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**NOTICE OF MEETING BOOKLET**  
**INCORPORATING DIRECTORS' STATEMENT, NOTICE OF MEETING,**  
**EXPLANATORY MEMORANDUM AND PROXY FORM**

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Meeting to be held at  
**The Banksia Room**  
**The Double Tree by Hilton**  
**Level 2, 100 James St, Perth, Western Australia**  
on  
**Tuesday, 15 November 2022**  
commencing at  
**9:00 am (WST)**

**The Directors of Structural Monitoring Systems Plc unanimously  
recommend that Shareholders vote all the CDIs they hold:**

**AGAINST** all five resolutions

**This is an important document that requires your immediate attention.**

You should read this document in its entirety before deciding whether or not to vote for or against any resolution at the Meeting. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

If you have questions about the Meeting or the resolutions to be voted on, please call the Company Information Line on 1300 850 505 within Australia or +61 3 9415 4000 from outside of Australia.

## DIRECTORS' STATEMENT

### Statement of the Directors of Structural Monitoring Systems: Messrs Ross Love, Sam Wright, Bryant McLarty, Rick Deurloo and Brian Wall

23 September 2022

Dear Shareholder

Structural Monitoring Systems plc ("SMS" or the "Company") has received a request pursuant to section 303 of the Companies Act 2006 (UK) that it put to its Shareholders for their consideration resolutions that current Directors Mr Bryant McLarty and Sam Wright, along with any new director(s) appointed on and from 5 September 2022, be removed from the Board, and that Mr Andrew Roberto and Mr Heinrich Loechteken (together, the "Proposed Directors") be appointed to the Board.

The request was received from CHESS Depository Nominees Pty Limited on behalf of one (1) of the Company's approximately 2,700 Shareholders, Drake Private Investments LLC, which is registered as the holder of approximately 16.72% of the Company's CHESS Depository Interests ("CDIs") on issue ("Requisitioning Shareholder").

The five resolutions will be considered at a General Meeting of Shareholders to be held at The Banksia Room, The Double Tree by Hilton, Level 2, 100 James St, Perth, Western Australia on Tuesday, 15 November 2022 commencing at 9:00 am WST.

If each of the resolutions is passed, the Board of SMS will comprise current Directors Ross Love, Rick Deurloo and Brian Wall, and new Directors Mr Andrew Roberto and Heinrich Loechteken.

Alternatively, if each of the resolutions is not passed, the Board of SMS will remain unchanged.

We – being all five current Directors of SMS – write this letter to you to seek your support for the current Board to remain in place so we may continue on as a unified team with the important task of directing your Company and driving the accelerated commercialisation of our unique and highly valuable CVM™ product and service.

You can achieve this outcome by voting **AGAINST** each of the five resolutions proposed by the Requisitioning Shareholder at the General Meeting.

We strongly consider it is in the best interests of the Company and all Shareholders, other than the Requisitioning Shareholder, to vote **AGAINST** the five resolutions for the following key reasons:

1. Under the leadership of your Directors, despite challenging market conditions, SMS has achieved a solid operating performance which sees the Company's financial position and outlook continue to improve.
2. SMS' ground-breaking CVM™ technology achieved FAA certification in March 2022. With trials now underway with one of the world's largest airline original equipment manufacturers and, in turn, one of its largest commercial airline customers, the technology is well on track for commercialisation for which there is significant near-term revenue potential.
3. Achieving the progress referred to above would not have been possible without a unified Board, bringing together the skills and experiences of all your Directors. Splitting up this team, as the Requisitioning Shareholder is now proposing, makes no sense and introduces significant risk at a critical juncture.
4. The Requisitioning Shareholder's action would seem to be solely based on its founder's personal grievance, not because it has a better plan (or indeed any plan) for running SMS. We know this because the statement the Requisitioning Shareholder provided for inclusion in the Notice of Meeting at the request of your Directors did not set out a plan.
5. In the opinion of your Directors, based on the information the Requisitioning Shareholder has disclosed (which has been limited), the skills and experience of the Proposed Directors would not seem to add value to the Board of SMS.

6. If the Requisitioning Shareholder wishes to take control of SMS through its Proposed Directors, as may be the case, it should seek to achieve this by way of a takeover, not by stealth. In any event, the level of representation on the SMS CDI register which the Requisitioning Shareholder is presently seeking – two out of five Board positions – is disproportionate to its CDI holding in the Company.

Further information in support of these reasons is set out as an Attachment which we strongly urge you to read.

For these and other reasons, we seek your support by voting **AGAINST** each of the five resolutions at the Company's forthcoming General Meeting

You can vote **AGAINST** the resolutions proposed by the Requisitioning Shareholder by completing and returning the **green proxy form** which is enclosed with this booklet in the Reply-Paid envelope enclosed.

**Remember, every single vote is important, no matter how big or small your shareholding.**

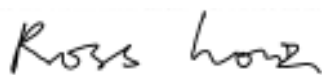
Finally, let us say that we respect the right of every Shareholder to be heard. Equally, we have an obligation to act without fear or favour, and not to override the interests of the Company and Shareholders

We are pleased that this matter, which has come at a significant cost to the Company, will soon be behind us so we can get on with the important task of executing against our new plan and substantially adding to the value of your investment.

As SMS has consistently communicated to its Shareholders, the Company considers that the most appropriate time and place to nominate new directors is at the Annual General Meeting in a matter of weeks. To this end, SMS will shortly be communicating its recommendations for future board membership, along with its new commercialisation plan and other important financial and other statements, for the consideration of CDI holders at the AGM which is currently scheduled to be held in Perth on 115 November 2022.

We offer our sincerest thanks for your ongoing support.

