SPOOKFISH LIMITED
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Spookfish Limited
ABN:	24 123 511 017
Reporting period:	For the year ended 31 December 2016
Previous period:	For the year ended 31 December 2015

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2. Results for announcement to the market

				$
Revenues from ordinary activities	up	83%	to	2,535,547
Loss from ordinary activities after tax attributable to the owners of Spookfish Limited	up	1%	to	(8,054,784)
Loss for the year attributable to the owners of Spookfish Limited	up	1%	to	(8,054,784)

Dividends

	Amount per security *Cents*	Franked amount per security *Cents*
Dividend for the year ended 31 December 2016	Nil	Nil
Dividend for the year ended 31 December 2015	Nil	Nil

Comments

Please refer to the Operations Report at page 4 of the 2016 Annual Report for a review of the Group's operations and corporate developments during the year ended 31 December 2016.

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3. Net tangible assets

	Reporting period *Cents*	Previous period *Cents*
Net tangible assets per ordinary security	1.01	0.87

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4. Control gained over entities

Name of entities	Spookfish Australia Pty Limited
Date control gained	22 November 2016

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period	Nil
Profit/(loss) from ordinary activities before income tax of the controlled entities for the whole of the previous period	(5,562,469)

5. Loss of control over entities

Name of entities (or group of entities)	N/A
Date control lost	N/A

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period	Nil
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period	Nil

6 Details of associates and joint ventures

None.

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7. Audit qualification or review

Details of audit/review dispute or qualification:

The financial statements have been audited and an unqualified opinion has been issued.

8. Attachments

Details of attachments:

The Annual Report of Spookfish Limited for the year ended 31 December 2016 is attached.

9. Signed

_______________________________ Date: 28 February 2017

Jason Marinko
Director
Perth

SPOOKFISH LIMITED
AND CONTROLLED ENTITIES

ABN 24 123 511 017

ANNUAL REPORT
31 DECEMBER 2016

CONTENTS

CORPORATE INFORMATION

Directors
Mr Jason Marinko (Executive Chairman)
Mr Simon Cope (Executive Director)
Ms Shannon Robinson (Non-Executive Director)

Joint Company Secretaries
Ms Shannon Robinson
Mr Ian Magee

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Telephone: +61 (8) 6365 5626

Postal Address
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Bentley DC
Bentley WA 6983

Auditor
RSM Australia Partners
8 St Georges Terrace
Perth WA 6000

Share Registry
Computershare Investor Services Pty Ltd
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172 St Georges Terrace
Perth WA 6000
Telephone: 1300 850 505

Internet Address
www.spookfish.com

Stock Exchange Listing
Australian Securities Exchange
(Home Exchange : Perth, WA)

ASX Code

Shares	SFI

Country of Incorporation & Domicile
Australia

CHAIRMAN'S LETTER

Dear Fellow Shareholders

The Board is pleased to present the 2016 Annual Report for Spookfish Limited.

2016 has truly been a transformational year for Spookfish, both in terms of the development of its technology and the execution of its global rollout strategy, as the company continues to develop and commercialise its proprietary next generation aerial imaging capture technology in Australia and North America.

During 2016 Spookfish entered into a deep strategic partnership with EagleView for the development and use of Spookfish camera systems in North America. EagleView is a leading North American provider of aerial imagery, data analytics and GIS solutions.

The strategic partnership provides strong validation for the Spookfish technology and by partnering with EagleView, Spookfish is able to leverage EagleView's existing infrastructure and distribution channels to quickly achieve scale in North America without the usual time, cost, market access and competition risks associated with entering new offshore markets. This also provides for the expansion of the rollout of Spookfish technology in other geographies on a large scale to take advantage of significant global market opportunities.

Eagleview, along with the strong support of its parent company Vista Equity Partners, has proven to be a valuable partner by making positive contributions to the development of our technology and opening up product and market opportunities that otherwise may not have been possible in such a short time.

Spookfish has developed and built the next generation 1.5 camera system for EagleView to use in North America and Spookfish to use in Australia. This system is currently undergoing pre-delivery testing and burn-in whilst progressing along the path to certification in both Australia and North America. The installation kit for the first EagleView aircraft modification has been shipped to the US and the camera system is scheduled to be shipped in March 2017.

The Generation One camera system has been significantly upgraded to replicate the specifications of the next generation 1.5 camera system built for EagleView in preparation for commercial launch in Australia and to support EagleView's North American operations.

On behalf of the Board and the Spookfish team, I thank you for your ongoing support and look forward to an exciting 2017.

Yours faithfully,

Jason Marinko
Executive Chairman

OPERATIONS REPORT

Operations

During the financial period, Spookfish undertook extensive commercial upgrades to its Generation One data capture system. All of the necessary flight testing was performed to demonstrate compliance with the various Civil Aviation Safety Authority ('CASA') design requirements, and along with the Air Operators Certificate granted in December 2015, provides the platform for the continued development of the Spookfish technology roadmap for higher/faster aircraft and international operations. The Generation One system was subsequently released from 'experimental' category to 'normal' category to allow commercial operations.

Spookfish strengthened and expanded its broad intellectual property portfolio for high productivity, high resolution aerial surveying with the filing of a further four patent applications – a key milestone towards enabling commercialisation. Spookfish also received a clear International Preliminary Report on Patentability for its first Patent Co-operation Treaty application.

In 2016 Spookfish signed a transformational North American strategic partnership agreement with EagleView, a North American market leading provider of aerial imagery, data analytics and GIS solutions. EagleView is owned by Vista Equity Partners, a leading North American software and technology focused private equity firm with over US$28 billion in cumulative capital commitments. The strategic partnership agreement with EagleView validates Spookfish's technology and enables Spookfish to quickly achieve large scale international market penetration. EagleView invested $6 million via a convertible note to support and accelerate Spookfish's research and development programme and to facilitate the near term rollout of Spookfish capture systems in North America. Spookfish and EagleView agreed system specifications and signed a Deliverable Programme Plan for the first North American system. EagleView and Spookfish began collaborating on the development of new technologies and additional domestic and international sales opportunities.

The Generation One system was further upgraded to replicate the specifications of the next generation 1.5 camera system being built for EagleView in North America. Sample surveys were undertaken during the financial period at various resolutions, including ultra-high resolution, sub three-quarter inch resolution imagery, which have been captured and delivered to EagleView in line with their specific requirements.

Spookfish acquired two additional aircraft for design and installation purposes and for flight testing of the EagleView specification system and then subsequently for commercial use by Spookfish in Australia. Revised specifications of the first release EagleView system were developed resulting in a more flexible, higher performance platform for North American operations and an accelerated rollout. EagleView and Spookfish continued to collaborate extensively on the development of new technologies that improve the capability and performance of Spookfish technology and accelerate Spookfish's development and long term commercialisation roadmap.

During the financial period, Spookfish selected NEXTDC Limited, Australia's leading Data-Centre-as-a-Service provider, to co-locate its scalable processing infrastructure and public cloud connectivity services. The installation and commissioning of the processing cluster at NEXTDC for the Australian commercialisation program has been completed. Significant refinements to the Spookfish data processing system, and also to its web-based data delivery and billing systems, were undertaken in preparation for commercial launch in Australia and to support EagleView's North American operations.

Production specification surveys for the Australian commercialisation program were undertaken in 2016 and real-world system performance has significantly exceeded expectations.

The first flight of the EagleView camera system took place successfully with the camera pod having no perceptible impact on aircraft handling. CASA phase 1 conformity verification inspections completed with CASA and the FAA cooperating to complete the certification programme as quickly as possible.

Subsequent to the financial period end, world-renowned photogrammetry expert, Dr. Clive Fraser, validated the very high metric integrity and geospatial accuracy of the Spookfish system and Eagleview strengthened its partnership with Spookfish by funding a major research and development project and subsidising a significant production run of customised sensors for use in Spookfish camera systems being deployed in Australia and North America.

Corporate

During 2016, the Company was pleased to welcome Mr Simon Cope (Spookfish co-founder and Chief Technology Officer) to the Spookfish Board as an Executive Director. Mr Cope's vast industry experience is of great value to the Board as the Company transitions from development of its Generation One capture system to commercial operations in Australia and the development of new technologies for the North American and other international markets.

Pursuant to the strategic partnership with EagleView and following necessary shareholder approvals, 100,045,583 convertible notes following an investment of $6m, 52,655,569 Tranche 1 Options ($0.09; 10 August 2021), 54,261,260 Tranche 2 Options ($0.12; 10 August 2021) and 42,800,000 Milestone Options ($0.06; 28 February 2020) were issued to EagleView.

During 2016, the Company issued 13,582,143 ordinary shares on exercise of options. In October 2016, the Company issued 3,664,622 performance rights granted under the Spookfish Performance Rights Plan approved by shareholders at the general meeting held on 23 December 2014, of which 1,221,544 vested performance rights were converted to ordinary shares. In July 2016, the Company issued 2,000,000 unlisted options ($0.086; 4 July 2017) issued pursuant to investor relations service mandate.

In June 2016, the Company issued 12,500,000 unlisted options ($0.04; 21 June 2021) pursuant to Mr Marinko's executive package in accordance with the Option Share Trust Plan approved by shareholders and vesting in accordance with shareholder approved resolution.

The operations of the Group during the period have primarily been funded from a combination of funds on hand at 1 January 2016, issue of convertible notes with a value of $6,002,735, the net proceeds of $679,107 from the conversion of options and from research and development incentive rebates of $2,439,725.

At 31 December 2016 the Group had cash reserves of $6,788,249 (2015: $6,694,125) and the loss for the year after income tax was $8,054,784 (2015: $7,993,989).

DIRECTORS' REPORT

Your Directors present the following report on Spookfish Limited and the entities it controlled (referred to hereafter as 'the Group') for the year ended 31 December 2016 and the independent auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors and Officers

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Jason Marinko
Shannon Robinson
Simon Cope [1]
Mike von Bertouch [2]

Notes:
1. Mr Cope was appointed Executive Director effective 20 April 2016.
2. Mr von Bertouch resigned as Executive Director effective 20 April 2016.

Joint Company Secretaries

The company secretaries are Ms Shannon Robinson and Mr Ian Magee.

Principal Activities

The principal activities of the Group are development and commercialisation of premium geospatial imagery products and services.

Financial Position

The net assets of the Group are $8,889,898 (2015: $13,631,672) and the Group's working capital, being current assets less current liabilities, is $333,595 (2015: $6,149,998).

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the parent or controlled entities during the financial period.

Subsequent Events

On 9 February 2017 the Company issued 250,000 ordinary shares upon the exercise of unlisted options at an exercise price of $0.05 and 984,562 ordinary shares were issued upon conversion of vested performance rights. On 23 February 2017 the Company issued 1,055,000 ordinary shares upon the exercise of unlisted options at an exercise price of $0.05.

