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Seeing Machines Limited

("Seeing Machines" or the "Company")

Capital Raising

Placing and Subscription to raise £15m

Australian Offer and Overseas Offer to raise up to £2m

Placing to support ongoing commercialisation of the FOVIO automotive business

13 December 2016

Seeing Machines Limited (AIM: SEE), the AIM listed technology company with a focus on operator monitoring and intervention sensing technologies and services, is pleased to announce that it has conditionally raised £15 million, before expenses, through a placing and subscription. finnCap Ltd ("**finnCap**"), as the Company's broker, has conducted a placing of 329,611,500 new ordinary shares in the Company ("**Ordinary Shares**") (the "**Placing Shares**" and the "**Placing**") with institutional investors at a price of 4 pence per share (the "**Placing Price**") and 45,388,500 Ordinary Shares have been subscribed for with the Company (the "**Subscription Shares**" and the "**Subscription**") at the Placing Price by its strategic investor, V S Industry Berhad and by Ken Kroeger, Chief Executive Officer of the Company.

The Placing demonstrates continued strong support by existing shareholders. In addition, the Company will provide an opportunity to certain existing shareholders to raise up to a further £2 million at the Placing Price (or an AUD equivalent) under an overseas offer and an Australian offer (the "**Offers**"), details of which are set out below.

The net proceeds of the Placing and Subscription, and the Offers (the "**Fundraising**") will provide growth capital to continue the ongoing commercialisation of the Company's technology, including the FOVIO automotive business. The Fundraising is conditional upon shareholder approval.

Terry Winters, Seeing Machines' Chairman, commented: "We are delighted with the support shown by investors in the Placing and Subscription. We are seeing strong demand for our advanced Driver Monitoring Systems from global car makers and from their tier 1 suppliers. We previously considered

spinning out our FOVIO automotive business however the Directors have resolved it is in the best interests of shareholders to retain full ownership. All our intellectual property including data, our SiP Driver Monitoring System chip and all our key staff will remain available to all Seeing Machines' target industries.

We continue to execute on our multi-sector transportation market strategy and this capital raise supports the ongoing commercialisation of our technology across these target markets, including our FOVIO automotive business. I would like to thank investors for their support, and invite eligible existing shareholders to participate in the proposed capital raising by way of the Australian Offer and the Overseas Offer."

Background to the Fundraising and Use of Funds

The Company remains focused on executing its multi-sector transportation market strategy focussed on CAT (rugged off-road), commercial fleet, automotive, aviation and rail. The Directors believe that automotive represents the largest addressable transport market for Seeing Machines' technology. The automotive industry is currently going through massive technological change driven by powerful dynamics of disruption. We believe the opportunity for Seeing Machines' core technology in semi-autonomous vehicles as part of Advanced Driver Assistance Systems ("**ADAS**") is significant. Most major vehicle manufacturers ("**OEMs**") are targeting semi-autonomous vehicles on their roadmaps with several automotive analysts predicting that Driver Monitoring Systems ("**DMS**") technology could be mandated within 5 to 10 years. Worldwide 88 million light vehicles were produced in 2015, with production forecast to grow to over 100 million per annum by 2020.

As previously announced Seeing Machines' DMS technology has been selected by a major OEM for use in more than 10 car models across a number of their car brands, with the first model targeted for release in 2017. The Company is currently responding to tenders from two premium European OEMs and is engaged with five global tier 1 automotive suppliers ("**tier 1s**") to promote its DMS solution. The Company has leased or provided 60 DMS research platforms for use across 14 automotive and tier 1 customers.

The Company's first FOVIO DMS has been designed-in by the tier 1 and the OEM as vehicle firmware. FOVIO DMS in follow on models can be delivered both as firmware and also as processor chips, once automotive qualified, to be sold to the tier 1 supplier. As previously announced, the Company has also launched a proprietary System in Package ("**SiP**") chip which is currently being validated for automotive applications and in the future will be a drop in solution for tier 1s and other aftermarket transport applications. The Board and management believe that in future years the SiP will enable the Company to capture a greater share of the revenue and margin in the automotive and commercial fleet markets.

Today the Company's FOVIO automotive sales relate to engineering services, and human factors services together with sales from the use of our DMS research platform, and are paid for by both OEMs and tier 1s. Automotive royalties on the Company's first production car DMS are first expected to begin to accrue in late calendar year 2017. The Fundraising will support the growing FOVIO automotive business including R&D and program engineering, business development and product manufacturing.

The Company previously considered spinning out the FOVIO automotive business. The Directors have resolved it is in the best interests of shareholders to retain full ownership, with all of the Company's

intellectual property including data, its SiP DMS chip and all of its key staff remaining available to all Seeing Machines' target industries now and in the future. Data acquired in use on road is mutually beneficial to the Company's FOVIO automotive, fleet and other programs. The Directors believe that in future the FOVIO SiP will support cost reduction of our Guardian fleet and other Seeing Machines products.

The Board believes that the Fundraising is in the best interests of all Shareholders and can place the Company in a stronger position to capitalise on the significant global opportunities for its products.