Yours faithfully



**Ross Love**  
Executive Chairman



**Bryant McLarty**  
Non-Executive Director



**Sam Wright**  
Non-Executive Director



**Rick Deurloo**  
Non-Executive Director



**Brian Wall**  
Non-Executive Director

## ATTACHMENT

### **REASON 1: UNDER THE LEADERSHIP OF YOUR DIRECTORS, DESPITE CHALLENGING MARKET CONDITIONS, SMS HAS ACHIEVED A SOLID OPERATING PERFORMANCE WHICH SEES THE COMPANY'S FINANCIAL POSITION AND OUTLOOK CONTINUE TO IMPROVE.**

Under the leadership of your Directors, SMS, through wholly-owned subsidiary Anodyne Electronics Manufacturing Corporation ("AEM"), achieved a solid performance for the year ended 30 June 2022, recording total sales of \$16.26 million, being an increase of 6% as compared to the financial year ended 30 June 2021.

Your Directors are pleased with this result given the significant impact of the COVID-19 pandemic which adversely impacted both sales and production, while concurrent supply chain impediments and inflationary price pressures compounded the overall business/ financial impact. We also note that the extreme pressure on airline profitability globally, to the point of threatening their commercial survival, has had a material negative impact on the industry's ability to engage with the new approach to airframe maintenance, which our CVM product and services represent.

During the year, the underlying AEM business increased production capacity by relocating operations to a newly constructed facility in Kelowna, British Columbia in Canada. The purpose-built facility, announced in 2020 and completed earlier this year, was designed to increase operational efficiency and adds an additional 10,000 sq. ft. in capacity as compared to the previous premises.

The move represents a strategic investment in new manufacturing equipment and offers the AEM team further opportunities for improvement and innovation with its custom footprint and layout, new state of the art equipment and the optimisation of available space. The new premises are now fully operational with all product departments operating at full capacity.

During the year, the Company also announced the acquisition of the Canadian avionics business, Eagle Audio, at a purchase price of approximately CA\$4 million.

The acquisition, funded by way of a combination of internal sources and a low-cost debt facility with HSBC, represents a natural synergy with AEM's existing product suite and manufacturing facilities. It complements AEM's current significant audio R&D effort, providing additional growth opportunities and clear new R&D pathways into related product areas. Importantly, it represents the most significant step we have been able to make so far to evolve AEM's business towards branded, high quality products, with higher margins and improved customer engagement, than we have been able to do in the past.

The Eagle Audio acquisition is proving to be very successful with its suite of product offerings already significantly contributing to increased revenue and profit margins.

Since the end of 2021, both increased investment in R&D and sales team expansion are expected to result in a continuation of the transition to sales of higher-margin AEM-developed products. In conjunction with the move to the new facility, increased efficiencies of production and improved profit margins are also anticipated.

### **REASON 2: SMS' GROUND-BREAKING CVM™ TECHNOLOGY ACHIEVED FAA CERTIFICATION IN MARCH 2022. WITH TRIALS NOW UNDERWAY WITH ONE OF THE WORLD'S LARGEST AIRLINE ORIGINAL EQUIPMENT MANUFACTURERS AND, IN TURN, ONE OF ITS LARGEST AIRLINE CUSTOMERS, THE TECHNOLOGY IS WELL ON TRACK FOR COMMERCIALISATION FOR WHICH THERE IS SIGNIFICANT NEAR-TERM REVENUE POTENTIAL.**

Notwithstanding the above, your Directors consider the most significant short-term driver of SMS' revenue and profit growth to be the Company's ground-breaking Comparative Vacuum Monitoring ("CVM™") aircraft structural health monitoring technology.

On 7 March 2022, SMS announced that the US Federal Aviation Administration ("FAA") had issued in respect of CVM™ a Supplemental Type Certificate, permitting the modification of an aeronautical product from its original design. This marked an extraordinary milestone in aviation history, as a world-first regulatory approval for sensor technology validated and certified for detecting critical structural cracks on aircraft and an extremely significant milestone for the Company.

In late August 2022, SMS commenced a two-month reliability testing program with both one of the world's largest airline original equipment manufacturers and, in turn, with one of its largest airline customers in respect of a critical application that affects more than 1,000 airframes currently in operation around the world. Additionally, among other commercial opportunities identified, another major airline is currently working with SMS to identify a range of applications for which CVM™ technology may avoid or defer out-of-cycle checks which currently consume several days of heavy maintenance time.

Given the critical problem which CVM™ addresses, and the significant costs that are borne when airlines are grounded, it is not difficult to envisage SMS enjoying significant near-term revenue.

With AUD \$1.925 million in new capital raised recently through a placement to Australian and New Zealand based institutional and sophisticated investors, including eligible SMS Shareholders who participated in the March 2022 entitlement offer, SMS is well positioned to accelerate CVM's™ commercialisation strategy moving forward and to capitalise on significant, ongoing discussions with the large number of identified potential end users for the technology.

**REASON 3: ACHIEVING THE PROGRESS REFERRED TO ABOVE WOULD NOT HAVE BEEN POSSIBLE WITHOUT A UNIFIED BOARD, BRINGING TOGETHER THE SKILLS AND EXPERIENCES OF ALL YOUR DIRECTORS. SPLITTING UP THIS TEAM, AS THE REQUISITIONING SHAREHOLDER IS NOW PROPOSING, MAKES NO SENSE AND INTRODUCES SIGNIFICANT RISK AT A CRITICAL JUNCTURE.**

Your Directors consider that the current Board has an appropriate mix of skills and experience to govern an ASX-listed R&D/ manufacturing/ commercialisation business operating in the aerospace industry, as is SMS.

This is not only important in the case of the two directors subject to removal resolutions – Messrs Bryant McLarty and Sam Wright – but for all your Directors bearing in mind that, should the Requisitioning Shareholder succeed in removing these directors, there is no guarantee that it will not at some future time propose resolutions to remove the other remaining Directors.

In the case of Bryant McLarty, he has more than 25 years' experience in equity capital markets and a proven track record in deal origination over the last two decades. He has been invaluable in terms of SMS's capital raising endeavours, including the most recent capital raise referred to above.

Mr McLarty is also a highly experienced company director, having held directorships of a number of public companies listed on both the Australian and London Stock Exchanges. He is currently the Chairman of Mac Equity Partners, as well as director of a number of private companies including aquaculture company SeaStock Pty Ltd, Universal Biosecurity Limited and digital trading platform Liquidity Group. As a significant early investor, he is an instrumental agent for generating further significant investment in the Company.

