

26 March 2018

Companies Announcements Office
Australian Securities Exchange
Electronic Lodgement

Notice of Meeting

Smart Marine Systems Limited advises that Notice of Meeting documentation was today dispatched to eligible shareholders, a copy of which is attached to this document.

For and on behalf of the Board

David McArthur
DIRECTOR

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SMART MARINE SYSTEMS LIMITED

ABN 77 149 970 445

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

26 April 2019

Time of Meeting

10:00 am (AWST)

Place of Meeting

**Level 2, 61 King Street
Perth, Western Australia**

SMART MARINE SYSTEMS LIMITED

ABN 77 149 970 445

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Smart Marine Systems Limited (**Company**) will be held at 10:00 am (AWST) on 26 April 2019, at Level 2, 61 King Street, Perth, Western Australia.

The business of the General Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AWST) on 24 April 2019.

An Explanatory Statement containing information in relation to each of the Resolutions to be put to the Meeting accompanies this Notice.

AGENDA

To consider and, if thought fit, to pass the following Resolutions.

1. **Ordinary Resolution 1: Ratification of Prior Issue of Shares and Options**

To consider and, if thought fit, to pass 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 350,000 fully paid ordinary shares and 116,669 Options on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of any persons who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or 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.

2. **Ordinary Resolution 2: Approval to Issue Acquisition Shares – Acquisition of Harvest Technology**

To consider and, if thought fit, to pass 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 Company to issue 15,000,000 fully paid ordinary shares to the shareholders and management of Evolution Subsea Pty Ltd (ACN 601 194 138) (trading as Harvest Technology) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the

Company) or an associate of that person (or 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.

3. Ordinary Resolution 3: Approval to Issue Acquisition Performance Rights – Acquisition of Harvest Technology

To consider and, if thought fit, to pass 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 to issue 80,000,000 Performance Rights to the shareholders and management of Evolution Subsea Pty Ltd (ACN 601 194 138) (trading as Harvest Technology) on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 3 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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.

4. Ordinary Resolution 4: Approval to Issue Shares – Working Capital Placement

To consider and, if thought fit, to pass 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 Company to issue up to 81,818,182 fully paid ordinary shares on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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.

By Order of the Board



D M McARTHUR
Company Secretary

Dated: 13 March 2019

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the General Meeting.

The Company’s Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AWST) on 24 April 2019 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one- half of the votes.

Shareholders and their proxies should be aware that changes to the *Corporations Act 2001* (Cth) made in 2011 mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A ‘Certificate of Appointment of Corporate Representative’ is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Mr David McArthur on +61 8 9435 3200 if they have any queries in respect of the matters set out in this document.

SMART MARINE SYSTEMS LIMITED

ABN 77 149 970 445

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting (**Notice**) of the Company.

The Directors of the Company (**Directors**) recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

ORDINARY RESOLUTION 1: RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

General

As announced on 5 December 2018, the Company placed;

- (a) 350,000 Shares at a price of \$0.025 per Share together with 116,669 free-attaching Options exercisable at \$0.03 each on or before 30 November 2020; and
- (b) 12,000,000 Shares together with 6,666,667 free-attaching Options exercisable at \$0.03 each on or before 30 November 2020 (which had been approved by Shareholders at the 22 November 2018 Annual General Meeting),

to raise a total of \$308,750.

The issue of 350,000 Shares and 116,669 Options was pursuant to the Company's discretionary placement capacity under ASX Listing Rule 7.1. Resolution 1 of this Notice seeks Shareholder approval to ratify this issue of Shares and Options.

Regulatory Requirements

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue, subject to specified exceptions, more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It 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.

While the Shares and Options described in this Resolution 1 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of these Shares and Options for the purpose of Listing Rule 7.4 so that the Company may 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, should the need or opportunity arise.

