



23 September 2009

The Listing Manager
Australian Stock Exchange Limited
Level 8, 2 The Esplanade
PERTH WA 6000

Strategic Partnership Agreement

Dear Sir

Structural Monitoring Systems (ASX Code: SMN) is pleased to announce that it has entered into an agreement with a large international company, for an exclusive strategic partnership to develop and commercialise CVM™ technology in the civil and defence aerospace sectors.

This agreement will enable SMN to support the on-going technical development and commercialisation of CVM™ technology in partnership with this company. During the term of this agreement the company will have the option to execute an exclusive royalty bearing Licence Agreement, under which SMN will also act as supplier of CVM™ sensors, laboratory equipment and off-board instrumentation.

Some aspects of the agreement are commercially sensitive and full details of the agreement will be announced when final approvals are received from the partner company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Colin McDonald', written in a cursive style.

Colin McDonald
Company Secretary

Australian Office

Unit 5, 15 Walters Drive Osborne Park, WA 6017
Telephone: +61 8 9204 4844 ~ Fax: +61 8 9204 4866

United Kingdom Office

4 Elwick Road, Ashford, Kent TN23 1PF, United Kingdom ~ Telephone: +44 (0) 1233 666795 ~ Fax: + 44 (0) 1233 646840

ARBN 106 307 322

A public limited liability company incorporated under the laws of England and Wales.

Notes:

Structural Monitoring Systems plc Australian Securities Exchange code: SMN

Company Contact

Mr Mark Vellacott – Managing Director – Ph: +61 (0)8 9204 4844

About Structural Monitoring Systems

Structural Monitoring Systems is a structural integrity sensor system company engaged in commercialising its leading edge Comparative Vacuum Monitoring (“CVM™”) technology, to produce remote crack detection sensor and instrument products based on the patented CVM™ principle that will radically reduce the cost of maintenance and vehicle or plant down-time associated with performing safety critical structural integrity NDT inspections. Durable, simple to design and manufacture, easy to install and use, highly reliable and with a benchmark crack detection capability, CVM™ technology has application in a broad range of commercial, military and industrial market sectors, specifically in air, land and sea transportation systems, power-generation systems, and industrial processing plants.

Structural Monitoring Systems has received accreditations from The Boeing Company and the Australian Defence Force endorsing the use of CVM™ sensors and PM200 handheld monitoring instrument as a suitable means of performing structural integrity inspections. The Company has also achieved a major milestone with Airbus acknowledging CVM as being “Technology Ready” to be included in its commercial aircraft maintenance programs. In the commercial aircraft sector Structural Monitoring Systems has well established relationships with the four largest aircraft manufacturers: Boeing; Airbus; Embraer; Bombardier. Structural Monitoring Systems also has well established relationships with air forces in the US, UK, Europe, Australia, and Asia, and with whom CVM™ technology is being evaluated for various military aircraft structural integrity monitoring applications.

Company Web Site

www.smsystems.com.au

Disclaimer:

Any statements made herein that use the words “estimate”, “prospect”, “expect”, “believe” and similar expressions are intended to identify forward-looking statements. These forward-looking statements may be affected by inaccurate assumption or by known and unknown risks and uncertainties which could cause actual results, performance or achievements of the Company to be materially different from those which may be expressed or implied by such forward looking statements, including among others, risks or uncertainties associated with the development of the Company’s technology, the ability of the Company to meet its financial requirements, the ability of the Company to protect its proprietary technology, potential limitations on the Company’s technology, the market for the Company’s products, government regulation in Australia, the UK, the US or elsewhere, changes in tax and other laws, changes in competition and the loss of key personnel. For additional information regarding these and other risks and uncertainties associated with the Company’s business, reference is made to the Company’s reports filed from time to time with the Australian Securities Exchange. As a result of the predictive character of such forward looking statements, investors should not rely on such statements in making decisions about the Company’s prospects and / or the acquisition or disposal of the Company’s securities.