No other matter or circumstance has arisen since the end of the financial year to the date of this report which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future Developments

The Group will continue to develop and refine its highly innovative technology and is preparing for the commercial launch of the Generation One system.

Environmental Regulation and Performance

The operations and activities of the Company may be subject to state and federal laws and regulations concerning the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

DIRECTORS' REPORT

The Company's current activities are not subject to any particular and significant environmental regulation under the laws of any county in which it operates. The Directors are mindful of the regulatory regime in relation to the impact of the Group's activities on the environment. There have been no known breaches by the Group during the year.

Information on Directors

Jason Marinko	-	Executive Chairman
Qualifications	-	MBA, GAICD, F Fin, B.Com
Appointed	-	21 August 2014
Experience	-	Mr Marinko has extensive senior corporate executive and equity capital markets experience. He previously held associate director positions at Azure Capital, where he managed equity capital raisings for private and public companies, and Euroz Corporate, where he advised on small and mid-cap mergers, acquisitions and equity capital raisings. Mr Marinko was formerly the CEO of Little World Beverages Limited and Little Creatures Brewing Pty Ltd and has held senior corporate strategy roles with Qantas and SingTel Optus. He is a fellow of the Financial Services Institute of Australasia (FINSIA), a graduate of the Australian Institute of Company Directors (AICD), and has an MBA from INSEAD Business School in France.
Interest in Shares and Options	-	15,000,000 ordinary fully paid shares and 12,500,000 unlisted options exercisable at $0.04 on or before 21 June 2021.
Current directorships	-	Nil
Former directorships held in past three years	-	Nil

Simon Cope	-	Executive Director and Chief Technical Officer
Qualifications	-	B.Sc.
Appointed	-	20 April 2016
Experience	-	Simon has over 20 years working in the geospatial imaging technology field, having performed a range of roles in early stage start-ups to multi-nationals including Chief Architect at Landgate, Western Australia's primary source of land information and geographic data; Spatial Architect at Ajilon, a leading IT services consultancy; CTO at Nearmap Ltd; Chief Technologist at ERDAS LLC, a division of Swiss based Leica Geosystems; Founder of fotoMuse Pty Ltd which was acquired by Leica Geosystems; and Chief Software Architect at Earth Resource Mapping Ltd. Simon is a recognised senior technology leader with a proven track record in delivering market disrupting technologies and innovative products in the geospatial imagery sector from prototype stage through to large-scale commercial production.
Interest in Shares and Options	-	25,577,065 ordinary fully paid shares.
Current directorships	-	Nil
Former directorships held in past three years	-	Nil

Shannon Robinson	-	Non-Executive Director and Joint Company Secretary
Qualifications	-	LLB, B.Com, AGIA, GAICD
Appointed	-	19 April 2013

Experience	-	Ms Robinson is a former corporate lawyer and corporate advisor with over 10 years' experience in providing general corporate, capital raising, transaction and strategic advice to numerous ASX and AIM listed and unlisted companies.
Interest in Shares and Options	-	1,000,000 ordinary fully paid shares and 2,000,000 unlisted options exercisable at $0.025 on or before 9 February 2019.
Current directorships	-	Fastbrick Robotics Limited (ASX: FBR), Yojee Limited (ASX: YOJ)
Former directorships held in past three years	-	Equator Resources Limited (ASX: EQU) – resigned 20 September 2016, Black Mountain Resources Limited (ASX | AIM: BMZ) – resigned July 2014, Kaboko Mining Limited (ASX: KAB) – resigned June 2014

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Number of Meetings Eligible to Attend	Number of Meetings directors' attended
Number of meetings held	13	13
Number of meetings attended:		
Director		
Mr Jason Marinko	13	13
Mr Simon Cope	8	8
Ms Shannon Robinson	13	13
Mr Mike von Bertouch	5	5

Committee Membership

As at the date of this report the Company does not have a Remuneration, Nomination or Audit Committee as their roles are undertaken by the full Board.

Retirement, election and continuation in office of directors

In accordance with the Constitution, one Director will retire as a Director at the annual general meeting and, being eligible, offers himself for re-election.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Spookfish Limited support the ASX Principles and Recommendations of Corporate Governance.

Shares under Option

Unissued ordinary shares of Spookfish Limited under option at the date of this report are as follows:

Class	Expiry Date	Exercise price	Number Under Option
Unlisted options	30 November 2018	$0.050	57,612,857
Unlisted options	3 February 2019	$0.025	7,500,000
Unlisted options	21 June 2021	$0.040	12,500,000
Unlisted options	4 July 2017	$0.086	2,000,000
Unlisted tranche 1 options	10 August 2021	$0.090	52,655,569
Unlisted tranche 2 options	10 August 2021	$0.120	54,261,260
Unlisted milestone options	28 February 2020	$0.060	42,800,000
Unlisted performance rights	31 December 2019	-	1,458,516
Total			**230,788,202**

Shares Issued on the Exercise of Options

During the financial year 13,582,143 ordinary shares were issued on exercise of options and 1,221,544 ordinary shares issued on conversion of vested performance rights. A further 1,305,000 ordinary shares were issued on exercise of options and 984,562 ordinary shares issued on conversion of vested performance rights after balance date and up to the date of this report.

Shares under Incentive Scheme

As at the date of this report, Incentive Shares on issue are as follows:

Date Issued	Issue Price of Rights	Expiry Date	Number Under Rights
21 August 2014	$0.04	21 August 2019	2,500,000
17 December 2014	$0.04	21 August 2019	5,000,000
19 February 2015	$0.04	21 August 2019	5,000,000

The shares were issued to Mr Marinko's nominee and are held in escrow pending repayment of the associated incentive scheme loan with a balance at year-end of $500,000 (2015: $500,000).

There have been no ordinary shares issued or loan amounts repaid under an incentive scheme since 31 December 2015 and up to the date of this report.

During the year the Company issued to employees 3,664,622 performance rights pursuant to the Spookfish Performance Rights Plan, of which 1,221,544 vested and for which ordinary shares were issued. Since the balance date a further 1,221,541 performance rights have vested, from which 984,562 ordinary shares have been issued following exercise.

Indemnifying Officers

The Company has agreed to indemnify each of the Directors from liabilities incurred while acting as a director and to grant certain rights and privileges to the Director to the extent permitted by law.

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate, incurred any expense in relation to the indemnification.

The Company has also paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company or a controlled entity in the Group, other than conduct involving a wilful breach of duty in relation to the Group. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

The Group is not party to any other legal proceedings at the present time, nor have any significant claims been made against the Group.

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2016 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its Regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, key management personnel ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent.

Remuneration Policy

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Company bases its remuneration of employees and consultants on industry standards.

Performance Linked Compensation

Due to the size and nature of the Company's operations, the remuneration structure is not directly linked to shareholder wealth. There are currently no short or long term incentives provided other than as summarised above.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

Due to the size and nature of the Company's operations, the remuneration structure is not directly linked to shareholder wealth. The remuneration policy has been tailored to increase goal congruence between shareholders and executives primarily through the issuance of Incentive Shares. Incentive options and performance share rights are valued using the Binomial Option Pricing model and expensed to the Group over the vesting period.

Company Performance

Due to the current early stage of the Company's growth it is not appropriate at this time to evaluate the Company's financial performance using generally accepted measures such as revenue, EBITDA and profitability; this assessment will be developed over the next few years.

The following information provides a summary of the Company's financial performance for the last five years:

	December 2016	December 2015	December 2014	December 2013	June 2012
Net Loss	$8,054,784	$7,993,989	$956,811	$1,629,658	$4,688,220
Factors considered to affect shareholder return:					
Share price at year end	$0.068	$0.052	$0.056	$0.009	$0.027
Market capitalisation	$56.8M	$42.7M	$20.5M	$2.0M	$6.5M

During the years stated above there were no returns of capital to shareholders and no dividends paid.

Remuneration Committee

The Company does not have a formal Remuneration Committee. The full Board attends to the matters normally attended to by a Remuneration Committee.

Non-Executive Director Remuneration

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Payment to the non-executive directors is by way of fixed salary and is reviewed annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group. Further, shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

Remuneration Report (continued)

The directors receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits. There are no other short or long term incentives paid to non-executive directors.

Executive Director & Other Key Management Personnel Remuneration

The Company's pay and reward framework is designed to ensure reward structures are aligned with shareholders' interest by:

- being market competitive to attract and retain high calibre individuals;
- rewarding high individual performance;
- recognising the contribution of each key management personnel to the contributed growth and success of the Company; and
- ensuring that long term incentives are linked to shareholder value.

To achieve these objectives, the remuneration of key management personnel may comprise a fixed salary component and an 'at risk' variable component linked to performance of the individual and the Company as a whole. Fixed remuneration comprises base salary, superannuation contributions and other defined benefits. 'At risk' variable remuneration comprises both short term and long term incentives.

The pay and reward framework for key management personnel may consist of the following areas:

(a) Fixed Remuneration – base salary
(b) Variable Short Term Incentives
(c) Variable Long Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

(a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

(b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable.

(c) Variable Remuneration – Long Term Incentives (LTI)

In August 2014 the Company established the Spookfish Limited Employee Share Plan, as approved by shareholders of the plan at general meeting in January 2015, which applies to all directors and executives of the Company, to link rewards of key management personnel to Company performance.

In January 2015 the Company established the Spookfish Limited Performance Rights Plan, following shareholder approval of the plan at general meeting in December 2014.

In June 2016 the Company established the Spookfish Option Share Trust, as approved by shareholders at the general meeting in May 2016

In April 2016 the Company agreed with director Jason Marinko to cancel the unvested tranches of rights previously issued under the Employee Share Plan and in June 2016 options were issued to Mr Marinko under the Option Share Trust. In October 2016 performance share rights were issued to employees under the Performance Rights Plan.

Remuneration Report (continued)

Service Agreements

Remuneration arrangements for KMP are formalised in employment agreements, the details of which are below.

Director and key management personnel service agreements:

Name	Term of agreement	Base salary including superannuation	Termination benefit
J Marinko (Executive Chairman) [1]	No set term	$273,750	6 months of salary[5]
M von Bertouch (KMP) [2]	No set term	$250,000	6 months of salary[5]
S Cope (Executive Director) [3]	No set term	$273,750	6 months of salary[5]
S Robinson (Non-Executive Director) [4]	No set term	$98,550	3 months of salary[5]
G Perkins (KMP)	No set term	$240,900	6 months of salary[5]

Notes:

1. Mr Marinko also has an incentive share and option package as part of his employment, details of which are summarised below.
2. Mr von Bertouch resigned as a director of the Company on 20 April 2016 but continues as a Strategic Operations Director and as a director of several controlled entities. He is engaged via a consulting agreement and does not receive superannuation entitlements. In addition, Mr von Bertouch has a beneficial interest in a key service provider, details of which are summarised below.
3. Mr Cope was appointed as a director of the Company on 20 April 2016.
4. This includes both services provided as director as well as for services provided in respect to company secretarial and corporate services, details of which are summarised below.
5. Termination benefits are only paid if certain conditions per the service contract have been met.

