

3 May 2019

Dear Shareholder

Letter to Ineligible Shareholders – Non-renounceable pro-rata entitlement offer

As announced on 1 May 2019, Smart Marine Systems Limited (**SM8** or **the Company**) is undertaking a non-renounceable pro-rata entitlement offer of new ordinary shares in SM8 (**New Shares**) to raise up to \$706,747 (before costs and subject to rounding (**Entitlement Offer**)). The Entitlement Offer is being made on the basis of one (1) New Share for every seven (7) SM8 shares held at 5.00pm (AWST) on 8 May 2019 (**Record Date**) at an offer price of \$0.022 per New Share.

The Entitlement Offer is only available to Eligible Shareholders, which are those persons who:

- are a registered holder of SM8's shares as at the Record Date;
- have a registered address on the SM8 securities register in Australia or New Zealand as at Record Date;
- are not in the United States and not "U.S Persons" (as defined in Regulation S under the United States Securities Act of 1933) (**U.S Persons**) or acting for the account or benefit of U.S. Persons; and
- are eligible or permitted under any applicable securities law to receive an offer under the Entitlement Offer.

As you do not satisfy the criteria stated above, you are deemed not to be an Eligible Shareholder for the purposes of the Entitlement Offer and SM8 is unfortunately unable to extend to you the opportunity to participate in the Entitlement Offer. You are not required to do anything in response to this letter.

If you have any queries, please contact the Company Secretary on +61 8 9435 3200.

Yours sincerely,



Jordan McArthur

Joint Company Secretary

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