

New Options Prospectus

Structural Monitoring Systems Plc
UK Company No. 4834265

New Option Offer

This Prospectus is being issued for an offer of approximately 14,044,849 Options (ASX: SMNOA), each exercisable at \$0.78 and expiring on 30 November 2027 (**New Options**) to Eligible Option Holders (being those SMNO Option holders as at 5.00pm on 5 April 2024, with a registered address in Australia, New Zealand or as otherwise elected at the Company's discretion) on the basis of 1 New Option for every 1 expired SMNO listed Option (**Expired Options**) held as at the Record Date (**New Option Offer**). The New Option Offer closes at 5.00pm (AEDT) on Thursday, 27 February 2025. Valid Applications must be received before that time.

Important Information

This Prospectus is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Options offered by this Prospectus should be considered as speculative.

This is a transaction specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

Not for distribution in the USA or to USA Persons (except by the Company to institutional investors).

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Important Notice

Prospectus

This Prospectus relates to the offer of New Options by Structural Monitoring Systems Plc (UK Company No. 4834265) (**SMN** or **Company**) under the New Option Offer.

This Prospectus is dated 20 January 2025. A copy of this Prospectus was lodged with Australian Securities and Investments Commission (**ASIC**) on that date. The expiry date of the Prospectus is 5.00pm (AEDT) on the date that is 13 months after the date of this Prospectus. No securities under the New Option Offer will be issued on the basis of this Prospectus after that expiry date.

This Prospectus is a transaction specific prospectus for an offer of Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

None of ASIC, ASX, nor their respective officers, take any responsibility for the contents of this Prospectus or the merits of the securities to which this Prospectus relates.

Applications for New Options can only be accepted on an Entitlement and Acceptance Form.

Electronic Prospectus

A copy of this Prospectus can be downloaded from our website at <https://structuralmonitoring.systems/>. If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

The Company will also provide copies of other documents on request (see Section 7.1).

Target market determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of New Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (<https://structuralmonitoring.systems/>). By making an application under the New Option Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

No representation other than in this Prospectus

No person is authorised to give any information or to make any representation in connection with the New Option Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the New Option Offer.

Nominees and custodians

The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares, CDIs or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary will need to assess whether the distribution of any documents relating to the New Option Offer (including this Prospectus) or the indirect participation by the beneficiary complies with applicable foreign laws.

Restrictions on Foreign Jurisdictions

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

No action has been taken to register or qualify the New Options being offered under the New Option Offer or otherwise permit a public offering of the New Options in any jurisdiction other than Australia and New Zealand. This Prospectus may not be distributed to or relied on by persons outside Australia and New Zealand.

In particular, this Prospectus, the New Option Offer and the New Options to be issued under the Prospectus have not been, and will not be, registered under the *US Securities Act of 1933* (as amended) and the New Option Offer may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Prospectus does not contain investment advice

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular circumstances. It is important that you read and consider the information in this Prospectus in full before deciding to accept the New Option Offer and consider the risks that could affect the performance of the Options and CDIs issued on exercise of the Options.

If you have any questions, you should seek advice from your financial or other professional adviser.

Information for New Zealand Investors

The New Options are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand on the Record Date to whom the offer of New Options can be made in reliance on the *Financial Markets Conduct Act 2013* (the FMC Act) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

This document has not been registered, filed or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

The New Options are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Risk factors

Potential investors should be aware that subscribing for New Options involves a number of risks. The key risk factors which investors should be aware are set out in Section 6 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Options.

By returning an Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the New Option Offer detailed in this Prospectus.

Financial information and forward looking statements

Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding. This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with risk factors as set out in Section 6, and other information in this Prospectus.

Defined words and expressions

Definitions of certain terms used in this Prospectus are contained in Section 8. All references to currency are to Australian dollars and all references to time are to Sydney, Australia time, unless otherwise indicated.

Privacy

If you accept the New Option Offer, you will provide personal information to the Company its agents, contractors and third party services providers. The Company its agents, contractors and third party services providers collect, hold and use your personal information in order to assess your application, service your needs as a CDI Holder and Option holder, provide facilities and services that you request and carry out appropriate administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, print service providers, mail houses and the CDI Registry.

Failure to provide the required personal information may mean that your Entitlement and Acceptance Form is not able to be processed efficiently, if at all. You may request access to your personal information held by or on behalf of the Company and by the CDI Registry. You may also request the correction of your personal information by contacting the Company or the CDI Registry by emailing privacy@computershare.com.au, or by using the details in the Corporate Directory at the back of this Prospectus.

1. Indicative Timetable

The indicative timetable for the New Option Offer is as follows:

Event	Date*
Relevant record date for determining relevant Expired Option holders eligibility to participate in the New Option Offer (Record Date)	5.00pm, Friday, 5 April 2024
Annual General Meeting	Wednesday, 18 December 2024
Settlement of Drake Placement	Wednesday, 15 January 2025
Announcement of New Option Offer and lodgement of Appendix 3B with ASX	Friday, 17 January 2025
Lodgement of Prospectus	Monday, 20 January 2025
Prospectus and personalised Entitlement and Acceptance Form despatched to Eligible Option Holders and announcement of such occurrence	Thursday, 23 January 2025
New Option Offer Opening Date	Thursday, 23 January 2025
New Option Offer Closing Date	5.00pm (AEDT), Thursday, 27 February 2025
Announcement of results of the New Option Offer	Wednesday, 5 March 2025
Allotment of New Options	Wednesday, 5 March 2025

**These dates are indicative only. Subject to the Corporations Act and Listing Rules, the Company reserves the right to vary these times and dates (other than in respect of events that have already occurred) in its absolute discretion by sending a revised timetable to ASX. All times are references to Sydney time.*

In particular, the Company reserves the right to extend the New Option Offer Closing Date, to accept late applications under the New Option Offer (either generally or in particular cases) and to withdraw the New Option Offer without prior notice. Any extension of the New Option Offer Closing Date will have a consequential effect on the allotment date of the New Options. The commencement of quotation of the New Options is subject to confirmation from ASX (including ASX quotation condition).

The Company also reserves the right not to proceed with the New Option Offer in whole or in part at any time prior to allotment and issue of the New Options. Eligible Option Holders wishing to participate in the New Option Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the New Option Offer opens.

