Innovations that work.

# ASX Quarterly Report

## For the Quarter Ended 30 September 2017

# HIGHLIGHTS

## EdenCrete®

- **FHWA approves use of EdenCrete® in GDOT federally funded repair projects.**
- **First federally funded repair project in Georgia to involve replacement of 11 lane miles (17.7 km) of pavement on I-16 using estimated US$1.2 million of EdenCrete®.**
- **GDOT issued the first two Invitations to Bid (ITB) for State-funded, full depth concrete slab repair projects in which EdenCrete® is to be used. After the end of the quarter, Eden received the purchase order for US$125,000 of EdenCrete® for the first project that is scheduled to start in mid-late November 2017.**
- **Progress in Texas**
  - **Second tanker load of EdenCrete® delivered to Texas pre-stressed manufacturer for use in TxDOT bridge beams, and in October 2017 a third tanker load was delivered (bringing the total value of these sales to more than US$300,000) and the existing contract was also extended to include supplying EdenCrete® to 2 additional plants owned by same customer.**
  - **Trials undertaken with an additional TxDOT approved precast manufacturer for possible future use in TxDOT bridge beams and other trials being discussed.**
- **Denver Public Works undertook follow-up evaluation trials of EdenCrete® when exposed to heavy dosages of de-icing salts and road chemicals.**
- **Higher concentration EdenCrete® under development.**
- **EdenCrete® approved for use by Colorado DOT and West Virginia DOT and Alaska DOT (received after the end of the quarter).**
- **The first trials of EdenCrete® in Korea commenced during the quarter.**
- **Subsequent to the end of the quarter:**
  - **Eden received a follow-up order in Georgia to supply approx. 1,400 gallons of EdenCrete® to be used in the replacement of 3,400 square metres of concrete hardstand area that is subject to heavy-duty wear and abrasion;**
  - **MARTA advised several projects using EdenCrete® are under consideration; and**
  - **EdenCrete® trial for a bridge project with Virginia DOT under discussion.**

## Optiblend® Dual Fuel

- **Orders received in the USA during the quarter for US$120,000.**

# DETAILS

## EDENCRETE® (Eden 100%)

### FHWA approves use of EdenCrete® in federally funded repair projects in Georgia

The US Federal Highway Administration (FHWA) has approved the use of EdenCrete® in concrete used by the Georgia Department of Transportation (GDOT) in federally funded repair projects in Georgia (and to which FHWA contributes 80% of the costs). GDOT has advised that it expends an estimated $18 Million annually on federally funded concrete rehabilitation projects, involving the replacement of approximately 22 lane miles (35.4 km) of pavement.

GDOT already includes the use of EdenCrete in all state funded, full depth concrete slab rehabilitation projects in Georgia.

GDOT has also advised that it invests an estimated $20 Million annually in state funded concrete rehabilitation projects, estimated to involve replacement of approximately 28 lane miles (45.1 km) of pavement.

In January 2017 (see Eden announcement ASX: EDE 23 January 2017) EdenCrete® was added to the GDOT Approved Product List, and the GDOT specifications for the 24 hour repair mix for full depth slab replacements were amended to include the addition of EdenCrete® at 2 gallons/ cubic yard of concrete. The approval for use of EdenCrete® in GDOT federally funded projects followed a review in May 2017 by FHWA of the performance of EdenCrete® in the following projects in Georgia:

- the GDOT I-20 field trail (August 2015),
- the GDOT I -16 commercial slab replacement project (February 2017),
- the GDOT State Highway new concrete road pavement field trail (March 2017),
- the MARTA (Metropolitan Atlanta Rapid Transit Authority) field trial at a bus depot in Atlanta (May 2016), and
- a very heavy load bearing, high abrasion application on a hard-stand area at a large private factory (April 2016).

This initial FHWA acceptance in Georgia of the use of EdenCrete® in federally funded repair projects is a major advance in the EdenCrete® marketing programme and may assist in gaining FHWA approvals for use of EdenCrete®, in due course, in other States.

