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Key Strategic Relationship with Sandia National Labs and Dr Dennis Roach

Structural Monitoring Systems Plc ("SMS" or "the Company") (ASX: SMN) is pleased to provide an update concerning an important formal, strategic relationship between SMS and Sandia National Laboratories ("Sandia"). Whilst Sandia has been an important advocate of, and collaborator with, SMS for several years, the Parties have now signed a multi-year contract with Sandia to engage Dr. Dennis Roach and his staff to focus on multiple aerospace industry opportunities (commercial and military) and the subsequent commercialization and regulatory approval of CVM™.

Dr. Roach will essentially play a central role in the Company's newly created "Global Task Force", whereby Dr. Roach and other key global aerospace participants (these additional personnel to be released shortly) will target rapid civilian and military industry adoption for CVM™ technology. Dr. Roach, is arguably the world's leading industry expert in structural health monitoring ("SHM") technologies, and is uniquely suited to leverage both his expertise and industry relationships in pursuit of full commercial adoption for CVM™.

By way of background, Dennis Roach is a Senior Technical Fellow in the *Transportation Safeguards and Surety Organization* at Sandia. Most of his work has been in the area of experimental and analytical assessment and non-destructive inspection of structures. Dr. Roach is the also Chief Engineer in the *FAA's Airworthiness Assurance Center* and has worked in this capacity since its inception at Sandia in 1990. His primary specialty is in damage tolerance and inspection of composite and metallic materials for civil and aerospace applications including the development of sensors for in-situ health monitoring.

Before joining Sandia, he worked on the Space Shuttle program at The Boeing Company, and was also a research fellow at the National Aerospace Laboratory ("NLR") in the Netherlands – another key SMS relationship. He is a founding member of the Aerospace Industry Steering Committee on Structural Health Monitoring and a former chair of the International Commercial Aircraft Composite Repair Committee. He has over 150 technical publications including a co-authored book on the application of advanced composite materials and a co-authored book on in-situ Structural Health Monitoring. Dr. Roach received his degrees in Aerospace Engineering from the Georgia Institute of Technology and the University of Texas.

As referenced, the purpose of this engagement, and the Global Task Force, is to pursue multiple avenues to the adoption of CVM™ for use in civil and military aerospace. This includes the identification of applications, preliminary design efforts to establish viability, the validation of sensor performance and the interface with end-users to produce an atmosphere within major industries for the routine use of Structural Health Monitoring (SHM) solutions.

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As such, SMS's Global Task Force key near-term deliverables may be summarized as follows:

1. Promote a global SHM adoption model with OEM's to holistically approve CVM™ across entire airframe superstructures of the world's civilian aircraft fleet.

2. Engage the management of commercial operators of civilian fixed-wing aircraft to integrate CVM™ usage on their global aircraft fleets.

3. Target global military applications for CVM™. Interface with military personnel at key aircraft operational and air logistic (maintenance) centers to promote the adoption of CVM™ sensors. In rotorcraft, this will include the advancement of current SHM work with Sikorsky, NLR (Apache attack helicopter), and others, to promote regulatory approval and adoption of CVM™ for use on both civilian and military rotorcraft.

4. Interface with current and potential SMS customers to identify or create CVM™ applications in aviation, civil, oil & gas, energy, transportation, mining, wind, railway, and shipping industries, as well as other industries to be determined.

5. Produce teaming arrangements between SMS and private industry, and propose associated technology validation programs to result in the introduction of CVM™ sensors to the industries listed in Item 4.

In summary, the Company is very pleased to announce the addition of Dr. Roach and his staff to assist in the adoption and integration of the CVM™ technology platform. As stated, SMS will continue to add further senior aerospace industry personnel to our staff in the near-term, either as direct hires or via strategic relationships, to assist in the full-scale global commercialization of CVM™.

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