Technical Information required by ASX Listing Rule 7.4

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of Shares and free-attaching Options the subject of this Resolution 1:

- (a) the total number of securities issued by the Company was;
 - (i) 350,000 Shares issued pursuant to ASX Listing Rule 7.1; and
 - (ii) 116,669 Options issued pursuant to ASX Listing Rule 7.1;
- (b) the issue price of the Shares was \$0.025 per Share and the issue price of the Options was nil as they were issued free attaching on a 1:3 basis;
- (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;
- (d) the Options were issued on the terms and conditions set out in Appendix 1;
- (e) the Shares were issued to sophisticated investors who are clients of Canary Capital Pty Ltd. None of the subscribers are related parties of the Company; and
- (f) the funds raised under this placement were used for working capital purposes.

ORDINARY RESOLUTIONS 2 AND 3: APPROVAL TO ISSUE ACQUISITION SHARES AND ACQUISITION PERFORMANCE RIGHTS – ACQUISITION OF HARVEST TECHNOLOGY

Background of Acquisition

As announced on 1 March 2019, the Company entered into a binding term sheet to acquire 100% of Evolution Subsea Pty Ltd (ACN 601 194 138) (trading as Harvest Technology) (**Harvest**) (**Acquisition**). Harvest is a marine services provider with a focus on inspection, repair and maintenance services to the marine and sub-sea sector. Although a small business with little tangible assets, Harvest has extensive experience in servicing the marine and sub-sea sectors.

This acquisition of Harvest is intended to complement the Company's existing operations and to support the growth of the Company in the marine sector. Harvest will provide operational synergies to the combined group, including providing marine and sub-sea services to the Company's existing product portfolio and customer base.

At present, the Company outsources marine subsea services to third parties, including to Harvest, and all these activities will be internalised following the Acquisition. Harvest's client base and operational works will also provide an extended market for the Company's current range of products.

As consideration for the Acquisition the Company intends to issue the following on a pro rata basis to the shareholders of Harvest:

- (a) 15,000,000 ordinary fully paid shares in the capital of the Company, issued at a deemed issue price of 1.8 cents per share (**Acquisition Shares**); and
- (b) 80,000,000 Performance rights (**Acquisition Performance Rights**) which, upon achievement of the following milestones, will vest and immediately convert into Shares (any Acquisition Performance Rights which remain unvested will be cancelled):

- (i) 25,000,000 Acquisition Performance Rights: Upon Harvest achieving \$10,000,000 in revenue in one calendar year within two (2) years of completion of the Acquisition **(Completion) (Tranche 1 Performance Rights)**;
- (ii) 25,000,000 Acquisition Performance Rights: Upon Harvest achieving \$20,000,000 in revenue in one calendar year within three (3) years of Completion **(Tranche 2 Performance Rights)**; and
- (iii) 30,000,000 Acquisition Performance Rights: Upon Harvest achieving \$30,000,000 in revenue in one calendar year within four (4) years of Completion **(Tranche 3 Performance Rights)**,

(together, the **Consideration Securities**).

The Acquisition Performance Rights will be unquoted, non-voting, non-participating and non-transferrable. The Acquisition Performance Rights will convert into Shares on a one-for-one basis upon the above milestones being met. As detailed above, the milestones relate to achieving specific revenue hurdles. In the event that the milestones are not met, all such unconverted Acquisition Performance Rights held by the holders will be cancelled. The milestones are to be achieved within a maximum period of 4 years from the date of completion of the Acquisition of Harvest.

The full terms and conditions of the Acquisition Performance Rights are included in Appendix 2.

All Shares issued as part of the Consideration Securities (including those issued on conversion of the Acquisition Performance Rights) will be subject to 12 months voluntary escrow from their respective dates of issue.

Harvest Assets

Harvest is a bespoke services and solutions provider comprising an experienced high-performance management team, led by Paul Guilfoyle, with over 20 years marine and subsea technology experience, extensive client relationships, and key industry partnerships with the likes of Fugro (international oil and gas) and Abyss Solutions (an emerging underwater robotic technology).