### First Federally Funded Repair Project in Georgia

GDOT has advised that the first federally funded project that it has selected in which EdenCrete® is to be used will be a full depth concrete slab replacement project on Interstate Highway I–16, and will involve replacement of approximately 11 lane miles (17.7 km) of pavement. The estimated EdenCrete budget for this project is ~US$1.2 million.

Replacement of 1 lane mile on an Interstate Highway requires the placement of approximately 2,300 cubic yards (approximately 1,758 cubic metres) of concrete. State roads, which may have slower speeds and narrower lanes, would require less.

## EdenCrete® included in First Two GDOT Invitations to Bid

During the quarter GDOT issued the first two Invitations to Bid (ITB) this financial year, for a State-funded, full depth concrete slab repair projects, in which EdenCrete®, is to be added to the concrete. The contract for the first ITB was issued and since the end of the quarter Eden has now receive a purchase order for US$125,000 of EdenCrete® for this project that is scheduled to start in mid-late November 2017.

In June 2017 (see Eden announcement ASX: EDE 29 June 2017), GDOT confirmed that EdenCrete® is to be included in the concrete repair mix to be used on all state funded, full depth concrete slab replacement projects on highways in Georgia to be undertaken during the financial year commencing on 1 July 2017. Eden was also advised that the then current estimate was a total of 16 projects over the 12 months period that will be spread across the 7 GDOT districts, and of which up to 5 or 6 were considered likely to be major repair projects, with the remainder being smaller scale projects.

However, the projects, including the size, value and timing of each, are nominated by each district, and these details are not fixed and may change at any time for a number of reasons including possible changes in the priorities of each district.

## Progress in Texas

The concrete market in the State of Texas is amongst the largest for all the States in the USA and the two year budget for the Texas Department of Transportation (TxDOT) is currently running at approximately US$28 billion. Additionally there are 52,561 bridges in Texas, of which 9,998 or 19% were classified by the US Department of Transportation in July 2015, as being "structurally deficient/ functionally obsolete". Texas has both the most bridges of any State in the US, as well as the most that were classified as structurally deficient/ functionally obsolete.

As announced in Eden's March Quarterly Report (ASX: EDE 26 April 2017), TxDOT has approved the inclusion of EdenCrete® in two concrete mixes for Valley Prestress Products, Inc. ("Valley"), a major Texas pre-cast/ pre-stressed concrete manufacturer, for use in pre-stressed bridge beams and other pre-cast products in Texas.

The first tanker load of EdenCrete® delivered to Texas under the terms of a 3 years' supply contract for use by Valley in TxDOT bridge beams occurred in April 2017, a second tanker load was supplied in July 2017 and a third tanker load in October 2017. The aggregate value of these three orders now exceeds US$300,000, and is further strong confirmation of the significant progress that has been made with the marketing of EdenCrete® into the US infrastructure market.

Due to recent flooding in Texas resulting from Hurricane Harvey, there was some interruption in the production schedule, but production has now returned to normal.

Subsequent to the end of the quarter Eden agreed with Valley to extend the coverage of the first bulk, three year, EdenCrete® supply agreement entered into by Eden with Valley at the end of March 2017. Under the extended contract, in addition to supplying the main Valley plant, Eden will also supply two additional plants owned by Valley, subject to first developing concrete mixes incorporating EdenCrete® that are suitable for the range of pre-stressed and precast concrete products that each of the two plants will use to produce a range of products for TxDOT.

Although the extended contract contains no minimum sales requirements and the aggregate annual sales of EdenCrete® to be supplied pursuant to it is uncertain, Eden has been advised,

based on past sales levels from these three plants, that the estimated aggregate annual EdenCrete® sales to Valley could increase to perhaps US$1.4 million.

During the quarter, another trial of EdenCrete® took place with another TxDOTapproved precast manufacturer for possible use in TxDOT bridge beams. The trial was successful and Eden is hopeful that it may lead to future orders from this manufacturer. Possible additional trials with other precast manufacturers are also currently under discussion.

