

26 February 2018

Companies Announcements Office
Australian Securities Exchange
Electronic Lodgement

Share Purchase Plan

Smart Marine Systems Limited is pleased to advise that shareholders on the Company's register at 5.00pm (WST) on Thursday 8 February 2018 will be offered the ability to subscribe for up to \$15,000 worth of shares each by way of a Share Purchase Plan (SPP), at a price of 3 cents per share. The SPP raising will be capped at \$500,000, with applications greater than \$500,000 scaled back on a pro rata basis.

The Company wishes to confirm that SPP documentation was today despatched to eligible shareholders, a copy of which is attached in this announcement.

For and on behalf of the Board

David McArthur
DIRECTOR

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SMART MARINE SYSTEMS LIMITED

SMART MARINE SYSTEMS LIMITED
ABN 77 149 970 445

SHARE PURCHASE PLAN

This is an important document.

This document has been prepared by Smart Marine Systems Limited (“SM8” or “the Company”).

The Offer is an initiative that provides Eligible Shareholders with the opportunity to purchase additional Smart Marine Systems Shares at a discount to the prevailing market price and without brokerage or other transaction costs.

The Offer does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Accordingly, before making a decision on whether or not to accept the Offer, you should consult your financial or other professional adviser.

This document is not a prospectus or other disclosure document under the Corporations Act.

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SUMMARY OF IMPORTANT DATES

Record Date	8 February 2018
Announcement of the Share Purchase Plan	9 February 2018
Share Purchase Plan Despatch Date	26 February 2018
Opening date for acceptances	26 February 2018
Closing date for acceptances (5.00pm WST)	19 March 2018
Allotment and issue of New Shares	26 March 2018
Quotation of New Shares on ASX	27 March 2018
Despatch of shareholder statements	28 March 2018

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and the Corporations Act.

Defined terms and abbreviations used in this document are set out in clause 20 of this document.

IMPORTANT NOTICES

The Offer contained in this document is not a recommendation to purchase SM8 Shares. If you are in any doubt about the Offer, you should consult your financial or other professional adviser.

If you apply to participate in the Offer by making a Bpay^{®1} payment or by completing and returning the Application Form with a cheque or bank draft, you are accepting the risk that the market price of Shares may change between the date of the Offer and the allotment date. This means it is possible that, up to or after the allotment date, you may be able to buy Shares at a lower price than the Offer Price.

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person.

The Company recommends that you monitor its announcements and the Share price, which can be found on its website at www.sharkmitigation.com and on the ASX website at www.asx.com.au (ASX:SM8). The Share price can also be found in the financial pages of major Australian metropolitan newspapers.

¹ [®] Registered to BPAY Pty Limited ABN 69 079 137 518 - New Zealand based shareholders cannot apply using BPAY[®] unless they have an Australian bank account.

KEY STEPS

Step 1:	<p>Read the terms and conditions of the Share Purchase Plan in full.</p> <ul style="list-style-type: none"> • There is no requirement to participate in the Share Purchase Plan. • Participation in the Share Purchase Plan is entirely voluntary.
Step 2:	<p>Are you an Eligible Shareholder? (see section 3) You are eligible to apply for the New Shares if:</p> <p>(a) your registered address in the Company's register of members is in Australia, New Zealand or a jurisdiction where, in the opinion of the Board, it is lawful and reasonably practical to extend the Offer according to the laws of that jurisdiction; and</p> <p>(b) you were registered as a holder of Shares in the Company as at 5:00pm WST on 8 February 2018 (Record Date).</p> <p>The Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand or a jurisdiction where, in the opinion of the Board, it is lawful and reasonably practical to extend the Offer according to the laws of that jurisdiction</p> <p>Neither these terms and conditions nor the Application Form constitutes an offer in the United States (or to, or for the account or benefit of, US Persons).</p>
Step 3:	<p>If you choose to participate in the Share Purchase Plan you must choose any one of the following amounts (see section 6):</p> <ul style="list-style-type: none"> • 83,334 New Shares for \$2,500; • 166,667 New Shares for \$5,000; • 250,000 New Shares for \$7,500; • 333,334 New Shares for \$10,000; • 416,667 New Shares for \$12,500; or • 500,000 New Shares for \$15,000. <p>You may not subscribe for more than \$15,000 of New Shares even if you have several Share holdings.</p>
Step 4:	<p>To apply for New Shares under the Share Purchase Plan, Eligible Shareholders must (see section 10):</p> <ul style="list-style-type: none"> • complete the Share Purchase Plan Application Form enclosed with these terms and conditions; or • make a Bpay® payment by using the personalised reference number shown on your Application Form, which is required to identify your holding.