Key terms of the director service agreements and/or consultancy agreements are summarised as follows:

- The Company and Mr Marinko entered into a director appointment agreement dated 21 August 2014 and upon completion of the Spookfish Transaction on 3 February 2015 he was appointed to the position of Executive Chairman. The executive package for Mr Marinko includes an annual salary and statutory superannuation entitlements, which upon commencement totalled $225,000 together with an executive placement of 2,500,000 ordinary shares at an issue price of $0.035, raising $87,500. Mr Marinko's salary and superannuation entitlements were revised on 3 February 2015 to a total of $273,750.

  In 2014 Mr Marinko was allocated rights to the following ordinary shares on satisfaction of the milestones set out below within 5 years and payment pursuant to a non-interest bearing loan with the Company at a vesting price of $0.04 per share ("Incentive Shares"):
  (a) 2,500,000 shares on the date of appointment;
  (b) 5,000,000 shares on the Company's share price trading at a 5 day vwap of $0.05 or more;
  (c) 5,000,000 shares the Company's share price trading at a 5 day vwap of $0.07 or more;
  (d) 7,500,000 shares the Company's share price trading at a 5 day vwap of $0.10 or more; and
  (e) 5,000,000 shares the Company's share price trading at a 5 day vwap of $0.15 or more.

  As at the date of this Report, the Company has issued 12,500,000 Shares in total pursuant to the incentive share package upon the satisfaction of the vesting conditions of tranches a), b) and c) and the Company has agreed with Mr Marinko to cancel unvested tranches d) and e).

  In June 2016 the company issued 12,500,000 options to the Option Share Trust for the benefit of Mr Marinko, which are exercisable at 4 cents per share on or before 21 June 2021 subject to the following vesting conditions:
  (a) 7,500,000 options upon the Company's share price trading at a 10 day vwap of $0.10 or more; and
  (b) 5,000,000 options upon the Company's share price trading at a 10 day vwap of $0.15 or more.

  In addition, Mr Marinko may qualify to participate in long term and short term incentives schemes at the Board's discretion. Either party may terminate the agreement with at least 6 months' prior written notice and the agreement contains additional provisions considered standard for agreements of this nature.

Remuneration Report (continued)

- Pursuant to a consultancy services agreement for the services to be provided by Structured Design Pty Ltd, via its nominee, Mr von Bertouch was appointed as an Executive Director and Strategic Operations Director of the Group effective from completion of the Spookfish Transaction on 3 February 2015. Pursuant to the agreement, as varied, Mr von Bertouch receives $125,000 (2015: $150,000) per annum for his role as Director and Strategic Operations Director of the Group. In addition, Mr von Bertouch may qualify to participate in long term and short term incentives schemes at the Board's discretion. Either party may terminate the agreement with at least 6 months' prior written notice. The agreement contains additional provisions considered standard for agreements of this nature.

- Spookfish have also entered into a service provider agreement with Innovaero Pty Ltd (Innovaero). Pursuant to the agreement, Innovaero provides aeronautical engineering design and construction services to Spookfish for which the scope and budget are agreed on a project job basis agreed with the Company prior to the commencement of each job. In addition, Innovaero charges a fixed fee of $125,000 (2015: $150,000) per annum in respect of project management provided by Mr von Bertouch in relation to services provided by Innovaero under the service provider agreement. Innovaero is an innovator in aeronautical technology and specialises in aircraft certification, these services are provided as part of the ordinary course of its business. Mr von Bertouch is a principal and shareholder of Innovaero.

- In addition Spookfish was party to an aircraft hire/purchase agreement with Innovaero, as varied, which ended on 6 August 2016. Pursuant to the agreement, Spookfish initially hired an aircraft from Innovaero to use for its Technology Demonstrator data capture system and in August 2016 exercised its option to acquire the aircraft for a cash payment of $45,983 plus GST. Prior to purchasing it, Spookfish paid $4,615.05 plus GST per month including insurance for the exclusive use of the aircraft.

- The Company entered into an executive services agreement with Mr Cope whereby he was appointed as Chief Technical Officer of the Group and director of several controlled entities effective from completion of the Spookfish Transaction on 3 February 2015. Pursuant to the agreement Mr Cope is also required to serve as a director of the Company as nominated, and on 20 April 2016 he replaced Mr von Bertouch as Executive Director. Mr Cope receives remuneration inclusive of superannuation of $273,750 (2015: $301,125) per annum for his role and may qualify to participate in long term and short term incentives schemes at the Board's discretion. Either party may terminate the agreement with at least 6 months' prior written notice. The agreement contains additional provisions considered standard for agreements of this nature.

- The Company and Ms Shannon Robinson entered into a director appointment letter dated on or about 22 April 2013 pursuant to which Ms Robinson acts as a non-executive director of the Company. Ms Robinson has also acted as company secretary of the Company since 30 April 2013. The Company subsequently entered into an executive services agreement with Ms Robinson in respect of the provision of corporate and company secretarial services in December 2014. Pursuant to the agreements, as varied, Ms Robinson receives a salary of $30,000 per annum (excluding superannuation) in respect of non-executive director fees and a salary of $60,000 (2015: $120,000) per annum (excluding superannuation) in respect of corporate and company secretarial services plus superannuation. In addition, Ms Robinson may qualify to participate in long term and short term incentives schemes at the Board's discretion. Either party may terminate the agreement with at least 3 months' prior written notice. The agreement contains additional provisions considered standard for agreements of this nature.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')

At the 2016 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration Report (continued)

Remuneration of key management personnel of the Company and the Group

The remuneration for each director and key management personnel of the Group for the year ended **31 December 2016** was as follows:

	Short Term Benefits			Post-Employment		Share Based Payments		Total	Proportion of remuneration performance related	Fixed remuneration
	Salary $	Other $	Non-Monetary $	Superannuation $	Termination Payment $	Equity $	Options $	$	%	%
Directors										
Jason Marinko [3] Executive Chairman	250,000	-	-	23,750	-	(75,951)	49,399	**247,198**	**(10.7)**	**110.7**
Simon Cope [1] Executive Director	250,000	-	-	23,750	-	-	-	**273,750**	**-**	**100**
Michael von Bertouch [2] Executive Director	-	250,000	-	-	-	-	-	**250,000**	**-**	**100**
Shannon Robinson [4] Non-Executive Director	90,000	-	-	8,550	-	-	-	**98,550**	**-**	**100**
Guy Perkins Strategic Director - Sales	220,000	-	-	20,900	-	-	-	**240,900**	**-**	**100**
Total Remuneration	**810,000**	**250,000**	**-**	**76,950**	**-**	**(75,951)**	**49,399**	**1,110,398**		

Notes:

1. Mr Cope was appointed Executive Director effective 20 April 2016 and a key management person up until his appointment.
2. Mr von Bertouch resigned as Non-Executive Director effective 20 April 2016, but continued in the role of Strategic Director – Operations for the Spookfish Group as a key management person.
3. Details of Incentive shares provided as remuneration to key management personnel are set out below. Each incentive share is convertible into one ordinary share upon achievement of the performance hurdles. No performance right will vest if the conditions are not satisfied, hence the minimum value of the incentive shares set to vest is nil. The assessed fair value at grant date of incentive shares granted is expensed according to the performance or market based conditions attached to the performance hurdle. Performance based and market based hurdles are expensed to each reporting period evenly over the period from grant date to vesting date. The relevant amount is included in the remuneration table above. Fair values at grant date were determined using the share price at grant date. For details on the valuation of incentive shares, including assumptions used, refer to Note 21.
4. Ms Robinson is also engaged to provide company secretarial services.

The amounts disclosed above do not include insurance premiums paid in relation to directors' and officers' liability insurance as the terms of the insurance policy preclude disclosure of these amounts.

Remuneration Report (continued)

Remuneration of key management personnel of the Company and the Group

The remuneration for each director and key management personnel of the Group for the year ended **31 December 2015** was as follows:

	Short Term Benefits			Post-Employment		Share Based Payments		Total	Proportion of remuneration performance related	Fixed remuneration
	Salary $	Other $	Non-Monetary $	Superannuation $	Termination Payment $	Equity $	Options $	$	%	%
Directors										
Stephen Anastos[1] Chairman	4,577	-	-	435	-	-	203,091	**208,103**	**97.6**	**2.4**
Jason Marinko[2] Executive Chairman	244,710	90,498[7]	-	23,247	-	168,745	-	**527,200**	**32**	**68**
Shannon Robinson Non-Executive Director	150,000	-	-	14,250	-	67,000	90,263	**321,513**	**48.9**	**51.1**
Michael von Bertouch[3] Executive Director	-	275,000	-	-	-	-	-	**275,000**	**-**	**100**
Stephen Rice[4] Executive Director	-	180,000	-	-	179,500	-	-	**359,500**	**-**	**100**
Key Management Personnel										
Simon Cope[5] Chief Technical Officer	275,000	-	-	26,125	-	-	-	**301,125**	**-**	**100**
Guy Perkins[6] Strategic Director - Sales	201,667			19,158				**220,825**	**-**	**100**
Total Remuneration	**875,954**	**545,498**	-	**83,215**	**179,500**	**235,745**	**293,354**	**2,213,266**		

Notes:

1. Mr Anastos resigned Chairman and Director effective 3 February 2015.
2. Mr Marinko was appointed Executive Director effective 21 August 2014 and Executive Chairman effective 3 February 2015.
3. Mr von Bertouch was appointed Executive Director effective 3 February 2015.
4. Mr Rice was appointed Executive Director effective 3 February 2015 and resigned effective 31 July 2015.
5. Mr Cope was appointed Chief Technical Officer effective 3 February 2015.
6. Mr Perkins was appointed Strategic Director – Sales effective 3 February 2015.
7. This is the implied benefit provided to Mr. Marinko for the interest free loan.

Remuneration Report (continued)

Share based compensation

(a) Incentive share rights

Key Management Personnel	Grant date	Number of rights granted	Number of shares issued at year end	Average fair value per incentive share granted	Maximum total value of grant yet to vest	Expiry date
2016						
J Marinko[1,2]	21 Aug 2014	12,500,000	12,500,000	$0.022	-	21 August 2019
2015						
J Marinko	21 Aug 2014	25,000,000	12,500,000	$0.022	$205,674	21 August 2019

1. During the year the remaining 12,500,000 of Mr Marinko's unvested incentive share rights were cancelled.
2. Mr Marinko's shares were issued under a remuneration incentive scheme, whereby they remain escrowed until repayment of a loan of $500,000.