Current Trading and Outlook

Fleet Guardian sales are expected to show strong growth in the second half of the financial year as subscriptions for connected vehicles gain momentum internationally. Revenue in FY16 benefitted from full recognition of the CAT licensing revenue leading to a record year. Revenues in FY17 are expected to show underlying sales growth year on year in all target markets, however there will not be another large license fee from CAT. All license fee instalments payable by CAT to Seeing Machines relating to the licence to manufacture and distribute the DSS product, save for US\$1.5 million due in January 2019, have been brought forward and have now been received by Seeing Machines. Seeing Machines' CAT revenues are expected to build during the year reflecting royalties on both DSS hardware sales and monthly monitoring fees.

Seeing Machines expects to appoint to the Board a CAT senior manager who will be joining as a non-executive director in January 2017. The new director will be joining in order to further strengthen the relationship between the two companies and drive safety related revenues for both companies under the existing global agreement for product development, licensing and distribution. Further details in relation to the expected appointment will be announced in due course.

Details of the Placing and Subscription

The Company will issue 329,611,500 Placing Shares and 45,388,500 Subscription Shares at 4 pence per Ordinary Share, subject to shareholder approval. Application will be made to the London Stock Exchange for the Placing Shares and the Subscription Shares to be admitted to trading on the AIM market ("**Admission**") and Admission is expected to occur on 16 January 2017, assuming shareholders give approval.

Pursuant to a placing agreement, dated 13 December 2016 between finnCap and the Company (the "**Placing Agreement**"), finnCap has conditionally agreed, as agent of the Company, to use its reasonable endeavours to procure investors for the Placing Shares. The Placing is conditional upon, *inter alia*, Admission becoming effective on or before 8.00 a.m. on 16 January 2017 (or such later time and/or date as the Company and finnCap may agree, but in any event by no later than 8.00 a.m. on 31 January 2017), shareholder approval and the Placing Agreement having been entered into and the agreement having not been terminated prior to Admission. The Placing Shares and Subscription Shares will rank equally in all respects with the existing Ordinary Shares. Neither the Placing nor the Subscription are being underwritten by finnCap.

Shareholder Approval - Notice of General Meeting

Under the Company's Constitution the Directors may issue new shares up to a cap of 15 per cent. of the Company's issued shares in any twelve month period (with certain exceptions). The total number of Placing Shares and Subscription Shares exceeds this 15 per cent. cap, and accordingly shareholder approval is required for the Directors to issue the Placing Shares and Subscription shares.

It is anticipated that a notice of meeting will be sent to shareholders, and to those who hold depositary interests, on or around 16 December 2016 for a General Meeting to be held on or around 12 January 2017. A further announcement will be made in due course.

Director Participation

Ken Kroeger, the Company's Chief Executive Officer, is subscribing for new Ordinary Shares in the Subscription. His participation and resultant interest following Admission is set out in the table below:

Director/key executive	Existing interest in Ordinary Shares	Number of Subscription Shares	Total interest following the Subscription	Percentage of enlarged share capital following Admission, pre completion of the Offers
Ken Kroeger	5,139,768*	388,500	5,528,268*	0.38%

*Includes Ordinary Shares and vested shares issued in 2012, still held by trustee.

Related Party Transactions

Substantial shareholder

V S Industry Berhad ("**VSI**") through its wholly owned subsidiary V S International Venture Pte. Ltd. has conditionally agreed to subscribe for 45,000,000 Subscription Shares under a subscription agreement at the Placing Price. As a substantial shareholder of the Company, VSI is a related party for the purposes of the AIM Rules for Companies. The independent directors (being all of the Directors, excluding YK Ng) consider, having consulted with the Company's nominated adviser, finnCap, that the terms of the subscription by VSI are fair and reasonable insofar as the Company's shareholders are concerned.

Director

Ken Kroeger has conditionally agreed to subscribe for 388,500 Subscription Shares under a subscription agreement at the Placing Price. As a director of the Company, he is a related party for the purposes of the AIM Rules for Companies. The independent directors (being all of the Directors, excluding Ken Kroeger) consider, having consulted with the Company's nominated adviser, finnCap, that the terms of the subscription by Ken Kroeger are fair and reasonable insofar as the Company's shareholders are concerned.

Total Voting Rights

Subject to shareholder approval at the General Meeting and no Ordinary Shares being issued between the date of this announcement and the General Meeting, following the issue of the Placing Shares and the Subscription Shares, the total issued share capital of the Company will be 1,450,759,779 Ordinary Shares. Accordingly, as at 16 January 2017, the Company will have 1,450,759,779 Ordinary Shares in issue with no shares held in treasury. Therefore, the total number of voting rights in the Company will be 1,450,759,779 and this figure may be used by shareholders as the denominator for the calculations by which they will determine whether they are required to notify their interest in, or a change to their interest in Seeing Machines.

Details of the Australian Offer and Overseas Offer

The Offers, when combined, seek to raise up to £2 million in aggregate (approximately AUD 3.4 million) at an issue price of 4 pence per Ordinary Share or an AUD equivalent.