The overall progress in the marketing of EdenCrete® that has been achieved in the Texas since marketing began 12 months ago is considered very encouraging.

## Denver public works – Follow up trials

Following positive results from initial trials with the Denver Public Works (see Eden ASX Announcement ASX: EDE 20 February 2017), a further trial involving two larger sections of concrete pavement with EdenCrete® has been undertaken in Denver (see Figure 1) to further evaluate EdenCrete® where use of significant quantities of de-icing salts and road chemicals breaks down the concrete.

**Figure 1 – One of Two New Trial Sections of Concrete Pavement**

The Denver Public Works has confirmed that these additional trials should now provide sufficient data to enable it to assess the benefits that EdenCrete® delivers. The completion of the trials is likely to be sometime in the next 12 months, after the winter period during which large quantities of de-icing salts and road chemicals are used on the roads and sidewalks.

It is hoped that positive results will translate into the Denver Public Works commencing to use EdenCrete® on a broad scale, and could also potentially lead to its use in other areas of

Colorado by other government agencies. Relevantly, the Colorado Department of Transportation (CDOT) recently added EdenCrete® to its Approved Products List.

The results from these trails also have great relevance for the future marketing of EdenCrete® for use on highways, roads, bridges, sidewalks, airport runways and anywhere where concrete is subject to snow and ice and de-icing salts and road chemicals are commonly used.

## Higher Concentrated EdenCrete®

Eden is nearing completion of the final testing in the development of a higher concentration version of EdenCrete® that, if successful, will result in a significant reduction in transport and storage costs, enabling lower effective prices to be passed on to customers, whilst still providing at least the same level of performance.

In the USA, NTPEP certification is a standardised national certification process, administered by the US State Departments of Transportation (DOTs), of concrete admixtures and other products that are proposed to be used in US highway and bridge applications. NTPEP certification is primarily limited in application to use by US DOTs. Some time ago Eden initiated the NTPEP certification process that will take approximately 13-14 months to complete from when the trials actually begin.

However, to date EdenCrete® been approved for use or included on the Approved (or Qualified) Product List in 10 States and, including these States, Eden has only so far sought DOT approval in a total of 22 of the States that do not exclusively require NTPEP approval (see Figure 2 below) and has not commenced the NTPEP trials. Subject to the successful completion of the current testing of the higher concentration version, that is hoped will occur within the next few months, Eden intends to submit the new, higher concentration version of EdenCrete® for NTPEP trialling. NTPEP certification, when obtained, should be sufficient for the remaining DOTs that rely upon NTPEP certification, to approve the applications that Eden proposes to then lodge.

Each DOT has its own procedures and, after approval, may require separate field trials to then be undertaken, but this will be discussed with each DOT. In the meantime, all steps that have been planned or commenced to secure field trials of the original version of EdenCrete® with the DOTs in States where EdenCrete® has been approved, will continue to be pursued.

## US State Departments of Transport Approvals

During the quarter Eden received approval for the use of EdenCrete® from the Departments of Transportation in Colorado and West Virginia. Subsequent to the end of the quarter, approval from the Department of Transportation and Public Facilities in Alaska was also received.

EdenCrete® is now approved and in commercial use in both Georgia and Texas, and approved for the use in one or more applications by the Departments of Transportation in 8 other States of the US (all of which States are shown in dark grey or black on Figure 2), representing approximately:

- 24% of the total US population;
- 38% of the total US land area;
- 36,294 bridges that are structurally deficient or functionally obsolete*; or
- 25% of the total number of such bridges in the USA*.

As at the date of this Quarterly Report, applications for approval of the use of EdenCrete® have also been lodged in 12 other US States (shown in red on Figure 2) and submissions are planned for the other States that do not exclusively require the NTPEP testing to be completed.