(b) Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2016. Shares issued during the year ended 31 December 2015 were as follows:

Name	Date Issued	No of shares	Price	$
J Marinko	19 Feb 2015	5,000,000	$0.040	200,000
S Robinson	26 Jun 2015	1,000,000	$0.067	67,000

(c) Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this year or future reporting years are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Fair value per option
22 Jun 2016	N/A [1]	21 Jun 2021	$0.04	$0.0369 – 0.0387

[1] Options vest on achievement of certain performance conditions

The numbers of options granted to and vesting in directors and other key management personnel during the year are as follows:

Name	No of options granted		No of options vested	
	2016	2015	2016	2015
J Marinko	12,500,000	-	-	-
S Robinson	-	2,000,000	-	2,000,000

The values of options granted, exercised and lapsed for directors and other key management personnel during the year ended 31 December 2016 are as follows:

Name	Options granted $	Options exercised $	Options lapsed $	% of remuneration comprising options
J Marinko	49,399[1]	-	-	20%

[1] $49,399 has been expensed during the year ended 31 December 2016. The total value of the options granted to be expensed over the vesting period is $425,351. Refer to note 18.

Remuneration Report (continued)

Share and option holdings of directors and key management personnel – Year ended 31 December 2016 (Numbers of shares)

(a) Shares

Name	Balance at 1 Jan 2016 No.	Received as remuneration No.	Net change other* No.	Balance at 31 Dec 2016 No.
J Marinko	15,000,000	-	-	15,000,000
S Robinson	1,000,000	-	-	1,000,000
M von Bertouch	33,215,467	-	-	33,215,467
S Cope	25,430,065	-	147,000	25,577,065
G Perkins	19,862,813	-	-	19,862,813
Total	**94,508,345**	**-**	**147,000**	**94,655,345**

(b) Options

Name	Balance at 1 Jan 2016 No.	Received as remuneration No.	Net change other* No.	Balance at 31 Dec 2016 No.
J Marinko	-	12,500,000	-	12,500,000
S Robinson	2,000,000	-	-	2,000,000
M von Bertouch	-	-	-	-
S Cope	-	-	-	-
G Perkins	-	-	-	-
Total	**2,000,000**	**12,500,000**	**-**	**14,500,000**

Other transactions with key management personnel and their related parties

During the year, subcontract aeronautical engineering and project management services and aircraft lease services with a total value of $2,814,888 were provided to the Group by Innovaero, a company in which Mr von Bertouch is a director and has a beneficial interest. An amount of $295,483 payable to Innovaero as at 31 December 2016 is included in trade and other payables in the consolidated statement of financial position.

All transactions were made on normal commercial terms and conditions and at market rates.

During previous financial years, 12,500,000 shares were issued to Mr Marinko at an issue price of $0.04 in exchange for loan receivable of $500,000. The total loan balance at 31 December 2016 remains at $500,000 and is included in other non-current assets in the statement of financial position. The loan is interest free.

This concludes the remuneration report, which has been audited.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 6 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 6 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included as part of the financial report.

Auditor

RSM Australia Partners continues in office in accordance with Section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors.

Mr Jason Marinko
Executive Chairman
28 February 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Spookfish Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
REVENUES			
Revenue from manufacture of data capture systems	2	2,319,564	-
Costs of sales		(2,319,564)	-
Gross profit		-	-
Interest income		119,263	92,844
Other income	2	2,416,284	1,294,879
Total revenues		2,535,547	1,387,723
EXPENSES			
Technology development & operating expenditure		(1,868,591)	(1,372,320)
Subcontracted research & development		(984,715)	(2,118,576)
Employee benefits expense		(3,451,055)	(2,514,337)
Share based payments expense	18	(2,366,043)	(851,288)
Depreciation & amortisation expense	3	(480,027)	(251,956)
Advertising & marketing expense		(342,310)	(316,960)
Occupancy expense		(204,513)	(164,901)
Exploration expenditure		-	(55,407)
Acquisition transaction expense		-	(1,214,103)
Interest & finance costs		(396,240)	(4,169)
Corporate & other expenses		(496,837)	(517,695)
Total expenses		(10,590,331)	(9,381,712)
(Loss) before income taxes		(8,054,784)	(7,993,989)
Income tax expense	4	-	-
(Loss) for the year		**(8,054,784)**	**(7,993,989)**
Other comprehensive income/(loss)		-	-
Total comprehensive loss for the year		**(8,054,784)**	**(7,993,989)**
Earnings/(Loss) per share		**Cents**	**Cents**
Basic earnings/(loss) per share	7	(0.97)	(1.14)
Diluted earnings/(loss) per share	7	(0.97)	(1.14)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	8	6,788,249	6,694,125
Trade and other receivables	9	421,434	190,070
TOTAL CURRENT ASSETS		**7,209,683**	**6,884,195**
NON CURRENT ASSETS			
Plant and equipment	11	1,528,664	446,062
Intangible assets	12	6,496,840	6,504,813
Other assets	13	530,799	530,799
TOTAL NON CURRENT ASSETS		**8,556,303**	**7,481,674**
TOTAL ASSETS		**15,765,986**	**14,365,869**
CURRENT LIABILITIES			
Trade and other payables	14	676,568	630,304
Borrowings	15	6,002,735	-
Provisions	16	196,785	103,893
TOTAL CURRENT LIABILITIES		**6,876,088**	**734,197**
TOTAL LIABILITIES		**6,876,088**	**734,197**
NET ASSETS		**8,889,898**	**13,631,672**
EQUITY			
Issued capital	17	37,514,242	36,953,163
Reserves	17	4,687,772	2,321,729
Other equity	17	385,888	-
Accumulated losses		(33,698,004)	(25,643,220)
TOTAL EQUITY		**8,889,898**	**13,631,672**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve $	Foreign Currency Reserve $	Non-Controlling Interest $	Other Equity $	Total $
Balance at 1 January 2015	**19,716,199**	**(17,510,132)**	**1,814,502**	**(83,521)**	**(55,578)**	**-**	**3,881,470**
Loss for the year	-	(7,993,989)	-	-	-	-	(7,993,989)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	**(7,993,989)**	-	**-**	**-**	**-**	**(7,993,989)**
Transactions with owners, in their capacity as owners, and other transfers:							
Securities issued during the year (net of costs)	17,236,964	-	-	**-**	**-**	**-**	17,236,964
Share based payments	**-**	**-**	507,227	**-**	**-**	**-**	507,227
De-recognition of non-controlling interest on disposal of subsidiaries	-	(139,099)	-	83,521	55,578	-	-
Balance at 31 December 2015	**36,953,163**	**(25,643,220)**	**2,321,729**	**-**	**-**	**-**	**13,631,672**
Balance at 1 January 2016	**36,953,163**	**(25,643,220)**	**2,321,729**	**-**	**-**	**-**	**13,631,672**
Loss for the year	-	(8,054,784)	-	-	-	-	(8,054,784)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	**(8,054,784)**	-	**-**	**-**	**-**	**(8,054,784)**
Transactions with owners, in their capacity as owners, and other transfers:							
Share options exercised	679,107	-	-	**-**	**-**	-	679,107
Issue of convertible notes	-	-	-	**-**	**-**	385,888	385,888
Share issue expenses from prior periods	(118,028)	-	-	**-**	**-**	-	(118,028)
Share based payments	-	-	2,366,043	**-**	**-**	-	2,366,043
Balance at 31 December 2016	**37,514,242**	**(33,698,004)**	**4,687,772**	**-**	**-**	**385,888**	**8,889,898**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
- Receipts from customers		2,097,287	-
- Payments to suppliers and employees		(9,667,191)	(6,428,807)
- Payments for exploration and evaluation		-	(55,408)
- Receipts from interest received		131,655	72,212
- Receipts from government grants and rebates		2,416,284	1,294,879
Net cash (used in) operating activities	19(i)	(5,021,965)	(5,112,124)
Cash flows from investing activities			
- Purchase of plant and equipment		(1,447,725)	(416,493)
- Purchase of software licenses		-	(28,493)
- Net cash added in business acquired and disposed	25	-	531,607
Net cash (used in) / provided by investing activities		(1,447,725)	86,621
Cash flows from financing activities			
- Proceeds from issue of shares		-	10,576,700
- Proceeds from exercise of share options		679,107	-
- Proceeds from issue of convertible notes		6,002,735	-
- Share issue expenses		(118,028)	(663,579)
Net cash provided by financing activities		6,563,814	9,913,121
Net increase in cash held		94,124	4,887,618
Cash at beginning of financial period		6,694,125	1,806,507
Cash at end of financial period	8	**6,788,249**	**6,694,125**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Spookfish Limited and controlled entities ("the Group").

Spookfish Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The separate financial statements of the parent entity, Spookfish Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report was authorised for issue on 28 February 2017 by the directors of the Company.

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

(c) Functional Currency

The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(d) Adoption of new and revised standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

(e) Principles of Consolidation

A controlled entity is any entity over which Spookfish Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended. Where controlled entities have entered (left) the consolidated group during the period, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(f) Income Tax

The income tax revenue for the period comprises current income tax income and deferred tax income.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax assets are therefore measured at the amounts expected to be recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax income is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all plant and equipment is depreciated on a declining balance basis over the assets useful life to the group commencing from the time the asset is held ready for use.

The depreciation rate used for plant and equipment is 25% - 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(h) Financial Instruments

(i) Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

(ii) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(iii) Classification and Subsequent Measurement

(A) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with the Group’s documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(B) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

(C) Held-to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(D) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see below), are recognised as profit or loss.

(E) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

(h) Financial Instruments (Cont.)

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets (except for deferred tax assets) to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation current are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(k) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(m) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. These largely relate to benefits accruing to employees in respect of wages and salaries and annual leave.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(n) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the statement of financial position.

Deposits held at call with banks and other short-term highly liquid investments with original maturities beyond three months have been separately identified from cash and cash equivalents.

(o) Revenue

Construction work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of indirect taxes.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Indirect Taxes (Goods and Services Tax and other similar taxes)

Revenues, expenses and assets are recognised net of the amount of indirect tax, except where the amount of indirect tax incurred is not recoverable from the relevant taxing authority. In these circumstances the indirect tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of indirect tax.

The net amount of indirect tax recoverable from, or payable to, the relevant taxing authority is included as a current asset or liability in the statement of financial position.

(q) Indirect Taxes (Goods and Services Tax and other similar taxes) (Cont.)

Cash flows are included in the statement of cash flows on a gross basis. The indirect tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxing authority are classified as operating cash flows.

(r) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(s) Share Based Payments

The Group provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using an option pricing model using measurement inputs of share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the option (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

(t) Issued Capital

Issued and paid up capital is recognised in equity at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) Earnings Per Share

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for a bonus element.

