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ASX ANNOUNCEMENT

23 June 2016

Completion and Allotment of Placement Shares

Norwood Systems Limited ("Norwood" or "the Company") (ASX:NOR) is pleased to advise that it has completed the $3,500,000 placement to institutional investors as detailed in the Prospectus dated 15 June 2016. The Company was pleased with the oversubscribed demand for the Placement Offer, resulting in the allotment of the full $3,500,000 as sought.

The Company has now issued the 100,000,000 shares and 33,333,333 free attaching options under the Placement Offer, along with 1,170,000 shares to Azure Capital for services provided.

The Company has applied for quotation of the Placement shares pursuant to the Appendix 3B lodged with the ASX on 15 June 2016.

As detailed in the Prospectus dated 15 June 2016, the Company is proceeding with a Priority Offer to eligible shareholders. Shareholders appearing on the Company's Share register at ASX market close on Friday, 24 June 2016 will be eligible to participate in the Priority Offer. Eligible shareholders are reminded that the Priority Offer is on a '**first in, first served**' basis. The Company will provide an online facility for shareholders to review the Prospectus, and then apply and pay for their application once the Priority Offer opens, on Wednesday 29 June 2016. Shareholders will not need to wait to receive a Prospectus and application form in the mail to apply under the Priority Offer.

Any questions regarding the Priority Offer should be directed to the Company's share register, Link Market Services on 1300 551 242.

Additional information required by ASX Listing Rule 3.10.5A

(a) Dilution to existing shareholders:

Details of the approximate percentage of the issued capital post the Placement Offer (undiluted basis) held by the existing shareholders and participants in the Placement are as follows. Please note that this information relates specifically to the portion of shares issued under Listing Rule 7.1A only (86,760,956 shares):

Pre-Placement shareholders	90.9%
Participants in the Placement	9.1%

(b) The Company considered the Placement and Priority Offers as the most efficient and expedient method for raising the funds required to achieve its stated objectives and the Priority Offer allows existing shareholders the chance to participate in the offers. Given the size of the combined offers, the Company was required to utilise its placement capacity under Listing Rule 7.1A.

(c) No underwriting agreements were in place for the Placement.

(d) The Company has agreed to pay a fee of 6% of funds raised under the Placement.

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