Harvest is currently undertaking the NOPSEMA dive safety accreditation process which will allow it to operate in various jurisdictions within the marine services sector. This is a particularly onerous approval process which the management team has invested significant time preparing alongside development of supporting business management systems.

The appeal and attraction of Harvest to the Company is the ability to save costs incurred by the Company in relation to the work that it already contracts out to Harvest, and also the ability to grow its product offering not only to its existing clients, but also to introduce its products to clients and parties already working with Harvest.

As the Company is currently developing technology and endeavouring to secure contracts for its marine technology, the Board has determined it to be appropriate to structure the acquisition of Harvest via issuance of equity securities rather than via cash issue. In addition, as Harvest Technology is in preliminary stages of contract acceptances, maintaining working capital is a focal point. The issuance of Acquisition Performance Rights additionally acts as an incentive for recipients to deliver revenue milestones which will build Shareholder value in the Company.

No consideration is payable for these Acquisition Performance Rights, or upon issue of Shares upon satisfaction of the milestones associated with the Acquisition Performance Rights. Subject to the satisfaction

of the milestone noted above, the Acquisition Performance Rights will convert to one fully paid ordinary Share in the Company's capital for each Acquisition Performance Right granted.

General

Resolutions 2 and 3 seek Shareholder approval for the issue of 15,000,000 Acquisition Shares and 80,000,000 Acquisition Performance Rights, in consideration for the Acquisition of Harvest.

Regulatory Requirements

A summary of ASX Listing Rule 7.1 is set out in the Explanatory Statement of Resolution 1 above.

If Shareholders approve Resolutions 2 and 3, the Acquisition Shares and Acquisition Performance Rights can be issued during the period 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's annual 15% placement capacity.

Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to these Resolutions 2 and 3:

- (a) the total number of Acquisition Shares to be issued by the Company is 15,000,000 and the total number of Acquisition Performance Rights to be issued by the Company is 80,000,000;
- (b) the Acquisition Shares will be issued for a deemed issue price \$0.022 per Share for the Acquisition of Harvest;
- (c) the Acquisition Performance Rights will be issued for the Acquisition of Harvest;
- (d) the Acquisition Shares and Acquisition Performance Rights will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the Acquisition 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 Shares;
- (f) the Acquisition Performance Rights will be issued on the terms and conditions set out at Appendix 2;
- (g) the Acquisition Shares and Acquisition Performance Rights are to be issued to shareholders and management of Harvest on a pro rata basis, as is detailed below:

(i)	Mr Paul Guilfoyle	-	6,600,000 Acquisition Shares 11,000,000 Tranche 1 Performance Rights 11,000,000 Tranche 2 Performance Rights 13,200,000 Tranche 3 Performance Rights
(ii)	Linda Mary Shields	-	3,000,000 Acquisition Shares 5,000,000 Tranche 1 Performance Rights 5,000,000 Tranche 2 Performance Rights 6,000,000 Tranche 3 Performance Rights
(iii)	Air Cooled Productions Trust	-	3,000,000 Acquisition Shares 5,000,000 Tranche 1 Performance Rights 5,000,000 Tranche 2 Performance Rights 6,000,000 Tranche 3 Performance Rights

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|------|---------------------------|---|--|
| (iv) | Arab Capital Holdings Ltd | - | 1,500,000 Acquisition Shares
2,500,000 Tranche 1 Performance Rights
2,500,000 Tranche 2 Performance Rights
3,000,000 Tranche 3 Performance Rights |
| (v) | SBV Capital Pty Ltd | - | 450,000 Acquisition Shares
750,000 Tranche 1 Performance Rights
750,000 Tranche 2 Performance Rights
900,000 Tranche 3 Performance Rights |
| (vi) | Celery Pty Ltd | - | 450,000 Acquisition Shares
750,000 Tranche 1 Performance Rights
750,000 Tranche 2 Performance Rights
900,000 Tranche 3 Performance Rights |
- (h) no funds will be raised from the issue of the Acquisition Shares and Acquisition Performance Rights as the Consideration Securities are being issued in consideration for the Acquisition of Harvest.

