



**STRUCTURAL**  
**MONITORING**  
S Y S T E M S  
p l c

(Registered in England with Company No. 4834265  
ARBN 106 307 322)

**NOTICE OF ANNUAL GENERAL MEETING**  
and  
**EXPLANATORY STATEMENT**  
and  
**PROXY FORM**

**DATE AND TIME OF MEETING:**  
28 November 2016 at 9:00am WST

**VENUE:**  
RSM Australia  
8 St Georges Terrace  
Perth, Western Australia

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

These documents should be read in their entirety. If you are in any doubt as to what action you should take, you are recommended to seek your own advice from your accountant, solicitor or other duly authorised professional adviser.

If you have sold or transferred all of your ordinary shares in Structural Monitoring Systems plc, please send this document, together with the accompanying form of proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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## NOTICE OF GENERAL MEETING

### STRUCTURAL MONITORING SYSTEMS PLC REGISTERED NO 04834265

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**NOTICE IS HEREBY GIVEN** that an Annual General Meeting ("**Meeting**") of members of Structural Monitoring Systems Plc ("**the Company**") will be held at RSM Australia, 8 St Georges Terrace, Perth WA 6000 on 28 November 2016 at 9:00am WST.

Holders of ordinary shares in the Company ("**Shareholders**") are requested to complete and return the enclosed form of proxy to the Company at Structural Monitoring Systems PLC, PO Box 661, Nedlands, Western Australia, 6909 or by facsimile to +61 08 9467 6111 by no later than 9 a.m. WST on 26 November 2016, whether or not they propose to be present at the Meeting.

The completion and return of a form of proxy will not prevent you from attending the Meeting and voting in person should you subsequently wish to do so.

Holders of CHESSE Depository Interests ("**CDIs**") are invited to attend and speak at the Meeting but are not entitled to vote personally at the Meeting. In order to have votes cast at the Meeting on their behalf, CDI holders must complete, sign and return the CDI Voting Instruction Form (as enclosed with this Notice) so that CHESSE Depository Nominees Pty Ltd ("**CDN**") can vote the underlying shares on your behalf. CDI holders are requested to complete and return the CDI Voting Instruction Form to the Company at Structural Monitoring Systems PLC, PO Box 661, Nedlands, Western Australia, 6909 or by facsimile to +61 08 9467 6111 by no later than 9 a.m. WST on 26 November 2016. An Explanatory Statement containing information in relation to the proposed resolutions accompanies this Notice.

## A G E N D A

### ORDINARY BUSINESS

#### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

Copies of the Financial Report, Directors' Report and Auditor's Report are available on the Company's website ([www.smsystems.com.au](http://www.smsystems.com.au)).

#### **RESOLUTION 1: RE-APPOINTMENT OF DIRECTOR – ANDREW CHILCOTT**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

#### **Mr Andrew Chilcott**

*"That Andrew Chilcott who retires by rotation in accordance with Article 25.2 of the Articles of Association and, being eligible, offers himself for re-appointment, be re-appointed as a director of the Company".*

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**STRUCTURAL MONITORING SYSTEMS PLC**  
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**RESOLUTION 2: RE-APPOINTMENT OF DIRECTOR – RAY LEWIS**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

**Mr Ray Lewis**

*"That Ray Lewis who retires in accordance with Article 20.2 of the Articles of Association and, being eligible, offers himself for re-appointment, be re-appointed as a director of the Company."*

**RESOLUTION 3: RE-APPOINTMENT OF AUDITORS**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That RSM UK Audit LLP, having previously consented in writing to act in the capacity of auditor, be re-appointed as auditor of the Company from the conclusion of this Meeting until the conclusion of the next "accounts meeting" of the Company pursuant to section 489(4)(a) of the UK Companies Act 2006. The Directors are hereby authorised to fix the remuneration of the Company's auditors."*

**RESOLUTION 4: RATIFICATION OF PRIOR ISSUE OF SECURITIES**

To consider and, if thought fit, to pass, with or without amendment (to the extent permitted by English law), the following resolution as an **ordinary resolution**:

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,642,857 fully paid ordinary shares and 1,982,144 Unlisted Options in the Company on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**RESOLUTION 5: ISSUE OF SHARES TO ANDREW CHILCOTT IN LIEU OF DIRECTORS FEES**

To consider and, if thought fit, to pass, with or without amendment (to the extent permitted by English law), the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue up to 15,140 fully paid ordinary shares in the Company to Andrew Chilcott or his nominee on the terms and conditions set out in the Explanatory Statement."*

*It is noted that the right to receive Director Remuneration Shares owed to Messrs Chandler and Reveley in lieu of Director's Fees accrued and due to be paid to the period ended November 2016 in their roles as Directors, have been voluntarily forfeited.*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Andrew Chilcott and a person who may receive securities under the Resolution or a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a