2. Letter from the CEO

Dear Eligible Option Holders,

On behalf of the board of directors (**Board**) of Structural Monitoring Systems Plc (UK Company No. 4834265) (**SMN** or the **Company**), I am pleased to invite you to participate in the Company's offer of 1 New Option for every 1 Expired Option at the Record Date of 5.00pm on 5 April 2024, at an exercise price of \$0.78 per New Option (**New Option Offer**).

The Company had issued a class of listed Options named as "SMNO" with an exercise price of \$1.20 that expired on 6 April 2024. The primary purpose of the New Option Offer is to reward Eligible Option Holders for their continued support in the Company and provide them with an opportunity to replace their Expired Options with New Options under the New Option Offer.

The terms of the New Option Offer are summarised as follows:

- The Company will issue up to 14,044,849 New Options, being the number of Expired Options on the expiry date of 6 April 2024.
- Australia and New Zealand residents and such other persons (elected at the discretion of the Company) that held Expired Options at 5.00pm on the Record Date, may subscribe under their Entitlement for 1 New Option for every 1 Expired Option held as at the Record Date.
- The exercise price of the New Options is \$0.78 (78 cents) per New Option (**Exercise Price**) and the expiry date is 30 November 2027 (**Expiry Date**).
- The New Options will be in the same class as those quoted on ASX in the class SMNOA and will rank equally with those SMNOA Options existing as at the date of this Prospectus.
- Each New Option gives the Eligible Option Holder the right to subscribe for one (1) CDI by paying the Exercise Price before the Expiry Date.
- All CDIs issued upon exercise of the New Options offered under this Prospectus will rank equally with existing CDIs at the time of exercise.

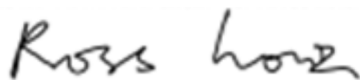
The Company intends to apply to ASX for Official Quotation of the New Options.

We look forward to your participation in the New Option Offer.

If you have any questions in relation to how to participate in the New Option Offer, please contact the Company, from 9.00am to 5.00pm (AEDT), Monday to Friday, on +61 8 6161 7412. If you have any questions in relation to whether an investment in the Company through the New Option Offer is appropriate for you, please contact your stockbroker, accountant or other professional adviser.

Thank you for your continued support of Structural Monitoring Systems Plc.

Yours sincerely,



Ross Love
Executive Chair and CEO

3. Details of the New Option Offer

3.1 The New Option Offer

Pursuant to this Prospectus the Company is offering 1 New Option for every 1 Expired Option held by Eligible Option Holders registered at the Record Date (**New Option Offer**).

For the purpose of the New Option Offer, the Company will offer New Options to those persons in accordance with the Company's allocation policy, whereby an Option holder will be eligible to participate in the New Option Offer where such person:

- (a) was a holder of Expired Options (ie SMNO Options) as recorded on the Company's register as at 5.00pm (AEDT), Friday, 5 April 2024 (ie the Record Date); and
- (b) has a registered address in the Company's register of members is situated in Australia or New Zealand, or any other CDI Holder elected at the Company's discretion to offer to,

(**Eligible Option Holder**).

The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares, CDIs or Entitlements. Please refer to Section 5 for a summary of the rights and liabilities attaching to the CDIs and New Options.

As at the date of this Prospectus, the Company has 151,831,484 CDIs and 12,465,417 Options on issue. Assuming all Entitlements are accepted, a maximum of 14,044,849 New Options may be issued pursuant to the New Option Offer, increasing the Options on issue (please refer to Section 4.1 for further details).

3.2 Purpose of the New Option Offer

The primary purpose of the New Option Offer is to reward Eligible Option Holders with an opportunity to replace their Expired Options with New Options.

3.3 What Eligible Option Holders may do

The number of New Options to which Eligible Option Holders are entitled is shown on the Entitlement and Acceptance Form.

Eligible Option Holders may choose any of the Options set out in the table below.

Option	Key Considerations	Further information
Take up all of your Entitlement	Should you wish to accept all of your Entitlement, then your Application for Options under this Prospectus must be made by following the instructions on the Entitlement and Acceptance Form.	Section 3.7
Take up a proportion of your Entitlement and allow the balance to lapse	If you wish to take up only part of your Entitlement and allow the balance to lapse, your Application must be made by completing the Entitlement and Acceptance Form, for the number of Options you wish to take up.	Sections 3.7

Option	Key Considerations	Further information
Allow all of your Entitlement to lapse	If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the New Option Offer Closing Date, the New Option Offer to you will lapse.	N/A

3.4 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms until 5.00pm (AEDT) on the New Option Offer Closing Date, being Thursday, 27 February 2025, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

3.5 Minimum subscription amount

There is no minimum amount sought to be raised by the New Option Offer.

3.6 Underwriting

The New Option Offer is not underwritten.

3.7 Application for New Options

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Prospectus sent to you.

You may take up your Entitlement in whole or in part or allow all of your Entitlement to lapse.

We must receive your Application by the New Option Offer Closing Date. If we receive your Application after the New Option Offer Closing Date, we may, at our discretion, accept or reject your Application.

If you are in any doubt as to how to complete or deal with your Entitlement and Acceptance Form, you should contact your professional adviser for assistance.

3.8 Issue of New Options

The New Options issued pursuant to the New Option Offer will be issued as soon as practicable after the New Option Offer Closing Date. We will issue the New Options on the basis of your Entitlement.

Option Holder statements will be dispatched as soon as possible after the issue of the New Options.

3.9 Fractional entitlements

Fractional entitlements will be rounded up to the nearest whole number. All references to numbers of New Options to be issued pursuant to this Prospectus are expressed subject to rounding.

3.10 ASX quotation

The Company intends to apply to ASX for Official Quotation of the New Options.

Application for Official Quotation of the New Options offered pursuant to this Prospectus will be made within seven (7) days of the date of this Prospectus.

Quotation of the New Options will be subject to the Company satisfying the requirements of the Listing Rules, including Listing Rule 2.5 (Requirements for quotation of additional securities). A decision by ASX to grant Official Quotation of the New Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the New Options offered for subscription.

The Company will apply to ASX for, and will use its best endeavours to obtain, quotation of all CDIs issued on the exercise of any New Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

3.11 CHESS and New Options

The Company participates in the Clearing House Electronic Subregister System, known as CHESS.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Options. If you are broker sponsored, ASX will send you a CHESS statement.

The CHESS statement will set out the number of New Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Options.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services Pty Limited and will contain the number of New Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored holding statement will routinely be sent to holders if there have been any changes to their Security holding in the Company during the preceding month. CDI Holders may request a statement at any other time, however, a charge may be made for additional statements.