Questions

If you have any questions in relation to the Offer or how to complete the Application Form, please contact our Company Secretary, David McArthur on (08) 9435 3200 (from within Australia) or +61 (8) 9435 3200 (from outside Australia), or consult your financial or other professional adviser.

Letter from the Managing Director

21 February 2018

Dear Shareholder,

SMART MARINE SYSTEMS LIMITED SHARE PURCHASE PLAN OFFER

On behalf of the Board, I am pleased to offer you the opportunity to apply for New Shares in Smart Marine Systems Limited under a Share Purchase Plan Offer.

Proceeds from the Offer, together with the proceeds from the Company's \$600,000 equity placement announced on 9 February 2018, will be used towards:

1. roll-out of the first phase of Clever Buoy in USA; and
2. to meet the working capital requirements of the Company.

On 22 September 2018, the Company announced the support of United States Federal Congressman, Dana Rohrabacher, and Orange County officials for a pilot project involving the roll out of Clever Buoy across six key beaches in Orange County. Federal and state funding for US\$10 million has been sought to fund the pilot project. Funds raised by SM8 will be used to progress the roll out of Clever Buoy at Corona Del Mar, the first beach chosen to have the Clever Buoy deployed.

The Offer will open at 9.00am (WST) on 26 February 2018 and will remain open until 5.00pm (WST) on 19 March 2018.

Under the Offer you can acquire up to \$15,000 worth of New Shares without paying any brokerage or other related charges.

The Offer Price is \$0.03 per New Share, representing a discount of 25% to the volume weighted average price of the Shares traded on ASX during the five days on which sales in the Shares were recorded before the announcement of the Share Purchase Plan on 9 February 2018. The price is the same price as shares offered to sophisticated and professional investors under the recent placement. The Company has applied for and been granted a waiver from the ASX Listing Rules to ensure Eligible Shareholders pay the same price as the placement participants.

If SM8 receives Applications in excess of the \$500,000 sought under the Offer, the offer will be scaled back on a pro-rata basis and excess funds will be returned to applicants without interest. Should the Share Purchase Plan raise less than the \$500,000 sought, the Directors reserve the right to place the difference between the amount raised under the Share Purchase Plan and the amount sought.

Participation in the Offer is optional and is open to Eligible Shareholders who are holders of Shares in SM8 at 5.00 pm (WST) on 8 February 2018 and whose registered address is in Australia, New Zealand or a jurisdiction where, in the opinion of the Board, it is lawful and reasonably practical to extend the Offer according to the laws of that jurisdiction.

Full details of the Offer and how to participate are contained in the terms and conditions in the following section which I encourage you to read and consider carefully.

If you have any questions in relation to the Offer or how to complete the Application Form, please contact our Company Secretary, David McArthur on (08) 9435 3200 (from within Australia) or +61 (8) 9435 3200 (from outside Australia), or consult your financial or other professional adviser. Thank you for your continued support of SM8.

Yours sincerely,

Craig Anderson
Managing Director

Smart Marine Systems Limited

ABN 77 149 970 445

SHARE PURCHASE PLAN – TERMS AND CONDITIONS

These Terms and Conditions are the terms and conditions of the Smart Marine Systems Limited (**SM8** or the **Company**) Share Purchase Plan, and are binding on any Shareholder completing a Share Purchase Plan Application Form enclosed with these Terms and Conditions or making a Bpay® payment using the personalised reference number shown on the Application Form.