Diluted EPS is calculated as net earnings attributable to members, adjusted for:

costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Option Reserve

The option reserve records items recognised as expenses on valuation of director and employee share options.

(w) Foreign Exchange Reserve

The foreign exchange reserve records unrealised gains or losses due to movement in foreign currency exchange rate translations.

(x) Critical accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an option pricing model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(ii) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(y) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(z) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 22.

(aa) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(bb) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

(bb) Fair value measurement (Cont.)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(cc) Intangible assets

Intellectual property rights - Geospatial imagery capture & processing technology

Intellectual property rights are recognised at cost of acquisition less accumulated amortisation and any impairment losses. For intellectual property rights not yet in use, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

(dd) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

(i) AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Group.

(ii) AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(dd) New Accounting Standards and Interpretations not yet mandatory or early adopted (Cont.)

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Group.

2. REVENUE

	2016	2015
	$	$
Sales Revenue		
Revenue from manufacture of data capture systems	2,319,564	-
Other income		
Research & development incentives	2,439,725	1,171,022
Other government grants	(23,441)	123,857
	2,416,284	1,294,879

3. EXPENSES

	2016	2015
	$	$
Depreciation and amortisation		
Depreciation – plant & equipment	472,054	231,435
Amortisation - software	7,973	20,521
	480,027	251,956

4. INCOME TAX EXPENSE

	2016	2015
	$	$
The components of the tax expense/(income) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

(a) The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	2016	2015
Net (loss) before tax	(8,054,784)	(7,993,989)
Prima facie tax benefit on loss before income tax at 30% (2015: 30%)	(2,416,435)	(2,398,197)
Increase in income tax due to:		
Non-deductible expenses	954,088	2,113,148
Current period tax losses not recognised	1,339,602	175,151
Decrease in income tax expense due to:		
Movement in unrecognised temporary differences	226,712	311,174
Deductible equity raising costs	(35,408)	(201,276)
Prior period adjustments	(68,559)	-
Income tax expense attributable to entity	-	-

(b) Unrecognised deferred tax assets

	2016	2015
Deferred tax assets have not been recognised in respect of the following:		
Deductible temporary differences	282,259	345,660
Tax revenue losses	2,466,466	1,887,655
	2,748,725	2,233,315

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(f) occur.

5. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel.

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Short term benefits	Post-employment benefits	Termination payments	Share-based payments	Total
	$	$	$	$	$
31 December 2016					
Total compensation	1,060,000	76,950	-	(26,552)	1,110,398
31 December 2015					
Total compensation	1,330,954	83,215	179,500	529,099	2,213,266

6. AUDITORS' REMUNERATION

	2016 $	2015 $
Remuneration of the auditor for:		
Audit or review of the financial statements	35,000	34,500
Non audit services (Investigating accountant's report)	12,500	-
Non audit services (Research & development incentive advice)	19,300	-
Non audit services (Tax compliance and advice)	26,730	21,100
	93,530	55,600

7. EARNINGS/(LOSS) PER SHARE

	2016	2015
	Cents	Cents
Basic earnings/(loss) per share	(0.97)	(1.14)
Diluted earnings/(loss) per share	(0.97)	(1.14)
	$	$
Loss used in the calculation of basic and diluted EPS	(8,054,784)	(7,993,989)
	Number	Number
Weighted average number of ordinary shares on issue during the period used in the calculation:		
Basic	[illegible]	[illegible]
Diluted	[illegible]	698,901,056

8. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	22,726	20,645
Short term deposits (i)	1,765,523	673,480
Term deposits (ii)	5,000,000	6,000,000
	6,788,249	6,694,125

(i) Short term deposits are cash deposits due on demand paying an interest rate of 0.7% (2015: 1.30%) per annum.

(ii) Term deposits are cash deposits maturing over periods between 1 and 3 months and paying interest rates between 1.70% and 2.00% per annum.

9. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Progress claim receivable for data capture system (i)	223,277	-
Accrued interest on deposits	3,241	15,933
GST recoverable	104,868	140,322
Other debtors and prepayments	90,048	33,815
	421,434	190,070

	2016	2015
(i) Progress claim receivable		
Contract costs incurred	2,319,564	-
Less: Progress billings received	(2,096,287)	-
Add: Profit recognised to date	-	-
Receivable as at reporting date	223,277	-

10. CONTROLLED ENTITIES

Controlled entities of Spookfish Limited:

Name	**Country of Incorporation**	**Ownership Interest 2016 %**	**Ownership Interest 2015 %**
Spookfish Global Operations Pty Ltd	Australia	100	100
Spookfish Innovations Pty Ltd	Australia	100	100
Spookfish Aviation Pty Ltd	Australia	100	100
Geospatial Investments Pty Ltd	Australia	100	100
Mystic Sands Pty Ltd	Australia	100	100
Spookfish Australia Pty Ltd (i)	Australia	100	-
Spookfish Option Share Trust (ii)	Australia	N/A	-

(i) This entity was incorporated on 22 November 2016.
(ii) The Group is deemed to have control over the trust under the accounting standards.

11. PLANT AND EQUIPMENT

	2016 $	2015 $
At cost	2,247,434	684,804
Accumulated depreciation	(718,770)	(238,742)
	1,528,664	446,062

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial period:

	2016	2015
Plant and equipment		
Balance at the beginning of the year	446,062	9,247
Plant and equipment in acquired businesses	-	251,757
Additions	1,554,656	416,493
Disposals and write offs	-	-
Depreciation expense	(472,054)	(231,435)
Carrying amount at the end of the year	1,528,664	446,062

12. INTANGIBLE ASSETS

	2016 $	2015 $
Technology Asset		
At cost- Intellectual property rights[1]	6,496,840	6,496,840
Accumulated amortisation	-	-
	6,496,840	6,496,840
Software		
At cost	-	28,494
Accumulated amortisation	-	(20,521)
	-	7,793
Total	6,496,840	6,504,813

Movements in the carrying amount between the beginning and end of the current financial period:		
Technology Asset		
Balance at the beginning of the year	6,496,840	-
Acquired at acquisition of Spookfish business (refer to note 25)	-	6,496,840
Impairment of assets	-	-
Amortisation expense	-	-
Carrying amount at the end of the year	6,496,840	6,496,840
Software		
Balance at the beginning of the year	7,973	-
Acquired during the year	-	28,494
Impairment of assets	-	-
Amortisation expense	(7,973)	(20,521)
Carrying amount at the end of the year	-	7,973

[1] Intellectual property rights acquired through the acquisition of the Spookfish business during the 2015 financial year are not yet in use and have been tested for impairment by management as at 31 December 2016.

13. OTHER NON-CURRENT ASSETS

	2016 $	2015 $
Loan Receivable – Employee share plan*	500,000	500,000
Security deposit on Bentley office lease	30,799	30,799
	530,799	530,799

*The remuneration arrangements of director Jason Marinko include an incentive package comprising the right to acquire up to 12,500,000 (2015: 25,000,000) ordinary shares on satisfaction of certain hurdles within 5 years and on payment pursuant to a non-interest bearing loan with the Group at a vesting price of $0.04 per share. At year-end, 12,500,000 (2015: 12,500,000) ordinary shares had been issued on satisfaction of hurdles but remain in escrow pending repayment of the outstanding loan. The loan receivable is secured against the shares issued and repayable upon the earliest of:

- 1 month after the date of resignation;
- 6 months after death;
- the date which is 5 years from the date on which the company advances the loan.

14. TRADE AND OTHER PAYABLES

	2016 $	2015 $
Current- Unsecured		
Trade creditors	411,783	226,030
Employment expense related creditors	124,384	304,220
Other creditors and accrued expenses	140,401	100,054
	676,568	630,304

15. BORROWINGS

	2016 $	2015 $
Convertible Notes		
Initial valuation	6,002,735	-
Fair value transfer to equity	(385,888)	-
Finance costs expensed to date	385,888	-
	6,002,735	-

Under the terms of the agreement between the Group and EagleView Technologies Inc ('EagleView') on 31 May 2016, EagleView invested an amount of $6,002,735 through convertible notes with the following terms:

- Number of notes – 100,045,583;
- Face value - $0.06 each;
- At conversion each note will convert into one fully paid ordinary share;
- The notes are interest free;
- The notes do not afford dividends or voting rights; and
- The notes will automatically convert into shares upon EagleView accepting delivery of the first data capture system to be delivered in accordance with the Agreements, which is anticipated to be in the first half of 2017.

The convertible notes are considered to be compound financial instruments and as such have been independently valued in accordance with AASB 132.

16. PROVISIONS

	2016 $	2015 $
Provision for employee benefits	196,785	103,893
	196,785	103,893

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. Based on past experience, the Group does expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

17. ISSUED CAPITAL AND RESERVES

	2016		2015	
	Number	$	Number	$
(a) Issued and paid-up share capital				
Ordinary shares, fully paid	835,213,943	37,514,242	820,410,256	36,953,163
Movements in ordinary shares:				
Opening balance	820,410,256	36,953,163	368,085,005	19,716,199
Issue of shares upon conversion of options at 5.0 cents each	13,582,143	679,107	-	-
Issue of shares upon vesting and conversion of employee performance rights at nil cost	1,221,544	-	-	-
J Marinko performance rights vested and converted to ordinary shares at an issue price of 4 cents	-	-	5,000,000	200,000
Issue of shares to vendors and facilitators for Spookfish acquisition at an issue price of 3.5 cents each in February 2015	-	-	168,400,000	5,894,000
Issue of shares under a prospectus at an issue price of 3.5 cents each in February 2015	-	-	145,000,000	5,075,000
Issue of shares upon conversion of a loan under an agreement with Geospatial Investments Pty Ltd at an issue price of 2.5 cents in February 2015	-	-	20,000,000	500,000
Incentive shares issued to S Robinson at an issue price of 3.5 cents each in June 2015	-	-	1,000,000	67,000
Issue of shares to employees at an issue price of 8.2 cents each in July 2015	-	-	2,100,000	172,200
Issue of shares to contractor at an issue price of 6.0 cents in October 2015	-	-	500,000	30,000
Issue of shares to contractor at an issue price of 6.4 cents in October 2015	-	-	1,169,796	74,867
Placement issue at an issue price of 5.5 cents each in October 2015	-	-	109,155,455	6,003,550
Transaction costs arising from issue of securities	-	(118,028)	-	(779,653)
Closing balance	835,213,943	37,514,242	820,410,256	36,953,163

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders' meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b)Share Options

Options to subscribe for ordinary shares in the Company have been granted as follows:

2016	Exercise price	Expiry date	Opening balance *Number*	Options issued *Number*	Options exercised/ expired	Balance at end of year *Number*
Unlisted options	$0.050	30-Nov-18	72,500,000	-	(13,582,143)	58,917,857
Unlisted options	$0.025	3-Feb-19	7,500,000	-	-	7,500,000
Unlisted options	$0.090	10-Aug-21	-	52,655,569	-	52,655,569
Unlisted options	$0.120	10-Aug-21	-	54,261,260	-	54,261,260
Unlisted options	$0.060	28-Feb-20	-	42,800,000	-	42,800,000
Unlisted options	$0.040	21-Jun-21	-	12,500,000	-	12,500,000
Unlisted options	$0.086	4-Jul-17	-	2,000,000	-	2,000,000
			80,000,000	164,216,829	(13,582,143)	230,634,686

2015	Exercise price	Expiry date	Opening balance *Number*	Options issued *Number*	Options exercised/ expired *Numb*	Balance at end of year *Number*
Unlisted options	$0.050	30-Nov-18	-	72,500,000	-	72,500,000
Unlisted options	$0.025	9-Feb-19	-	7,500,000	-	7,500,000
			-	80,000,000	-	80,000,000

(c) Capital risk management

The Group's primary objective when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

The Group's working capital, being current assets less current liabilities excluding amounts to be settled by way of shares, has increased from $6,149,998 at 31 December 2015 to $6,336,330 at 31 December 2016.

