

DELTA/BOEING/FAA IN-FLIGHT PROGRAMME - IMPORTANT CONCLUSION

Structural Monitoring Systems plc ("SMS" or "the Company") (ASX: SMN) is pleased to announce an important update regarding one of the Company's key operational partner programmes - namely, the pivotal in-flight commercial test programme ("the Programme") overseen by the Federal Aviation Administration ("FAA"), and being conducted by Delta Air Lines, Inc. ("Delta"), the FAA Airworthiness Assurance Center at Sandia National Laboratories ("Sandia") and The Boeing Corporation ("Boeing").

As a brief recap, the Company's CVM™ technology was installed in Boeing 737-NG aircraft operated by Delta, in what was a global first for any technology application in the structural health monitoring of civilian aircraft. The final meetings, attended by all participants, to approve CVM™ as an alternate maintenance program to conventional inspections - the key desired outcome of the Programme - were conducted and completed earlier this week.

The Company is delighted to report that Boeing approval has now been granted in this regard, and similarly, that subsequent FAA approval is also confirmed. Both approvals will be fully documented and formalised in the near-term once the required paperwork has been prepared and executed.

These approvals mean that CVM™ is now the only commercially-approved technology for any on-aircraft application involving cracking, and related structural fatigue, in the world. This provides CVM™ with a dramatic commercial advantage, both in terms of a critical "first mover" position in the global aerospace sector, but also in the ability for the Company to fully exploit the significant number of commercially material opportunities related to ADs across multiple aircraft types, as well as future OEM integration into aircraft structures.

On behalf of Delta, David Piotrowski, Senior Principal Engineer, commented: "This milestone is critical as it enhances the acceptance of CVM™ into commercial aviation maintenance programs as they evolve to incorporate structural health monitoring. Delta and SMS plan to continue to lead the industry in this endeavor."

United Kingdom

4 Elwick Road,
Ashford, Kent TN23 1PF,
United Kingdom
Tel: +44 (0) 1233 666795
Fax: +44 (0) 1233 646840

Australia

Suite 39, 1 Freshwater
Parade Claremont WA 6010
Australia
Tel: +61 8 6364 0899
Fax: +61 8 9467 6111

United States

1999 Avenue Of The Stars
Suite 1100
Century City, CA 90067
United States
Tel: +1 424 253 1277

Toby Chandler, SMS Managing Director, added: "It is extremely gratifying to finally achieve this outcome – an outcome which now truly enables SMS to become a highly relevant, and singular, global leader exploiting the significant opportunities applicable to CVM™ in the global aerospace industry. After many years of consistent focus, technological evolution and strategic re-positioning we have finally achieved the end-game that we have always envisaged for CVM™. We now look forward to capturing the huge market potential that exists for SMS, our shareholders and our valued industry partners. We especially thank Delta and Sandia for their support, focus and shared belief in the significant commercial and disruptive characteristics existing with our unique technology".

Looking ahead, updates regarding important progress and developments stemming from the completion of the Programme will be forthcoming. Further, similar updates will also be provided in relation to the Company's programmes with other key OEMs including The Airbus Group and Embraer S.A. In particular, the Company looks forward to providing near-term updates in relation to the developing, and highly important, Sikorsky Aircraft programme which is being conducted to pave the way for widespread adoption of CVM™ in the global rotor-craft industry.

For further details please contact:

Toby Chandler

Managing Director

E: t.chandler@smsystems.com.au

Mike Reveley

CFO/COO

E: m.reveley@smsystems.com.au

Sam Wright

Company Secretary

T: +61 8 408 900 277

E: sam@straightlines.net.au

W: www.smsystems.com.au

United Kingdom

4 Elwick Road,
Ashford, Kent TN23 1PF,
United Kingdom
Tel: +44 (0) 1233 666795
Fax: + 44 (0) 1233 646840

Australia

Suite 39, 1 Freshwater
Parade Claremont WA 6010
Australia
Tel: +61 8 6364 0899
Fax: +61 8 9467 6111

United States

1999 Avenue Of The Stars
Suite 1100
Century City, CA 90067
United States
Tel: +1 424 253 1277