

30 January 2018

December 2017 Quarterly Report

Highlights for the quarter ended 31 December 2017

- National enterprise and state and local government contracts awarded.
- National capture program progressing with additional aircraft being deployed.
- First large-scale order by EagleView for North America being delivered on schedule.
- Larger, second order placed by EagleView, subsequent to the end of the quarter.
- FAA approval granted to commence commercial operations in North America.
- FAA extended the scope of approval to allow the use of a wider range of aircraft.
- Evaluation agreement signed with global technology investor for Chinese market.
- Final testing of next generation optics package completed.
- Board strengthened and organisation restructured to support commercial focus.
- A strong cash position maintained with further significant inflows received in January.

Spookfish Limited (ASX: SFI) is pleased to provide the following commentary regarding its activities during the three months ended 31st December 2017.

The December quarter saw Spookfish further cement the transition from development into commercial operations in both the Australian and North American arms of the business. Western Australian sales progressed steadily across enterprise and state and local government, and were further supported by the award of a significant national contract.

The national capture program is well underway. The Perth area has been recaptured multiple times and capture of Melbourne, Adelaide and Brisbane is tracking well to drive east coast sales targets in 2018. A third aircraft is being deployed to Brisbane to focus on Brisbane and Sydney, while the currently deployed aircraft will target Melbourne and Adelaide.

The delivery of camera systems to EagleView tracked to plan, with the first batch of systems ordered under their first large scale order delivered during the quarter. The remainder of the order is on schedule to be delivered early in the current quarter. Royalties from these current systems and the new systems are subsequently expected to commence this quarter and ramp up progressively over the year.

Further ramp up at the back end of 2018 and into 2019 will be driven by delivery of additional systems following placement of a larger, follow-on block order made just subsequent to the end of the quarter. This second purchase more than doubles the total number of systems committed by EagleView for North America. Payment for the order follows a similar structure to the previous order with an up-front component followed by progress payments aligned to delivery milestones.



A major achievement by Spookfish during the quarter was the Federal Aviation Authority (FAA) granting approval for Spookfish camera systems to begin operations in North America. The approval was achieved in a very short timeframe by any conventional measure for such a complex project and allows royalty revenues to commence under its license agreement with EagleView in North America.

Additionally, both the Civil Aviation Safety Authority (CASA) and the FAA extended their approvals to allow a wider range of aircraft to be used for our latest generation camera system, enabling even greater scalability in North America, and subsequent to the end of the quarter, the Company achieved another major milestone with CASA approving the final stage of the Supplemental Type Certificate (STC) programme allowing for the large-scale manufacture of the complete camera system.

During the quarter, Spookfish took the next steps along its global technology licensing strategy by entering into an evaluation agreement with Global Earth Ventures Limited, backed by international recognized GIS entrepreneur and global technology investor, Dr Vincent Tao, to explore opportunities to develop the market for aerial imagery and data analytics in China. As well as North America and China, Spookfish is continuing to consider approaches from other geographies interested in bringing Spookfish technology to their markets.

Spookfish is continuing to advance the development and evolution of its technology to drive improvements in productivity, quality and cost. During the quarter, an upgraded optics package was undergoing final testing and further improvements in the optics and sensor are planned for 2018 which will materially improve the performance of the Spookfish camera system.

From a governance perspective, the corporate structure has continued to mature with Martin Ripple appointed as a non-Executive Director, while Jason Marinko assumed the role of non-Executive Chairman. The Company also undertook an internal reorganisation to reflect to the increased commercial and operational focus of the business. The Board and executive team are now well positioned to deliver the skills and leadership needed to secure growth in 2018.

Spookfish continued to maintain a strong cash position of \$5.88 million at the end of the quarter. As in previous quarters, the spending required to supply systems to EagleView in North America is largely rebatable under our license agreement and Spookfish has received significant inflows subsequent to the end of the quarter from EagleView for deposits on orders, as well as a significant research and development tax incentive rebate.

Commenting on the last quarter's achievements, Spookfish CEO, Jason Waller said, "Much of the groundwork in 2016 and 2017 has been cemented over this quarter with Spookfish now operating nationally in Australia, ready to be rolled out in North America with EagleView and considering further geographic expansion in markets such as China. The Company is now very well positioned to benefit from the enormous global demand for cost-effective, high resolution imagery and derived data analytics."

For more information, please contact:

Jason Waller

Chief Executive Officer

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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 challenging what was thought impossible, Spookfish's revolutionary technology enables rapid imaging of vast areas 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.

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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	835	12,042
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,872)	(15,180)
(c) advertising and marketing	(26)	(147)
(d) leased assets	-	-
(e) staff costs	(1,315)	(4,701)
(f) administration and corporate costs	(59)	(411)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	27	122
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	37	92
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,373)	(8,183)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(234)	(2,310)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	(23)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	96
(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	(234)	(2,237)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	8,870
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	56	643
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	56	9,513

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	10,432	6,788
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,373)	(8,183)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(234)	(2,237)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	56	9,513

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	
4.6	Cash and cash equivalents at end of quarter	5,881	5,881

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	961	3,290
5.2	Call deposits	4,920	7,142
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)	5,881	10,432

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
173
-

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
417
-

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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Product manufacture and equipment costs	7,029
9.2 Operating costs	1,110
9.3 Advertising and marketing	310
9.4 Leased assets	-
9.5 Staff costs	1,654
9.6 Administration and corporate costs	214
9.7 Other (Capital equipment & technology development)	2,573
9.8 Total estimated cash outflows**	12,890

**** Note:** Cash inflows of approximately \$12,631,000 are expected during the quarter, comprising construction progress payments for data capture systems for Eagleview Technologies Inc. for use in North America, sales of data subscriptions in Australia, research and development incentive payments and other revenues. From 1 January 2018 to the date of this report, cash inflows totalling \$8,716,000 have already been received, including \$2,700,000 in research and development incentive payments.

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: 30 January 2018

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.