

Companies Announcements Office
Australian Securities Exchange
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QUARTERLY ACTIVITIES REPORT

Smart Marine System's expands into subsea marine services business with the acquisition of Harvest Technology

Highlights

- Shareholders approve the acquisition of specialist marine services business, Harvest Technology.
- Acquisition is being undertaken in conjunction with a \$2.5 million capital raising to fund working capital for the growth and expansion of the Company and Harvest Technology.
- Pilot Deployment at Newport Beach, California successfully completed and results presented to key stakeholders that confirmed the presence of sharks and substantial marine life.
- Currently working with the Newport Beach community and the Californian State Government on continued operations with local and state funding mechanisms.
- Successful presentation of Clever Buoy technology to officials and key community groups in Cape Cod, Massachusetts, USA.
- Cape Cod has an increasing population of white sharks with a tragic fatality in recent months and have limited shark mitigation measures in place.
- SMS is working with local municipality on proposed deployments across various locations in the Cape Cod region.
- Increased interest in the wider capabilities of Clever Buoy for environmental monitoring and security applications.

30 April 2019 – Australian marine technology company Smart Marine Systems Limited (ASX:SM8) ("Smart Marine Systems" or "the Company") is pleased to provide its activities report for the three months to the end of March 2019.

Strategic Acquisition – Harvest Technology

On the 26th April 2019, shareholders approved the Company's acquisition of Harvest Technology Pty Ltd. Harvest is a new dynamic solutions and service provider to the subsea technology, renewable energy and oil and gas sectors, that will leverage a range of cutting-edge technologies to offer bespoke subsea solutions.

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 is led by an experienced, high-performance management team, headed by Mr Paul Guilfoyle.

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www.smartmarinesystems.com

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.

The acquisition 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.

Marine Monitoring and Alert System | Clever Buoy

The Company successfully completed a 100-day pilot deployment at Newport Beach in California. In a company first, the Clever Buoy technology was deployed from a pier infrastructure and was successfully integrated into the local lifeguard operations. The lifeguards were provided with real time marine life and environmental data via a dedicated mobile application and a detailed desktop portal.

During the 100-day period, the Clever Buoy observed an unprecedented level of marine life compared to previous deployments, including a significant volume of threatening shark activity. The installation received strong local community support with 95% of respondents to a public survey indicating that they felt safer recreating at a beach with a Clever Buoy installed and 93% requested the technology to be expanded to additional locations in California.

The Company is continuing to liaise with Newport Beach City officials, State Assemblymen representatives and Federal Government on the funding mechanisms for the ongoing installation and further expansion of the Clever Buoy technology in California.

The Company received an invitation to present the Clever Buoy technology to the community and officials in Cape Cod, Massachusetts, that was attended by approximately 125 people. The Cape Cod community has witnessed two shark attacks in recent months, with one being a tragic fatality. The region has a well-documented increase in white shark populations over the past decade and despite this, has not initiated any shark mitigation solutions for public safety. The local community is extremely concerned about the pending impact on tourism, with the region's economy heavily reliant on visitors. The Company is currently completing costed proposals for a number of locations on the Cape Cod peninsula.

Ends.

For further information please contact:

Mr David McArthur
Company Secretary
Smart Marine Systems Ltd
Tel: 1300 524 392

About Smart Marine Systems

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 Clever Buoy™ and Seabin. 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 about Smart Marine Systems please visit: www.smartmarinesystems.com

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SMART MARINE SYSTEMS LIMITED

ABN

77 149 970 445

Quarter ended ("current quarter")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	23
1.2 Payments for		
(a) research and development	-	(153)
(b) product manufacturing and operating costs	(4)	(18)
(c) advertising and marketing	(30)	(275)
(d) leased assets	-	-
(e) staff costs	(83)	(347)
(f) administration and corporate costs	(25)	(144)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	296	296
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	154	(620)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)*	(94)	(94)
2.6	Net cash from / (used in) investing activities	(94)	(94)

* Loan funds advanced to Harvest Technology for operations commencement

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	509
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(19)	(37)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1)	(27)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (loan repaid by associate company)	-	-
3.10	Net cash from / (used in) financing activities	(20)	445

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	160	467
4.2	Net cash from / (used in) operating activities (item 1.9 above)	154	(620)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(94)	(94)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	445

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	-
4.6	Cash and cash equivalents at end of quarter	198	198

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	198	160
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	198	160

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

30

-

This includes salaries paid to Directors, as well as superannuation paid on behalf of Directors. Additionally, this includes corporate and accounting services paid to a company associated with one of the Directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	50
9.6 Administration and corporate costs	44
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	94

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Director and Company Secretary

Date: 30 April 2019

Print name: David M McArthur

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.