1 THE OFFER

1.1 The Offer

The Offer is an invitation to all Eligible Shareholders to subscribe for New Shares at a subscription price of \$0.03 per New Share, up to a maximum subscription of 500,000 New Shares (\$15,000). You may choose not to accept the Offer.

The Offer to each Eligible Shareholder is made on the same terms and conditions.

The number of New Shares you receive will depend on the value of the parcel of New Shares you apply for and on the total number of New Shares applied for by all Eligible Shareholders. The Company reserves the right to scale back Applications on a pro-rata basis where the total number of New Shares applied for by all Eligible Shareholders exceeds \$500,000 (see **section 7** below).

The Offer Price is fixed, regardless of any changes in the market price of Shares during the Offer period.

1.2 Non-Renounceable rights

If you are an Eligible Shareholder, your rights under the Offer are personal to you and are non-renounceable, which means that you cannot transfer your rights to another person.

1.3 Offer not taken up

If you are an Eligible Shareholder and do not wish to subscribe for New Shares, you are not obliged to do anything. You will not receive any benefits or New Shares.

The number of existing Shares you hold as at the Record Date and the rights attached to those existing Shares will not be affected if you choose not to accept any of your entitlement under this Share Purchase Plan.

2 OPENING AND CLOSING DATES

The Opening Date of the Offer will be 26 February 2018 and the Closing Date will be 5.00pm (WST) on 19 March 2018. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

3 ELIGIBILITY

3.1 Eligibility

You are eligible to apply for the New Shares if:

- (a) your registered address in the Company's register of members is in Australia or New Zealand; and
- (b) you were registered as a holder of Shares in the Company as at 5:00pm (WST) on 8 February 2018 (**Record Date**).

3.2 Individual Shareholders

If you are the only registered Shareholder of a holding of Shares, but you receive more than one Offer under the Share Purchase Plan (for example, because you hold Shares in more than one capacity), you may only apply for one parcel of New Shares with a value of up to \$15,000.

The Company reserves the right to reject any Application where it believes there has not been compliance with this rule.

3.3 Joint Shareholders

If you are recorded with one or more other persons as the joint Shareholder of a holding of Shares, that joint Shareholding is considered to be a single registered Shareholding for the purpose of the Share Purchase Plan, and the joint Shareholders are entitled to participate in the Share Purchase Plan in respect of that single holding only. If the same joint Shareholders receive more than one offer under the Share Purchase Plan due to multiple registered holdings, the joint Shareholders may only apply for one parcel of New Shares with a value of up to \$15,000.

3.4 Custodians

If you are a Custodian within the definition set out in **section 20** and hold Shares on behalf of one or more persons resident in Australia and New Zealand (each a **Participating Beneficiary**), you may be entitled to apply for up to \$15,000 worth of Shares for each Participating Beneficiary, subject to you providing a certificate to the Company containing the information prescribed by ASIC Class Order 09/425 (**Custodian Certificate**).

If you are a Custodian and would like a Custodian Certificate or further information on how to apply, you should contact the share registry, Computershare Investor Services Pty Limited on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia).

3.5 Trustee or nominee

If you hold Shares as a trustee or nominee for another person, but are not a Custodian, you cannot participate for beneficiaries in the manner described in **section 3.4** unless the Company otherwise agrees. In this case, the rules for multiple single holdings set out in **section 3.2** apply.

3.6 Directors and employees

Directors and employees of the Company who hold Shares may be Eligible Shareholders.

3.7 Treatment of overseas Shareholders

The Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand.

No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand.

Recipients may not send or otherwise distribute this disclosure document or the Application Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

(a) New Zealand

The Offer to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). Members of the public in New Zealand who were not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

(b) United States

Neither these Terms and Conditions nor the Application Form constitutes an offer in the United States (or to, or for the account or benefit of, US Persons).