The Board also considers Mr McLarty's contribution, in relation to introducing Mr Love to the Company, and convincing him to take on the challenge as Executive Chairman at a difficult time, to be significant.

In the case of Sam Wright, who joined SMS as Company Secretary in 2010, there are few people with a better understanding of the corporate affairs or finances of the Company.

At a board level, Mr Wright has twenty years' experience in corporate governance, statutory financial reporting and investor relations with both retail and institutional investors. Mr Wright is currently a Director of ASX listed companies, PharmAust Limited, Reach Resources Limited and Structural Monitoring Systems plc.

Mr Wright is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia and the Chartered Secretaries of Australia.

While it is not necessary for the Company Secretary to also be a Director, your Directors have come to rely on Mr Wright's expertise and strategic contribution for the oversight of SMS that the Company cannot contemplate him not being a Director, especially at this critical juncture.

A Board skills matrix, bringing together the skills and experiences of Messrs McLarty and Wright, as well as that of the other current Directors, is set out as follows:

Director	Board	Capital Markets	Aerospace	Finance/ Accounting	ASX Listed Company
Ross Love	✓	✓	✓	✓	✓
Bryant McLarty	✓	✓	x	✓	✓
Rick Deurloo	✓	x	✓	x	x
Brian Wall	✓	x	✓	✓	x
Sam Wright	✓	✓	x	✓	✓

As illustrated, the Board as presently configured, represents an ideal mix of skills and experience to tackle the task at hand.

The fact is, the current Board is unified and working well together, with the operational and financial achievements referred to above not being possible or, at least, far less likely were they not in place.

At this critical juncture, Board stability is a key factor in the Company achieving and executing its plans.

For the Requisitioning Shareholder to seek to split up SMS' successful team makes no sense.

We ask you as Shareholders and custodians of the company - why would you risk it, especially in the complete absence of an alternative plan for the company?

**REASON 4: THE REQUISITIONING SHAREHOLDER'S ACTION WOULD SEEM TO BE SOLELY BASED ON ITS FOUNDER'S PERSONAL GRIEVANCE, NOT BECAUSE IT HAS A BETTER PLAN (OR INDEED ANY PLAN) FOR RUNNING SMS. WE KNOW THIS BECAUSE THE STATEMENT THE REQUISITIONING SHAREHOLDER PROVIDED FOR INCLUSION IN THE NOTICE OF MEETING AT THE REQUEST OF YOUR DIRECTORS DID NOT SET OUT A PLAN**

Whilst your Directors acknowledge that any investor that has a 16.72% interest in the Company by definition has a significant interest in the Company's success. Nevertheless, that significant interest does not entitle the Requisitioning Shareholder to a Board seat, much less the two Board seats that it is asking you to support.

Your Directors note that the Requisitioning Shareholder has not, despite several constructive conversations with the Executive Chairman since his appointment, proposed any new ideas or plans for the CVM™ commercialisation plan. In light of that, your Directors are struggling to understand the value either the Requisitioning Shareholder, or its Proposed Directors, would bring to the Company at this time and frankly are gravely concerned for the interests of all Shareholders should they be successful in securing majority Shareholder support.

The Board considers that the removal of Mr. Sam Wright and Mr. Bryant McLarty is not in the best interest of the Company as a whole.

It is noted that nowhere in its public statements has the Requisitioning Shareholder stated why it wants Directors McLarty and Wright removed. Specifically, nowhere have questions been raised as to their skills, abilities or contribution to SMS over a long period. We ask – isn't that the more important issue here?

The only reasonable conclusion to draw is that the current action has been taken solely based on the Requisitioning Shareholder's founders' personal grievance, rather than any reasonable basis we can ascertain.

We hardly think such behaviour could ever be in the best interests of the Company.

More significant, though, is the other notable omission from the Requisitioning Shareholder's public statements. And that is, nowhere does the Requisitioning Shareholder state what plans, if any, it has for SMS.

We know this because, acting in the best interests of all SMS Shareholders, your Directors reached out to the Requisitioning Shareholder suggesting they might like to send through a statement for inclusion in the Notice of Meeting setting out what plans, if any, they had for SMS. The Requisitioning Shareholder did subsequently forward a statement which we have included in the Notice of Meeting. However, the statement did not include any sort of plan – instead, just more personal grievances.

Surely, if putting before Shareholders for their consideration important business such as the composition of the Board, it would be appropriate to set out what the Company is doing wrong and what changes its Proposed Directors would seek to implement?

Clearly, that is not the case in the present circumstances.

We can draw no other conclusion other than neither the Requisitioning Shareholder, nor the Proposed Directors, have a plan for SMS.

As a final matter, your Directors note that their recent efforts to have a meaningful dialogue with the Requisitioning Shareholder – to discuss plans and the direction of the Company – have largely been ignored.

Moreover, your Directors requested that the requisition for this EGM be withdrawn in favour of the previously announced, and soon to be held AGM at which your Directors undertook to present their resolutions. This would have

saved the Company considerable expense, and Shareholders considerable time and inconvenience. However, your Directors' proposal to have one meeting of Shareholders rather than two was emphatically rejected by the Requisitioning Shareholder.

**REASON 5: IN THE OPINION OF YOUR DIRECTORS, BASED ON THE INFORMATION THE REQUISITIONING SHAREHOLDER HAS DISCLOSED (WHICH HAS BEEN LIMITED), THE SKILLS AND EXPERIENCE OF THE PROPOSED DIRECTORS WOULD NOT SEEM TO ADD VALUE TO THE BOARD OF SMS.**

As was right and proper, SMS requested the Requisitioning Shareholder to provide biographies of both of its Proposed Directors so it could, in turn, provide such information to Shareholders.

