

MGM Wireless consolidates Victorian territory coverage

12 May 2009

Australia's leading school text communication group, MGM Wireless, today announces it has further consolidated its Australian sales operations through the purchase of the Victorian and Tasmanian licenses to distribute MGM Wireless product.

The consideration for the acquisition will be satisfied by the payment of \$50,000 in installments plus the issue of 5 million ordinary fully paid 2 cent shares in the capital of MGM Wireless Limited. The acquisition will have an approximate 2.52% dilution effect to existing shareholders.

The shares to be issued will be subject to a period of voluntary escrow as follows:

30 June 2009 in respect to 1,000,000 shares;
30 October 2009 in respect to 1,000,000 shares;
30 December 2009 in respect to 1,000,000 shares;
28 February 2010 in respect to 1,000,000 shares; and
30 April 2010 in respect to 1,000,000 shares.

An Appendix 3B in relation to the issue of shares is attached.

The move will improve cash flows, margins and allow for an upgraded sales coverage of the Victorian education market, the second biggest education system in Australia.

MGM and its licensee have made strong inroads into the development of awareness of the MGM Wireless suite of leading-edge technology communications systems, including the company's flagship product, messageyou™, which is Australia's most successful education solution for text-based communications between schools and school communities.

"MGM Wireless would like to acknowledge the outstanding work that our former licensee has done in developing product awareness and developing key accounts in these markets," commented MGM Wireless chief executive, Mr Mark Fortunatow.

"School market acceptance of Parent Text solutions has shifted from novelty to mainstream status. It's largely accepted that one day every school will have some form of a Parent text messaging system. With the shift we are seeing the complexity of school needs relating to text communication increase, which our latest products address very well. MGM's products today require more expertise and resources to sell, market and service in order to successfully maintain new sales momentum. By consolidating operations, and leveraging existing resources, we will be better positioned to continue to grow our business in these regions more effectively into the future. Our former licensee acknowledges this shift and the time is right to bring the two operations under the one roof" Mr. Fortunatow said.

"Victoria is a key market for our messageyou™ solution. The State is an acknowledged leader in its commitment to improving education services through improved student attendance and student safety – particularly through Parent SMS alerts for late breaking news like the recent Victorian bushfire tragedy. These are key areas which are central to the MGM Wireless product offering."

"We see an opportunity to build our market share in this important market and work more closely with administrators in the Victorian Government, Catholic and Independent school systems," Mr Fortunatow said.

MGM Wireless currently services 328 schools in Australia which actively using the MGM suite of text communications products and that a further 94 had contracted to take up the service.

About MGM Wireless Ltd and Messageyou™, LLC

MGM Wireless Ltd is a public company listed on the Australian Securities Exchange (ASX code: MWR). The company trades as Messageyou™, LLC in the United States, with its head office in Silicon Valley at Sunnyvale, Cal. The company's patented School Attendance Management solutions empower schools to effectively communicate to parents and caregivers using SMS text messaging in combination with culturally sensitive communication to improve attendance, student welfare and safety. MGM Wireless is recognized in Australia and internationally as pioneers and market leaders. MGM's professional services team delivers an integrated suite of software and communications using its own infrastructure. The solutions enable schools to reduce costs, increase productivity, discharge their duty of care, engage parent involvement, and ultimately improve student learning and social outcomes. Schools in Australia, New Zealand and America use messageyou™ software in their day to day operations.

For further information contact:

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Name of entity

MGM Wireless Limited

ABN

93 091 351 530

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 5,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Equal with existing ordinary fully paid shares |

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No, shares to be issued will be subject to a period of voluntary escrow as follows:</p> <p>30 June 2009 in respect to 1,000,000 shares; 30 October 2009 in respect to 1,000,000 shares; 30 December 2009 in respect to 1,000,000 shares; 28 February 2010 in respect to 1,000,000 shares; and 30 April 2010 in respect to 1,000,000 shares.</p>						
<p>5 Issue price or consideration</p>	<p>2 cents</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Consideration for the acquisition of licence rights to distribute MGM Wireless products in Victoria and Tasmania.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>11 May 2009</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="766 1388 1069 1433">Number</th> <th data-bbox="1069 1388 1372 1433">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1433 1069 1478">197,561,205</td> <td data-bbox="1069 1433 1372 1478">Ordinary Shares</td> </tr> <tr> <td data-bbox="766 1478 1069 1657">14,103,380</td> <td data-bbox="1069 1478 1372 1657">30/11/2010 options exercisable at 20 cents</td> </tr> </tbody> </table>	Number	+Class	197,561,205	Ordinary Shares	14,103,380	30/11/2010 options exercisable at 20 cents
Number	+Class						
197,561,205	Ordinary Shares						
14,103,380	30/11/2010 options exercisable at 20 cents						

9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	5,000,000	Ordinary shares, subject to voluntary escrow
		5,100,000	31/12/2010 options exercisable at 20 cents
		4,257,143	31/01/2010 incentive options exercisable at 7 cents
		3,000,000	31/01/2010 incentive options exercisable at 9 cents
		6,500,000	31/01/2011 incentive options exercisable at 22 cents
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities (tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over

37 A copy of any trust deed for the additional +securities

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: M Fortunatow
Company secretary

Date: 11 May 2009

Print name: Mark Fortunatow

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