

Announcement to ASX

29 November 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 ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

The Company announced on 10 October 2019 that it intends to raise approximately \$520,000 (before costs) through a 1 for 13 pro-rata non-renounceable entitlement offer of fully paid ordinary shares to existing eligible shareholders (**Entitlement Offer**).

The Entitlement Offer consists of an offer of 1 fully paid ordinary share (**New Shares**) for every 13 fully paid ordinary shares held as at 5.00pm (AWST) on 4 December 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 Entitlement Offer is underwritten by Schaffer Corporation Limited (**Underwriter**). Subject to the terms of the underwriting agreement entered into with the Company (**Underwriting Agreement**), the Underwriter is obliged to subscribe for Shares pursuant to shortfall under the Entitlement Offer (**Shortfall**).

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) this 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  
**P:** +61 1300 524 392  
ABN: 77 149 970 445

(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;
- (iv) as at the date of this notice, the Underwriter has a relevant interest in 19,318,182 Shares representing a voting power of approximately 6.28%, and also holds 2,000,000 convertible notes (**Convertible Notes**), the full terms and conditions of which can be found in the Company's Notice of Annual General Meeting announced on 25 October 2019. The Underwriter has notified the Company that its present intention is not to convert the Convertible Notes in which it has an interest prior to the Entitlement Offer, but to otherwise take up its full entitlement under the Entitlement Offer. In the event that the Underwriter takes up all of its entitlement and all of the Shortfall pursuant to the Underwriting Agreement (and no convertible securities are exercised into Shares), the Underwriter could potentially have an interest in up to 42,999,439 Shares with voting power of up to 12.97% (on an undiluted basis). The figures given are post-completion of the Entitlement Offer, and assume no other Shares are issued or securities are converted into Shares. However, the Underwriter's voting power will reduce by a corresponding amount for the amount of entitlements taken up by Eligible Shareholders.

No investor or existing Shareholder will hold a voting power greater than 20% as a result of the Entitlement Offer.

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  
**E:** [enquiry@smartmarinesystems.com](mailto:enquiry@smartmarinesystems.com)  
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