In the case of Proposed Director, Mr Andrew Roberto, his biography as provided states:

*“Andrew Roberto, CFA, has served as a Managing Director and Portfolio Manager of Drake Management since March 2019 where he has focused on investments in both public and private companies. Andrew brings 14 years of experience investing across a range of asset class and industries, including distressed debt, high yield credit, publicly traded equities, Activist Equities, Private Equity and Venture Capital. Andrew spent four years working under Carl Icahn at Icahn Enterprises in New York, before co-founding Westvale Partners, a special purpose vehicle focused on investing in early-stage consumer businesses. Andrew previously worked at RBS Securities and AllianceBernstein and has served as a member of the Board of Directors of Brooklyn Investment Group, Capital on Tap (UK), Icahn Automotive Group, CVR Energy, CVR Partners, CVR Refining, Viskase Companies, Westpoint Home and Voltari. He graduated from Williams College with a B.A. in Economics and is a CFA Charterholder.”*

SMS is not in a position to verify any of this information.

It is noted that, whilst Mr Roberto would appear to have significant skills and experience in the field of financial investment, no evidence is presented that would suggest he has previous experience as a director of a publicly-listed company, let alone a company listed on the Australian Securities Exchange, or indeed a company involved in R&D/ manufacturing/ commercialisation in the aerospace industry.

In the case of Proposed Director, Mr Heinrich Loechteken, SMS requested the Requisitioning Shareholder provide a biography on a number of occasions, as it did with Mr Roberto.

However, at the date of drafting, no biography for Mr Loechteken has been forthcoming.

Based on the above, it is difficult for your Directors to come to any conclusion other than that the Proposed Directors would not seem to have any value to add to the Board of SMS.

At the very least, no information to suggest that the Proposed Directors would add value to the Board of SMS has been provided.

SMS' position regarding the appointment of directors is clear. The Company is willing to consider candidates if it considers that such directors will add value and that their interests are aligned with the Company's strategy and the interests of all CDI holders.

That is simply not the case in the present circumstances.

**REASON 6: IF THE REQUISITIONING SHAREHOLDER WISHES TO TAKE CONTROL OF SMS THROUGH ITS PROPOSED DIRECTORS, AS MAY BE THE CASE, IT SHOULD SEEK TO ACHIEVE THIS BY WAY OF A TAKEOVER, NOT BY STEALTH. IN ANY EVENT, THE LEVEL OF REPRESENTATION ON THE SMS CDI REGISTER WHICH THE REQUISITIONING SHAREHOLDER IS PRESENTLY SEEKING – TWO OUT OF FIVE BOARD POSITIONS – IS DISPROPORTIONATE TO ITS CDI HOLDING IN THE COMPANY.**

If the Requisitioning Shareholder's resolutions are passed, its Proposed Directors will represent two Directors out of a Board of five Directors.

This level of representation – 40% – is disproportional to its CDI holding.

The concern is, should these interim changes occur, the Requisitioning Shareholder might well decide to call another meeting of Shareholders to replace the remaining three Directors.

In other words, whilst the Requisitioning Shareholder might claim that its current actions are no more than a strategy to gain board representation, your Directors consider it would be prudent for SMS Shareholders to consider that the current action represents the first step towards the Requisitioning Shareholder (through its Proposed Directors) assuming effective control of the Board and, hence, effective control of the Company.

In the view of your Directors, it would be entirely inappropriate for the Requisitioning Shareholder to take effective control in this manner.

However, if the Requisitioning Shareholder does wish to assume effective control of the Company through its Proposed Directors, it should go about the task in the usual way that control of public companies occurs, which is by way of a share (or, in SMS' case, CDI) acquisition transaction, whether a Takeover Offer or a Scheme of Arrangement, that would see all other SMS CDI holders receive a fair and reasonable offer for their CDIs, including an appropriate control premium.

To be blunt, control of SMS should not be taken by the Requisitioning Shareholder or its Proposed Directors by stealth. Your Directors have no fundamental objection to control of SMS passing, whether to the Requisitioning Shareholder (through its Proposed Directors) or any other party; however, we strongly believe that this set of resolutions is not to your advantage or benefit as CDI holders, is not in the best interests of the Company, nor does it represent an ethical or commercially acceptable proposition.



## NOTICE OF MEETING AND AGENDA

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Notice is hereby given that a general meeting of Structural Monitoring Systems Plc ("SMS" or the "Company") will be held at The Banksia Room, The Double Tree by Hilton, Level 2, 100 James St, Perth, Western Australia on Tuesday, 15 November 2022 commencing at 9:00 am Western Standard Time ("WST") ("Meeting").

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Proxy Forms also form part of this Notice of Meeting.

You are encouraged to vote on each of the resolutions to be considered at the Meeting. You may do this by voting online at [www.investorvote.com.au](http://www.investorvote.com.au) or by completing and returning the provided CDI Voting Instruction Form not later than 48 hours before the commencement of the Meeting in accordance with instructions on the CDI Voting Instruction Form.

CDI holders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete the Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 9:00 am WST on Sunday, 13 November 2022.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

Shareholders should read the Explanatory Memorandum before deciding how to vote.

### CDI Holders Attendance, Voting and Proxy Appointment

CDIs, representing beneficial interests in the Shares, have been issued to allow trading on the electronic transfer and settlement system operated by the ASX. A CDI holder is not a Shareholder and is not entitled to vote at the Extraordinary General Meeting unless a proxy is appointed. Each CDI holder has the right to:

- (a) direct CHESS Depositary Nominees Pty Ltd ("CDN"), the legal holder of the Shares to which the CDIs relate, how to vote the underlying Shares in respect of their CDIs in respect of the business of the Extraordinary General Meeting; or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the CDI holder as the CDI holder's proxy for the purposes of attending and voting at the Extraordinary General Meeting.

If you are a CDI holder and you wish to direct or instruct CDN in the manner contemplated above, please read, complete and sign the enclosed CDI Voting Instruction Form and return by one of the methods and by the deadline set out on the CDI Voting Instruction Form. CDI Voting Instruction Forms received later than the specified time will be invalid.