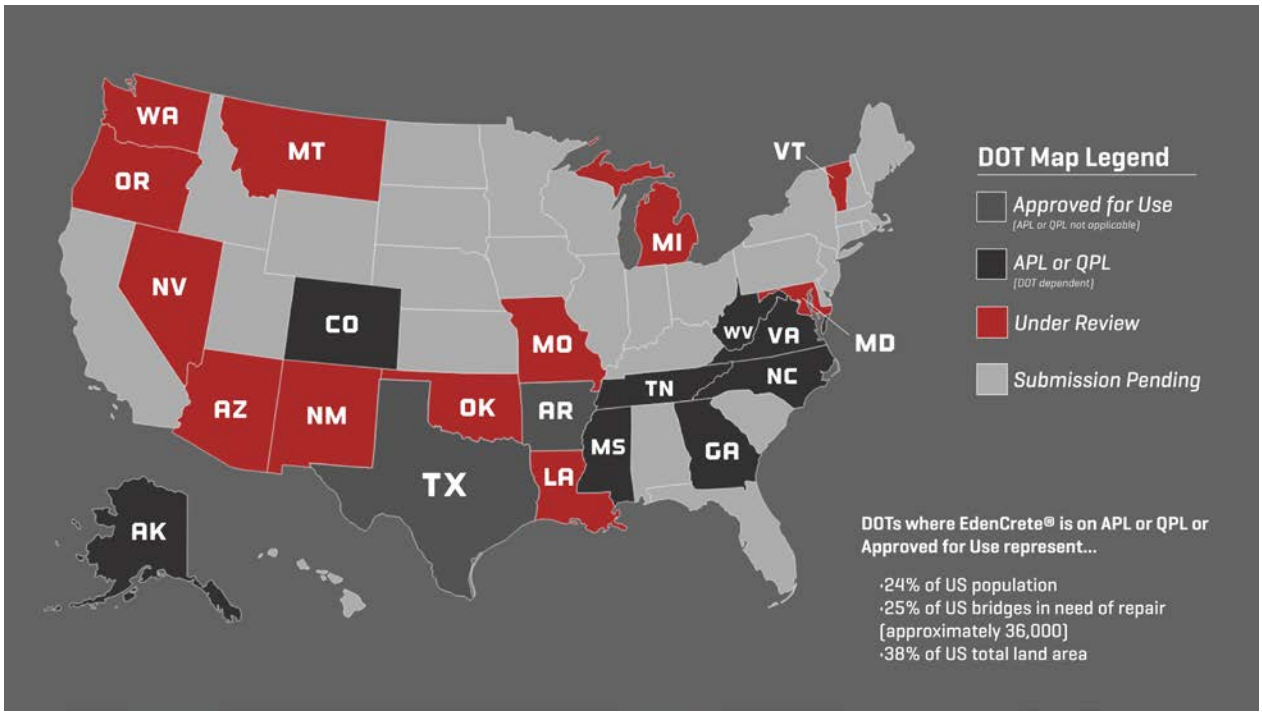



**Figure 2. Map of USA showing current position of DOTs Approval**

*** DOT Fact Sheets Highlight Grim State of US Roads and Bridges – 9 July 2015**

In Georgia, EdenCrete® is approved for use in the GDOT 24 hour repair mix and is included in the GDOT specifications for full depth slab replacements. In addition the US Federal Highway Administration (FHWA) has approved the use of EdenCrete® in concrete used by the Georgia GDOT in federally funded repair projects in Georgia (and to which FHWA contributes 80% of the costs). It was used by GDOT in its first commercial, highway repair project in March 2017 and further sales are anticipated in the current financial year. EdenCrete® is also undergoing a 12 months' field trial for new road construction.

In Texas, TxDOT has approved the use of EdenCrete® in two proprietary concrete mixes used by a precast manufacturer of pre-stressed beams for bridges, in which EdenCrete® is now being used on a regular basis. Test work with a number of other TxDOT approved precast manufacturers has either been carried out or is also under discussion.