## NOTICE OF GENERAL MEETING

### STRUCTURAL MONITORING SYSTEMS PLC REGISTERED NO 04834265

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person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **RESOLUTION 6: ISSUE OF SHARES TO SAM WRIGHT IN LIEU OF COMPANY SECRETARIAL FEES**

To consider and, if thought fit, to pass, with or without amendment (to the extent permitted by English law), the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 17,033 fully paid ordinary shares in the Company to Sam Wright or his nominee on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Sam Wright and a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **PROXIES**

Shareholders are advised that:

1. As a holder of ordinary shares in the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company.
2. In the case of joint holders, the vote of the person first named in the register of members tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
3. In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and must be executed under its common seal, or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
4. To be valid, the form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company at Structural Monitoring Systems PLC, PO Box 661, Nedlands, Western Australia, 6909 or by facsimile to +61 08 9467 6111 by no later than 9 a.m. WST on 26 November 2016.
5. The completion and return of a proxy card will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "abstain" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

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REGISTERED NO 04834265**

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7. Members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

**BY ORDER OF THE BOARD**



**Sam Wright**  
**Company Secretary**  
Dated: 7 November 2016

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#### **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared to provide Shareholders with certain information known to the Company that the Company deems to be material to Shareholders in deciding whether or not to approve the proposed Resolutions.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Certain capitalised terms in this Explanatory Statement are defined in the Glossary.

#### **RECEIPT OF FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT**

It is proposed that the Financial Report of the Company for the year ended 30 June 2016 together with the Directors' Report in relation to that financial year and the Auditor's Report on the financial report will be received at the Annual General Meeting. Copies of the Financial Report, Directors' Report and Auditor's Report are available on the Company's website ([www.smsystems.com.au](http://www.smsystems.com.au)).

#### **RESOLUTION 1: RE-APPOINTMENT OF DIRECTOR – ANDREW CHILCOTT**

Resolution 1 seeks approval for the re-appointment of Andrew Chilcott as Director.

Article 25.2 of the Articles of Association provides that at each annual general meeting of the Company one-third of the Directors (other than those retiring as Directors appointed by the Board in accordance with Article 20.2) or, if their number is not three or a multiple of three, then such number as is nearest to but not exceeding 33.3% shall retire from office. Article 25.3 of the Articles of Association provides that any Directors to so retire shall be the Directors who have been longest in office since their last election. ASX Listing Rule 14.4 provides that a director of an entity (other than a managing director) must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Mr Chilcott was last re-appointed a Director at the 2013 annual general meeting on 15 November 2013. Mr Chilcott will retire from office at the Annual General Meeting in accordance with the above requirements and submits himself for re-appointment.

Mr Chilcott is a non-executive Director of the Company. Details of the qualifications and expertise of Mr Chilcott are set out in the 2016 Annual Report of the Company.

The Board recommends the re-election of Mr Chilcott as a Director.

#### **RESOLUTION 2: RE-APPOINTMENT OF DIRECTOR – RAY LEWIS**

Resolution 2 seeks approval for the re-appointment of Ray Lewis as Director.

Article 20.2 of the Articles of Association provides Board may from time to time and at any time appoint any other person to be a Director either to fill a casual vacancy or by way of addition to the Board. A Director so appointed shall hold office only until the Annual General Meeting following next after his appointment, when he shall retire, but shall then be eligible for re-election.

Mr Ray Lewis, a non-executive Director was appointed by the Board as an additional director on 10 October 2016. He will automatically retire from office at this Annual General Meeting of the Company in accordance with Article 20.2 of the Articles of Association, and offers himself for re-election. Mr Lewis retires in accordance with these provisions, and being eligible, offers himself for re-election as a Director.

Mr Lewis is a non-executive Director of the Company.

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Ray Lewis is the Vice President of Business Development and "2IC" in Anodyne Electronics Manufacturing Corp's executive team. In this role, his major activities and responsibilities include business and product development, sales & marketing, OEM account development, and contracts management.

Ray began his aviation career with Northern Airborne Technology (NAT) in 1981, at their original location in Prince George, BC. His next four years were spent working on a variety of helicopters all over western Canada and the US, doing new avionics installations and upgrades of the early generation NAT audio controllers and other unique NAT product.

After a 4 year stint at Kelowna Flightcraft, Ray returned to the NAT team. The next 20+ years were a time of major growth for NAT, which provided him the opportunity to take on a variety of roles including Product Support, System Design & Integration, QA Manager, Operations Manager and eventually on to Sales, Marketing and Business Development roles. Ray held the title of Director of International Business Development for NAT at the time of their closure in late 2010.

The Directors recommend the re-election of Mr Lewis as a Director.