## AGENDA

### Resolution 1: Removal of current Director, Mr Sam Wright (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

***"That Sam Wright be removed as a Director of the Company with immediate effect on the passing of this resolution."***

**The Board recommends you vote AGAINST this resolution.**

The Chairman intends to vote all undirected proxies **against** Resolution 1.

### Resolution 2: Removal of current Director, Mr Bryant McLarty (Non-Board Endorsed)



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

***"That Bryan McLarty be removed as a Director of the Company with immediate effect on the passing of this resolution."***

**The Board recommends you vote AGAINST this resolution.**

The Chairman intends to vote all undirected proxies **against** Resolution 2.

**Resolution 3: Removal of any additional Director(s) appointed on and from 5 September 2022 (Non-Board Endorsed)**



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

***“That any person appointed as a director of the Company on and from the date of this Requisition being 5th of September 2022 until the end of the General Meeting (other than any person elected as a director of the Company following their nomination by the shareholders of the Company issuing this Requisition) be removed as a director of the Company with immediate effect on the passing of this resolution.”***

**The Board recommends you vote AGAINST this resolution.**

The Chairman intends to vote all undirected proxies **against** Resolution 3.

**Resolution 4: Election of new Director, Mr Andrew Roberto (Non-Board Endorsed)**



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

***“That Mr Andrew Roberto be elected as a Director of the Company with immediate effect on the passing of this resolution.”***

**The Board recommends you vote AGAINST this resolution.**

The Chairman intends to vote all undirected proxies **against** Resolution 4.

**Resolution 5: Election of new Director, Mr Heinrich Loechteken (Non-Board Endorsed)**



To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

***“That Mr Heinrich Loechteken be elected as a Director of the Company with immediate effect on the passing of this resolution.”***

**The Board recommends you vote AGAINST this resolution.**

The Chairman intends to vote all undirected proxies **against** Resolution 5.

## Proxies, attorneys and corporate representatives

A member entitled to attend and vote at the Meeting may appoint a proxy, attorney or representative to give its vote and, if entitled to cast two or more votes, is entitled to appoint no more than two proxies. If two proxies are appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If such proportion is not specified, each proxy may exercise half of the CDI holder's voting rights. Fractions shall be disregarded. A proxy may, but need not be, a member of the Company and a member may appoint an individual or a body corporate to act as its proxy.

**For the convenience of CDI holders, two proxy forms have been included with this Explanatory Memorandum, a green proxy form and a white proxy form.**

The green proxy form has been completed in line with the recommendation of the Board and has been paid for by the Directors the subject of removal Resolutions out of their personal funds. If you wish to vote in accordance with the recommendations of the Board, **you should execute the green proxy form and return it in accordance with the instructions on the form.** If you execute and return the green proxy form, you do not need to complete the white proxy form.

If you want to appoint a proxy and do not wish to vote in accordance with the recommendations of the Board, you should follow the instructions on the white proxy form to indicate your voting directions and return it following the instructions on the form.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, executed in accordance with the Companies Act.

Proxy forms and, if applicable, the powers of attorney (or a certified copy of the powers of attorney) under which they are signed must be lodged directly by the member making the appointment at least 48 hours before the appointed time of the Meeting.

Lodgment details for proxy forms are as follows:

<b>Post</b>	Computershare Limited GPO Box 242 Melbourne VIC 3001 Australia
<b>Hand Delivery</b>	Structural Monitoring Systems Plc Suite 116, 1 Kyle Way Claremont WA 6010
<b>Facsimile</b>	1800 783 447 within Australia; or +61 3 9473 2555 outside Australia
<b>Online</b>	At <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> using your secure access information or use your mobile device to scan the personalised QR code as set out in your Proxy Form. For Intermediary Online subscribers (custodians) go to <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a>

## Voting

Each Resolution that is moved at the Meeting will be the subject of a poll. Voting results will be announced to the ASX as soon as practicable after the Meeting.

### **Entitlement to attend and vote**

The completion and return of a proxy card will not affect the right of a member to attend, speak and vote in person at the Meeting convened by this notice.

Members will be entitled to virtually attend and vote at the Meeting if they are registered on the Company's register of members 48 hours before the time appointed for the Meeting or any adjournment thereof. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

### **ASX**

A copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX. Neither ASX nor any of its respective officers takes any responsibility for the contents of this document.

**By order of the Board:**

A handwritten signature in black ink, appearing to be 'Sam Wright', with a stylized flourish at the end.

**Mr Sam Wright**

Company Secretary

Dated: 23 September 2022

# EXPLANATORY MEMORANDUM

## Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting of the Company to be held at The Banksia Room, The Double Tree by Hilton, Level 2, 100 James St, Perth, Western Australia on Tuesday, 15 November 2022 commencing at 9:00 am WST, as well as at any adjournment of the Meeting.

The purpose of the Explanatory Memorandum is to explain the background to the Meeting and the Resolutions, and to provide information that your Directors consider is material to Shareholders in relation to the Resolutions.

The Company recommends that Shareholders read this Explanatory Memorandum and the Directors' Statement (which is included in this Notice of Meeting Booklet) before making any decisions in relation to the Resolutions.

## Background to special business being put to the Meeting

On 5 September 2022, CHESS Depositary Nominees Pty Limited on behalf of one (1) of SMS's approximately 2,700 registered Shareholders – Drake Private Investments LLC – which is registered as the holder of approximately 16.72% of the Company's CDIs on issue (the "Requisitioning Shareholder"), gave SMS a notice pursuant to section 312 of the Companies Act 2006 (UK) that it intended at the next general meeting of the Company to move resolutions for the removal as Directors of Messrs Sam Wright and Bryan McLarty, and any Director appointed on and from 5 September 2022, as well as for the election as Director of Messrs Andrew Roberto and Heinrich Loechteken.

Also on 5 September 2022, the Requisitioning Shareholder gave SMS a notice pursuant to section 303 of the Companies Act 2006 (UK) requesting the Directors call and arrange a general meeting of the Company.

The request stated that the general nature of the business to be dealt with at the meeting was to consider changing the composition of the Board of the Company.