## Korean EdenCrete® Trials

In June 2017, Eden signed a Memorandum of Understanding ("MOU") with Korea Consultants International Co., Ltd. ("KCI"), a Seoul-based engineering consulting firm, to jointly review the feasibility of KCI being appointed as the sole distributor in the Republic of Korea ("Korea") for EdenCrete®. Late in the quarter, the first Korean trials of EdenCrete®, by the Korean Government testing authority commenced as a step towards approval for its use in Korea.

The current MOU signed between Eden and KCI is non-binding and preliminary, and depending upon the progress and outcomes from these tests and further discussions with the relevant government bodies, which may take 6 months or more to complete from when the trails begin, Eden and KCI intend to negotiate the possible appointment of KCI as the exclusive distributor of EdenCrete® in Korea.

## Subsequent to the end of the quarter

### Follow-up Order in Georgia

Eden received a follow-up order for 1,400 gallons (5,500 litres) of EdenCrete® to be used in concrete at a plant in Georgia, to replace approximately 4,100 square yards (3,428$m^2$) of concrete hardstand area that is subject to significant wear and abrasion. This follows the successful performance of EdenCrete® enriched concrete in an earlier project undertaken at the same site in 2016 (see announcement ASX: EDE 18 April 2016) and an earlier field trial undertaken in September 2015.

The project, at a major regional maintenance facility in Georgia for a large US company where very heavy steel components from a national transport fleet are repaired and maintained, will take a month to complete and involve replacement of approximately 700 cubic yards of concrete to which US$35,000 of EdenCrete® will be added at 2 gallons/$yard^3$ of concrete (9.055 litres/$m^3$).

The first concrete section that was replaced in April 2016 was exposed to extreme rolling loads, impact loads and abrasive wear, with a loading of up to 40,000 pounds per square yard that usually severely cracked the concrete and required frequent replacement. The new, far greater area of concrete that will now be replaced, will not be exposed to such a heavy loading, but will still be exposed to significant rolling loads, impact loads and abrasive wear.

By using EdenCrete® on the first project, a 45% reduction in the total costs compared with the budgeted cost of carrying out the same work using a new ultra-high strength mix design was achieved. The alternative new ultra-high strength mix, designed to deliver a five year service life, would have involved a 12 inch (300mm) thick concrete slab incorporating half inch (12.5mm) diameter steel rebar, supported by a six inch (150mm) compacted crushed aggregate sub-base.

The decision to halve the dosage rate of EdenCrete® to 2 gallons per $yard^2$ of concrete in the latest project, compared with 4 gallons per $yard^3$ of concrete used in the first project, is considered a very strong testimony to the benefits EdenCrete® delivered in the first project.

### Projects with MARTA under consideration

Following a recent technical presentation to the senior engineering staff at the Metropolitan Atlanta Rapid Transit Authority (MARTA) of the benefits delivered by EdenCrete®, including a review of the project undertaken in July 2016 with MARTA at the Brady Mobility Centre (see Eden announcement ASX: EDE 18 July 2016), a number of possible forthcoming MARTA projects are being considered by MARTA in which EdenCrete® may be used.

Atlanta, the sixth fastest growing metropolitan area in the US, has a current population of more than 7 million people that is expected to grow to 8 million by 2020.

MARTA is the primary public transport operator in Atlanta and operates a network of bus routes that link to a rapid transit system consisting of 48 miles (77km) of rail track with 38 train stations. It carries, in total, over 430,000 passengers per day, the sixth largest number of any US city. To cater for this growth, a number of alternatives for expansion are being considered, all of which could generate significant opportunities for the use of EdenCrete® in new projects that are being considered. MARTA also undertakes a considerable amount of annual maintenance.

The broad level of interest that has been shown by the MARTA engineering staff in the benefits that EdenCrete® can deliver is very encouraging and it is hoped that this interest will translate into a number of projects over the next six to twelve months.

