ASX Announcement

MGM Wireless Limited (ASX:MWR)

3 October 2018

$2 MILLION FINANCE SECURED TO FUND PURCHASE OF MORE STOCK

Highlights:

- **$2 million Convertible Note Facility secured with Institutional and Sophisticated Investors**
- **Structure of Note designed to minimise dilution and allow for maximum future funding flexibility**
- **Proceeds of the Note will be used to fund orders for SPACETALK watches from anticipated new and existing customers**
- **Issuance of Note subject to shareholder approval at Annual General Meeting (AGM) on 16 November 2018**

3 October 2018 – Technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') today announced it has entered into a Convertible Note Deed ("Note") with clients of Gleneagle Securities (Aust) Pty Limited (Gleneagle) to raise up to $2 million.

The investors in the Note include the Company's first investment from Institutional investors.

The issuance of the Note is subject to shareholder approval, which will be sought at the Company's AGM in November.

Key features of the Note are:

- It will be drawn progressively following issuance of notice by the Company in 2x$500,000 and 4x$250,000 tranches. The amount of each tranche is at the Company's election.
- Drawdowns are conditional on the VWAP of the share price being greater than $3.00 (15 days for the first drawdown and 30 days for subsequent drawdowns).
    - The Company has, concurrent with execution of the Note, issued the first Drawdown Notice for $500,000; the VWAP being [$3.03] at the time the Notice was issued. Drawdown will be subject to shareholder approval of the Note.
- Interest of 7 per cent is payable only on drawn amounts.

- The Conversion Price of the Note will be the lower of $3.50 or at a 20 per cent discount to any future share issuance by the Company.
- The Investors in the Note will have a right to convert at any time.
- The Company may issue a redemption notice at any time, but the Investors have a preferential right to convert within the notice period.
- The term of the Note is two years.
- 250,000 options will be issued pro-rata to Note Investors as a facility fee. The options will expire two years from issuance and will be exercisable at $4.00. A further 300,000 options on the same terms will be issued Gleneagle as part of its fee.
- The Note is unsecured.

Commenting on the on the facility, Company CEO Mark Fortunatow, said: "The Note allows us to draw funds as we require them. It is unsecured at an attractive interest rate and doesn't restrict us from raising additional debt or equity. We are confident the conversion price will be $3.50, which is a significant premium to the last traded price of $3.10.

"We believe the Note serves to minimise dilution, whilst we retain maximum funding flexibility. We continue to see strong demand for our SPACETALK watch and anticipate making announcements on new customers and bricks and mortar expansion in time for the Christmas selling season. As such, having the Note in place gives us and our customers surety that we can continue to aggressively grow the Company in the fast growing wearables category."



About SPACETALK

SPACETALK is an all-in-one children's smartphone, watch and GPS tracker that allows parents and children to be in constant contact without exposing their kids to the dangers of social media apps and unrestricted access to the Internet.

It is the first of its kind to be wholly developed in Australia and one of the first worldwide. The child can make or receive calls from a list of contacts parents choose in the AllMyTribe® smartphone app. If the child needs help, a special SOS alert function can be customised to call parents and other guardians. Parents can see their child's location on their smartphone and the AllMyTribe App features alerts so whenever children leave designated safe spaces such as school or home, parents are notified. A step counter tracks the wearer's physical activity.

SPACETALK has been independently verified by leading international cyber security experts as "unhackable", and has world's best practice security and privacy features built in. It will also meet the upcoming European GDPR regulations. All data is hosted in Australia in highly secure data centres and protected by Australian Privacy and Data Security legislation, so security is assured.

ABOUT MGM

MGM Wireless Limited is a technology company designing, developing and commercialising wearables devices for children, and software for school communication and student absence management. The Company's AllMyTribe division has developed a wearable device called SPACETALK, which allows two-way 3G communication, GPS tracking and alerts parents whenever children leave designated safe spaces, such as school or the home.

MGM Wireless built its track record with school communication solutions after creating the world's first SMS based Automated Student Absence Notification Solution. It is recognised as a global leader and pioneer in socially responsible and technology-enabled school communications.

Used by over 1,300 schools and 1.6 million parents, the Company's multichannel school communication solutions empower schools to effectively communicate to parents and caregivers through SMS, mobile in-app and other means to improve student attendance and safety, help schools reduce operating costs and increase parent engagement. To learn more please visit: www.mgmwireless.com

For more information please contact:

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