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to in this document have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of New Shares is being made in the United States.

(c) Other Jurisdictions

The right to participate in the Offer available exclusively to Eligible Shareholders whose registered address was in Australia, New Zealand or in another jurisdiction where, in the opinion of the Board, it is lawful and reasonably practical to extend the Offer according to the laws of that jurisdiction.

Eligible Shareholders who are not residents of Australia or New Zealand should consult their professional advisers as to whether any formalities need to be observed (either by them or the Company) to enable them to apply for Shares under the Offer. It is the responsibility of such Eligible Shareholders to obtain all necessary approvals so they may legally apply for Shares. The return of a completed application form and cheque or bank draft, from a non-resident Eligible Shareholder will be taken by the Company to constitute a representation and warranty by that Eligible Shareholder that all relevant approvals have been obtained and that the Company may legally offer the Shares to that Eligible Shareholder.

4 OFFER PRICE

The Company is inviting Eligible Shareholders to apply for up to a total of 16,666,667 New Shares at the Offer Price of \$0.03 to raise up to \$500,000 before costs.

The Offer Price represents a 25% discount to the VWAP of the Shares traded on the ASX during the five days on which sales in the Shares were recorded before the announcement of the Share Purchase Plan on 9 February 2018.

The Offer Price is fixed, regardless of any changes in the market price of Shares during the Offer period.

5 RIGHTS

The rights and obligations of the New Shares are contained in the constitution of the Company, which is available for inspection at the registered office of the Company during the Offer period. The New Shares will be issued on the same terms as all existing Shares and the Company will apply for the New Shares to be quoted on ASX.

If the New Shares are not quoted on ASX, the New Shares will not be issued and all funds received will be refunded.

6 NUMBER OF NEW SHARES

Each Eligible Shareholder has the right to apply for up to a maximum of 500,000 New Shares for a consideration of \$15,000. Eligible Shareholders may select one of the following six alternatives:

Offer A	83,334 New Shares	Total amount payable at \$0.03 per New Share	\$2,500
Offer B	166,667 New Shares	Total amount payable at \$0.03 per New Share	\$5,000
Offer C	250,000 New Shares	Total amount payable at \$0.03 per New Share	\$7,500
Offer D	333,334 New Shares	Total amount payable at \$0.03 per New Share	\$10,000
Offer E	416,667 New Shares	Total amount payable at \$0.03 per New Share	\$12,500
Offer F	500,000 New Shares	Total amount payable at \$0.03 per New Share	\$15,000

The total cost of New Shares purchased by each Eligible Shareholder (including through joint holdings, multiple share accounts or any holding which they have a beneficial interest) must not exceed \$15,000. The Directors reserve the right to issue to an Eligible Shareholder less New Shares than the number specified in the Application Form for whatever reason including the possible subscription of over \$15,000 worth of New Shares by a Shareholder through multiple Applications or joint holdings. No fractions of New Shares will be issued. Any fraction of a New Share will be rounded up to the nearest whole number of New Shares.

If you apply for:

- (a) less than 83,334 New Shares, the Company will not issue any New Shares to you and will refund your application monies to you;

- (b) a number of New Shares between 83,334 and 500,000 that is not one of the designated amounts set out in the table above, the Company will (subject to any scale-back in the event of oversubscriptions) issue to you the number of New Shares that would have been issued had you applied for the highest designated amount that is less than the amount of cheque or Bpay® payment, and will refund the excess Application monies to you; and
- (c) more than the 500,000 New Shares, the Company will (subject to any scale-back in the event of oversubscriptions) issue 500,000 New Shares to you and your excess Application monies will be refunded to you.

7 SCALE BACK AND OVERSUBSCRIPTION/UNDERSUBSCRIPTION

The Company intends to cap Valid Applications at a total of \$500,000. Accordingly, there is no assurance that Applicants will be allocated all of the New Shares applied for.

To the extent Valid Applications are received in excess of \$500,000, the Directors of SM8 will scale back Applications on a pro-rata basis.

