BAXI” brand. The agreement also establishes a strategic partnership with Faxi Foods, adding to the partnership arrangements Montec has already established in China with Beijing Sanyuan Foods for UHT milk and the Jinhua Jalo Dairy, the manufacturer of Montec’s recently launched “Bei Bei” dairy drinks for children.

In signing the Licence agreement with Mr. William Guo, General Manager of Beijing Allied Faxi Foods Co., Ltd, Montec’s Managing Director, Mr. Peter Herd said,

“The partnership with Faxi Foods is a significant milestone in Montec’s China growth strategy and follows other recent initiatives by the Company to broaden its product base in that market. Montec’s product range includes plain and flavoured milk, children’s dairy drinks and now ice cream”.

“This is a medium to long term initiative in China’s largest dairy market segment. Volumes are expected to progressively build as Faxi Foods establishes full commercial production and achieves initial market penetration in Beijing and Shanghai, while bearing the significant market entry costs this requires”.

“The licence arrangement provides a low cost means of commercializing Montec’s patented ice cream technology in China and an important partnership with a forward looking, experienced management group committed to future growth. In doing so, the licence arrangement will allow Montec’s China management and financial resources to be more appropriately focused on growing the existing product range and seeking new growth opportunities,” Mr. Herd said.

Ends



Terry Cuthbertson
Chairman
Montec International Limited
Tel: +61 2 9299 0011

Peter Herd
Managing Director
Montec International Limited
Tel: +61 2 9299 0011

Investor Relations & Media Enquiries:

Rod North
Bourse Communications Pty Ltd
Tel: +61 3 9510 8309
Mob: +61 (0) 408 670 706

ABOUT MONTEC INTERNATIONAL LIMITED (MTI)

Montec International Limited holds certain rights to the manufacture and marketing of monounsaturated, cholesterol-free dairy products. The Company's current focus is on China where it is building its range of white and flavoured milks under the "dairypure" brand, currently distributed through more than 2,700 outlets, predominantly in Beijing and Shanghai. Brand development and extensions into monounsaturated ice cream, yoghurts and other products will provide the base for the Company's future growth.