#### **RESOLUTION 3 - RE-APPOINTMENT OF AUDITORS**

Resolution 3 seeks Shareholder approval for the re-appointment of RSM UK Audit LLP as the Company's auditors and for the Directors to fix their remuneration.

The UK Companies Act 2006 ("2006 Act") provides that shareholders may appoint auditors of public companies by ordinary resolution at the general meeting of the company at which the company's annual accounts are laid (usually the annual general meeting) defined as the "accounts meeting" (section 489(4)(a), 2006 Act) and that there is no deemed re-appointment. Resolution 3, therefore, proposes the re-appointment of RSM UK Audit LLP as the Company's auditors until the conclusion of the next "accounts meeting" of the Company.

In accordance with section 492 of the 2006 Act, the remuneration of the auditors appointed by a company in general meeting is to be fixed by the company in general meeting or in a manner that the company in general meeting determines. Resolution 3 authorises the Directors to fix the remuneration of the auditors in accordance with this requirement.

#### **RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SECURITIES**

##### **General**

As announced on 8 February 2016, the Company issued 2,642,857 shares at \$1.40 per Share and 1,982,144 attaching unlisted options (exercise price \$2.25, expiry 15 February 2019) pursuant to a placement (Placement) to institutional, sophisticated and professional investors.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those securities.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue, or agree to issue, during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.



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By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the securities:

- (a) 2,642,857 Shares and 1,982,144 Options were issued;
- (b) the issue price for the Shares was \$1.40 each. The Options were issued for nil consideration;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Options are exercisable at \$2.25 on or before 15 February 2019 and are otherwise issued on the terms set out in Schedule 1;
- (d) the securities were issued to institutional, sophisticated and professional investors. No Shares were issued to any related parties of the Company; and
- (e) the funds raised have and will be used to fund the Company's various operational programmes, potential strategic purposes, and for general working capital purposes.

#### RESOLUTION 5 - ISSUE OF SHARES TO ANDREW CHILCOTT IN LIEU OF DIRECTORS FEES

##### General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 15,140 ordinary shares ("**Director Remuneration Shares**") to Mr Andrew Chilcott on the terms and conditions set out below.

The primary purpose of issuing the Director Remuneration Shares to Mr Chilcott is to provide remuneration in lieu of Director's Fees accrued and due to be paid to the period ended November 2016 in his role as Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Remuneration Shares upon the terms proposed.

By issuing Director Remuneration Shares in lieu of paying cash, the Company is able to preserve its cash reserves. The Directors independent of Mr Chilcott resolved to issue the Director Remuneration Shares at a deemed issue price of \$2.14 each which is the 5 day VWAP of the Company's shares at the time the Directors made such resolution being 7 November 2016. This equates to \$32,400 cash (being the amount of Director's Fees accrued and due to be paid to the period ended November 2016).

*It is noted that the right to receive Director Remuneration Shares owed to **Messrs Chandler and Reveley** in lieu of Director's Fees accrued and due to be paid to the period ended November 2016 in their roles as Directors, **have been voluntarily forfeited.***

##### ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Accordingly, approval is sought in accordance with ASX Listing Rule 10.11 from Shareholders for the issue of the Director Remuneration Shares.

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#### Technical Information required by ASX Listing Rule 10.11

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Remuneration Shares:

- (a) the Director Remuneration Shares are proposed to be issued to Mr Andrew Chilcott or his nominee;
- (b) the maximum number of Director Remuneration Shares to be issued is 15,140 Shares;
- (c) the Company proposes to issue the Director Remuneration Shares to Mr Chilcott or his nominee no later than 1 month after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) Mr Chilcott is a Director of the Company;
- (e) the Director Remuneration Shares will be issued at a deemed issue price of \$2.14 each;
- (f) the Director Remuneration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing fully paid ordinary Shares;
- (g) no funds will be raised by the issue of these Director Remuneration Shares as they are being issued in consideration for remuneration owing by the Company to Mr Chilcott for Director fees that will be accrued and owing.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Remuneration Shares to the Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Remuneration Shares to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **RESOLUTION 6 - ISSUE OF SHARES TO COMPANY SECRETARY**

##### **General**

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 17,033 ordinary shares to Mr Sam Wright (or his nominees) on the terms and conditions set out below.

The primary purpose of issuing the Shares to Mr Wright is to provide remuneration in lieu of fees accrued and due to be paid to the period ended November 2016 in his role as company secretary. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

By issuing Shares in lieu of paying cash, the Company is able to preserve its cash reserves. The Directors resolved to issue the Shares at a deemed issue price of \$2.14 each which is the 5 day VWAP of the Company's shares at the time the Directors made such resolution being 7 November 2016. This equates to \$36,450 cash (being the amount of fees accrued and due to be paid to the period ended November 2016 to Mr Wright). The Directors unanimously recommend voting in favour of the Resolution.