3.12 Residents outside Australia

This Prospectus, and the accompanying Entitlement and Acceptance Form, do not, and are not intended to, constitute an offer of New Options in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the New Options. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

3.13 Risk factors

An investment in New Options should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 6.

3.14 Taxation implications

Eligible Option Holders should be aware that there may be taxation implications associated with taking up their Entitlements and applying for New Options.

The Directors do not consider it appropriate to give CDI Holders advice regarding the taxation consequences of subscribing for New Options under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to CDI Holders. As a result, CDI Holders should consult their professional tax adviser in connection with subscribing for New Options under this Prospectus.

3.15 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2024 is in the Annual Report that was lodged with ASX on 30 September 2024 and is available on the Company's website at <https://structuralmonitoring.systems/>.

The Company's continuous disclosure notices (i.e. ASX announcements) since the date of lodgement of the Company's latest full year statutory accounts and before lodgement of this Prospectus with ASIC are listed in Section 7.1.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that CDI Holders review these and all other announcements prior to deciding whether or not to participate in the New Option Offer.

3.16 Purpose of this Prospectus

This Prospectus has been issued for the purposes of enabling the New Option Offer, more specifically the offer of New Options under the New Option Offer (and any issue of CDI on exercise of the New Options), to be made to all Eligible Option Holders and to be on-sold without disclosure.

The Company obtained CDI Holder approval at its 2024 AGM to issue New Options to certain related parties of the Company, being Directors (**Related Party Option Offer**). The New Options were issued to Directors on 17 January 2025 and were made without any disclosure document.

On 10 January 2025, the Company also announced a private placement with Drake Private Investments LLC (**Drake**), an important long term, institutional, and largest shareholder of the Company (**Drake Placement**). Pursuant to the Drake Placement, the Company issues 2,571,418 new CDIs at an issue price of AUD \$0.52 per CDI (**Placement CDIs**) and three (3) free attaching Options (**Placement Options**) for every four (4) Placement CDIs subscribed for, with each Placement Option exercisable at \$0.78 and expiring on 30 November 2027, totalling 1,928,564 Placement Options. The Placement Options will be in the same class and rank equally to the New Options being offered under this Prospectus.

If securities are issued to an investor without a disclosure document, then the on-sale of those securities is generally restricted pursuant to the Corporations Act, unless an exemption applies (such as those under section 708A of the Corporations Act). If the Company does not fall within one of those exemptions, any securities issued to an exempt investor in accordance with section 708 of the Corporations Act may be restricted from on-sale for the first 12 months from the date of issue unless the investor (to whom the securities may be on-sold) also falls within one of the exemptions.

Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of the securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or

- (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

Furthermore, *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80* provides on-sale relief for securities that were:

- (a) issued by reason of the exercise of options or the conversion of convertible or converting notes or convertible or converting preference shares;
- (b) those options or convertible or converting securities were issued under a disclosure document under Part 6D.2 of the Corporations Act or with a product disclosure statement for the options being prepared; and
- (c) the exercise of the option, or the conversion, did not involve any further offer.

In light of the above, this Prospectus has been lodged to remove secondary on-sale restrictions in relation to:

- New Options issued pursuant to the Related Party Option Offer;
- Placement Options issued to Drake pursuant to the Drake Placement;
- New Options issued pursuant to the New Option Offer, the subject of this Prospectus, and
- any CDIs issued on the exercise of the above Options.

3.17 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary on +61 8 6161 7412 from 9.00am to 5.00pm (AWST), Monday to Friday.

3.18 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the CDI Registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

4. Effect of the New Option Offer

4.1 Effect on capital structure

The principal effect of the New Option Offer will be to increase the number of Options on issue by 14,044,849 Options.

The table below sets out the effect on the securities capital structure of the Company upon completion of the New Option Offer assuming all New Options offered under the New Option Offer are accepted by the Eligible Option Holders.

	Number
Options on issue ¹	
SMNAO : OPTION EXPIRING 14-DEC-2025 EX \$0.593	500,000
SMNAP : OPTION EXPIRING 14-DEC-2025 EX \$0.90	500,000
SMNAQ : OPTION EXPIRING 14-DEC-2025 EX \$1.20	500,000
SMNAR : OPTION EXPIRING 18-DEC-2027 EX \$0.593	585,000
SMNOA : OPTION EXPIRING 30-NOV-2027 EX \$0.78	10,380,417
Options to be issued as approved at the 2024 AGM ²	240,000
Options issued under the Drake Placement	1,928,564
Options to be issued under New Option Offer	14,044,849
Total	28,678,830

Note:

1. As at last practicable date of 15 January 2025.
2. The Company held its 2024 AGM on 18 December 2024 and approved the issue of 240,000 Options to Heinrich Loechteken as part of the Director Placement (as defined in the notice for the 2024 AGM)(which are to be issued as soon as practicable and no later than 1 month after the 2024 AGM). See Section 7.9 for further details.

4.2 Fully diluted capital structure

The table below sets out the fully-diluted capital structure of the Company upon completion of the New Option Offer assuming:

- (a) all Options offered under the New Option Offer under the Prospectus are subscribed for and granted; and
- (b) all Options are exercised (including Options issued under the New Option Offer under the Prospectus).

	Number
CDIs on issue ¹	151,831,484

CDIs issued under the Drake Placement	2,571,418
CDIs to be issued as approved at the 2024 AGM ²	545,000
CDIs issuable on exercise of Options on issue as at the date of Prospectus	12,465,417
CDIs issuable on exercise of Options to be issued under New Option Offer	14,044,849
Total CDIs (on a fully diluted basis)	181,458,168

Note:

1. *As at last practicable date of 15 January 2025.*
2. *The Company held the 2024 AGM on 18 December 2024 and approved:*
 - a. *the issue of 320,000 CDIs to Heinrich Loechteken as part of the Director Placement (as defined in the notice for the 2024 AGM) (see Section 7.9 for further details); and*
 - b. *the issue of 225,000 CDIs as incentive securities to be issued to Directors, as approved at the 2024 AGM (see Section 7.9 for further details).*

There will be no change to any CDI Holder's voting power as a direct result of the issue of the New Options. However, where CDIs are issued pursuant to the exercise of New Options, the voting power of the CDI Holders who exercise the New Options will increase. The likelihood of the New Options being exercised is dependent on the price of the CDIs from time to time until the New Options expire. Accordingly, the possible effect that the issue of the New Options under the New Option Offer will have on control and voting power in the Company are as follows:

- if all Eligible Holders take up their Entitlements under the New Option Offer and then exercise all of the New Options issued to them under the New Option Offer, the resulting issue of CDIs will be equal to approximately 7.74% of the Company's CDIs on a fully-diluted basis and is not expected to have a significant effect on the control of the Company by any single CDI Holder;
- if some Eligible Option Holders do not take up all of their Entitlement under the New Option Offer and all New Options issued under the New Option Offer are exercised, the CDI holdings of Eligible Option Holders who do not subscribe for their full Entitlement of New Options under the New Option Offer and Ineligible Option Holders who are unable to participate in the New Option Offer will be diluted relative to those Eligible Option Holders who subscribe for some or all of their Entitlement; and
- the proportional interest of Ineligible Option Holders will be diluted because those Ineligible Option Holders are not entitled to participate in the New Option Offer if the New Options issued under the New Option Offer are exercised.

