



ASX ANNOUNCEMENT

15 September 2016

Shareholder Letter

Shark Mitigation Systems Limited attaches a copy of a letter to shareholders despatched by the Company today.

David McArthur
Director

About Shark Mitigation Systems

Shark Mitigation Systems is an Australian marine technology company using leading scientific research to protect the many millions of people who visit the beach every year. SMS has developed a visual deterrent technology as well as a shark detection device, both of which are non-invasive and cause no harm to sharks. The company intends to develop and commercialise these technologies, as well as establish a pipeline of further innovative marine technology. SMS was incorporated in 2012 and since its establishment has partnerships with a number of leading organisations such as Optus, Google, Arena and the University of Western Australia. The Company listed on the ASX in May 2016.

www.sharkmitigation.com

For further information please contact:

David Ikin
Professional Public Relations
david.ikin@ppr.com.au
Phone: +61 8 9388 0944

Alan Lawson
Director
Alto Capital
Alan@altocapital.com.au
Phone: +61 8 9223 9878

Craig Anderson
Co-Founder and Director
enquiry@sharkmitigation.com
Phone: +61 1300 524 392

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Dear Shareholder,

After a successful listing on the ASX in May 2016, it has been an extremely busy time for your company. These are exciting times, and we very much look forward to the year ahead.

ACHIEVEMENTS SINCE LISTING...

Shark Detection Technology - Clever Buoy

Successful trial of Clever Buoy at Bondi Beach in NSW



Clever Buoy was successfully deployed off Bondi Beach from February to April 2016 to demonstrate that the system is commercially ready for open ocean deployments. The program met 100% of the predefined success criteria and SMS is in discussion with NSW DPI and local councils on the further adoption of Clever Buoy as part of the NSW Shark Management Strategy.

Formal Endorsement of Clever Buoy by *Australian Professional Ocean Lifeguard Association (APOLA)*

The following is an excerpt from the APOLA Letter of Endorsement:

“It is the Association view that the Clever Buoy shark detection system is currently the only commercially available detection system capable of deployment in high surf zones to provide real time information for lifeguards that will be of direct benefit to beach users.”

At the annual ocean lifeguard industry forum held at Coffs Harbour NSW, on 29 April 2016, the Clever Buoy system was endorsed as a viable shark detection and alert solution for Australian beaches. APOLA supports the rollout of Clever Buoy systems at patrolled beaches around the country.”

Level 2, 55 Carrington Street
Nedlands, Western Australia 6009

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Deployment of Clever Buoy at the World Surf League, J-Bay Open

The *World Surf League (WSL)* awarded a contract to SMS in June to deploy the Clever Buoy shark detection system for the event at Jeffrey's Bay, in South Africa. The event showcased Clever Buoy on the world stage, demonstrating the effectiveness of the system to protect surfers and other ocean users.

This was the first commercial contract for the supply of Clever Buoy following the highly successful deployment at Bondi Beach earlier in the year.

Submissions to Foreign Jurisdictions (Reunion Island)

Since the launch of Clever Buoy, there have been many global expressions of interest in relation to the deployment of the system.

One of these locations, Reunion Island, is opening a tender process for formal proposals to protect some of its iconic beaches which have been plagued by shark encounters in recent years.

Over the past 6-12 months, SMS has been working closely with the authorities in Reunion Island to finalise our submission and hope to deploy Clever Buoy permanently.



Multiple Submissions with Councils and State Governments for the Deployment of Clever Buoy undertaken

SMS has been working tirelessly with local councils, state and federal government on the approval and funding process to deploy Clever Buoy for beach safety across high risk locations in Australia.

In addition, a number of local councils nationally have directly approached SMS for proposals since the successful completion of the Bondi trial, with these currently awaiting state government support to formalize the relevant funding models available.

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Visual Technology – SAMS



Meetings with major Surf wetsuit brands this month

Interest from the major global Surf Wetsuit brands has been validated through securing face-to-face meetings with key decision makers prior to and around the *Surf Expo* this month.