ORDINARY RESOLUTION 4: APPROVAL TO ISSUE SHARES – WORKING CAPITAL PLACEMENT

General

As noted in the Company's ASX Announcement dated 1 March 2019, in conjunction with the Acquisition of Harvest, the Company plans to raise up to \$2,500,000 via a placement (\$1,800,000) (**Placement**) and a rights issue (up to \$700,000). These funds will be used for working capital for the existing development of Clever Buoy technology, as well as working capital for operations that will commence upon the Acquisition of Harvest.

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 81,818,182 fully paid ordinary shares at \$0.022 per share to raise \$1,800,000 as detailed above.

Regulatory Requirements

A summary of ASX Listing Rule 7.1 is set out in the Explanatory Statement of Resolution 1 above.

If Shareholders approve Resolution 4, the Shares may be issued during the period 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) without using the Company's annual 15% placement capacity.

Technical information required by ASX Listing Rule 7.1

In accordance with the requirements of ASX Listing Rule 7.3, the following information is provided to Shareholders to allow them to assess the approval of the issue of the Shares, the subject of this Resolution 4:

- (a) up to 81,818,182 Shares are to be issued under Resolution 4;
- (b) the Shares will be issued for \$0.022 per Share;
- (c) the Shares will be issued no later than 3 months after the date of the 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 issue of the Shares will occur on the same date;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (e) the Shares will be issued to sophisticated investors who are clients of Canary Capital Pty Ltd, Ventnor Capital Pty Ltd and Alto Capital Pty Ltd. None of these subscribers are related parties of the Company; and
- (f) the funds raised under the Placement will be used for working capital purposes.

GLOSSARY

Acquisition means the Company's acquisition of a 100% interest in Evolution Subsea Pty Ltd (ACN 601 194 138) (trading as Harvest Technology) pursuant to the binding term sheet.

Acquisition Shares means the 15,000,000 ordinary fully paid shares in the capital of the Company to be issued as consideration for the Acquisition.

Acquisition Performance Rights means the 80,000,000 performance rights to be issued as consideration for the Acquisition, on the terms set out at Appendix 2.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Company means Smart Marine Systems Limited (ACN 149 970 445).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or Meeting means the meeting convened by this Notice.

Harvest or Harvest Technology means Evolution Subsea Pty Ltd (ACN 601 194 138) (trading as Harvest Technology).

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

AWST means Australian Western Standard Time (Perth, Western Australia).

SMART MARINE SYSTEMS LIMITED

ABN 77 149 970 445

APPENDIX 1

30 NOVEMBER 2020 CAPITAL RAISING OPTION TERMS

- (a) The Options are unlisted.
- (b) The Options are exercisable at \$0.03 each at any time on or before 30 November 2020 (**Expiry Date**).
- (c) Each Option exercised will entitle the holder to one fully paid ordinary Share in the capital of the Company.
- (d) The notice attached to the certificate has to be completed when exercising the Options (**Notice of Exercise**).
- (e) Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Option being exercised prior to the Expiry Date.
- (f) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares.
- (g) Shares allotted and issued pursuant to the exercise of Options will be allotted and issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.
- (h) The holder of Options cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been allotted and registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.
- (i) If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- (j) If at any time the capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

SMART MARINE SYSTEMS LIMITED

ABN 77 149 970 445

APPENDIX 2 - ACQUISITION PERFORMANCE RIGHTS TERMS

- (a) **(Performance rights)** Each Acquisition Performance Right is a security in the capital of Smart Marine Systems Limited (ABN 77 149 970 445) (**Company**).
- (b) **(General meetings)** Each Acquisition Performance Right confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.
- (c) **(No voting rights)** An Acquisition Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** An Acquisition Performance Right does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** An Acquisition Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** An Acquisition Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** An Acquisition Performance Right is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (i) **(Application to ASX)** The Acquisition Performance Rights will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Acquisition Performance Rights into fully paid ordinary shares (**Shares**), the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.
- (j) **(Participation in entitlements and bonus issues)** An Acquisition Performance Right does not entitle a Holder (in their capacity as a holder of an Acquisition Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No other rights)** An Acquisition Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Acquisition Performance Rights:

