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ACN 104 600 544

ASX CODE: MTI

Placement of Convertible Notes

17 October 2013

Montec International Limited (ASX: MTI) is pleased to announce the raising of $200,000 via the placement of 20 convertible notes to sophisticated and professional investors. In addition to this placement, the Company also proposes to issue 5 convertible notes (to raise $50,000) to Non-executive Chairman, Mr Terry Cuthbertson. The issue of the notes to Mr Cuthbertson is subject to shareholders approving the issue at the Company's upcoming Annual General Meeting.

The terms of the convertible notes are as follows:

- Each Note may be converted into ordinary shares in the capital of the Company at the election of the Noteholder.
- Each Noteholder has agreed to enter into a sub-underwriting agreement on standard commercial terms in respect of a capital raising that the Company may conduct in the future. As part of the sub-underwriting terms, each Noteholder has agreed to convert its Notes into shares upon completion of the associated capital raising. The conversion price of the Notes will be the same price as the issue price of the shares offered pursuant to the capital raising.
- The Company may, at any time prior to the maturity date:
    - elect to convert the Notes into ordinary shares. The conversion price shall be 80% of the Company's shares over the 30 days immediately prior to the conversion date; or
    - elect to redeem all of the Notes which have not been converted by repaying the Noteholder the issue price and all accrued interest.
- Unless converted or redeemed earlier, the Notes will be redeemed by the Company on 17 April 2014. The Company has a discretion to extend this date by a further three months.
- Noteholders are entitled to interest at 12% per annum (or 15% per annum if the maturity date is extended by three months) payable quarterly in arrears.
- If the Notes are converted into ordinary shares in the capital of the Company, the resulting ordinary shares will rank equally in all respects with the Company's then existing fully paid ordinary shares.

The funds raised by the placement will be applied towards the Company's working capital requirements. The Board continues to investigate potential opportunities, both within and outside the dairy category.

Terry Cuthbertson
Chairman
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