Should the Share Purchase Plan raise less than the \$500,000 sought, the Directors reserve the right to place the difference between the amount raised under the Share Purchase Plan and the amount sought.

Any fraction of a New Share will be rounded up to the nearest whole number of New Shares.

Where the number of New Shares allotted to an Applicant is less than the number applied for, surplus moneys will be returned by cheque as soon as practicable after the Closing Date.

8 PARTICIPATION COSTS

You must pay the Offer Price and any fees or charges incurred by you in completing the Application Form (for example, bank fees or fees of professional advisors). The Company will pay any brokerage or stamp duty.

9 APPLICATION MONEY AND ALLOTMENT OF NEW SHARES

9.1 Application money

All Application money received before the New Shares are issued will be held in a special purpose account. After any Application money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

9.2 Allotment of New Shares

Subject to ASX granting the New Shares official quotation, it is expected that the New Shares will be quoted on the ASX by 27 March 2018. If you trade any New Shares before you receive your Share statement, then you do so at your own risk.

10 PAYMENT FOR THE SHARES

10.1 Application options

If you would like to apply for New Shares under the Share Purchase Plan, you have two payment options which are set out below. Cash payments will not be accepted. Receipts for payment will not be issued.

If you apply for:

- (a) less than \$2,500 of New Shares, the Company will not allot any New Shares to you and will refund your Application monies to you;
- (b) between \$2,500 and \$15,000 of New Shares that is not one of the designated amounts set out in **section 6**, the Company will (subject to any scale back in the event of oversubscriptions) allot to you the number of New Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of cheque or Bpay® payment, and will refund the excess Application monies to you; and
- (c) more than \$15,000 of New Shares, the Company will (subject to any scale back in the event of oversubscriptions) allocate to you a parcel of \$15,000 of New Shares and your excess Application monies will be refunded to you.

10.2 To pay by cheque or bank draft

Complete the accompanying Application Form in accordance with the instructions set out in that form and return it together with your cheque or bank draft made payable to “Smart Marine Systems Limited” and crossed “Not Negotiable” for the appropriate Application money in Australian dollars.

The completed Application Form and your cheque or bank draft must be received by the Company’s Share Registry at the following address by no later than 5:00pm (WST) on the Closing Date. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

Share Registry
Smart Marine Systems Limited c-/ Computershare Investor Services Pty Limited GPO Box 505 MELBOURNE VIC 3001

You will be required to certify to the Company that the total value of the following does not exceed \$15,000:

- (a) the New Shares the subject of the Application; and
- (b) any other New Shares which you have instructed a Custodian to acquire on your behalf under the Share Purchase Plan.

Custodians who pay by cheque or bank draft must submit a Custodian Certificate with their payment.

10.3 To pay by Bpay®

You may make a Bpay® payment by using the personalised reference number shown on your Application Form which is required to identify your holding.

Eligible Shareholders should be aware that their own financial institution may implement earlier cut-off times with regards to electronic payment. It is the responsibility of each Applicant to ensure that the Application money is submitted through Bpay® with sufficient time for it to be processed by their financial institution and received by the Company no later than 2:00pm (WST) on the Closing Date.

If you make your payment using Bpay®, you do not need to return your Application Form. However, you will be taken to have represented to the Company that the total Application price for the following does not exceed \$15,000:

- (a) the New Shares the subject of the Application; and
- (b) any other New Shares which you have instructed a Custodian to acquire on your behalf under the Share Purchase Plan.

Custodians who pay via Bpay® must also submit a Custodian Certificate.

You cannot withdraw or revoke your application once you have sent in an Application Form or paid via Bpay®.

11 REFUND

Refunds pursuant to the Offer may be paid under various circumstances, as outlined in these Terms and Conditions. If a refund is made, payment will be by cheque mailed to your address as shown on the Company's share register. You will not receive any interest on funds refunded to you. Any refund made to you is dispatched at your risk.