- (l) **(Conversion on achievement of milestone)** Subject to paragraph (n), an Acquisition Performance Right in the relevant class will convert into one Share upon achievement of:
 - (i) 25,000,000 Acquisition Performance Rights: Upon Evolution Subsea Pty Ltd (ACN 601 194 138) (**Harvest**) achieving \$10,000,000 in revenue in one calendar year within two (2) years of completion of the acquisition by the Company (**Completion**);
 - (ii) 25,000,000 Acquisition Performance Rights: Upon Harvest achieving \$20,000,000 in revenue in one calendar year within three (3) years of Completion; and

- (iii) 30,000,000 Acquisition Performance Rights: Upon Harvest achieving \$30,000,000 in revenue in one calendar year within four (4) years of Completion,
- (m) **(Conversion on change of control):** Subject to paragraph (n) and notwithstanding the relevant milestone has not been satisfied, upon the occurrence of either:
 - (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Acquisition Performance Rights shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Acquisition Performance Rights that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Company Shares. The conversion will be completed on a pro rata basis across each class of Acquisition Performance Rights then on issue as well as on a pro rata basis for each Holder. Acquisition Performance Rights that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (n) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of an Acquisition Performance Right under paragraph (l) or (m) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Acquisition Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of an Acquisition Performance Right would result in a contravention of the General Prohibition:
 - (i) Holders may give written notification to the Company if they consider that the conversion of an Acquisition Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of an Acquisition Performance Right will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (n)(i) within seven days if the Company considers that the conversion of an Acquisition Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of an Acquisition Performance Right will not result in any person being in contravention of the General Prohibition.
- (o) **(Lapse of Acquisition Performance Right)** each Acquisition Performance Right shall expire on the date that is 1 day after the fourth anniversary of the Completion (**Expiry Date**) if the relevant milestone attached to that Acquisition Performance Right has not been achieved, at which time the Company will cancel the relevant Acquisition Performance Rights.
- (p) **(Redemption if Milestone not achieved)** If the relevant milestone is not achieved by the relevant Expiry Date, then each Acquisition Performance Right in the relevant class will be cancelled by the Company.

- (q) **(Conversion procedure)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of an Acquisition Performance Right within 10 Business Days following the conversion.
- (r) **(Ranking upon conversion)** The Share into which an Acquisition Performance Right may convert will rank pari passu in all respects with existing Shares.

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder Details

This is to certify that by a resolution of the directors of:

..... (Company),
Insert name of Shareholder Company

the Company has appointed:

.....,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at a General Meeting of the members of Smart Marine Systems Limited to be held on 26 April 2019 commencing at 10.00 am (AWST) and at any adjournments of that annual general meeting.

DATED

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Smart Marine Systems Limited at Level 1, 31 Cliff Street, Fremantle, WA 6160 or fax the Certificate to the registered office at +61 8 6444 7408.

PROXY FORM
APPOINTMENT OF PROXY
SMART MARINE SYSTEMS LIMITED
ABN 77 149 970 445
GENERAL MEETING

I/We

Address

being a Member of Smart Marine Systems Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy (**Please note:** Leave blank if you have selected the Chair of the General Meeting as your proxy.)

OR

☐ the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10.00 am (AWST) on 26 April 2019 at Level 2, 61 King Street, Perth, Western Australia, and at any adjournment of that meeting.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. In exception circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1: Ratification of Prior Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2: Approval to Issue Acquisition Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3: Approval to Issue Acquisition Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4: Approval to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not 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 _____%.

Signature of Member(s)

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - In person to Level 1, 31 Cliff Street, Fremantle, Perth, WA;
 - By mail to PO Box 584, Fremantle, WA, 6959;
 - By Facsimile to +61 8 6444 7408;
 - By scan and email to jordan.mcarthur@broadwaymgt.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.