

ASX ANNOUNCEMENT

ASX: SMN

30 NOVEMBER 2018

**STRUCTURAL
MONITORING
SYSTEMS**
plc



ADDENDUM TO NOTICE OF ANNUAL GENERAL MEETING & EXPLANATORY STATEMENT

Structural Monitoring Systems plc ("SMN" or "the Company") released a Notice of Annual General Meeting and Explanatory Statement ("Notice") to the ASX on 20 November 2018.

The Notice includes Resolution 4 being a resolution for the approval of securities to be issued under an Employee Incentive Plan for a period of 3 years in accordance with Listing Rule 7.2 exception 9(b).

The Explanatory Statement and Short Explanation material to the Notice refers to the Plan being as adopted by the Board in November 2015 ("2015 Plan"). The 2015 Plan was a plan that enabled the issue of performance rights.

The current Plan has been adopted by the Board in November 2018 ("2018 Plan"). The 2018 Plan enables the Company to issue options, performance rights and shares (or CDIs) and supersedes the 2015 Plan.

The attached Addendum to Notice of Annual General Meeting and Explanatory Statement replaces the current Explanatory Statement for Resolution 4 and clarifies that the Plan pursuant to which approval is sought to issue securities is the 2018 Plan rather than the former more limited 2015 Plan.

There is no change to Resolution 4 itself by which approval is sought to issue securities under the relevant plan for a period of 3 years.

The 2018 Plan is intended to be utilised to issue securities to eligible participants including staff of Anodyne Electronics Manufacturing Corporation ("AEM") based in Kelowna, Canada. AEM is a sensor and equipment manufacturer with approximately 90 staff that the Company acquired in December 2017 following Shareholder approval.

Any Shareholder who has already lodged a proxy form is invited to contact SMN if they intend to change their voting intention.

For further details please contact:

Sam Wright
Company Secretary

T: +61 8 6161 7412

E: sam@straightlines.net.au

W: www.smsystems.com.au

ADDENDUM TO NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

This Addendum accompanies and forms part of the Notice of Annual General Meeting and Explanatory Statement of Structural Monitoring Systems plc (the "Company").

The Annual General Meeting of the Company is scheduled to be held on 11 December 2018.

This Addendum relates to Resolution 4 – Approval of Employee Incentive Scheme.

1. There is no change to the Resolution and the voting exclusion. However, the restriction on proxy voting by key management personnel or closely related parties is not relevant as the Company is registered in England and Wales.
2. The following is a replacement of the Resolution 4 Explanatory Statement material to clarify that the Plan to which Shareholder approval is sought is the Plan adopted by the Board in 2018 rather than the Plan adopted by the Board in 2015 which was previously the subject of Shareholder approval at the 2015 annual general meeting.

"5. RESOLUTION 4 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME

5.1 Background

The Board adopted the Employee Incentive Plan in November 2018 to enable the Company to issue options, performance rights or Shares (CDIs) to eligible participants being group company employees (full and part-time), directors, relevant contractors, casual employees and prospective parties in these capacities.

The Employee Incentive Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth and assist with reward and retention of eligible participants.

A copy of the Employee Incentive Plan will be made available for inspection at the Meeting. A summary of the Employee Incentive Plan is set out in Annexure 1 to the Notice.

The Employee Incentive Plan replaces the incentive plan that was the subject of Shareholder approval at the 2015 annual general meeting and which related to performance rights only.

5.2 Regulatory Requirements

Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Employee Incentive Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the placement limits imposed by Listing Rule 7.1 on the number of securities that may be issued without shareholder approval. Listing Rule 7.2 exception 9(b) provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

If an offer is made to a Director or other related party to participate in the Employee Incentive Plan then separate Shareholder approval will need to be obtained.

5.3 Recommendation

The Board recommends that Shareholders approve the issue of securities under the Employee Incentive Plan. It will allow the Company to issue securities for the benefit of participants of the Employee Incentive Plan whilst preserving the Company's placement limits of issuing securities and provide flexibility in the manner in which the Employee Incentive Plan is managed."

3. The definition of "Employee Incentive Plan" in the Explanatory Statement is changed to mean the "Employee Incentive Plan adopted by the Board in November 2018 with the terms summarised in Annexure 1".