12 EFFECT OF MAKING AN APPLICATION

Returning a completed Application Form or paying the Offer Price for New Shares by Bpay®, will be taken to constitute a representation, warranty and agreement by the Applicant that:

- (a) they are an Eligible Shareholder, have read and understood these Terms and Conditions and subscribe for New Shares in accordance with these Terms and Conditions;
- (b) they authorise SM8 to correct minor errors in the Application Form if required, and to complete the Application Form by inserting any minor missing details;
- (c) they acknowledge that the market price of Shares may rise or fall between the date of this offer and the allotment date of the New Shares and that the Offer Price paid for the New Shares may exceed the market price of the shares on the allotment date;
- (d) they accept the risk associated with any refund that may be dispatched to you at your address as shown on the share register;
- (e) they are responsible for any dishonour fees or other costs SM8 may incur presenting a cheque for payment which is dishonoured;
- (f) the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the US, or in any other jurisdiction outside Australia or New Zealand, and may not be offered, sold, transferred or otherwise disposed of except in accordance with an available exemption form, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (g) they are eligible under all applicable securities laws to receive an offer under the Share Purchase Plan;

- (h) they are not in the United States, are not US Persons and are not acting for the account or benefit of US Persons;
- (i) they have not and will not send this disclosure document or the Application Form to any person in the United States or that is, or is acting for the account or benefit of, a US Person;
- (j) if in the future they decide to sell or otherwise transfer their New Shares, they will only do so in regular way transactions on ASX where neither they nor any person acting on their behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is in the United States or is a US Person;
- (k) they have not been provided with investment advice or financial product advice by SM8 or anyone acting on SM8's behalf; and
- (l) they have not applied for, or instructed a Custodian to apply on their behalf for, New Shares with an application price which, when aggregated with the application price for any Shares issued to you or a Custodian on your behalf under the Offer or any similar SM8 arrangement in the 12 months prior to your application, exceeds \$15,000. This certification by one joint holder of Shares will be effective in respect of the other joint holder(s).

13 OFFERS UNDER THE SHARE PURCHASE PLAN

The Company may make more than one invitation to acquire Shares under the Share Purchase Plan in any 12 month period. Shareholders will not be able to acquire Shares to a value exceeding \$15,000 pursuant to the Share Purchase Plan in any 12 month period. An exception to this rule is that the Offer enables Eligible Shareholders who are Custodians to acquire Shares under the Share Purchase Plan on behalf of beneficiaries on whose behalf the Custodian is holding Shares, provided that the Custodian can certify particular requirements.

The Company may amend the terms and conditions of the Share Purchase Plan to provide for different terms to apply to different invitations. The Company may terminate the Share Purchase Plan at any time. Notice of invitations, the terms of invitations and any termination of the Share Purchase Plan will be provided to ASX.

14 APPLICATION OF THE SHARE PURCHASE PLAN

The Company may act or omit to act in relation to the Share Purchase Plan (including applying the terms of the Share Purchase Plan) in its absolute discretion.

14.1 Dispute Resolution

SM8 reserves the right to settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Offer and the decision of SM8 will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates.

14.2 Waiver, Amendment Suspension and Termination

SM8 may, in its discretion, waive compliance with any provision of these Terms and Conditions, amend or vary these Terms or Conditions, or suspend, withdraw or terminate the Offer at any time. Any such waiver, amendment, variation, suspension, withdrawal or termination will be binding on all Eligible Shareholders even where SM8 does not notify you of the event.

SM8 is not liable for loss, cost or expense arising out of any exercise of its discretions under these Terms and Conditions.

15 RISK CONSIDERATIONS

While the Offer Price was, at the time that this Offer was announced, at a discount of 25% to the VWAP of the Shares traded on the ASX during the period of five trading days up to and including the trading day prior to the ASX announcement, subscription under the Share Purchase Plan is a speculative investment. The market price may change between the dates you apply for the New Shares and the issue of the New Shares to you. Accordingly, the value of the New Shares applied for may rise or fall.