**EdenCrete® trial in bridge project with Virginia DOT under discussion**

A trial of EdenCrete® in concrete to be used in a bridge project in Virginia is being discussed, following a favourable response to a recent presentation by Eden to senior personnel at Virginia DOT (VDOT). EdenCrete® is already included on the VDOT Approved Products List (see Eden announcement ASX: EDE 3 April 2017) and this new development opens up the prospect of a third DOT (after Georgia and Texas) trialling EdenCrete® in a bridge project in the reasonably near future.

## Proposed Georgia based EdenCrete® Production Facility

As previously announced (**ASX: EDE 14 April 2016),** Eden's wholly owned US subsidiary, EdenCrete Industries Inc. ("ECI") has secured an attractive financial assistance and incentives package worth an aggregate of US$24.76 million to assist its planned establishment of a large scale global manufacturing plant in Augusta, Georgia on 57.75 hectares (143.5 acres) of industrial land located in the Augusta Industrial Park.

The construction of the access road, through the Augusta Industrial Park to the proposed site has been cleared allowing access for earth moving equipment to the site.

ECI proposes to establish its large-scale global EdenCrete® production facility in Augusta over the next seven years at a currently estimated cost of US$67 million for the first phase, to create approximately 251 jobs, and upon which the incentive package is conditional.

During the quarter the initial conceptual design work for the total development of the site continued.

## EdenCrete® New Product Development

Further product development of a wider range of specialty variations of EdenCrete® for various specific specialist concrete applications is continuing. This development work is technically complex and will take time and requires comprehensive testing of each new application before any new products will be made available commercially.

## High strength CNT enriched concrete requiring little or no reinforcing steel

The research project with Deakin University ("Deakin"), partly funded by an Australian Research Council ("ARC") Linkage Grant, into ultra-high strength carbon nanotube enriched concrete requiring little or even no reinforcing steel, continued during the quarter.

Trial work continued with EdenCrete® enriched concrete in a range of applications and the initial results will be followed up.

This project offers Eden a great opportunity to collaborate in world-leading, high level research into how its EdenCrete® carbon nanotube enriched concrete admixture affects concrete at a nano-scale, delivering increased flexural and compressive strength, increased abrasion resistance and reduced permeability, amongst other benefits.

This research could potentially lead to both the improvement of EdenCrete® and the development of ultra-high strength concrete that requires little or no steel re-enforcing. Quite apart from the enormous environmental and financial implications that such an outcome would have, it also has major implications for the global construction industry. Eden has

already made significant progress with EdenCrete® towards achieving this goal, and this new project should assist in accelerating this progress.

## EdenPlast™ / CNT Enriched Polymers and Plastics

The jointly funded research project between Eden and the University of Queensland ("UQ") in Brisbane for the development on a new method for producing carbon nanotube ("CNT") enriched thermoplastic composites, and which was awarded a Linkage Research Grant worth A$310,000 by the Australian Research Council ("ARC"), payable over three years, and to which both Eden and UQ will also contribute, continued during the quarter.

As previously advised, at a laboratory scale, preliminary trials produced a 50 per cent increase in stiffness of polypropylene and an increase in electrical conductivity with the addition of 0.5 weight per cent CNT have been demonstrated by UQ and Eden.

This new project aims to unravel the mechanisms by which these outstanding property improvements are achieved and to scale up the process to an industrial level. The targeted outcomes are economical, lighter and stronger plastics for manufacturing applications such as rotational molding, transport and electronic packaging.

During the quarter, the performance of polymers incorporating carbon nanotubes (CNT) that were recently produced in Eden's new reactors in Colorado was compared with polymers incorporating the original CNT produced in Eden's original reactors, and the new CNT, when incorporated into the same polymers, showed up to 15% higher strength than the was achieved with the original CNT. This could potentially mean that the new Eden CNT may lead to even higher performance than previously anticipated. It will however be necessary to optimise processing conditions and comprehensively re-test these results before one could be sure of this.

Whilst this targeted objective will take time to complete, the results to date remain highly encouraging.

