



ASX Release

8th February 2016

SMS PLACES NEW SHARES WITH HIGHLY PROMINENT AUSTRALIAN INSTITUTIONAL FUNDS MANAGEMENT GROUP – DRAKE ALSO PARTICIPATES

Structural Monitoring Systems plc ("SMS") (ASX: SMN) is pleased to advise that the Company has raised \$3.700 million through the placement of 2,642,857 shares at \$1.40 cents per share, pursuant to Section 708 of the Corporations Act. The raise was priced at only a slight discount to the previous 10 day VWAP of approximately \$1.43 per share. The Company also issued 3:4 3y expiry options at a \$2.25 strike price - materially higher than the prevailing (and highest historically recorded) share price.

The Placement was granted primarily to a highly regarded and prominent Australian funds management institution which has exhibited an enviable, multi-year investment track record managing capital well in excess of \$1 billion dedicated to Australian and international listed shares. New York-based hedge fund, Drake Private Investments, the Company's largest individual shareholder also participated in the Placement. The strategic value that this new, institutional investor - along with Drake - brings to the Company's share register will be significant. Remaining shares from the Placement went to current, and strategically important, investors of SMS.

As stated in recent communications, the Company's immediate needs for funding have remained, and will continue to remain, very low - indeed, this has been the case for several years. However, SMS has regularly communicated that funding needs could arise in the foreseeable future as the operational platform of the Company expands to meet the commercial opportunities that are expected to materialize moving forward. The Company's decision to undertake this funding at this particular time directly resulted from the approach of this institution who showed material interest to become a strategic investor in SMS. The Company, welcomes this new shareholder as an important, and long term, investor partner. In the absence of this direct solicitation, additional funding for the Company would not have been undertaken for some period of time.

The Board also wishes to expressly clarify that existing corporate overhead including, but not limited to, personnel costs, rents, travel budgets etc. will remain unchanged. There will be no increases in the Company's present static fixed overhead costs as they currently stand. The funds will be used solely for potential strategic purposes, and to provide a material level of readily available liquidity befitting a company with the current market capitalization characteristics exhibited by SMS. The funds will *not* be used to meet the day-to-day operational requirements of the Company, or for "general corporate expenses". Indeed, in the immediate future, and longer-term, the Board expects the Company to operate with a revenue neutral, to revenue positive, burn-rate based on the Company's present, and expected, operational performance parameters.

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