Due to the nature of the Group's activities, being the development and commercialisation of geospatial imagery technology, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior period.

(d) Reserves	Share Based Payments Reserve $	Foreign Currency Reserve $	Total $
Balance at 31 December 2014	1,814,502	(83,521)	1,730,981
Exchange differences realised on disposal of foreign controlled entity	-	83,521	83,521
Share based payments expense	507,227	-	507,227
Balance at 31 December 2015	2,321,729	-	2,321,729
Share based payments expense	2,366,043	-	2,366,043
Balance at 31 December 2016	4,687,772	-	4,687,772

Foreign currency translation reserve

The foreign currency translation reserve was used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries to Australian dollars. On disposal of the sole foreign subsidiary in June 2015, the exchange differences were realised on disposal and transferred to accumulated losses.

Share based payments reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. The reserve is also used to record the value of share based payments provided to suppliers where relevant.

(e) Other equity

This reserve is used to record the fair value of the equity component on the valuation of the convertible notes issued. The amount as at 31 December 2016 is $385,888 (2015: nil).

18. SHARE BASED PAYMENTS

The Company has recognised the following amounts as expenses relating to share based payments for the year.

	2016	2015
	$	$
Share based payments to directors – performance rights	(75,951)	574,227
Share based payments to directors – options	49,399	-
Share based payments to employees – performance rights	178,206	172,200
Share based payments to Eagleview Technologies Inc. - options	2,196,389	-
Share based payments to suppliers - options	18,000	104,861
	2,366,043	851,288

(a) Share based payment to directors - performance rights

On 21 August 2014, the Company and Mr Marinko entered into a director appointment agreement where, upon satisfaction of the milestones set out in the schedule below, Mr Marinko was granted the right to acquire up to 25,000,000 ordinary shares at a price of 4 cents per share. When milestones are met the shares are issued and are held in escrow pending repayment to the Company of a non-recourse loan equivalent to the agreed acquisition cost. The first tranche of 2,500,000 shares vested upon execution of the agreement and the remaining shares were established in four additional tranches according to their vesting conditions as set out below. Fair value at the grant date was determined using the binomial option pricing model inputs as follows:

	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Number of rights	5,000,000	5,000,000	7,500,000	5,000,000
Vesting milestone	The Group's share price trading at a 5 day vwap of $0.05 or more.	The Group's share price trading at a 5 day vwap of $0.07 or more.	The Group's share price trading at a 5 day vwap of $0.10 or more.	The Group's share price trading at a 5 day vwap of $0.15 or more.
Exercise price	$0.04	$0.04	$0.04	$0.04
Grant Date	21 Aug 2014	21 Aug 2014	21 Aug 2014	21 Aug 2014
Expiration Date	21 Aug 2019	21 Aug 2019	21 Aug 2019	21 Aug 2019
Vested	30 Nov 2014	19 Feb 2015	-	-

	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Weighted average life of performance rights	1250 days	1250 days	1250 days	1250 days
Underlying share price at grant date	$0.035	$0.035	$0.035	$0.035
Volatility	100%	100%	100%	100%
Risk free rate	2.55%	2.55%	2.55%	2.55%
Value per right	$0.0223	$0.0241	$0.0229	$0.0220
Total value	$111,400	$120,352	$171,525	$110,100
Expensed - 2014	$111,400	$8,035	$11,900	$7,623
Expensed - 2015	-	$112,317	$34,366	$22,062
Reversed - 2016	-	-	$(46,266)	$(29,685)
Unexpensed balance	-	-	-	-

Tranches 2 and 3 of the rights vested prior to 31 December 2015 and shares were issued, which remain in escrow pending repayment of the outstanding loan. On 15 April 2016 the company agreed with Mr Marinko to cancel unvested tranches 4 and 5 resulting in a reversal of previously expensed amounts of $75,951.

(b) Share based payment to directors - options

On 22 June 2016, following shareholder approval, the company issued 12,500,000 options to the Spookfish Option Share Trust for the benefit of Mr Marinko, which are exercisable at 4 cents each on or before 21 June 2021 subject to Mr Marinko remaining as a director and satisfaction of certain vesting milestones. The options were established in two tranches based on their vesting milestones and binomial option pricing model inputs were used to determine the fair value at the grant date as follows:

	Tranche 1	Tranche 2
Number of options	7,500,000	5,000,000
Vesting milestones	The Group's share price trading at a 10 day vwap of $0.10 or more.	The Group's share price trading at a 10 day vwap of $0.15 or more.
Exercise price	$0.04	$0.04
Expiration date	21 Jun 2021	21 Jun 2021
Underlying share price at grant	$0.06	$0.06
Expected volatility	67%	67%
Risk free interest rate	1.765%	1.765%
Weighted average expected life of options (years)	5	5
Expected dividends	Nil	Nil
Fair value per option	$0.0387	$0.0369
Total value	$290,250	$184,500
Expensed - 2016	$30,202	$19,197
Unexpensed balance	$260,048	$165,303

(c) Share based payment to employees – performance rights

On 31 October 2016, pursuant to the Spookfish Performance Rights Plan, the company granted to a number of employees as part of their remuneration the right to acquire up to a total of 3,664,622 ordinary shares for no cost, which were divided into three tranches based on their vesting conditions. The first tranche vested upon issue and were immediately converted into fully paid ordinary shares. Tranches 2 and 3 vest subject to the individual employees concerned remaining employed by the Spookfish Group on 1 January 2017 and 1 January 2018 and once vested may be exercised at the discretion of the employee. Fair value was determined at grant date based on the underlying share price at the date of issue and the estimated probability of vesting occurring, as follows:

	Tranche 1	Tranche 2	Tranche 3
Number of rights	1,221,544	1,221,541	1,221,537
Exercise price	$Nil	$Nil	$Nil
Underlying share price at grant	$0.069	$0.069	$0.069
Vesting date	31 Oct 2016	1 Jan 2017	1 Jan 2018
Total value	$84,287	$84,286	$67,429
Expensed - 2016	$84,287	$84,286	$9,633
Unexpensed balance	-	-	$57,796

(d) Share based payments to Eagleview Technologies Inc. - options

Pursuant to strategic North American partnership agreements entered into with Eagleview Technologies Inc ("Eagleview") in May 2016, on 11 August 2016 the company issued a total of 149,716,829 options to acquire ordinary shares in the company. These options were issued in four tranches of options with varying terms and binomial option pricing model inputs were used to determine the fair value at the grant date as follows:

	Tranche 1	Tranche 2	Tranche 3 (Milestone A)	Tranche 4 (Milestone B)
Number of options	52,655,569	54,261,260	19,022,222	23,777,778
Vesting milestone	Royalties from Eagleview to Spookfish reach USD$10M in a 12 month period	Royalties from Eagleview to Spookfish reach USD$20M in a 12 month period	**Either** Spookfish cumulative revenues reach $20M **Or** the Group's share price trades at a 20 day vwap of $0.18 before 28 Feb 2019	**Either** Spookfish cumulative revenues reach $36M **Or** the Group's share price trades at a 20 day vwap of $0.18 before 28 Feb 2020
Exercise price	$0.09	$0.12	$0.06	$0.06
Grant Date	11 Aug 2016	11 Aug 2016	11 Aug 2016	11 Aug 2016
Expiration Date	10 Aug 2021	10 Aug 2021	28 Feb 2020	28 Feb 2020
Underlying share price at grant date	$0.067	$0.067	$0.067	$0.067
Volatility	84%	84%	85%	85%
Estimated term to vesting (days)	872	1,053	-	-

	Tranche 1	Tranche 2	Tranche 3 (Milestone A)	Tranche 4 (Milestone B)
Risk free rate	1.41%	1.41%	1.54%	1.54%
Value per option	$0.041	$0.037	$0.034	$0.039
Total value	$2,158,878	$2,007,667	$646,756	$927,333
Expensed - 2016	$351,560	$270,739	$646,756	$927,333
Unexpensed balance	$1,807,318	$1,736,928	-	-

(e) Share based payments to suppliers - options

The share based payments to suppliers were provided to a service provider on 5 July 2016 under a contract for the provision of defined services. A total of 2,000,000 options over fully paid shares were issued for services rendered at a deemed value of $18,000. The options are exercisable at 8.6 cents each on or before 4 July 2017.

19. CASH FLOW INFORMATION

	2016	2015
	$	$
(i) Reconciliation of cash flows from operating activities with profit/(loss) after income tax		
(Loss) for the year after income tax	(8,054,784)	(7,993,989)
Adjustments for:		
Depreciation and amortisation	480,027	251,956
Share based payments	2,366,042	851,288
Notional interest on convertible notes	385,888	-
Expensing of acquired R&D intangible	-	134,347
Acquisition costs written off	-	1,214,103
	(4,822,827)	2,451,694
Change in trade and other receivables	(235,691)	(48,071)
Change in trade and other payables	(56,339)	374,350
Change in provisions	92,892	103,892
Net cash outflows from operating activities	**(5,021,965)**	**(5,112,124)**

(ii) Non-cash financing and investing activities

During the previous year, the group issued:

- 5,000,000 ordinary shares at $0.04 per share as a loan advanced to a director. The amount has been recorded as a loan receivable in the statement of financial position.
- 160,000,000 ordinary shares at $0.035 per share as part of the consideration for the acquisition of Spookfish Innovations Pty Ltd and Geospatial Investments Pty Ltd.
- 5,000,000 ordinary shares to extinguish debts of $500,000.

20. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

During the year, the business of the Group consisted of one operating segment, namely the commercialisation of premium geospatial imagery products and services, and in one geographical segment, being Australia.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in these financial statements.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied in these financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

21. TRANSACTIONS WITH RELATED PARTIES

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Remuneration (excluding the reimbursement of costs) received or receivable by the directors of the Group and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in Note 5.