Overseas Offer

The Company proposes to invite existing shareholders with registered addresses in the United Kingdom or Ireland to subscribe for new Ordinary Shares ("**Overseas Offer**"). Those shareholders, with registered addresses in the United Kingdom or Ireland, entered on the register at 6.00 p.m. (London time) on 12 December 2016 (the "**Record Date**") will be entitled to participate in the Overseas Offer. Such qualifying shareholders will be able to apply for new Ordinary Shares at 4 pence per new Ordinary Share but, if the aggregate applications under the Australian Offer and Overseas Offer exceed £2 million, shareholders will be scaled back at the Directors' discretion. The Board of the Company also reserves the right to issue shares to third parties in the event of a shortfall.

The circular and application form for the Overseas Offer, including an expected timetable, will be sent to all qualifying shareholders shortly and will also be available at www.seeingmachines.com. The Overseas Offer will not be underwritten and the entitlement to participate in the Overseas Offer cannot be sold or otherwise transferred. The Overseas Offer will be subject to shareholders approving the Placing and Subscription, and to the new Ordinary Shares to be issued under the Overseas Offer being admitted to trading on AIM. Qualifying shareholders should consider the circular in deciding whether to subscribe for the shares being offered to them and will need to complete the application form that accompanies that document.

Australian Offer

The Company proposes to invite certain eligible existing shareholders with registered addresses in Australia to subscribe for new Ordinary Shares ("**Australian Offer**"). The invitation may only be accepted by shareholders to whom disclosure is not required under section 708 of the Australian Corporations Act (such as sophisticated or professional investors, clients of a financial services licensee, or senior managers of the Company). The Company will determine eligibility for participation in the Australian Offer as at 5.00 a.m. (Australian Eastern Daylight Time) on 13 December 2016. Such eligible shareholders will be able to apply for new Ordinary Shares at an AUD equivalent of 4 pence per new Ordinary Share, but if the aggregate amount raised under the Australian Offer and Overseas Offer exceeds £2 million,

shareholders will be scaled back at the Directors' discretion, and in accordance with the Australian offer document, the constitution and all applicable laws. The Board of the Company also reserves the right to issue shares to third parties in the event of a shortfall, also in accordance with the Australian offer document, the constitution and all applicable laws.

The circular and application form for the Australian Offer, including details of which shareholders may accept the invitation and an expected timetable, will be sent to existing shareholders shortly and will also be available at www.seeingmachines.com. The Australian Offer will not be underwritten and the entitlement to participate in the Australian Offer cannot be sold or otherwise transferred. The Australian Offer will be subject to shareholders approving the Placing and Subscription, and to the new Ordinary Shares to be issued under the Australian Offer being admitted to trading on AIM. Eligible participants should consider the circular in deciding whether to subscribe for the shares being offered to them and will need to complete the application form that accompanies that document.

Prior to publication, certain information contained within this announcement was deemed to constitute inside information for the purposes of Article 7 of EU Regulation 596/2014. Upon publication of this announcement, this information is now considered to be in the public domain.

Enquiries:

Seeing Machines Limited

www.seeingmachines.com / +61 2 6103 4700

Ken Kroeger, Managing Director and CEO

Ken.Kroeger@seeingmachines.com

Media inquiries

marketing@seeingmachines.com

finnCap Ltd, Broker for Seeing Machines

Ed Frisby / Emily Watts, Corporate Finance
Joanna Scott, Corporate Broking

+44 20 7220 0500

Newgate, Investment Communications for Seeing Machines

Bob Huxford

Tel: +44 20 7653 9848 / Mob: +44 7469 154 806

Bob.huxford@newgatecomms.com

Adam Lloyd

Tel: +44 20 7653 9842 / Mob: +44 7966 609 084

Adam.loyd@newgatecomms.com

About Seeing Machines

[Seeing Machines](http://www.seeingmachines.com), (AIM: SEE) is focused on operator monitoring and intervention sensing technologies and services. With more than 15 years of experience, Seeing Machines uses advanced detection and prevention safety assistance technologies to track eye and facial movement in order to monitor fatigue, drowsiness and distraction events, such as microsleeps, texting and cell phone use as they occur, while providing for a real-time intervention strategy, which improves operator, driver and environmental safety, preserves assets, and reduces risk. Seeing Machines'

technology is used worldwide across the automotive, mining, transport and aviation industries; as well as many of the leading academic research groups and transportation authorities. Seeing Machines is headquartered in Australia and has offices in Tucson, Arizona and Mountain View, California. The Company counts Caterpillar, Electro Motive Diesel, Progress Rail, Boeing, Takata, SEMCo, and Eye Tracking Inc among its partners.

Forward-looking statements

This announcement may include certain “forward-looking statements” and “forward-looking information” under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterised by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Assumptions upon which such forward-looking statements are based include that all required third party regulatory and governmental approvals will be obtained. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions and other risk factors discussed or referred to in this announcement and other documents filed with the applicable securities regulatory authorities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.