5 April 2017

Company Announcements Platform
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This notice is given by Norwood Systems Limited (ASX: NOR) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. (**Instrument 2016/84**). References in this notice of the Corporations Act are references to the Corporations Act as modified or amended by Instrument 2016/84.

The Company has announced its intention to undertake an equity raising of up to approximately $2,070,996 via a fully underwritten non-renounceable entitlement offer. The raising comprises a non-renounceable pro-rata entitlement offer of fully paid ordinary shares (**Shares**), on the basis of 2 new Shares for every 15 Shares held as at 5:00pm (WST) on 10 April 2017 (**Record Date**) to eligible shareholders with a registered address in Australia or New Zealand (**Entitlement Offer**).

Based on the current capital structure (and assuming no options to acquire Shares (**Options**) are exercised, performance shares vest or performance rights vest prior to the Record Date) a total of an additional 129,437,277 Shares will be issued if the Entitlement Offer is fully subscribed and the amount raised will be approximately $2,070,996.

The Entitlement Offer is fully underwritten by Grange Capital Partners Pty Ltd (ACN 106 553 244) holder of an Australian Financial Services Licence (AFSL No. 264772) (**Underwriter**). The Company will pay the Underwriter an underwriting fee of 7% of the total gross amount underwritten by the Underwriter as well as reimbursement of expenses.

Eligible Shareholders may, in addition to taking up their Entitlement in full, apply for additional Shares out of the shortfall in excess of their Entitlement. All decisions regarding allocation of shortfall shares will be made by the Underwriter, in consultation with the Company.

The Company hereby confirms that in respect of the Entitlement Offer (as per the requirements of paragraph 708AA(2)(f) of the Corporations Act):

(a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act;

(b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Corporations Act;

(c) as at the date of this notice the Company has complied with:

(i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company;

(ii) section 674 of the Corporations Act as it applies to the Company;

(d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act; and

(i) the potential effect that the issue of the Shares under the Entitlement Offer will have on the control of the Company is as follows:

(A) if all eligible shareholders take up their entitlements under the Entitlement Offer, the issue of Shares under the Entitlement Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholders being unable to participate in the Entitlement Offer;

(B) in the more likely event that there is a shortfall, eligible shareholders who do not subscribe for their full entitlement of Shares under the Entitlement Offer and ineligible shareholders unable to participate in the Entitlement Offer will be diluted relative to those shareholders who subscribe for some or all of their Entitlement and those eligible persons who subscribe under the shortfall offer;

(C) the maximum amount of shortfall that is underwritten by the Underwriter under the Entitlement Offer is 129,437,277 Shares, which amounts to an overall undiluted interest in the Company of approximately 11.95%; and

(D) pursuant to the underwriting agreement:

(I) the Underwriter may procure sub-underwriters to sub-underwriter the Entitlement Offer at its discretion and has the right to nominate and determine (in consultation with the Company) who is to receive shortfall shares; and

(II) the Underwriter must ensure that no person may increase their holding by subscribing for any shortfall in excess of 19.9% in the Company on completion of the Entitlement Offer.

Yours sincerely

Steven Wood
Company Secretary
NORWOOD SYSTEMS LIMITED