On 15 April 2016 the Company agreed with director Jason Marinko to cancel his rights to 12,500,000 incentive shares, which had not vested (refer to Note 18). An interest free, non-recourse loan of $500,000 (being the exercise price of 4 cents per share) remains outstanding in relation to 12,500,000 incentive shares previously issued to Mr Marinko, which have vested and which will only be released to Mr Marinko upon repayment of the loan. The loan balance is included in other non-current assets in the statement of financial position.

On 22 June 2016, following shareholder approval, the company issued 12,500,000 options to the Spookfish Option Share Trust ('OST') for the benefit of Jason Marinko as part of his executive remuneration program, which are exercisable at 4 cents per share on or before 21 June 2021 subject to satisfaction of certain vesting conditions (refer to Note 18).

During the year $2,814,288 (2015: $1,919,529) was paid for aeronautical engineering and allied services to Innovaero Pty Ltd and Structured Design Pty Ltd, companies in which Mr von Bertouch is a director and has a beneficial interest. The outstanding amount payable to these companies at 31 December 2016 was $295,483 (2015: $199,163). Also, Mr Von Bertouch received remuneration payments through Innovaero Pty Ltd worth $125,000 and Structured Design Pty ltd worth $125,000 of which he maintains directorship in both entities, this has been disclosed in Note 5.

Other than the above, there have been no further transactions with Key Management Personnel.

22. PARENT ENTITY DISCLOSURES

Set out below is the supplementary information about the parent entity.

Financial Position	**2016**	**2015**
	$	**$**
Assets		
Current assets	6,414,553	6,648,750
Non-current assets	8,278,512	7,032,802
Total assets	14,693,065	13,681,552
Liabilities		
Current liabilities	6,065,513	49,881
Total liabilities	6,065,513	49,881
Net assets	8,627,552	13,631,671
Equity		
Issued capital	37,514,242	36,953,163
Reserves	5,110,522	2,321,729
Other equity	385,888	-
Accumulated losses	(34,383,100)	(25,643,221)
Total equity	8,627,552	13,631,671
Financial Performance		
Profit/(Loss) for the year	(8,739,879)	(7,983,239)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(8,739,879)	(7,983,239)

Guarantees of the Parent Entity

There are no guarantees provided by the parent entity other than as disclosed in Note 26.

Contingent Liabilities of the Parent Entity

There are no contingent liabilities of the parent entity other than as disclosed in Note 26.

Commitments for the acquisition of property, plant and equipment by the Parent Entity

There are no capital commitments of the parent entity.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except that investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

23. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The Group does not speculate in the trading of derivative instruments. The main risks the Group is exposed to through its financial instruments are:

- Market risk
- Interest rate risk
- Liquidity risk
- Credit risk

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The board as a whole has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return

Interest rate risk

The Group currently has only one item corporate borrowing, being convertible notes issued to Eagleview Technologies Inc. The notes are interest free and expected to be converted to ordinary shares during the course of 2017 and hence have no interest rate risk.

The Group has interest rate exposure to the cash and other financial assets (term deposits) held at bank, which are subject to both fixed and variable interest rates. Interest rate risk results principally from changes in the benchmark interest rate. However, as the interest earned on deposited cash is fixed, the Group has elected not to actively manage this interest rate outside of ordinary monitoring activities.

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

The effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

Year ended 31 December 2016

CHANGE IN LOSS	**Change $**
Increase in interest rate by 200 basis points	+135,765
Decrease in interest rate by 200 basis points	-135,765

CHANGE IN EQUITY	**Change $**
Increase in interest rate by 200 basis points	+135,765
Decrease in interest rate by 200 basis points	-135,765

Year ended 31 December 2015

CHANGE IN LOSS	**Change $**
Increase in interest rate by 200 basis points	+133,883
Decrease in interest rate by 200 basis points	-133,883

CHANGE IN EQUITY	**Change $**
Increase in interest rate by 200 basis points	+133,883
Decrease in interest rate by 200 basis points	-133,883

The interest rate profile of the Group's interest-bearing financial instruments is provided further below.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages interest rate and liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

The details of the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, is provided further below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The Board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Group's surplus funds are invested with AA Rated financial institutions.

The credit risk for counterparties included in cash and cash equivalents is detailed below:

	2016 $	2015 $
Financial assets:		
Cash and cash equivalents and term deposits		
- Cash and cash equivalents AA rated counterparties	22,726	20,645
- Term and short term deposits AA rated counterparties	6,765,523	6,673,480

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

31 December 2016	**Floating Interest Rate** $	**Fixed Interest maturing in 1 year or less** $	**Fixed Interest maturing over 1 to 5 years** $	**Non-interest bearing in 1 year or less** $	**Total** $
Financial assets					
Cash	-	-	-	22,726	22,726
Cash deposits	-	6,765,523	-	-	6,765,523
Receivables	-	-	-	421,434	421,434
	-	6,765,523	-	444,160	7,209,683
Weighted average Interest rate	-	1.5%	-	-	-
Financial Liabilities					
Payables	-	-	-	676,568	676,568
	-	-	-	676,568	676,568
Weighted average interest rate	-	-	-	-	-
31 December 2015					
Financial assets					
Cash	-	-	-	20,645	20,645
Term deposits	-	6,673,480	-	-	6,673,480
Receivables	-	-	-	190,070	190,070
	-	6,673,480	-	210,715	6,884,195
Weighted average Interest rate	-	2.2%	-	-	-
Financial Liabilities					
Payables	-	-	-	630,304	630,304
	-	-	-	630,304	630,304
Weighted average interest rate	-	-	-	-	-

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss due to fair value changes.

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Net fair value

The fair value has been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

24. COMMITMENTS

	2016 $	2015 $
No longer than one year:		
Lease commitments – office premises	66,248	130,668
Other	281,868	-
Sub Total	348,116	130,668
Longer than one year, but no longer than five years:		
Lease commitments – office premises	-	66,668
Other	446,291	-
Sub Total	446,291	66,668
	794,407	197,336

25. ACQUISITION OF SUBSIDIARIES – Spookfish Innovations Pty Ltd & Geospatial Investments Pty Ltd

In 2014 the company acquired 12.5% of the voting shares of Spookfish Innovations Pty Ltd (previously known as Spookfish Pty Ltd) for a cash consideration of $1,250,000, the investment was included in Other Financial Assets at 31 December 2014.

In February 2015 the company acquired the remaining 87.5% of the voting shares in Spookfish Innovations Pty Ltd and 100% of the voting shares of Geospatial Investments Pty Ltd and the initial investment was transferred to the investment in controlled entities during the year ended 31 December 2015.

Total consideration for the acquisition of the remaining 87.5% was $5,600,000 which was settled with an issue of shares in the company. The acquisition does not constitute a business combination but rather an acquisition of assets. The fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Recognised on acquisition $
Cash and cash equivalents	531,607
Trade and other receivables	60,180
Other asset	134,347
Plant and equipment	251,757
Other non-current assets	30,799
Trade and other payables	(655,530)
Intangible assets – Intellectual property rights	6,496,840
	6,850,000

Cost of the acquisition:	
Cash	1,250,000
Securities issued, at fair value	5,600,000
Total cost of the acquisition	6,850,000

26. CONTINGENT LIABILITIES

Under the terms of the agreement entered into by the Company to acquire Spookfish Pty Ltd and Geospatial Investments Pty Ltd in 2015, the Company will be required to issue certain additional 'milestone shares' to the vendors and advisers, if certain specified conditions are met as follows:

i) 171,200,000 Milestone 1 shares will be issued upon the achievement by 3 February 2019 of either cumulative consolidated revenue of $20,000,000 or a value weighted average share price of $0.18;

ii) 214,000,000 Milestone 2 shares will be issued upon the achievement by 3 February 2020 of either cumulative consolidated revenue of $36,000,000 or a value weighted average share price of $0.18;

iii) In the event of a successful takeover of the Company or controlled entity between 4 February 2017 and the relevant expiry date, thirteen of every twenty unissued milestone shares will be issued, subject to certain pro-rata conditions if specified dilution thresholds are exceeded.

Under the terms of the License, Royalty and Equity Agreement with EagleView Technologies Inc. ('EagleView'), the Group supplies spatial imagery capture systems to Eagleview and Eagleview pays the Group amounts equal to the cost of those systems in progress instalments. If for any reason the Group elects not to renew this agreement on the due date, EagleView may elect to return capture systems in use. In this event, EagleView are entitled to a refund equal to their book value, based on a straight-line, five-year depreciation schedule. At reporting date Eaglview has paid the Group progress payments totalling of $2,096,287 and a further $223,277 payable by Eagleview is included in Trade and Other Receivables.

The Group leases office premises in Bentley, Western Australia and the lease is secured by a bank guarantee issued by Westpac Banking Corporation. The bank guarantee is in turn secured by a cash deposit of $30,799 (2015: $30,799), which is included in other non-current assets.

Other than the above, there were no other contingent liabilities at 31 December 2016.

27. SUBSEQUENT EVENTS

On 9 February 2017 the Company issued 250,000 ordinary shares upon the exercise of unlisted options at an exercise price of $0.05 and 984,562 ordinary shares were issued upon conversion of the vesting of performance rights. On 23 February 2017 the Company issued 1,055,000 ordinary shares upon the exercise of unlisted options at an exercise price of $0.05.

No other matter or circumstance has arisen since the end of the financial year to the date of this report which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with a resolution of the directors, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of Spookfish Limited for the financial year ended 31 December 2016 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) The financial statements and notes also comply with International Financial Reporting Standards; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the chief executive officer and chief financial officer in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 31 December 2016.

This declaration is made in accordance with a resolution of the directors.

Mr Jason Marinko
Executive Chairman

Dated: 28 February 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SPOOKFISH LIMITED

Opinion

We have audited the financial report of Spookfish Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Recognition of Revenue

Refer to Note 2 in the financial statements</td></tr>
<tr><td>The Group has recognised revenue from a Development, Licence and Royalty agreement for the first time during the year. For the year ended 31 December 2016, revenue has been recognised in accordance with AASB 111 – Construction Contracts.

