

Announcement to ASX

1 May 2019

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**CLEANSING NOTICE UNDER SECTION 708AA(2)(F) OF THE CORPORATIONS ACT 2001**

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This notice is given by Smart Marine Systems Limited (**ASX:SM8**) (ABN 77 149 970 445) (the **Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the **Act**) as notionally modified by the Australian Securities and Investments Commission (**ASIC**) Instrument 16/84.

The Company announced on 1 May 2019 that it intends to raise approximately \$700,000 (before costs) through a 1 for 7 pro-rata non-renounceable entitlement offer of fully paid ordinary shares (**Shares**) to existing eligible shareholders (**Entitlement Offer**).

The Entitlement Offer consists of an offer of 1 fully paid Smart Marine Systems Limited ordinary share (**New Shares**) for every 7 Shares held as at 5.00pm (AWST) on 8 May 2019 (**Record Date**) by eligible shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**) at an issue price of 2.2 cents per New Share. The Entitlement Offer will be made pursuant to an Entitlement Offer booklet (**Offer Document**). The Company reserves the right to appoint an underwriter to the Entitlement Offer.

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional shares (**Additional Shares**) in excess of their entitlements at the same price as under the Entitlement Offer (**Top-Up Facility**). Additional Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares (**Shortfall**).

New Shares will be issued under the Top-Up Facility at the absolute discretion of the Company and its Directors and as such there is no guarantee that any Shares applied for will be issued to Eligible Shareholders. The Company will have no liability to any applicant who receives less than the number of additional Shares they applied for under the Top-Up Facility. For the avoidance of doubt, the *Corporations Act* 20% relevant interest level applies to limit the acquisition of Additional Shares through the Top-Up Facility.

Smart Marine Systems Limited advises that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
- (b) the notice is being given under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice, Smart Marine Systems Limited has complied with:
  - (i) the provisions of Chapter 2M of the Act as they apply to SM8; and
  - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act; and

1st Floor, 31 Cliff Street,  
Fremantle, Western Australia 6160  
**E:** [enquiry@smartmarinesystems.com](mailto:enquiry@smartmarinesystems.com)  
**P:** +61 1300 524 392  
ABN: 77 149 970 445

[www.smartmarinesystems.com](http://www.smartmarinesystems.com)

(e) the potential effect the Entitlement Offer will have on the control of SM8 is as follows:

- (i) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no effect on the control of SM8;
- (ii) if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted;
- (iii) the proportional interests of shareholders who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer,

having regard to:

- (iv) the composition of SM8's share register; and
- (v) the terms of the Entitlement Offer, the commitments received under the Placement, the underwriting and sub-underwriting arrangements, should they be put in place, for the Entitlement Offer and the nature of the underwriters and sub-underwriters, should they be appointed.

Smart Marine Systems Limited does not believe that any person will increase their voting power in the Company pursuant to the Entitlement Offer in a way that will have any material impact on the control of the Company.

For and on behalf of  
**Smart Marine Systems Limited**



**Jordan McArthur**  
*Joint Company Secretary*

1st Floor, 31 Cliff Street,  
Fremantle, Western Australia 6160  
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