

Companies Announcements Office
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QUARTERLY ACTIVITY REPORT

Shark Mitigation Systems Increases Global Footprint

Highlights

- Pilot installation of Clever Buoy at Corona Del Mar beach in southern California backed by a United States Congressman and officials from Orange County.
- Pilot installation is a precursor to a US\$10 million shark management proposal involving the deployment of Clever Buoys at six Orange County beaches.
- Company to focus on expanding Clever Buoy system in the US market.
- Direct-to-market sales channels commenced for SAMS visual technology.
- Seabin commences commercial production and sales in Europe.

31 October 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 September 2017. The company has continued to increase its global footprint with Clever Buoy and SAMS making significant inroads into the US market and Seabin commencing commercial production and sales in Europe.

Shark Detection Technology | Clever Buoy

Shark Mitigation Systems continues to receive significant global interest in its Clever Buoy system as the incidence of shark interactions around the globe increase.

United States Federal Congressman Dana Rohrabacher and Newport Beach Mayor Kevin Muldoon held a press conference in September to announce support for a pilot installation of the Clever Buoy shark detection system in Newport, California. The pilot installation is part of a proposed US\$10 million pilot program for further installations of Clever Buoy system at six beaches in Orange County, California. The announcement was made at the proposed site of the first installation of Clever Buoy, Corona Del Mar Beach where a near-fatal shark attack took place in May 2016.

The US has experienced a significant rise in shark populations and negative interactions over the past decade. The proposed pilot project in California will use Clever Buoy to assist lifeguards and beach authorities in mitigating the risk of shark attacks along their coastline. The US has over 3300 patrolled beaches, and the Federal, State and Local governments are proactively keen to implement non-invasive methods to protect beach goers.

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The Company has been working with Orange County officials in recent months on an integrated shark management plan that includes installation of Clever Buoy systems at six beaches along their coastline. Formal support by US Federal Government representatives and the scale of the US market is an excellent endorsement of the technology. The Company is focusing its resources on the Clever Buoy deployments in California to ensure the project's success.

Visual Technology | SAMS

Shark Mitigation Systems announced the global launch of a direct-to-market supply chain for its SAMS visual technology in August. With water users actively seeking affordable solutions to mitigate the risk of a negative shark interaction, the SAMS visual technology is now commercially available for application to the new and used surf craft of over 28 million surfers, bodyboarders and stand up paddle boarders worldwide.

Marine grade vinyl stickers using Shark Mitigation System's patented SAMS technology are now available in major retail surf outlets for surfboards, bodyboards and stand up paddle boards. Fibreglass inlays for integration into new watercraft are also available in-store and customers can purchase the SAMS product for incorporation into new surf craft made by their selected manufacturer. The market potential for SAMS technology is significant with over 400,000 surfboards sold globally each year, 6 million body boarders and the fast-growing stand up paddling industry contributing more than 2.8 million participants each year in the US alone (APB, 2017, Outdoor Foundation, 2015)

Shark Mitigation Systems has recently launched a global online store in which customers can directly purchase the Company's products. This launch has been timed with the Spring/Summer period in Australia, which is historically the peak period of shark incidents in the Oceania region.

The Seabin Project

Shark Mitigation Systems continues its active involvement in the revolutionary ocean plastic cleaning device, Seabin, through its role as a major shareholder and the offering of executive input.

Commercial production of Seabin's cleaning device has commenced with French manufacturer Poralu Marine. Following the success of the pilot partner program, first commercial sales and installations have commenced in Europe, with the inaugural deployment taking place at the America's Cup Team Headquarters Land Rover BAR facility in Portsmouth, United Kingdom.

For more information please visit: <http://www.seabinproject.com>



1. Rep. Dana Rohrabacher, right, holds up a Clever Buoy sonar with Ian Cairns, left, at Corona del Mar State Beach in Newport Beach on Friday, September 22, 2017. (Photo by Nick Agro, Orange County Register/SCNG)
2. Ian Cairns discusses Shark Mitigation Systems' Clever Buoy, a shark detection system at Corona del Mar State Beach in Newport Beach on Friday, September 22, 2017. (Photo by Nick Agro, Orange County Register/SCNG)

Ends.

For further information please contact:

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About Shark Mitigation Systems

Shark Mitigation Systems Limited (ASX:SM8) is an Australian marine technology company that has developed and commercialised award-winning patented products to mitigate the risk of shark attacks. Shark Mitigation Systems product portfolio includes SAMS [Shark Attack Mitigation Systems], Clever Buoy™ and Seabin. SAMS is a visual technology that is applied to wetsuits and watersport products to potentially reduce the chance of shark attacks. Clever Buoy™ is a marine monitoring platform that autonomously distinguishes large sharks from other species and sends warning signals to shore for human intervention response. Seabin is a revolutionary ocean plastics cleaning device that catches floating rubbish, oil, fuel and detergents and makes oceans cleaner. Shark Mitigation Systems products can be deployed across oceans globally and the Company is committed to pursuing international commercialisation. To learn more about Shark Mitigation Systems please visit: www.sharkmitigation.com

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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")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14	14
1.2 Payments for		
(a) research and development	(71)	(71)
(b) product manufacturing and operating costs	(20)	(20)
(c) advertising and marketing	(123)	(123)
(d) leased assets	-	-
(e) staff costs	(147)	(147)
(f) administration and corporate costs	(160)	(160)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	261	261
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(242)	(242)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(6)

3.	Cash flows from financing activities		
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	50	50
3.6	Repayment of borrowings	(9)	(9)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (loan repaid by associate company)	16	16
3.10	Net cash from / (used in) financing activities	57	57

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	621	621
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(242)	(242)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	57	57

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	430	430

Government Grants

The Company is currently preparing Research & Development (R&D) and Export Market Development Grant (EMDG) applications, with the amount of the grants yet to be determined.

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	430	621
5.2	Call deposits	-	-
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)	430	621

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**

69
-

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. Financing facilities available

Add notes as necessary for an understanding of the position

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.

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9. Estimated cash outflows for next quarter

\$A'000

9.1	Research and development	-
9.2	Product manufacturing and operating costs	64
9.3	Advertising and marketing	40
9.4	Leased assets	-
9.5	Staff costs	183
9.6	Administration and corporate costs	60
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	347

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

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: 31 October 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.