



17 October 2006

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

Dear Sir

APPOINTMENT OF DIRECTOR

Professor Malcolm Richmond has been appointed as a non-executive Director of the Company.

On behalf of the Board, the Chairman of the Company, Sir John Walker, welcomes Professor Richmond and is delighted that he has joined the Board at this exciting time in the development of the Company.

Sir John also said “Professor Richmond’s background and experience in public companies, research and development, and the entrepreneurial development of technology based companies will be of great benefit in guiding the commercialisation of our structural health monitoring technologies, and the future corporate development of SMS plc.”

A short biography of Professor Richmond’s career is provided below.

Yours faithfully

Colin McDonald
Company Secretary

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ARBN 106 307 322

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

PROFESSOR MALCOLM R RICHMOND, BSc (HONS), BCom

Professor Richmond is Professorial Fellow at the University of Western Australia, jointly to the Business School and Faculty of Engineering, Computing and Mathematics – his special interests include corporate strategy, technology management, entrepreneurship and innovation and commercialisation of research and development.

Prior to this appointment, Professor Richmond spent 30 years with the Rio Tinto and CRA Groups including the position of Managing Director of Research and Development and Vice President Strategy and Acquisitions. Immediately prior to his retirement he held the position of Managing Director Development of Hamersley Iron Pty Limited, Deputy Chairman of the Australian Minerals Industry Research Council, Vice President of the WA Chamber of Minerals and Energy, Non-Executive Director of Amdel Limited and Non-Executive Director of Hismelt Corporation (Australia's single largest research project).

Currently he holds a number of posts: Non-Executive Director of Magnesium International Ltd, and Safe Effect Pty Ltd. Professor Richmond is a Fellow of the Australian Academy of Technology, Science and Engineering, Australian Institute of Company Directors and an ex-Chairman of both The Resources Institute of Western Australia and Territory Iron Pty Ltd.