Furthermore, as the New Options are intended to be quoted on ASX and able to be traded, the Company is not presently able to speculate whether the exercise of the New Options could impact on the control of the Company.

The Company notes that it is incorporated in the United Kingdom and is not subject to Australian takeover provisions in the Corporations Act (see Section 5.3(h) below for further details).

4.3 Financial effect of the New Option Offer

The expenses of the New Option Offer is approximately \$65,206. The expenses of the New Option Offer (refer to Section 7.13) will be met from the Company's funds. The New Option Offer will have minimal effect on the Company's financial position as the New Options are being issued to replace the Expired Options and the Company will not receive funds from the New Option Offer. The only effect on the Company's financial position will arise from the transaction costs incurred to prepare this Prospectus.

Set out below is the auditor reviewed balance sheet for the Company as at 30 June 2024, as per the Yearly Financial Report for the period (1 July 2023 to 30 June 2024), and the unaudited and unreviewed pro-forma balance sheet shown below, has been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis of the Company incurring the costs of the New Option Offer referred to in Section 7.13.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated statement of financial position				
	Audited as at 30-Jun-24	Pro-forma adjustments	Notes	Pro-forma after issue
	\$000'	\$000'		\$000'
Current assets				
Cash and cash equivalents	1,260	8,204	(1)	9,464
Trade receivables	1,963	-		1,963
Inventory	13,965	-		13,965
Prepayments, other receivables	568	-		568
Total current assets	17,756	8,204	(1)	25,960
Non-current assets				
Plant and equipment	1,314	-		1,314
Right-of-use assets	6,355	-		6,355
Intangible assets and goodwill	6,770	-		6,770
Deferred tax assets	626	-		626
Total non-current assets	15,065	-		15,065
Total assets	32,821	8,204	(1)	41,025
Current liabilities				
Trade and other payables	3,786	-		3,786
Borrowings	5,332	-		5,332
Lease liabilities	1,337	-		1,337
Provisions	146	-		146
Total current liabilities	10,601	-		10,601

Consolidated statement of financial position			
	Audited as at 30-Jun-24	Pro-forma adjustments	Pro-forma after issue
	\$000'	\$000'	\$000'
Non-current liabilities			
Borrowings	997	-	997
Lease liabilities	6,103	-	6,103
Deferred tax liability	499	-	499
Total non-current liabilities	7,599	-	7,599
Total liabilities	18,200	-	18,200
Total net assets	14,621	8,204	(1) 22,825
Equity			
Issued capital	31,962	17	31,979
Share premium account	44,612	8,215	52,799
Reserves	(60,994)	-	(60,994)
Accumulated losses	(959)	-	(959)
Total equity	14,621	8,204	22,825

Notes:

1. *Pro-forma adjustments based on:*
 - a. *approximately \$6,945,000 (after costs) raised under the placement (**Placement**) and the security purchase plan conducted pursuant to the Company's prospectus dated 12 November 2024;*
 - b. *the expenses of the New Option Offer being approximately \$65,206; and*
 - c. *the Company successfully completing the Drake Placement of approximately \$1,337,137 to Drake Private Investments LLC, on the same terms as the Placement, in January 2025.*

5. Rights and liabilities attaching to the Securities

5.1 Terms and Conditions of New Options

The New Options entitle the holder to subscribe for CDIs on the terms and conditions set out below:

(a) **Entitlement**

- (i) Each New Option gives the New Option Holder the right to subscribe for one (1) CDI by paying the Exercise Price before the Expiry Date in accordance with terms and conditions set out in this Section 5.1.
- (ii) CDIs issued on the exercise of the New Options will rank equally with all existing CDIs on issue, as at the exercise date, and will be subject to the provisions of the Articles of Association of the Company and any escrow restrictions imposed on them by ASX.

(b) **Exercise Price**

The amount payable upon exercise of each New Option is \$0.78 (78 cents) (**Exercise Price**).

(c) **Expiry Date**

The New Options will expire on 30 November 2027 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time from the issue date up to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **CDIs issued on exercise**

CDIs issued on exercise of the New Options rank equally with the then issued CDIs of the Company.

(g) **Quotation**

- (i) The Company intends to apply to ASX for Official Quotation of the New Options. The New Options will rank equally with those SMNOA Options existing as at the date of this Prospectus.
- (ii) Application for Official Quotation of the New Options offered pursuant to this Prospectus will be made within seven (7) days of the date of this Prospectus.
- (iii) Quotation of the New Options will be subject to the Company satisfying the requirements of the Listing Rules, including Listing Rule 2.5 (Requirements for quotation of additional securities). A decision by ASX to grant Official Quotation of the New Options is not to be taken in any way as an indication

of ASX's view as to the merits of the Company, or the New Options offered for subscription.

- (iv) The Company will apply to ASX for, and will use its best endeavours to obtain, quotation of all CDIs issued on the exercise of any New Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to CDI Holders during the currency of the New Options without exercising the New Options.

(i) **Participation in a Reorganisation of Capital**

If at any time the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

5.2 Rights attaching to CDIs (being the underlying security to the New Options)

A summary of the key rights attaching to the CDIs is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of CDI holders. To obtain such a statement, persons should seek independent legal advice.

The ASX Settlement Operating Rules contain provisions designed to ensure that holders of the CDIs have all the direct economic benefits of holdings Shares. With the exception of voting arrangements, CDI Holders have all the same rights as Shareholders whose Shares are registered in their name. For further details on the key differences between CDIs and the underlying Shares of the Company, please see Section 7.6 of this Prospectus.

