

Announcement to ASX
ASX Code: SM8

1 March 2019

Smart Marine Systems to acquire subsea solutions provider Harvest Technology

Highlights

- The Company has entered into a binding term sheet to acquire 100% of Evolution Subsea Pty Ltd, trading as Harvest Technology.
- Acquisition is through equity and will be in conjunction with a strategic placement to management team and sophisticated and professional investors, coupled with a rights issue to existing Shareholders.
- Harvest Technology is a new bespoke services and technology solutions provider in the subsea sector.
- Harvest Technology has an experienced high-performance management team led by Mr Paul Guilfoyle.
- Mr Guilfoyle has extensive background experience in provision of marine and subsea technology solutions, and over time has established strong relationships with key stakeholders in the oil and gas and renewables industries.
- Acquisition is backed by operational and technological collaborations that provide immediate synergies and industrial market opportunities for the Company's Clever Buoy system.

Australian marine technology company Smart Marine Systems (ASX: SM8) ("the Company") is pleased to announce that it has executed a binding term sheet for the acquisition of specialist subsea service provider Evolution Subsea Pty Ltd, trading as Harvest Technology ("**Harvest**").

Subject to the completion of final due diligence by the Company (to be completed by 12 March 2019), and shareholder approval to issue consideration shares, the Company will acquire 100% of Harvest for 15,000,000 shares issued at a price of 2.2 cents each and the entity will become a wholly owned subsidiary of SM8. Subject to ASX and Shareholder approval, existing Harvest Shareholders will be issued performance rights for up to 80,000,000 shares based on specific Harvest revenue targets established by the Company.

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Harvest is a new dynamic solutions and service provider to the subsea technology, renewable energy and oil and gas sectors. Harvest will leverage a range of cutting-edge technologies, which coupled with SM8's existing in-house marine monitoring products, offers unique bespoke subsea solutions. Harvest is led by an experienced, high-performance management team, headed by Mr Paul Guilfoyle. This team collectively has more than 60 years marine and subsea technology expertise supported by extensive client relationships and key industry partnerships. The management team has successfully built subsea solutions operations and has a reputation for strategy vision and leadership within the industry.

Harvest possesses a number of key strategic relationships within the global subsea technology and services sector that will immediately assist in promoting the businesses growth and expansion.

Harvest provides a number of immediate synergies to the SM8 operations. Currently all subsea activities for the Clever Buoy technology are contracted to third parties, however the Harvest infrastructure and expertise can undertake a component of this work in-house. Harvest also provides immediate access to the offshore services market for Clever Buoy applications and its strategic relationships with global marine technology providers will assist in the further development of the Clever Buoy technology into new industries.

The Company seeks to raise up to \$2.5 million in working capital. Subject to the completion of satisfactory final due diligence, Shareholder approval will be sought to place shares at 2.2 cents per share to raise up to \$1.2 million in working capital. An additional \$600,000 will be raised at 2.2 cents per share from the Harvest management team. The \$600,000 placement can be made under the Company's existing placement capacity in accordance with Listing Rules 7.1 and 7.1A. Under the stated listing rules, 16,972,578 shares will be issued under LR 7.1 and 10,300,150 will be issued under LR 7.1A.

The Company intends to also raise up to a further \$700,000 via a non-renounceable rights issue at 2.2 cents per share. At this stage the offering is not underwritten, however the Company reserves the right to appoint an Underwriter.

Further details in relation to the intended use of funds will be contained in the Notice of Meeting to be distributed to Shareholders in the near future. Details of the rights issue timing will also be advised at that time.

Ends

For further information please contact:

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About Smart Marine Systems Ltd

Smart Marine Systems Limited (ASX:SM8) is an Australian marine technology company that has developed and commercialised award-winning patented products. Smart Marine Systems product portfolio includes SAMS™, Clever Buoy™ and Seabin. SAMS™ is a visual technology that is applied to wetsuits and watersport products based on new research of shark visual systems. Clever Buoy™ is a marine monitoring platform that autonomously distinguishes large sharks from other species and sends warning signals to shore for human intervention response. Seabin is a revolutionary ocean plastics cleaning device that catches floating rubbish, oil, fuel and detergents and makes oceans cleaner. Smart Marine Systems' products can be deployed across oceans globally and the Company is committed to pursuing international commercialisation. To learn more please visit: www.smartmarinesystems.com

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