

27 July 2017

June 2017 Quarterly Report

Highlights for the quarter ended 30 June 2017

- First camera system installed on EagleView aircraft in the U.S.
- EagleView complete over 150 test flights in the U.S. with first system.
- EagleView accepts Spookfish camera system after extensive US testing programme.
- Acceptance of the system triggers the conversion of EagleView's convertible notes.
- North American rollout strategy with EagleView activated by acceptance milestone.
- Spookfish launches commercial operations in Australia and signs first customers.
- CASA approves next generation Spookfish camera pod for commercial operations.
- Certification progressing as expected with the second and final stage well underway for dual Australian and U.S. certification.
- \$9.3m placement to EagleView, existing major shareholders and new blue-chip institutional investors closed heavily oversubscribed.
- A strong cash position was maintained with \$11.16 million cash at bank at the end of the quarter, and ongoing North American costs largely rebateable from EagleView.

Spookfish Limited (ASX: SFI) is pleased to provide the following commentary regarding its activities during the three months ended 30 June 2017.

During the quarter, Spookfish achieved many key milestones in relation to developing and commercialising its proprietary next generation aerial imaging capture technology in Australia and North America.

In April, EagleView flew its first U.S. test flight of Spookfish's next generation camera system. During an extensive testing period, EagleView conducted over 150 sorties with Spookfish staff on the ground in the U.S. to assist with training and further system development.

Validation testing concluded in June with EagleView confirming that the camera system conformed with the applicable system specifications under the licence agreement entered into by EagleView and Spookfish.

The acceptance of the camera system by EagleView then automatically triggered the conversion of EagleView's Convertible Notes.



Soon after the completion of testing, but subsequent to the end of the quarter, EagleView submitted its first large scale purchase order for multiple systems for integration into their operations the North America. Under the terms of the purchase order, EagleView will pay Spookfish a significant upfront deposit to immediately begin fulfilling the order.

Spookfish also began limited commercial operations in Australia during the quarter to a select group of geospatial customers to enable the Company to balance the pipeline of demand with the ongoing development requirements of our North American partner. Coverage will increase over coming months, broadening the customer base, with the inclusion of additional aircraft and camera systems in August.

In late May, the Civil Aviation Safety Authority (“CASA”) approved the first Supplemental Type Certificate (“STC”) covering the aerodynamics and structural modifications to the aircraft for our next generation camera system which was a major company milestone for large scale commercial operations in both Australia and North America.

The Australian/U.S. Bilateral Aviation Safety Agreement (“BASA”) process for acceptance by the U.S. Federal Aviation Authority (“FAA”) of an Australian STC has been implemented and is well underway with the FAA project manager having had oversight of the Australian certification programme since commencement in June of last year.

During the quarter, Spookfish also completed a \$9.3 million Placement to U.S. partner, EagleView Technologies Inc., existing major shareholders and new blue-chip institutional investors which closed heavily oversubscribed. The funds raised will be used to expand commercial capabilities in Australia, scale up production capabilities to support EagleView in the U.S. and advance R&D on Spookfish’s next generation system.

EagleView’s participation in the Placement, together with the conversion of the Convertible Notes during the quarter, has resulted in EagleView establishing a 12.2% equity stake in Spookfish.

Spookfish continued to maintain a strong cash position of \$11.16 million at the end of the quarter despite a significant investment in equipment in preparation for a dual launch in Australia and North America. Increased spending going forward mostly relates to the scaling up of production systems for North America, which is largely rebateable from EagleView.

Commenting on the last quarter’s achievements, Spookfish Executive Chairman, Jason Marinko said, “The team at Spookfish have achieved a remarkable number of significant milestones this quarter that now set the Company on the path to large scale commercial operations in Australia and North America, and the Company is well funded to execute on its international strategy.”

For more information, please contact:

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About Spookfish

Spookfish Limited (ASX: SFI) is an Australian listed public company focused on the development and commercialisation of premium next generation geospatial imagery products and services. By starting from a clean sheet and disregarding what was thought impossible, Spookfish's revolutionary technology enables rapid imaging of entire countries in high resolution from a multitude of angles at a fraction of the cost of contemporary systems. Spookfish aims to use these capabilities to make it easy for organisations of all sizes to gain access to premium imagery content and pervasive 3D models allowing concise, accurate and cost effective decision-making.

In May 2016, Spookfish entered into long term exclusive licence, royalty and equity participation agreements with EagleView Technologies Inc, a North American leader in aerial imagery, data analytics and GIS solutions, to use Spookfish technology in North America.

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

Spookfish Limited

ABN

24 123 511 017

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,140	3,148
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,814)	(4,629)
(c) advertising and marketing	(30)	(95)
(d) leased assets	-	-
(e) staff costs	(1,071)	(2,111)
(f) administration and corporate costs	(138)	(222)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	37	60
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	15	55
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,861)	(3,794)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(805)	(1,231)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(54)	(54)
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)	-	-
2.6	Net cash from / (used in) investing activities	(859)	(1,285)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	8,870	8,870
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	392	580
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	9,262	9,450

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,617	6,788
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,861)	(3,794)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(859)	(1,285)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,262	9,450

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	
4.6	Cash and cash equivalents at end of quarter	11,159	11,159

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	735	2,617
5.2	Call deposits	10,424	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,159	4,617

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**

161

-

Payments for director remuneration.

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**

1,594

-

Payments for consulting, aeronautical engineering and support services provided by Innovaero Pty Ltd and Structured Design Pty Ltd, companies in which Michael von Bertouch (Strategic Operations Director and director of wholly controlled entity Spookfish Global Operations Pty Ltd) has a beneficial interest.

8. Financing facilities available <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 (Convertible Notes)	-	-
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.		

On 28 June 2017 100,045,583 convertible notes with a face value of 6 cents each, held by Eagleview Technologies Inc. ('Eagleview') converted into ordinary shares upon delivery and acceptance of an initial data capture system.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Product manufacture and equipment costs	5,688
9.2 Operating costs	606
9.3 Advertising and marketing	124
9.4 Leased assets	-
9.5 Staff costs	1,351
9.6 Administration and corporate costs	227
9.7 Other (Capital equipment)	1,389
9.8 Total estimated cash outflows**	9,385

**** Note:** Cash inflows of approximately \$9,000,000 are also expected during quarter, comprising construction progress payments for data capture systems for Eagleview Technologies Inc. for use in North America and sales of data subscriptions in Australia and other revenues.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
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/Company secretary)

Date: 27 July 2017.....

Print name: **Jason Marinko**

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.