(a) **Voting**

As holders of CDIs do not appear on the Company's share register, they are not entitled to vote at Shareholder meetings. However, the ASX Settlement Operating Rules require the Company to send notices of Shareholder meetings to each CDI Holder at the address recorded on the CDI register if any Shareholder meeting is convened.

In order to vote at such meetings, CDI Holders have the following options:

- (i) instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Company's Share Registry prior to the meeting;
- (ii) informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or
- (iii) converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

As holders of CDIs will not appear on the Company's share register as the legal holders of the Shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken.

As each CDI represents one Share, a CDI Holder will be entitled to one vote for every CDI they hold.

Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI Holders by the Company. The notice will provide the CDI holder with information on how to direct CDN to cast proxy votes according to the wishes of the CDI Holder for whom it holds Shares. The Company is obliged to collect and process these directions. CDN is required to vote in accordance with the instructions it receives from CDI Holders.

These voting rights exist only under the ASX Settlement Operating Rules, rather than under the UK Companies Act. Since CDN is the legal holder of the applicable Shares and the holders of CDIs are not themselves the legal holder of their applicable Shares, the holders of CDIs do not have any directly enforceable rights under the Articles of Association.

(b) Dividend rights and other entitlements

Despite legal title to the Shares being vested in CDN, the ASX Settlement Operating Rules provide that CDI holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include dividends and other entitlements which attach to the underlying Shares. These rights exist only under the ASX Settlement Operating Rules (which have the force of law by virtue of the Corporations Act), rather than under the UK Companies Act.

(c) Winding Up

In the event of the Company's liquidation, dissolution or winding up, a CDI Holder will be entitled to the same economic benefit on their CDIs as holders of Shares. These rights exist only under the ASX Settlement Operating Rules, rather than under the UK Companies Act.

(d) Takeovers

If any takeover bid is made in respect of any of the Shares, it is expected that corresponding bids are made directly to the CDI holders to acquire their CDIs. CDN is prohibited from accepting the offer made under the takeover bid except to the extent that acceptance is authorised by the CDI Holders in accordance with the ASX Settlement Operating Rules. CDN must accept a takeover offer if a holder of CDIs instructs it to do so in respect of the Shares underlying those CDIs. These rights exist only under the ASX Settlement Operating Rules, rather than under the UK Companies Act.

(e) Notices and announcements that CDI holders receive

CDI holders will receive all notices and company announcements (such as annual reports) that Shareholders are entitled to receive from the Company. These rights exist only under the ASX Settlement Operating Rules, rather than under the UK Companies Act.

5.3 Rights attaching to the Shares

The rights and liabilities attaching to Shares (being the underlying securities to the CDIs) in the Company are:

- (a) set out in the Articles of Association of the Company, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- (b) in certain circumstances, regulated by the UK Companies Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) **General meetings**

The Board may, whenever it thinks fit, and in accordance with the UK Companies Act convene a general meeting. Notice of every general meeting shall be given to every member of the Company who is, under the Articles of Association, entitled to receive such notices from the Company.

(b) **Voting**

Subject to any special terms as to voting upon which Shares may be issued or may for the time being be held, on a show of hands every member present by person or proxy shall have one vote. On a poll every member who is present by person or proxy shall have one vote for every Share they hold.

Where there are two or more joint holders of a Share and more than one of them is present at a general meeting in person or by proxy and tenders a vote in respect of the Share, the Company will count only the vote cast by, or on behalf of, the member whose name appears first in the Company's register of members.

(c) **Dividends**

The Company may by ordinary resolution declare dividends to be paid out of the profits of the Company available for distribution. No dividend shall be declared in excess of the amount recommended by the Board.

The Board may, provided that in its opinion the profits of the Company justify such payment, pay interim dividends from time to time of such amounts and on such dates and in respect of such periods as it thinks fit.

Except as otherwise provided by the rights attached to the Shares, all dividends shall be declared and paid pro rata according to the amounts paid up on the Shares in respect of which the dividend is declared and paid (divided) during any portion or portions of the period in respect of which the dividend is declared. For these purposes no amounts paid in advance of calls upon the members shall be treated as paid on the Shares.

Any dividend unclaimed for a period of 12 years from the date on which the dividend becomes payable will be forfeited and will revert to the Company.

(d) **Winding Up**

A liquidator may, with the authority of a special resolution of Shareholders, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholder or different classes of Shareholders.

The liquidator can with the sanction of a special resolution of the Company's Shareholders vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any CDIs or Shares or other property in respect of which there is a liability or potential liability.

(e) **Purchase of own Shares**

Subject to the UK Companies Act, the Company may purchase its own Shares (including any redeemable shares) or enter into such agreement (contingent or otherwise) in relation to the purchase of its own shares on such terms and in such manner as may be permitted by the UK Companies Act.

(f) **Transfer of Shares**

In relation to a transfer of ordinary Shares which are in certificated form:

- (i) such transfers may be effected by transfer in writing in any usual form or in such other form as the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee;
- (ii) the Board may refuse to register any transfer of Shares which are not fully paid or Shares on which the Company has a lien or any instrument of transfer in favour of an entity which is not a natural or legal person, or is a minor, a person in respect of whom a receiving order or adjudication order in bankruptcy remains undischarged, a person with mental disorder or where the share is to be held jointly by more than 4 persons; and
- (iii) the Board may not decline to register any instrument of transfer if the instrument of transfer is duly stamped (if required), is in respect of only one class of share and is in favour of not more than 4 joint transferees, provided that to do so is not contrary to the Listing Rules.

(g) **Alteration of Capital**

The Company may by ordinary resolution, consolidate or sub-divide all or any of its shares.

Subject to the UK Companies Act and any other consent required by law, the Company may by special resolution reduce its issued share capital, any capital redemption reserve fund or any share premium account or any other distributable reserves in any manner.

(h) **Takeover Protection**

As the Company is not incorporated in Australia, the takeover protections under the Corporations Act do not apply. Subject to exceptions, the Corporations Act obliges a party to make an offer to acquire the ordinary shares not owned by them where that party's relevant interest in voting shares increases from 20% or below to above 20% or increases from a starting point which is above 20% but less than 90%.

As the Company is not currently managed and controlled within the United Kingdom, Channel Islands or Isle of Man, the UK City Code on Takeovers and Mergers (**UK Takeover Code**) does not currently apply to the Company. The UK Takeover Code provides companies with certain protections, in particular if an individual investor or a group of investors acting in concert acquires ordinary shares representing 30% or more of the issued share capital of a company, they will be under an obligation to make an offer to acquire the ordinary shares not owned by them.