Revenue recognition was considered a key audit matter, as it can be complex and involve management judgements. These include:
Determination of the appropriate allocation of multiple-element contract arrangements, in this case where a single contract involves the delivery of both goods and royalties;
Management judgement in the assessment of the recoverability of costs incurred to date; and
Determining when revenue should be recognised.</td><td>Our audit procedures in relation to the recognition of revenue included:
Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards;
Reviewing the agreement to ensure the appropriate allocation of revenue to the various elements;
Assessing whether the costs incurred are recoverable under the terms of the agreement; and
Reviewing sales transactions around reporting date to ensure that revenue is recognised in the correct period.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Spookfish Limited, for the year ended 31 December 2016, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2017

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement reports the governance processes and procedures in place at Spookfish Limited as at 28 February 2017 and has been approved by the board of the Company as at that date. This Corporate Governance Statement is also provided on our website at www.spookfish.com, together with copies of our Board and Board Committee Charters and some of the Company's key policies. The ASX Appendix 4G, which is a checklist cross-referencing the third edition of the ASX Corporate Governance Principles and Recommendations to the relevant disclosures in Spookfish' Corporate Governance Statement and 2015 Annual Report is also provided on that webpage.

Commitment to Good Governance

The directors of Spookfish Limited ("Spookfish" or the "Company") believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the company assesses its governance practices on an annual basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company has a corporate governance section on the website at www.spookfish.com. The section includes details on the company's governance arrangements and copies of relevant policies and charters.

ASX Corporate Governance Council's Principles and Recommendations (3rd Edition)

Spookfish reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (third edition) ("CGRs").

The following table outlines which of the ASX recommendations the Company has not complied with. Reasons for non-compliance are explained in this report.

Recommendation	Nature of departure	Explanation for departure
2.1	The company does not have a nomination committee.	The role of the nomination committee is assumed by the full Board in accordance with the committee charter available on the Company's website www.spookfish.com (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee.
2.3, 2.4, 2.5	The Company does not have any independent Directors.	The size and scope of the company's activities does not justify the cost of appointing independent directors at this stage of its development.
4.1, 4.2, 4.4, 4.5	The company does not have an audit committee.	The role of the audit committee is assumed by the full Board in accordance with the committee charter available on the Company's website www.spookfish.com (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee.
7.1 , 7.3, 7.4	The company does not have a risk committee.	The role of the risk committee and internal audit function is assumed by the full Board in accordance with the committee charter available on the Company's website www.spookfish.com (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee. Business risk is continually assessed by the Board in accordance with

Recommendation	Nature of departure	Explanation for departure
		the Company's risk management and internal compliance and control policy.
8.1, 8.2 , 8.3	The company does not have a remuneration committee.	The role of the remuneration committee is assumed by the full Board who apply the Company's Remuneration Policy and in accordance with the committee charter available on the Company's website www.spookfish.com (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee. No director participates in any deliberation regarding their own remuneration or related issues.

The role of the Board

The role of the board of Directors is to provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within the Company. The Board will always retain ultimate authority over the management and staff of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

(a) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, as well as its employees, customers and the community;

(b) in a manner designed to create and continue to build sustainable value for shareholders;

(c) in accordance with the duties and obligations imposed upon them by the Company's constitution and applicable law; and

(d) with integrity and objectivity, consistently with the ethical, professional and other standards set out in the Company's corporate governance policies.

Responsibilities of the Board

The responsibilities of the Board include:

(a) represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;

(b) protect and optimise the Company's performance and build sustainable value for Shareholders;

(c) set, review and ensure compliance with the Company's values and governance framework; and

(d) ensure that Shareholders are kept informed of the Company's performance and major developments.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is ten. The Board currently comprises of 3 Directors, namely Jason Marinko, Simon Cope and Shannon Robinson. The Directors consider the size and composition of the Board is appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, they may establish committees to assist in carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Independence of Directors

The Board considers the issue of independence with regard to a set of questions outlined in the Board charter. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

Diversity

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy, a copy of which is located at: www.spookfish.com.

Under the principles outlined in the Company's Nomination and Remuneration Committee Charter the Board is responsible for setting measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them. A copy of the Nomination and Remuneration Committee Charter is available at: www.spookfish.com.

Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

As at the end of the 2016 financial year the Company had a total of 1 female employee out of a total of 22 employees, with 1 female employee in senior management positions and 1 female director on the board.

Independent professional advice

The Directors are entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board charter.

Securities trading policy

The Company has adopted a formal policy for dealing in the Company's securities by Directors and employees and their related entities (in accordance with Listing Rule 12.9).

The securities trading policy regarding allowable dealings is that those persons should:

(a) not deal in the Company's securities while in possession of price sensitive, non-public information; and

(b) only trade in the Company's securities after receiving clearance to do so from a designated clearance officer, where clearance may not be provided in defined "black out periods".

The securities trading policy is available on the Company's website at www.spookfish.com.

Remuneration policy

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

(a) annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience;

(b) rewards, bonuses, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;

(c) Share participation – the Company has implemented an employee incentive scheme by way of a performance rights plan and an employee share plan; and

(d) other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the Executive Directors.

The Board will review remuneration of the Executive Directors annually. Determination of Non-Executive Director's fees is with regard to the long-term performance of the Company.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement to the ASX and placed on the Company's website.

Shareholder communication

The Board strives to ensure that Shareholders are provided with full and timely information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders:

(a) through the release of information to the market via the ASX;

(b) through the distribution of the annual report and notice of annual general meeting;

(c) through letters and other forms of communications directly to Shareholders; and

(d) by posting relevant information on the Company's website.

Ethical standards and business conduct

The Board recognises the need for Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.

ASX ADDITIONAL INFORMATION

Additional information required by the ASX and not shown elsewhere in this report is as follows. The information is current as at 23 February 2017.

Shareholding

At 23 February 2017 there are 837,503,505 ordinary fully paid shares on issue. All issued ordinary fully paid shares carry one vote per share.

Distribution of Shareholders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	44	16,476
1,001 – 5,000	63	225,361
5,001 – 10,000	315	2,774,521
10,001 – 100,000	1,099	49,287,028
100,001 – and over	692	785,200,119
Total	**2,213**	**837,503,505**

There were 112 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Shareholders

The names of the twenty largest holders of quoted equity securities are listed below:

	Name	Number of Shares	%
1.	Hoperidge Enterprises Pty Ltd <Jones Family A/C>	68,300,000	8.16
2.	Sandhurst Trustees Ltd <Endeavour Asset Mgmt MDA A/C>	39,281,292	4.69
3.	Simon John Cope <The Cope Family A/C>	25,430,065	3.04
4.	Michael John von Bertouch <von Bertouch Family A/C>	25,430,065	3.04
5.	Stephen Rice <Rice Family A/C>	20,806,416	2.54
6.	Motte & Bailey Pty Ltd <Bailey Super Fund A/C>	20,000,000	2.39
7.	Guy Perkins	19,862,813	2.37
8.	Peterlyn Pty Ltd <RPC Salmon Super Fund A/C>	19,100,000	2.28
9.	Turquoise Blue Pty Ltd <Bluehaven S/F A/C>	15,526,200	1.85
10.	National Nominees Limited	14,368,777	1.72
11.	Tessobel Pty Ltd <JEM Family A/C>	12,500,000	1.49
12.	Merrill Lynch (Australia) Nominees Pty Limited	10,228,186	1.22
13.	Neville Joseph <Neville Joseph Family A/C>	10,000,496	1.19
14.	James David Taylor & Marion Amy Taylor <ITS Management S/F A/C>	9,375,000	1.12
15.	Oaktone Nominees Pty Ltd	9,100,000	1.09
16.	Brent Stewart <The Stewart A/C>	8,500,000	1.01
17.	Stuart Exeter Hyder	7,570,000	0.90

	Name	Number of Shares	%
18.	Shane Robert Jones & Carol Robin Jones <Rosh Family A/C>	7,443,286	0.89
19.	William Taylor Nominees Pty Ltd	6,350,000	0.76
20.	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	6,096,946	0.73
	Total	**355,269,542**	**42.42**

Substantial Shareholders

Name	Number of Shares	%
Hoperidge Enterprises Pty Ltd <Jones Family A/C>	68,300,000	8.16

Options and Performance Rights

As at 23 February 2017 the Company has on issue 57,612,857 unlisted options ($0.05; 30 November 2018), 7,500,000 unlisted options ($0.025; 3 February 2019), 12,500,000 unlisted options ($0.04: 21 June 2021), 2,000,000 unlisted options ($0.086; 4 July 2017), 52,655,569 unlisted tranche 1 options ($0.09: 10 August 2021), 54,261,260 unlisted tranche 2 options ($0.12; 10 August 2021), 42,800,000 unlisted milestone options ($0.06; 28 February 2020) and 1,458,516 unlisted performance rights ($Nil; 31 December 2019).

Milestone Shares

In addition there are rights to 171,200,000 Milestone 1 Shares and 214,000,000 Milestone 2 Shares if relevant Milestones are satisfied prior to the expiry date for the right to be issued the Milestone Shares.

(a) The performance milestones for the Milestone 1 Shares are:

(i) the achievement of:

(A) the Company and any Related Entity combined generating $20,000,000 of cumulative revenue; or

(B) the VWAP of the Shares being equal to or greater than $0.18,

each right to a Milestone 1 Share will result in the issue of one Share.

(ii) The milestone in paragraph (A) above must be achieved on or before 5.00pm (WST) on 3 February 2019.

(b) The performance milestones for the Milestone 2 Shares are:

(i) the achievement of:

(A) the Company and any Related Entity combined generating $36,000,000 of cumulative revenue; or

(B) the VWAP of the Shares being equal to or greater than $0.18,

each right to a Milestone 2 Share will result in the issue of one Share.

(ii) The milestone in paragraph (A) above must be achieved on or before 5.00pm (WST) on 3 February 2020.

(c) General Provisions applying to both Milestone 1 and Milestone 2 Shares

(i) If there is a Successful Takeover in relation to the Company or a Related Entity prior to the issue of all the Milestone Shares:

(A) on or prior to the date that is two years from the date of Completion, then on the date that the Successful Takeover occurs, for the right to every two Milestone Shares that have not already been issued one Share will be issued; and

(B) during the period after the date that is two years after Completion but prior to the Expiry Date, then on the date that the Successful Takeover occurs, for the right to every twenty Milestone Shares that have not already been issued thirteen Shares will be issued, provided however, if the number of Shares to be issued as a result of the Milestone 1 Shares and the Milestone 2 Shares due to a Successful Takeover in relation to the Company or a Related Entity is in excess of 10% of the total fully diluted share capital of the Company at the time of the issue, then the number of Shares to be issued in respect of the Milestone 1 Shares and Milestone 2 Shares will be prorated so that the aggregate number of Shares issued for all Milestone 1 Shares and all Milestone 2 Shares that remain unissued is equal to 10% of the entire fully diluted share capital of the Company.

(ii) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

(iii) An application will be made by the Company to the ASX for official quotation of the Shares issued upon the issue of each Milestone Share within the time period required by the Listing Rules.

Restricted Securities subject to escrow period

The 385,200,000 Milestone Shares escrowed until milestone conditions are met or their expiry date. The 12,500,000 incentive shares issued to Mr Marinko are escrowed until repayment of the attaching loan or their expiry date.

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 31 December 2016.