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#### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue, or agree to issue, during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities on issue at the commencement of that 12 month period.

By obtaining Shareholder approval to issue ordinary shares to Mr Wright or his nominee, the Company retains its 15% capacity under Listing Rule 7.1.

#### **Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the ordinary shares:

- (a) the maximum number of securities to be issued is 17,033 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued at a deemed issue price of \$2.14 each;
- (d) the Shares will be issued to Mr Wright or his nominees to provide remuneration in lieu of fees accrued and due to be paid. Mr Wright is not a related party of the Company;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing fully paid ordinary shares; and
- (f) no funds will be raised from the issue of the Shares as they are being issued to Mr Wright or his nominee to provide remuneration in lieu of fees that will be accrued and owing.

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**STRUCTURAL MONITORING SYSTEMS PLC**  
**REGISTERED NO 04834265**

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**GLOSSARY**

In this Notice of Meeting and Explanatory Statement the following expressions have the following meanings:

<b>"Articles of Association" or "Articles"</b>	The Company's articles of association, as amended from time to time.
<b>"ASX"</b>	ASX Limited (ACN 008 624 691).
<b>"ASX Listing Rules" or "Listing Rules"</b>	The official Listing Rules of ASX as amended from time to time.
<b>"Board"</b>	The board of Directors of the Company.
<b>"Director"</b>	A director of Structural Monitoring Systems.
<b>"Meeting" or "General Meeting"</b>	The 2016 General Meeting of the Company to be held on 28 November 2016.
<b>"Notice of Meeting"</b>	The notice convening the Meeting, which accompanies this Explanatory Statement.
<b>"Share"</b>	A fully paid ordinary share of £0.0005 each in the capital of the Company and, where the context requires, means a CHESS depository interest.
<b>"Resolutions"</b>	The proposed resolutions set out in the Notice of Meeting.
<b>"Shareholder"</b>	The registered holder of one or more Shares.
<b>"Structural Monitoring Systems" or "Company"</b>	Structural Monitoring Systems plc, registered in England and Wales with Company Number 4834265 (ARBN: 106 307 322).
<b>"WST"</b>	Western Standard Time (Australia).
<b>"\$" or "A\$"</b>	Australian dollars.
<b>"£"</b>	British pounds.

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**SCHEDULE 1**

**TERMS OF OPTIONS**  
**(Resolution 4)**

The terms of the Options are:

1. Each Option entitles the holder to one Share in the capital of the Company.
2. The Options may be exercised at any time prior to 5.00pm WST on 15 February 2019.
3. The exercise price of the Options is A\$2.25 each.
4. The Options are freely transferable. The Options are not intended to be quoted on ASX.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
6. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX in accordance with the ASX Listing Rules for all Shares issued pursuant to the exercise of the Options to be admitted to quotation.
7. There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
8. If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

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# STRUCTURAL MONITORING SYSTEMS PLC CDI VOTING INSTRUCTION FORM

**Structural Monitoring Systems plc**  
**ABRN 106 307 322**

Each CHESS Depository Interest ("CDI") is equivalent to one Ordinary Share in the Company, so that every 1 CDI that you hold entitles you to 1 vote. You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives voting instructions to CHESS Depository Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form by no later than 9 a.m. WST on 26 November 2016.

I/We

being a holder of CDIs of Structural Monitoring Systems plc (the "Company") hereby direct CHESS Depository Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of the Company to be held at RSM Australia, 8 St Georges Terrace, Perth WA 6000 on 28 November 2016 at 9:00am WST. and at any adjournment thereof.

By executing this CDI Voting Form the undersigned hereby authorises CHESS Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the Meeting. Please indicate with an "X" in the appropriate boxes below how CHESS Depository Nominees Pty Ltd should vote and then sign in the space provided below. Please note, if you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted.

The Chair of the Meeting intends to vote any undirected proxies in favour of all Resolutions.

**Voting on Business of the Annual General Meeting**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Re-appointment of Andrew Chilcott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-appointment of Ray Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue Shares to Mr Andrew Chilcott in lieu of Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue Shares to Mr Sam Wright in lieu of Company Secretarial fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

Please return this Proxy Form to the Company Secretary, Structural Monitoring Systems plc, Suite 39, 1 Freshwater Parade, Claremont, Western Australia, or by post to PO Box 661 Nedlands WA 6909 or by fax to + 61 8 9467 6111 by 9 a.m. WST on 28 November 2016.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

**By:**

**Individuals and joint holders**

**Companies (affix common seal if appropriate)**

Signature

Director

Signature

Director/Secretary

Signature

Sole Director and Sole Secretary

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