It is usual for public limited companies in these circumstances to incorporate equivalent takeover protection in their articles of association. Such provisions provide protection against takeovers by allowing the Board to disenfranchise a shareholder who does not make a takeover offer in circumstances where this would be required under rule 9 of the UK Takeover Code. The Company's Articles of Association contain such provisions which are triggered when a holding of 30% or more is reached.

It is noted that the UK Companies Act affords certain protections to Shareholders as set out below:

- (i) Sections 979 to 982 of the UK Companies Act provide that, following a takeover offer as defined in section 974 of the UK Companies Act, the offeror may, in certain circumstances acquire minority shareholdings on a compulsory basis. Sections 979 to 982 provide that if an offeror were to acquire or unconditionally contract to acquire both 90% of the shares to which the offer relates and 90% of the voting rights in the company to which the offer relates, it could then compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, 6 weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the UK Companies Act must, in general, be the same as the consideration that was available under the takeover offer.
- (ii) Sections 983 to 985 of the UK Companies Act give minority shareholders in a company a right to be bought out in certain circumstances by an offeror who has made a takeover offer as defined in section 974 of the UK Companies Act. If a takeover offer related to all the shares and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. If a shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. Risk factors

The business activities of the Company are subject to risks and there are many risks which may impact on the Company's future performance. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but many are outside of the control of the Company and cannot be mitigated. There are also general risks associated with any investment. Investors should consider all of these risks before they make a decision whether or not to acquire New Options.

The New Options offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding to apply for the New Options pursuant to this Prospectus.

The principal risk factors include, but are not limited to, the following.

6.1 Company-specific risks

(a) Future Capital Needs and Additional Funding

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its technology and it may impact on the Company's ability to continue as a going concern.

(b) Business risks and uncertainties

The Group has a reliance on a key customer at the present time. The customer accounts for \$12.91 million of revenues totalling \$27.95 million (46.19%) in the financial year ended 30 June 2024. The relationship with the customer is secured by a licence agreement and the Group is pursuing growth opportunities.

(c) Company Operations

The ultimate success of the Company in introducing its products and technology into the market is not guaranteed and will be dependent upon a number of factors including quality and perceived quality of its products and services, the success of the marketing efforts adopted by the Company and the general business practices and methods of the Company in its operations, none of which can be guaranteed.

(d) Development Risk

As with the development of any new product or technology, the Company faces a number of risks including the risk that its technology cannot be further successfully developed or that significant delays and increased costs may arise or that the technology as developed may not meet the current needs of the marketplace. The inability to respond to technological changes in a timely manner may have an adverse impact on the revenues and earnings of the Company.

(e) Credit Risk

The Group is exposed to the usual credit risk associated with selling on credit and manages this through credit control procedures. AEM receivables are reviewed each month as part of the routine monthly operating review conducted by the Board.

(f) **Foreign Exchange Risk**

As a result of operations in Canada, USA, Australia and United Kingdom the Group's assets and liabilities can be affected by movements in the Canadian dollar-Australian dollar, US dollar-Australian dollar and UK pound sterling-Australian dollar exchange rates.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

The Group is exposed to foreign currency risk following the acquisition of a Canadian-based subsidiary and the risk could increase in the future as international commercialisation of the Group's technologies increase. There is currently no form of currency hedging or risk strategy in place, but this policy will be reviewed and strategies implemented once the review is complete.

(g) **Liquidity Risk**

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group monitors forecast cash inflows and outflows on a monthly basis. The Group has an established operating loan facility for up to approximately C\$6 million (of which C\$5.66 million is available) to assist with day to day operating requirements.

(h) **Dependence on Key Personnel**

The Company is reliant on key personnel employed or engaged by the Company. Loss of such key personnel may have an adverse impact on the Company's operational performance and growth plans.

(i) **Future Investment Risks**

The Company may in the future invest in other projects. This would involve the general risks associated with new business developments. These include financing risk, development risk, project failure and inability to meet financial projections.

6.2 General Risks

(a) **Securities Investments and Share Market Conditions**

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) **Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may

contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates and the rate of inflation.

(c) **Changes in legislation and government regulation**

Government legislation in Australia or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(d) **Global credit investment market**

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(e) **Unforeseen risk**

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations and/or the valuation and performance of the Company's securities.

(f) **Combination of risk**

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlined in this Section 6 could affect the performance valuation, financial performance and prospects of the Company.

(g) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements other than those announced on ASX and disclosed in this Prospectus, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(h) **Market conditions**

Equities market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Equities market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(i) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the CDIs and Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

(j) **Currency Risk**

Revenue and expenditures will be received in overseas jurisdictions and will be subject to the risk of fluctuations in foreign exchange.

7. Additional Information

7.1 Continuous disclosure obligations

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the CDIs.

This Prospectus is a 'transaction specific prospectus'. In general terms a 'transaction specific prospectus' is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been provided to ASX and does not include all of the information that would be included in a Prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the New Option Offer Closing Date:
 - (i) the annual financial report most recently lodged by the Company with ASIC, being the financial report for the year ending 30 June 2024; and
 - (ii) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest full year statutory accounts lodged on 30 September 2024 and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of announcement
17 January 2025	New Option Offer
17 January 2025	Application for quotation of securities – SMN
17 January 2025	Proposed issue of securities - SMN

Date	Description of announcement
17 January 2025	Cleansing Notice
10 January 2025	Proposed issue of securities - SMN
10 January 2025	Private Placement at a premium
31 December 2024	Notification of cessation of securities - SMN
31 December 2024	Application for quotation of securities – SMN
31 December 2024	Cancel - Application for quotation of securities – SMN
27 December 2024	Application for quotation of securities – SMN
27 December 2024	Cancel - Application for quotation of securities – SMN
24 December 2024	Cleansing Notice
24 December 2024	Notification regarding unquoted securities – SMN
24 December 2024	Application for quotation of securities - SMN
24 December 2024	Results of Annual General Meeting
16 December 2024	Change of Director's Interest Notice
13 December 2024	Updated Financial Guidance
11 December 2024	SMNOA - Top 20 Holders & Distribution Schedule
11 December 2024	Application for quotation of securities – SMN
10 December 2024	Completion of Security Purchase Plan
10 December 2024	Application for quotation of securities - SMN
6 December 2024	Results of Security Purchase Plan
18 November 2024	Notice of Annual General Meeting & Proxy Form
15 November 2024	Change of Director's Interest Notice
12 November 2024	Prospectus
11 November 2024	Cleansing Notice pursuant to Placement & SPP
11 November 2024	Application for quotation of securities - SMN
6 November 2024	Investor Webinar Presentation
5 November 2024	Proposed issue of Securities – SMN
5 November 2024	Placement and Security Purchase Plan
1 November 2024	FY25 Financial Guidance & Outlook Update

Date	Description of announcement
1 November 2024	Trading Halt
31 October 2024	Quarterly Activities Report & Appendix 4C
18 October 2024	Final Director's Interest Notice
18 October 2024	Non-Executive Director resignation
30 September 2024	Appendix 4G & Corporate Governance Statement

The announcements are also available through the Company's website <https://structuralmonitoring.systems/asx-updates/>.