This Offer is not a prospectus and does not require the types of disclosures required under the Corporations Act. You must rely on your own knowledge of the Company, previous disclosures made by the Company to ASX and, if necessary, consult your professional adviser when deciding whether or not to accept the Offer and participate in the Share Purchase Plan.

15.1 ASIC Relief

The Offer is made in accordance with the Class Order. The Class Order grants relief from the requirement to prepare a prospectus for the offer of New Shares up to \$15,000 to each Eligible Shareholder under the Offer, subject to certain terms and conditions.

In accordance with the terms of the Class Order, SM8 will give a notice to ASX that complies with section 708A(6) of the Corporations Act.

16 GOVERNING LAW

These Terms and Conditions are governed by the laws in force in Western Australia.

17 BINDING TERMS

By subscribing for New Shares under the Offer, you agree to be bound by these Terms and Conditions and the constitution of SM8.

18 NO UNDERWRITING

The Offer is not underwritten.

19 PRIVACY

By completing the Application Form, you will be providing personal information to SM8. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The Company collects information about each Applicant provided on an Application Form for the purposes of evaluating and processing the Application and, if the Application is successful, to administer the Applicant's security holding in SM8. If SM8 is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for SM8's records, SM8 will destroy or de-identify it.

By submitting an Application Form, each Applicant agrees that SM8 may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry (Computershare Investor Services Pty Ltd), SM8's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, SM8 may not be able to process your Application.

An Applicant has a right to gain access to the information that SM8 holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to SM8's registered office.

20 GLOSSARY

Applicant means an Eligible Shareholder who lodges an Application.

Application means an application for New Shares pursuant to the Application Form.

Application Form means the Application form accompanying these Terms and Conditions.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

Closing Date means 19 March 2018 or such other date as may be determined by the Directors.

Company or SM8 means Smart Marine Systems Limited (ABN 77 149 970 445).

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Class Order means ASIC Class Order CO 09/425. **Custodian** has the meaning given to it in the Class Order. **Director** means a director of the Company.

Eligible Shareholder means a Shareholder as at the Record Date other than a Non- Qualifying Foreign Shareholder.

ASX Listing Rules means the Listing Rules of the ASX.

New Share means a Share to be issued under the Share Purchase Plan.

Non-Qualifying Foreign Shareholder means a Shareholder whose registered address is not situated in Australia or New Zealand or a jurisdiction where, in the opinion of the Board, it is lawful and reasonably practical to extend the Offer according to the laws of that jurisdiction.

Offer means the offer of New Shares pursuant to the Share Purchase Plan.

Offer Price means \$0.03 per New Share.

Opening Date means 26 February 2018.

Record Date means 8 February 2018.

Share means a fully paid ordinary share in the capital of the Company.

Share Purchase Plan means the issue of up to 500,000 New Shares each to Eligible Shareholders, each of which is entitled to apply for a parcel of New Shares valued at up to \$15,000 in accordance with these terms and conditions.

Shareholder means the holder of a Share.

Terms and Conditions means the terms and conditions of the Offer as set out in this Share Purchase Plan Offer Document.

US Person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933 as amended.

Valid Application means an Application:

- (a) that is made in conjunction with an Application Form accompanying the Offer, and that is properly completed in accordance with the instructions in the Application Form and in the Offer;
- (b) that is accompanied by any supporting documents required by the Offer to accompany the Application Form;
- (c) that is received by the Company on or before 5:00pm on the Closing Date at the address set out in **section 10.2**, or is otherwise duly received in accordance with the provisions of the Offer for electronic lodgement of Applications as set out in **section 10.3**;
- (d) that is not withdrawn before it ceases to be capable of being withdrawn; and
- (e) in respect of which payment of the Offer Price for the relevant number of New Shares is received and is cleared (either before or after the Closing Date) when presented (either before or after the Closing Date) for payment by the relevant financial institution on which the payment is drawn.

VWAP means volume weighted average price.

WST means Western Standard Time.

