

**SMART MARINE SYSTEMS LIMITED**  
**ACN 149 970 445**

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**SUPPLEMENTARY OFFER DOCUMENT**

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**Important Information**

This supplementary offer document, dated 20 May 2019 (**Supplementary Offer Document**) is supplemental to the offer document (herein referred to as the **Original Offer Document**) dated 1 May 2019 for the non-renounceable offer offered by Smart Marine Systems Limited (**Company**) and is provided in accordance with Section 708AA(10). It should be read together with the Original Offer Document.

This Supplementary Offer Document was lodged with the ASX on 20 May 2019. The ASX takes no responsibility for its contents. Terms defined in the Original Offer Document have the same meaning in this Supplementary Offer Document, unless the context requires otherwise.

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Supplementary Offer Document is provided for information purposes only and is not, and does not purport to be, a prospectus or other disclosure document.**

# SMART MARINE SYSTEMS LIMITED

ACN 149 970 445

## SUPPLEMENTARY OFFER DOCUMENT

This following information could be considered material to an investor. In accordance with Section 708AA(10)(c), in order to ensure that this information is properly incorporated into the Offer Document, it must be released to ASX.

### AMENDMENTS TO THE ORIGINAL OFFER DOCUMENT

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#### 1. INDICATIVE TIMETABLE

The Indicative Timetable in Section 3.4 of the Original Offer Document is amended as follows:

Event	Date
Closing Date* (5:00pm WST)	<b>31 May 2019</b>
Securities quoted on a deferred settlement basis	3 June 2019
ASX (and Underwriter) notified of under subscriptions and last day for Underwriter to subscribe or procure subscriptions for Shortfall Securities	4 June 2019
Issue date/date Securities are entered into Shareholders' security holdings	6 June 2019
Quotation of Securities issued under the Offer*	7 June 2019

\*The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the Closing Date. As such, the date the Securities are expected to commence trading on ASX may vary.

The dates above are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including further extending the Closing Date of the Offer or withdrawing the Offer without notice. Any extension of the Closing Date will have a consequential effect on the issue date of the Securities.

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#### 2. OFFER TO BE FULLY UNDERWRITTEN

The Original Offer Document is amended by this Supplementary Offer Document by:

- (a) including a new section 1.6:

*"The Offer is fully underwritten by the Underwriter. Refer to section 6 of this Offer Document for details of the terms of the underwriting."*

- (b) including the following in section 2 under the Auditor's details:

**" Underwriter**  
*K S Capital Pty Limited*  
*Level 36, Governor Phillip Tower*  
*1 Farrer Place*  
*Sydney NSW 2000"*

- (c) deleting the text in clause 4.4 and replacing it with the following:

*"Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.*

*The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.022 being the price at which Shares have been offered under the Offer.*

*Should you wish to apply for Shares under the Shortfall Offer, then applications for such Shares must be made on the Entitlement and Acceptance Form or a separate Shortfall Offer application form (available from the Company) which accompanies and forms part of this Offer Document, in accordance with the instructions referred to in this Offer Document. Please read the instructions carefully.*

*To apply under the Shortfall Offer, complete the Section in the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares under the Shortfall Offer you wish to apply for and the application monies (calculated at \$0.022 per Share).*

*Completed Shortfall Offer application forms and payment in accordance with Sections 4.3 and 4.3.2 above, must reach the Company's share registry by no later than 5:00pm (WST) on the Closing Date.*

*Shortfall under the Shortfall Offer will be determined by the Directors in consultation with the Underwriter. The Company reserves the right to scale back any applications for Shares under the Shortfall Offer. If this occurs, application monies will be returned (without interest).*

*It is a term of the Underwriting Agreement that the Underwriter will not knowingly procure a person to acquire, through participation in sub-underwriting the Offer, voting power to an amount in excess of 19.9% of all the Shares on issue in the Company following completion of the Offer and the placing of any Shortfall. Further, the sub-underwriting agreements which the Underwriter has entered into require the sub-underwriter to represent and warrant that through their participation in the Offer or associated sub-underwriting commitments (including the placement of any Shortfall) their voting power will not exceed an amount of 19.9% of all the Shares on issue in the Company.*

*As such there is no guarantee that any Shares applied for will be issued to Eligible Shareholders. The Company will have no liability to any Applicant who receives less than the number of additional Shares they applied for under the Shortfall Offer."*

- (d) including a summary of the Underwriting Agreement in section 6 as follows:

**" UNDERWRITING AGREEMENT**

**6.1 Underwriting Agreement**

*Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite the Offer, being approximately 32,124,860 Shares (**Underwritten Shares**).*

*Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (exclusive of GST) of the underwritten*

amount, equating to an approximate total fee of \$42,405 to the Underwriter. The Company will also pay the Underwriter its reasonable costs and expenses incidental to the Offer.