7.2 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

7.3 Market price of CDIs

The Company is a disclosing entity for the purposes of the Corporations Act and its CDIs are enhanced disclosure securities quoted on ASX.

The highest, lowest market and last practicable date closing prices of the CDIs on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

CDI Holder	CDI Price	Date
Highest	\$0.690	31 October 2024
Lowest	\$0.435	29 November 2024
Last	\$0.500	15 January 2025

7.4 Substantial CDI Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	CDIs	% of Total CDIs	% of Voting Power
Drake Private Investments LLC, Drake Special Situations LLC and Anthony Faillache	23,611,560 ¹	15.29% ¹	15.29% ¹

Notes:

- Based on Company's 2024 Annual Report and including CDIs issued under the Drake Placement.

7.5 Effect of New Option Offer on control of the Company

The New Option Offer is not anticipated to have any immediate effect on control of the Company as only a maximum of 14,044,849 Options will be issued under this New Option Offer. It is not anticipated that there will be a significant effect on control of the Company on exercise of the New Options, as such exercised Options will constitute approximately 7.74% of the Company's CDIs on a fully-diluted basis.

For more information on the effect of the New Option Offer on the capital structure of the Company, please refer to Section 4.1 of this Prospectus.

7.6 CHESS Depositary Interests (CDIs)

Details of CDIs and the key differences between holding CDIs and holding underlying Shares are detailed below.

(a) What are CDIs?

The Company is incorporated under the legal jurisdiction of England and Wales. To enable companies such as the Company to have their securities cleared and settled electronically through CHESS, Depositary Instruments called "CDIs" are issued.

Each CDI of the Company represents one underlying Share. The main difference between holding CDIs and Shares is that CDI holders hold the beneficial ownership in the Shares instead of legal title. CHESS Depositary Nominees Pty Limited (**CDN**), a subsidiary of ASX, will hold the legal title to the underlying Shares.

Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the Underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificate are issued to CDI holders. Shareholders cannot trade their Shares on ASX without first converting their Shares into CDIs.

(b) How to CDI holders convert from a CDI holding to a direct holding of Shares on the UK principal register and vice versa?

Convert CDIs into Shares

CDI holders who wish to convert their CDIs to Shares to be held on the UK register can do so by instructing the Company's Share Registry either:

- (i) directly in the case of CDIs on the Issuer Sponsored sub-register operated by the Company. CDI holders will be provided with a form entitled "CDI Cancellation: Australia to United Kingdom Share Register" for completion and return to the Company's Share Registry; or
- (ii) through their sponsoring participate (usually their broker) in the case of CDIs which are sponsored on the CHESS sub-register. In this case, the sponsoring broker will arrange for completion of the relevant form and its return go the Company's Share Registry.

The Company's Share Registry will then arrange for the Shares to be transferred from CDN into the name of that holder and a new share certificate will be issued. This will cause the Shares to be registered in the name of the holder on the Company's share register and trading on ASX will no longer be possible.

The Company's Share Registry will not charge an individual security holder or the Company a fee for transferring CDI holdings into Shares.

Convert Shares into CDIs

If holders of Shares wish to convert their holdings to CDIs, they can do so by contacting the Company. The Company will not charge a fee to a holder of Shares seeking to convert their Shares to CDIs.

Timing

In either case, it is expected that this process will be completed within 24 hours, provided that the Share Registry is in receipt of a duly completed and valid removal request form. However, no guarantee can be given about the time required for this conversion to take place.

(c) **How is local and international trading in CDIs effected?**

CDI holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically by delivery of the relevant CDI holdings through CHESS. In other respects, trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian company.

(d) **What corporate action entitlement (such as rights issued and bonus issues) do CDI Holders have?**

CDI holders receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include the entitlement to participate in rights issues, bonus issues and capital reductions. These rights exist only under the ASX Settlement Operating Rules, rather than under the UK Companies Act.

(e) **Further information on CDIs**

For further information in relation to CDIs and the matters referred to above, please refer to the ASX website and the documents entitled:

- (i) “Understanding CHESS Depositary Interests” at:
<https://www.asx.com.au/content/dam/asx/participants/cash-market/bonds/chess-depositary-interests.pdf>
- (ii) ASX Guidance Note 5 – CHESS Depositary Interests at:
<https://www.asx.com.au/about/regulation/rules-guidance-notes-and-waivers/asx-listing-rules-guidance-notes-and-waivers>

7.7 Litigation and contingent liabilities

Other than as disclosed in this Prospectus, or in the Company’s publicly available information, as at the date of this Prospectus, the Company is not involved in any legal proceedings, and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

7.8 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the New Option Offer; or
- (c) the New Option Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the New Option Offer.

7.9 Security holdings of Directors

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	CDIs	Options
Ross Love	300,000	1,500,000
Sam Wright	2,106,489 ¹	43,269
Brian Wall	163,218 ²	Nil
Heinrich Loechteken	1,995,000 ³	240,000 ³

Notes:

1. At the 2024 AGM, it was approved that Mr Sam Wright be issued 50,000 CDIs as incentive securities. This number is inclusive of such CDIs.
2. At the 2024 AGM, it was approved that Mr Brian Wall be issued 125,000 CDIs as incentive securities. This number is inclusive of such CDIs.
3. At the 2024 AGM, it was approved that Mr Heinrich Loechteken be issued 50,000 CDIs as incentive securities, as well as 320,000 CDIs and 240,000 Options as part of the Director Placement. These numbers are inclusive of such CDIs and Options.