This is the fourth collaborative ARC Linkage Project Grant that Eden and the research team at UQ, led by Professor John Zhu and Professor Rowan Truss, have now received and follows the receipt by UQ and Eden in 2012 of the prestigious Thomson Reuters Australian Innovation Award for Collaboration.

The first of these joint Linkage Projects between UQ and Eden led to the development of the novel CNT production technology that Eden has now commercialised and that is being used by Eden in the USA to produce the CNT it is using in EdenCrete®.

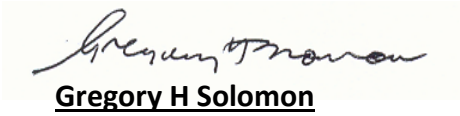
# OPTIBLEND® DUAL FUEL SYSTEM (EDEN 100%)

## OptiBlend® Progress

During the quarter, Eden Innovations LLC, Eden's wholly owned U.S. subsidiary, received 3 purchase orders for OptiBlend® kits totalling US$120,000.

## *Optiblend® Background*

*Eden has developed an efficient dual fuel system that is capable of operating on diesel engines and displacing up to 70% of the diesel fuel with natural gas. If Hythane™ fuel (hydrogen enriched natural gas) is used in place of natural gas the displacement of diesel fuel could be as high as 80%. The use of the natural gas will greatly reduce greenhouse gas emissions and, in places where natural gas is cheaper than diesel, will also reduce fuel costs. It has significant market potential particularly in the diesel-powered generator set ("genset") market.*



**Gregory H Solomon**

*Executive Chairman*

*For further information, please contact Greg Solomon (+61 8 9282 5889) or visit our website (www.edeninnovations.com)*

*+Rule 4.7B*

# 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**

Eden Innovations Ltd

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 58 109 200 900 | 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 | 360 | 360 |
| 1.2 | Payments for | | |
| | (a) research and development | (300) | (300) |
| | (b) product manufacturing and operating costs | (526) | (526) |
| | (c) advertising and marketing | (247) | (247) |
| | (d) leased assets | (1) | (1) |
| | (e) staff costs | (1,917) | (1,917) |
| | (f) administration and corporate costs | (287) | (287) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 1 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(2,917)** | **(2,917)** |

| **2.** | **Cash flows from investing activities** | | |
|---|---|---|---|
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (927) | (927) |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (3 months) $A'000** |
|---|---|---|---|
| 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** | **(927)** | **(927)** |

| **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 | 49 | 49 |
| 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** | **49** | **49** |

| | | | |
|---|---|---|---|
| **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 | 7,987 | 7,987 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,917) | (2,917) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (927) | (927) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 49 | 49 |
| 4.5 | Effect of movement in exchange rates on cash held | (160) | (160) |
| **4.6** | **Cash and cash equivalents at end of quarter** | **4,032** | **4,032** |

| **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 | 4,032 | 7,987 |
| 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)** | **4,032** | **7,987** |

| **6.** | **Payments to directors of the entity and their associates** | **Current quarter $A'000** |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 198 |
| 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

Directors Fees and superannuation were paid during the quarter.

Management Fees, as per agreement, were paid during the quarter to a company of which Mr GH Solomon and Mr DH Solomon are directors.

Legal Fees were paid during the quarter to a firm of which Mr GH Solomon and Mr DH Solomon are partners.

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 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

| |
|---|
| |

| 8. | Financing facilities available<br>*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.

| |
|---|
| |

| 9. | Estimated cash outflows for next quarter | $A'000 |
|---|---|---|
| 9.1 | Research and development | 200 |
| 9.2 | Product manufacturing and operating costs | 550 |
| 9.3 | Advertising and marketing | 250 |
| 9.4 | Leased assets | - |
| 9.5 | Staff costs | 1,750 |
| 9.6 | Administration and corporate costs | 250 |
| 9.7 | Other (provide details if material) | - |
| **9.8** | **Total estimated cash outflows** | **3,000** |

| 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:  Date: 31 October 2017

Company secretary

Print name: Aaron Gates

**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.