In compliance with the above, the Company has issued this Notice of Meeting in which is included the following items of special business:

- Resolution 1 – Removal of current Director, Mr Sam Wright;
- Resolution 2 – Removal of current Director, Mr Bryant McLarty;
- Resolution 3 – Removal of any additional Director(s) appointed on and from 5 September 2022;
- Resolution 4 – Election of new Director, Mr Andrew Roberto; and
- Resolution 5 – Election of new Director, Mr Heinrich Loechteken.

The Directors the subject of removal Resolutions, Messrs Wright and McLarty, together with the other Directors of the Company – Messrs Ross Love, Hendrick Deurloo and Brian Wall – who are not the subject of removal Resolutions, are unanimous in recommending that Shareholders vote **AGAINST** all five Resolutions.

Voting by the majority of Shareholders in accordance with the recommendation of the Directors will result in a Board comprising Messrs Sam Wright, Bryant McLarty, Ross Love, Hendrick Deurloo and Brian Wall (i.e. retention of the current Board).

Voting by the majority of Shareholders contrary to the recommendations of the Directors will result in a Board comprising current Directors Ross Love, Hendrick Deurloo and Brian Wall and new Directors Mr Andrew Roberto and Heinrich Loechteken.

## Frequently asked questions

<p><b>On what basis has the Meeting been called and the Resolutions been requested?</b></p>	<p>Any shareholder (or group of shareholders) holding at least 5% of the paid-up capital of a company as carries the right of voting at general meetings may require the directors to call a general meeting to have resolutions considered. All Resolutions are being put before the Meeting as a result of a request from the Requisitioning Shareholder which holds at least 5% of the paid-up capital of the Company.</p>
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<b>Why does the Requisitioning Shareholder wish to remove Messrs Wright and McLarty from the Board and, instead, appoint Mr Roberto and Mr Loechteken to the Board?</b>	<p>SMS requested the Requisitioning Shareholder give to the Company a statement for inclusion in the Notice of Meeting setting out its reasons for requesting the meeting and the five resolutions.</p> <p>SMS considered this was the right and proper thing for the Company to do on the basis that, if the Requisitioning Shareholder had a plan moving forward that differed from that of your Directors, it would be appropriate to share this with CDI holders</p> <p>The statement which was subsequently provided by the Requisitioning Shareholder is included in this Notice of Meeting booklet.</p> <p><b>Your Directors do not agree with the information in the statement provided by the Requisitioning Shareholder.</b></p>
<b>Why does the Board recommend Shareholders vote against all Resolutions?</b>	<p><b>The Board recommends Shareholders vote AGAINST all Resolutions put forward by the Requisitioning Shareholder for the reasons set out in the Directors' Statement to Shareholders which is included in this Notice of Meeting Booklet.</b></p>

### Further information

If you have questions about the Meeting or the Resolutions to be voted on, please call the Company Information Line on 1300 850 505 within Australia or +61 3 9415 4000 from outside of Australia.

### Important dates and times

<b>Last time/date for receipt of valid proxies</b>	9:00 am (WST) on Sunday, 13 November 2022
<b>Record time/date to determine Shareholders eligible to vote</b>	9:00 am (WST) on Sunday, 13 November 2022
<b>Meeting</b>	9:00 am (WST) on Tuesday, 15 November 2022

### Nature of Resolutions

All of the Resolutions are ordinary resolutions, meaning they can be passed by a simple majority of votes cast by Shareholders entitled to vote.

### Special Business

#### Resolution 1 – Removal of Mr Sam Wright as a Director (Non-Board Endorsed)

Resolution 1 relates to the removal of Mr Sam Wright as a Director.

Mr. Sam Wright has many years' experience working with the Company and understands the business and industry in which the Company operates, as well as assisting the Company in its recent capital raises. He possesses in-depth knowledge about the Company and adds his corporate secretarial experience (including compliance with ASX Listing Rules) to the Board.

Mr Wright joined Structural Monitoring Systems Plc as Company Secretary in 2010 and was appointed as a Non-Executive Director of the Company on 14 October 2020.

Mr Wright has twenty years' experience in corporate governance, statutory financial reporting and investor relations with both retail and institutional investors.

Mr Wright is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia and the Chartered Secretaries of Australia.

Mr Wright is also a Non-Executive Director of PharmAust Limited and Reach Resources Limited.

Mr Wright holds 1,923,797 CDIs and 73,992 Options in the Company.

Information as to why the Directors, Mr Wright abstaining, recommend CDI holders vote **against**, and will be voting all CDIs held **against**, the removal of Mr Wright is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



***The Directors of SMS do not support this Resolution and will be voting their CDIs AGAINST the removal of Mr Sam Wright as a Director.***

## **Resolution 2 – Removal of Mr Bryant McLarty as a Director (Non-Board Endorsed)**

Resolution 2 relates to the removal of Mr Bryant McLarty as a Director.

Mr McLarty was appointed a Non-Executive Director of the Company on 22 October 2021.

He was Non-Executive Chairman of the Company from 20 June 2022 to 13 July 2022.

Mr McLarty has more than 25 years' experience in equity capital markets with a proven track record in deal origination.

He holds an Australian Financial Services License.

Mr McLarty is a highly experienced company director, having held directorships of a number of public companies listed on both the Australian and London Stock Exchanges. He is currently the Chairman of Mac Equity Partners, as well as director of a number of private companies including SeaStock Pty Ltd, Universal Biosecurity Limited and digital-trading platform Liquidity Group.

Previous directorships include the London Stock Exchange-listed aircraft leasing company Avation, ASX listed hydrogen and graphite production company Hazer Group, portable brain technology scanner company EMvision, building tech. company, ParkD Ltd., PharmAust and synthetic chemistry business Epichem and Petrex Australia.

Mr McLarty holds 1,850,045 CDIs and 67,745 Options in the Company.