7.10 Remuneration of Directors

Please refer to the Remuneration Report, which is contained on pages 13 to 19 of the Company's Annual Report for the financial year ended 30 June 2024, for full details of the remuneration of the Company's executive and non-executive directors.

The Annual Report for the financial year ended 30 June 2024 was lodged with ASX on 30 September 2024, and is available on the Company's ASX announcements page at <https://structuralmonitoring.systems/reports-and-presentations/>.

A hard copy of the Annual Report is also available free of charge before the New Option Offer Closing Date by contacting the Company at its registered address using the details in Section 9 of this Prospectus.

7.11 Interests of advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company; or

holds at the date of this Prospectus, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (c) the formation or promotion of the Company;
- (d) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the New Option Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (e) the formation or promotion of the Company; or
- (f) the New Option Offer.

Gadens has acted as the Australian legal adviser to the Company in relation to the New Option Offer. The Company has paid or agreed to pay \$10,000 (excluding GST) for these services in connection with the New Option Offer up to the date of the Prospectus. Further amounts may be payable to Gadens in accordance with its time-based charge out rates.

7.12 Consents

Gadens has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Australian legal adviser in the form and context in which it is named. Gadens takes no responsibility for any part of this Prospectus, other than a reference to its name.

Computershare Investor Services Pty Limited has not taken part in the preparation of any part of this Prospectus other than the recording of its name as CDI Registry.

Computershare Investor Services Pty Limited takes no responsibility for any part of this Prospectus, other than a reference to its name.

7.13 Expenses of the New Option Offer

The estimated expenses of the New Option Offer are approximately \$65,206 (excluding GST) comprising ASIC and ASX fees and administrative expenses as set out in the table below. These expenses will be deducted from the Company's working capital.

Fee	\$
ASIC fees	\$3,206
ASX fees	\$27,000
Legal fees	\$10,000
Printing and registry fees	\$25,000
Total	\$65,206

7.14 Electronic Prospectus

Subject to compliance with certain specified conditions, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a compliant prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7.15 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Options under this Prospectus.

7.16 Governing law

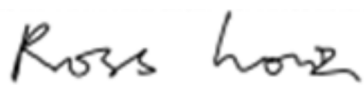
This Prospectus, the New Option Offer and the contracts formed on acceptance of Applications under the New Option Offer are governed by the laws applicable in Victoria, Australia. Each Applicant for New Options submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

7.17 Directors authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus and to its lodgement with ASIC.

Signed on the date of this Prospectus on behalf of Structural Monitoring Systems Plc by:

A handwritten signature in black ink, appearing to read "Ross Love", written over a light blue horizontal line.

20 January 2025

Mr Ross Love
Executive Chair and CEO
Structural Monitoring Systems Plc

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means the lawful currency of the Commonwealth of Australia.

2024 AGM means the annual general meeting of the Company held on 18 December 2024.

AEDT means Australian Eastern Daylight Savings Time.

AEM means Anodyne Electronics Manufacturing Corp, a wholly-owned subsidiary of the Company.

Annual Report means the financial report lodged by the Company with ASIC in respect to the financial year ended 30 June 2024.

Application means a valid application for New Options made pursuant to this Prospectus on an Entitlement and Acceptance Form.

Applicant means a person who submits an Entitlement and Acceptance Form.

Articles of Association means the articles of association of the Company as at the date of this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CDI means CHESS Depositary Interest representing a unit of beneficial interest in the Shares registered in the name of Chess Depositary Nominees Pty Ltd.

CDI Holder means the registered holder of CDIs.

CDN means CHESS Depositary Nominees Pty Ltd.

CHESS means ASX Clearing House Electronic Subregister System.

Company or SMN means Structural Monitoring Systems Plc (UK Company No. 4834265; ARBN 106 307 322).

Corporations Act means *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Drake Placement has the meaning given to that term in Section 3.16.

Eligible Option Holder has the meaning given to that term in Section 3.1.

Entitlement means the entitlement of each Eligible Option Holder to subscribe for 1 New Option under the New Option Offer for every Expired Option held as at 5.00pm on the Record Date.

Entitlement and Acceptance Form or Form means the entitlement and acceptance form sent with this Prospectus.

Exercise Period has the meaning attributed to it in Section 5.1(d).

Exercise Price has the meaning attributed to it in Section 5.1(b).

Expired Option means a listed Option of the SMNO class, which expired on 6 April 2024.

Expiry Date has the meaning attributed to it in Section 5.1(c).

Fully Subscribed means that all Entitlements are taken up on the assumption that no further CDIs are issued by the Company prior to the Record Date.

Group means the Company and its subsidiaries.

Ineligible Option Holders means a person who is not an Eligible Option Holder.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules published by ASX.

New Option means an option to acquire a CDI on the terms and conditions set out in Section 5 of this Prospectus, in the Company's SMNOA class of listed Options.

New Option Offer means the offer of 14,044,849 New Options to Eligible Option Holders on the terms and conditions set out in Section 3.1 of this Prospectus.

New Option Offer Closing Date means 5.00pm (AEDT) Thursday, 27 February 2025 or such later date as the Directors may determine, subject to the Listing Rules.

Notice of Exercise has the meaning attributed to it in Section 5.1(e).

Official List means the official list of ASX.

Official Quotation means quotation of CDIs on the Official List.

Option means an option to acquire a CDI, including a New Option as the context requires.

Option Holder means the registered holder of Options.

Performance Right means a right which entitles the holder to be issued with one Share subject to the satisfaction of any service and performance hurdles.

Prospectus means this prospectus dated 20 January 2025.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Related Body Corporate has the meaning given to that expression in section 50 of the Corporations Act.

Section means a section of this Prospectus.

Securities means Shares, CDIs, Performance Right and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

UK Companies Act means the *Companies Act 2006 (UK)*.

9. Corporate directory

Directors Mr Ross Love (Chief Executive Officer and Executive Chair) Mr Heinrich Loechteken (Non-Executive Director) Mr Brian Wall (Non-Executive Director) Mr Sam Wright (Non-Executive Director)	Registered Office Suite 116, 1 Kyle Way Claremont, WA, Australia 6010 Contact number: +61 8 6161 7412
Company Secretary Mr Sam Wright	Australian Legal Adviser Gadens Level 13, Collins Arch 447 Collins Street Melbourne VIC 3000
CDI Registry Computershare Investor Services Pty Limited Level 17, 221 St Georges Terrace Perth, WA, Australia 6000 Website: www.investorcentre.com/au	ASX Code SMN