The Underwriter may procure such persons to sub-underwrite the Offer as the Underwriter in its sole and absolute discretion thinks fit. The Company must not make or cause to be made any announcement or other disclosure of or in relation to the identity of any sub-underwriter without the prior written consent of the Underwriter.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any one of the following events occur and the event has a material adverse effect on the Offer:

- (a) **(compliance with law)** any of this Offer Document or related Offer materials or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (b) **(disclosures)** any public statement in relation to the Offer is or becomes misleading or deceptive (including by omission) or is likely to mislead or deceive, or a matter required to be included is omitted from such disclosures (including, without limitation, having regard to sections 708AA and 708A of the Corporations Act), or there are no reasonable grounds for the making of any statement in those statements relating to future matters;
- (c) **(market fall)** at any time either the All Ordinaries or Small Ords Index is at any time on any 3 consecutive Business Days prior to allotment of the New Shares 90% or less of the level as that Index attained at the close of trading on the Business Day before the date of signing the Underwriting Agreement;
- (d) **(ASX approval)**
  - (i) unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success of the Offer) by ASX for official quotation of the New Shares is refused, or is not granted by the Issue Date (or such later date agreed in writing by the Underwriter in its absolute discretion) or is withdrawn on or before the Issue Date; or
  - (ii) ASX makes an official statement that official quotation of all or any of the New Shares will not be granted;
- (e) **(withdrawal)** the Company withdraws the Offer or indicates that it does not intend to or is unable to proceed with the Offer;
- (f) **(repayment of Applicants)** any circumstance arises after the Offer Document is lodged a consequence of which is either that the Company is required to repay the money received from Applicants or to offer Applicants an opportunity to withdraw their Applications and receive a refund of their application money;
- (g) **(insolvency events)** any member of the Company's group becomes insolvent, or there is an act or omission which is likely to result in a member of that group becoming insolvent;
- (h) **(timetable)** an event specified in the Offer's timetable up to and including the Issue Date is delayed by more than 1 Business Day (other than any unreasonable

delay caused solely by the Underwriter or any delay agreed between the Company and the Underwriter);

- (i) **(unapproved encumbrances)** the Company or any of member of the Group gives security in favour of any person who is not a security holder at the date of the Underwriting Agreement;
- (j) **(change to Company)** the Company alters the issued capital of the Company without the prior written consent of the Underwriter;
- (k) **(disclosures in the Due Diligence Report)** the Due Diligence Committee Report or verification material or any other information supplied by or on behalf of the Company to the Underwriter in relation to the Offer is, or becomes, false or misleading or deceptive, including by way of omission;
- (l) **(adverse change)** any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company (insofar as the position in relation to an entity in the Company's group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the group from those previously disclosed;
- (m) **(breach of laws)** there is a contravention by the Company or any entity in the Group of the Corporations Act, the Competition and Consumer Act 2010 (Cth), the ASIC Act, its constitution, or any of the Listing Rules;
- (n) **(breach of material contract)** there is a contravention by the Company or any entity in the Group of any material contract;
- (o) **(termination of material contract)** a material contract is terminated (by breach or otherwise), rescinded, altered or amended without the prior consent of the Underwriter, or any material contract is found to be void, voidable or unenforceable;
- (p) **(change in management)** a significant change in management or the board of directors of the Company occurs without the approval of the Underwriter (which approval may not be unreasonably withheld);
- (q) **(prosecution)** any of the following occur:
  - (i) a director of a member of the Company's group is charged with an indictable offence;
  - (ii) any Governmental Agency commences any public action against a member of the Company's group or any of their directors in their capacity as a director, or announces that it intends to take action; or
  - (iii) any director of a member of the Company's group is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (r) **(representations and warranties)** a representation, warranty, undertaking or obligation contained in this agreement on the part of the Company (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- (s) **(breach)** the Company defaults on 1 or more of its obligations under the Underwriting Agreement;

- (t) **(legal proceedings)** any of the following occurs:
  - (i) the commencement of legal proceedings against any member of the Company's group or against any director or officer of a member of the Company's group; or
  - (ii) without limiting 6.1(ee), any regulatory body commences any enquiry or public action against any member of the Company's group;
- (u) **(judgement)** a judgement in an amount exceeding \$250,000 is obtained against the Company or a member of the Company's group and is not set aside or satisfied within 5 Business Days;
- (v) **(information supplied)** any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of the Company to the Underwriter in respect of the Offer, the Company or the Company's group is, or is found to be, false or misleading or deceptive, or likely to mislead or deceive.

The Underwriting Agreement contains a number of conditions that must be satisfied by the Company before the Underwriter's obligation to underwrite the Offer commences that are considered standard for an agreement of this type, such as satisfactory due diligence, procurement of sub-underwriters to the Offer and the timely lodgement of documents by the Company in accordance with the timetable.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

The approximate dilutionary effect of the Offer is 12.45%. Messrs Anderson and Jolly have agreed to take up 50% of their entitlement. Mr McArthur has agreed to take up his full entitlement. Based on this, the Directors will take up 8.5% of the New Shares offered under the Offer (being, 2,476,039 New Shares). The Directors consider that it is unlikely that no other Shareholders will take up their Entitlements, however in the unlikely event that all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the maximum number of Shares held by the Underwriter at the conclusion of the Offer and Shortfall Offer would be 29,648,820 (being the total number of New Shares to be issued under the Offer minus the 2,476,039 New Shares the Directors currently intend to take up)."

- (c) including the following defined terms in the Defined Terms section (previously section 6):

"**Underwriter** means K S Capital Pty Limited (ACN 124 761 557) (AFSL 316880).

**Underwriting Agreement** means the agreement entered into between the Company and the Underwriter as set out in Section 6."

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**3. DIRECTORS' AUTHORISATION**

This Supplementary Offer Document 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 Supplementary Offer Document with the ASX.



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**David McArthur**  
**Director**  
**For and on behalf of**  
**SMART MARINE SYSTEMS LIMITED**