Information as to why the Directors, Mr McLarty abstaining, recommend CDI holders vote **against**, and will be voting all CDIs held **against**, the removal of Mr McLarty is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



***The Directors of SMS do not support this Resolution and will be voting their CDIs AGAINST the removal of Mr Bryant McLarty as a Director.***

## **Resolution 3 – Removal of any additional director(s) appointed on and from 5 September 2022 (Non-Board Endorsed)**

Resolution 3 relates to the removal of any additional directors appointed on and from 5 September 2022.

No new directors have been appointed since the date of the Requisition Notice and the date of this Meeting.

Information as to why the Directors recommend CDI holders vote **against**, and will be voting all CDIs held **against**, the removal of any additional directors appointed from 30 August 2022 is set out in the Directors' Statement which is included in this Notice of Meeting Booklet.



***The Directors of SMS do not support this Resolution and will be voting their CDIs AGAINST the removal of any additional directors appointed on and from 5 September 2022.***

## **Resolution 4 – Election of Mr Andrew Roberto as a Director (Non-Board Endorsed)**

Resolution 4 relates to the election of Mr Andrew Roberto as a Director.

The Requisitioning Shareholder has provided the following information concerning Mr Roberto (restated verbatim).

*“Andrew Roberto, CFA has served as a Managing Director and Portfolio Manager of Drake Management since March 2019 where he has focused on investments in both public and private companies. Andrew brings 14 years of experience investing across a range of asset class and industries, including distressed debt, high yield credit, publicly traded equities, Activist Equities, Private Equity and Venture Capital. Andrew spent four years working under Carl Icahn at Icahn Enterprises in New*

York, before co-founding Westvale Partners, a special purpose vehicle focused on investing in early-stage consumer businesses. Andrew previously worked at RBS Securities and AllianceBernstein and has served as a member of the Board of Directors of Brooklyn Investment Group, Capital on Tap (UK), Icahn Automotive Group, CVR Energy, CVR Partners, CVR Refining, Viskase Companies, Westpoint Home and Voltari. He graduated from Williams College with a B.A. in Economics and is a CFA Charterholder.”

SMS is not in a position to verify any of this information.

SMS is not aware of Mr Roberto holding any CDIs in the Company.

Information as to why the Directors recommend CDI holders vote **against**, and will be voting all CDIs held **against**, the election of Mr Roberto is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



***The Directors of SMS do not support this Resolution and will be voting their CDIs AGAINST the election of Mr Andrew Roberto as a Director.***

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#### **Resolution 5 – Election of Mr Heinrich Loechteken as a Director (Non-Board Endorsed)**

Resolution 5 relates to the election of Mr Heinrich Loechteken as a Director.

SMS requested the Requisitioning Shareholder to provide a biography of Mr Loechteken, just as it did in respect of Mr Roberto. However, no information concerning Mr Loechteken was forthcoming.

As such, the Board is unable to determine whether Mr. Loechteken has the relevant experience to assist the Company.

SMS is not aware of Mr Loechteken holding any CDIs in the Company.

Information as to why the Directors recommend CDI holders vote **against**, and will be voting all CDIs held **against**, the election of Mr Loechteken is set out in detail in the Directors' Statement which is included in this Notice of Meeting Booklet.



***The Directors of SMS do not support this Resolution and will be voting their CDIs AGAINST the election of Mr Heinrich Loechteken as a Director.***



## GLOSSARY

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In this Notice of Meeting and Explanatory Memorandum:

<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context requires.
<b>Board</b>	means the board of Directors.
<b>CDI</b>	means a CHESS Depository Interest, where each CDI represents the beneficial interest in one Share.
<b>CDI holder</b>	means a holder of a CDI.
<b>Company or SMS</b>	means Structural Monitoring Systems Plc.
<b>Chairman</b>	means the Chairman of Structural Monitoring Systems Plc.
<b>Companies Act</b>	means the Companies Act 2006 (UK) as amended.
<b>Director</b>	means a director of the Company.
<b>Directors' Statement</b>	means the statement prepared by the Directors of the Company, being Messrs Ross Love, Sam Wright, Bryant McLarty, Hendrick Deurloo and Brian Wall relating to the proposed Resolutions, as set out at the front of this Notice of Meeting Booklet.
<b>Explanatory Memorandum</b>	means this explanatory memorandum.
<b>Meeting</b>	means the general meeting of Shareholders of the Company to be held at The Banksia Room, The Double Tree by Hilton, Level 2, 100 James St, Perth, Western Australia on Tuesday, 15 November 2022 commencing at 9:00 am WST.
<b>Member's Statement</b>	means the statement provided by the Requisitioning Shareholder which is included in this Notice of Meeting.
<b>Notice of Meeting</b>	means this Notice of Meeting.
<b>Options</b>	means an option to acquire a fully paid ordinary Share in the capital of the Company.
<b>Ordinary Resolution</b>	means a resolution requiring to be passed by a majority of such Shareholders, as being entitled to do so, voting in person or by proxy on such resolution.
<b>Performance Rights</b>	means a right to acquire a fully paid ordinary Share in the capital of the Company, subject to satisfaction of vesting conditions.
<b>Requisitioning Shareholder</b>	means Drake Private Investments LLC.
<b>Resolution</b>	means a resolution set out in the Notice of Meeting.
<b>Share</b>	means a fully paid ordinary share with nominal value of £0.0005 each in the capital of the Company and, where the context requires, means a CDI.
<b>Shareholder</b>	means the registered holder of one or more Shares.
<b>WST</b>	means Australian Western Standard Time.

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **9:00am (WST) Sunday, 13 November 2022.**

# CDI Voting Instruction Form

## How to Vote on Items of Business

Each CHESS Depositary Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI registered in your name at 9:00am (WST), Sunday, 13 November 2022 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depositary Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depositary Nominees Pty Ltd enough time to tabulate all CHESS Depositary Interest votes and to vote on the underlying shares.

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

## Lodge your Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 181704**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# CDI Voting Instruction Form

Please mark ☒ to indicate your directions

## STEP 1

### CHES Depositary Nominees will vote as directed

XX

#### Voting Instructions to CHES Depositary Nominees Pty Ltd

Please mark Option A **OR** B

I/We being a holder of CHES Depositary Interests of Structural Monitoring Systems plc, hereby direct CHES Depositary Nominees Pty Ltd (CDN) to:

Option **A** ☐ vote on my/our behalf with respect to the Resolutions below in the manner instructed in Step 2 below.

