

Companies Announcements Office

Australian Securities Exchange

Electronic Lodgement

## QUARTERLY ACTIVITY REPORT

### Shark Mitigation Systems

### Foundations in place for commercialisation

#### Highlights

- Clever Buoy pilot installation showcased at City Beach Open Day
- Clever Buoy deployed at World Surf League Championships Margaret River
- Shark Attack Mitigation Systems (SAMS™) commercialisation progresses
- Seabin commercial prototype installed at La Grande Motte Marina France

**Friday 28 April 2017** – Australian marine technology company Shark Mitigation Systems Limited (ASX:SM8) ('Shark Mitigation Systems' or 'the Company') is pleased to provide its report for the three months to the end of March 2017.

#### Shark Detection Technology – Clever Buoy

The Company's near shore shark detection system, Clever Buoy, was selected by the Western Australian State Government for a pilot installation at City Beach, in the Perth metropolitan area.

The system was successfully installed and has been operating over the recent Australian summer. The real-time monitoring system was integrated into the governments comprehensive shark warning framework and Surf Life Saving systems. The deployment provided the opportunity for the Company to showcase its technology to the Western Australian public and demonstrate its capability for an extended period and its suitability for the local coastline.

The Company recently conducted an Open Day at its City Beach deployment. This event was attended by a large number of interested stakeholders, including local and state government officials, Members of Parliament and the general public. The information day was also attended by officials from the French Government. Clever Buoy has been shortlisted by the municipality of Reunion Island, a French island located in the Indian Ocean that has been devastated by 22 shark attacks over the past 10 years, and are seeking solutions for water user safety.

Clever Buoy was also recently deployed at the World Surf League Championship Tour event at Margaret River, Western Australia, to provide an extra level of safety for the athletes for this event and gained significant international exposure.

The Company continues to receive significant interest in the Clever Buoy system as the incidence of shark interactions around the globe increase. Recent shark attacks on the Florida and Californian coastlines in the United States has resulted in a number of strong enquiries from local beach counties and private hotel resort operators.

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[www.sharkmitigation.com](http://www.sharkmitigation.com)

### Visual Technology - SAMS

In January, Shark Mitigation Systems announced the execution of a licencing deal with global surf brand, Rusty, to incorporate the Shark Attack Mitigation Systems (SAMS™) visual technology into Rusty's Australian surfboard portfolio.

Rusty is a global player in the surfboard marketplace, with its signature R Dot logo found in surf shops all over the world. Known for its cutting-edge designs and heritage, Rusty's quality surfboards have served several generations of avid surf followers. Rusty's Australian surfboard distribution includes both Australia and New Zealand. This Agreement will form a platform from which further global distribution will follow through the Rusty network.

The Company has also been in discussions with a number of leading global surfboard and watercraft manufacturers to integrate the SAMS™ visual technology into their product ranges. With over 400,000 surfboards sold globally each year, the market potential for SAMS™ technology is significant.

Following the successful live testing program in South Africa, the company has placed significant focus on the application of its visual technology for the dive market. The Company recently attended the Asia Dive Expo in Singapore and has received a number of expressions of interest from high profile diving equipment organisations.

### The Seabin Project

The Company continues its active involvement in the revolutionary ocean plastic cleaning device, Seabin, through its shareholding and executive input.

The team at Seabin has recently completed the installation of its first commercial ready prototype at the high profile La Grande Motte Marina in southern France, that was showcased on the ABC's Foreign Correspondent television program on the 18<sup>th</sup> of April 2017 (ref: <http://www.abc.net.au/foreign/content/2016/s4655083.htm>). This was quickly followed by pilot partnering projects in significant private marinas in San Diego, California, Helsinki, Finland, Port Adriano, Spain, Bermuda and Montenegro.

Seabin is currently finalising manufacturing arrangements for its European base and preparing for full commercial sales in the second half of 2017.

For more information, visit:

<http://www.seabinproject.com>



Clever Buoy Open Day at City Beach Perth

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

SHARK MITIGATION SYSTEMS LIMITED

**ABN**

77 149 970 445

**Quarter ended ("current quarter")**

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	330	472
1.2 Payments for		
(a) research and development	(34)	(426)
(b) product manufacturing and operating costs	(161)	(161)
(c) advertising and marketing	(73)	(198)
(d) leased assets	-	-
(e) staff costs	(194)	(520)
(f) administration and corporate costs	(98)	(197)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	16
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(223)</b>	<b>(1,016)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(580)	(711)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	(6)	(11)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(586)</b>	<b>(722)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1)	(13)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (convertible loan to associate company)	(16)	(16)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(17)</b>	<b>(29)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,838	2,779
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(223)	(1,016)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(586)	(722)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(17)	(29)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,012</b>	<b>1,012</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,012	1,838
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,012</b>	<b>1,838</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
74
-

Includes salaries paid to directors, as well as superannuation paid on behalf of directors. Also includes corporate and accounting services paid to a company associated with one of the directors.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	121
9.2 Product manufacturing and operating costs	85
9.3 Advertising and marketing	48
9.4 Leased assets	-
9.5 Staff costs	176
9.6 Administration and corporate costs	58
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>488</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Director and Company Secretary

Date: 28 April 2017

Print name: David M McArthur

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.