

2 December 2019

Dear Shareholder

Smart Marine Systems Limited – Non-renounceable pro-rata entitlement offer

As announced on 29 November 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 approximately \$520,000 (before costs) (**Entitlement Offer**). The Entitlement Offer is being made on the basis of one (**1**) New Share for every thirteen (**13**) SM8 shares held at 5.00pm (AWST) on 4 December 2019 (**Record Date**) at an offer price of \$0.022 per New Share.

The net proceeds of the Entitlement Offer will be used to provide working capital for existing business operations of the Company, as well as providing working capital for each of the subsidiary entities and their business pursuits.

Overview of the Entitlement Offer

The Entitlement Offer is being made to all SM8 shareholders who are a registered holder of SM8's shares and have a registered address on the SM8 securities register in Australia or New Zealand as at the Record Date (**Eligible Shareholders**). Shareholders not satisfying these criteria will not be eligible to participate in the Entitlement Offer.

New Shares issued under the Entitlement Offer will rank equally with all ordinary shares already on issue. Under the Entitlement Offer, the Company will issue up to a maximum of approximately 23,681,257 New Shares (subject to rounding), resulting in total SM8 ordinary shares on issue after completion of the Entitlement Offer of up to approximately 331,537,595 shares (subject to rounding).

For purposes of calculating each Eligible Shareholder's entitlements, fractional entitlements to New Shares will be rounded up to the nearest whole number of shares.

Offer Documents

An ASX announcement detailing the Entitlement Offer was released on 29 November 2019. A copy of the ASX announcement is available on the Company's website (www.smartmarinesystems.com) and on the ASX's website (www.asx.com.au). Eligible Shareholders will be mailed a copy of the Offer Documentation together with an entitlement and acceptance form on or before 9 December 2019.

It is important that Eligible Shareholders read the Offer Documentation carefully before deciding whether to invest and, if in any doubt as to how to proceed, consult with their professional advisers. If Eligible Shareholders wish to participate, they should follow the directions in the Offer Documentation for the action required of Eligible Shareholders.

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Proposed Timetable

Lodgement of Offer Document, Appendix 3B, s708AA Cleansing Notice to ASX and Letter to Optionholders	29 November 2019
Notice sent to Shareholders	2 December 2019
Ex-date	3 December 2019
Record date for determining Entitlements	4 December 2019
Offer Documentation sent out to Eligible Shareholders & announcement thereto and Opening Date of Offer	9 December 2019
Last day to extend the offer closing date	13 December 2019
Closing Date*	18 December 2019
Shares quoted on a deferred settlement basis*	19 December 2019
Notification to ASX of Shortfall*	20 December 2019
Issue date of the Securities and lodgement of Appendix 3B with ASX *	23 December 2019
Quotation of Shares issued under the offer*	24 December 2019

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the date for issue of the Securities and the commencement of quotation of the Shares the subject of the Offer.

Yours sincerely,



Jordan McArthur

Joint Company Secretary

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