Surf Expo Florida

Hailed as the pre-eminent Surf Expo Event on the global Surf Calendar, with over 27,000 attendees expected to attend across a broad cross section of Surf segments that have SAMS tech applications. This is where International brands get invaluable exposure to the USA mass market, and orders are written 'on the spot'.

SAMS Technology for the Oil & Gas Industry

A world leading provider of technology services to the oil and gas industry has requested to commission SMS to test SAMS technology to provide a qualitative analysis of the efficacy of the SAMS visual technology in the industry's subsea activities.



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Appointments

Taj Burrow joins as Ambassador



With the tail end of Taj's professional career playing out, he's now focused on being more actively immersed in his capacity as Ambassador for SMS.



Discussions are underway for a product collaboration and a sponsored involvement with his annual Taj's Small Fries Event, that attracts the cream of Australasia's junior surfing talent.

Meet our new General Manager, Simon O'Sullivan

Simon has a wealth of experience spanning over 27 years' in the Australian Surf Industry, with iconic brands such as Rip Curl and Rusty.

Now a month into the role, and armed with the vision the Board has articulated, Simon has a clear mandate to explore all opportunities and deliver to plan.

"The global interest in the company's visual technology is more than encouraging and a pathway to convert that interest into revenue is underway."



New Technology - Seabin

Sea Bin Pty Ltd moves closer to commercialisation

SMS holds a 20% shareholding in Seabin Pty Ltd, which is developing and commercializing a new technology for cleaning rubbish and floating or suspended waste from marina and protected water environments.

Founded by two Australians, the company's operations are based in Palma Mallorca in Spain.

For more information, visit:

<http://www.seabinproject.com>



Seabin successfully raised over US\$300,000 in a crowdfunding campaign to advance the development of its technology, and have generated a viral level of interest among major global (some iconic) corporates and communities.

SMS actively provides corporate guidance and support for Seabin Pty Ltd in the development and commercialization of the technology, and the company is poised to sign a global manufacturing and distribution deal in the near future.

WHAT'S AROUND THE CORNER?



Diving Equipment and Marketing Association Show

SMS will exhibit at the forthcoming *Diving Equipment and Marketing Association* (DEMA) Show in the USA in November. Attendance at the Show will expose the technology to 9,000 credentialed experts in the global diving industry.

SMS products on display are expected to attract diverse interest from Dive, Wetsuit & Equipment Manufacturers, to Coastal Resort Hotels and Tourism Industry bodies.

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With the dive market even larger than the surfing market, this is an important and vital event for your company to attend to showcase its products and technology.

Arena

SMS and Northern Hemisphere based global Swimwear brand and SAMS Licensee, Arena, have ramped up their engagement with a number of high profile Triathlon Events taking place in Australian and Overseas – featuring the Arena/SAMS Triathlon Carbon Wetsuit.



In June 2017, this will culminate in one almighty test of endurance when Nino Fraguela, a Cuban Athlete, French Citizen and a member of the French Triathlon Team, will attempt to make the first crossing from Miami, Florida to Havana, Cuba.

This will include a 170 Km Swim in the Arena/SAMS Triathlon Wetsuit. As the journey approaches, an accelerated PR campaign is expected to garner world-wide media attention and propel sales of this unique wetsuit product.

Surf Skis

Heightened by a proliferation of shark sightings and beach closures in August in Perth Western Australia, one local Club Captain of a prominent Surf Life Saving Club has acknowledged that he is now very reluctant to enter the Ocean to train on his Ocean Ski.

Formative discussions are underway with two popular global Ocean Ski brands to incorporate SAMS technology into these and other Ocean going craft utilized by the Surf Life Saving Club fraternity.

Future Technologies

SMS, as a partner organisation along with a number of Australia's top Universities, will shortly commence research that builds on a recent discovery on a method that has proved successful in deterring white sharks from attacking seal decoys. This may lead to a new technology to protect surfers and paddlers.

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Management are all passionately engaged in the development and commercialisation of our new and existing technologies, and very much look forward to bringing you some more exciting news in the near future.

Yours faithfully,



Craig Anderson

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