**OR** Option **B** appoint the:

☐ **Chairman of the Meeting**

**OR**

to attend, speak and vote the shares underlying my/our holding at the General Meeting of Structural Monitoring Systems plc ("the Company") to be held at The Banksia Room, The Double Tree by Hilton, Level 2, 100 James St, Perth, Western Australia on Sunday, 15 November 2022 at 9:00am (AWST) and at any adjournment of that meeting.

CDN instructs its proxy to vote on the resolutions proposed at the meeting in accordance with the directions in Step 2 below. Where no direction is given, the proxy may vote as they see fit. In addition, the proxy can vote as they see fit on any other business of the meeting, including amendments to the resolutions and at any adjournment of the meeting.

## STEP 2

### Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

#### Recommendation

The Directors of Structural Monitoring Systems PLC recommend that you vote **AGAINST** all resolutions.

For	Against	Abstain
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Resolution 1 Removal of current Director, Mr Sam Wright (Non-Board Endorsed)

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2 Removal of current Director, Mr Bryant McLarty (Non-Board Endorsed)

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 3 Removal of any additional Director(s) appointed on and from 5 September 2022 (Non-Board Endorsed)

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4 Election of new Director, Mr Andrew Roberto (Non-Board Endorsed)

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 5 Election of new Director, Mr Heinrich Loechteken (Non-Board Endorsed)

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /

SMN

151122A



Computershare +

## MEMBER'S STATEMENT

Structural Monitoring Systems CDI Holders,

We have been asked by the Board to prepare a statement to our fellow CDI holders of Structural Monitoring Systems for inclusion in the materials for the EGM. The EGM has only now been convened after we requested CHESS (owned by ASX), and who owns all the shares in the Company, to convene a meeting on our behalf. We consider that a change to the current Board is required as we have concerns about this Board's level of compliance with the law, contractual agreements and trust over the past year. We firmly believe that the 1,000 word limit, even if a statutory provision, proves insufficient to properly address these issues.

The inadequacy of 1,000 words to make our case is highlighted by the fact that the preceding paragraph, by itself, constitutes 10.1% of the allowable text. You should be aware that the Board has, despite our substantial holding, continued to refuse to honor our request for the CDI registry so that we may make our case directly to our fellow CDI holders. As such, we feel the best forum to currently communicate with you is through our website ([www.smsrequisition.com](http://www.smsrequisition.com)) and through direct conversations, which can be arranged by emailing [sms@drakemanagement.com](mailto:sms@drakemanagement.com).

We plan to hold back on a broader presentation to CDI holders until we move closer to the meeting and/or can communicate with all CDI holders directly. We consider that members of the Board have acted in bad faith from the beginning of the events leading up to the Requisition, and the current Board's refusal to provide the CDI holder registry in July, and again this week post announcing the EGM, is further proof that members of this Board continue to not honor their obligations.

In addition to withholding the registry, the Board has failed to honor the negotiated agreement between SMS and Drake from October 2021, that among other things, gave Drake the unrestricted ability to name a Board member. We attempted to exercise this right when it became clear to us in June that the Board was not looking out for the best interests of all shareholders. We started the EGM process in July in order to enforce the agreement without taking the Company to court, and but for the months of technical gimmicks employed by SMS's legal counsel, this would have been over by now and the Company would be moving forward. None of this would be necessary if the Board lived by its commitments, but a demonstrated track record of breaking them has left us, and many other CDI holders, with no confidence in this Board's ability to execute on a business plan for the benefit of all CDI holders.

It is clear that Mr. McLarty, Mr. Wright and Mr. Love, who signs every single letter from the Company, view this as some sort of game to extend Mr. McLarty and Mr. Wrights tenure. They have spent a tremendous amount of the Company's money ignoring the rights of CDI holders and fighting against good corporate governance in an effort to protect the income stream of two conflicted directors, and will have nothing to show for it other than a legal bill. We do not know what they are so desperate to hide, but we do intend to get to the bottom of it once we are in a position to investigate further.

To that end, we strongly urge the CDI holders to replace Mr. McLarty and Mr. Wright, who have no experience in the aerospace industry and own less than 3% of the Company combined (according to our data) with Andrew Roberto and Heinrich Loechteken. Mr. Roberto brings years of public and private company board experience with a focus on corporate governance and shareholder rights and will represent all CDI holders by way Drake's almost 17% stake. Mr. Loechteken brings over two decades of aerospace industry experience and independently owns roughly 1.2% of the Company. While Mr. McLarty and Mr. Wright are clear holdovers from former CEO Toby Chandler's years in charge, Mr. Roberto and Mr. Loechteken represent a clear break from that era and their appointment to the Board will mark the transition to a professionally run company focused on delivering tangible results to CDI holders.

If you would like to reach out, please do not hesitate to email [sms@drakemanagement.com](mailto:sms@drakemanagement.com). We would be happy to arrange a phone call with you or add you to our distribution list so that we can communicate directly. We will be releasing more information in the days and weeks leading up to the vote on our website, so please check in from time to time. We would much prefer to have the ability to reach out to all CDI holders directly, but at the present time, without the Company registry we have no means to do so other than providing our contact information and website in this form. We hope the Company will act with integrity and provide the registry in short order.

Finally, this EGM offers a clear choice. CDI holders can decide to keep Mr. McLarty and Mr. Wright, likely condemning the company to continue the status quo of the last decade made up of slow progress in the business punctuated by expensive capital raises and rights offerings. This capital has often been consumed by Board fees and broker underwriting fees, including to Mr. McLarty's MAC Equity Partners. The alternative is to elect Mr. Roberto and Mr. Loechteken who will each act independently of company management and other Board members and will be purely focused on the performance of the Company and the share price.

Sincerely,

Anthony Faillace

Drake Management & affiliates