

30th April 2018

Spookfish accelerating commercialisation of its technologies in the March 2018 quarter

Highlights for the quarter ended 31 March 2018

- EagleView placed second large-scale order for North American systems.
- EagleView substantially completed system deployment, pilot training and large-scale testing of production workflow.
- CASA approved the final stage of the STC programme for the Spookfish camera system, ahead of large scale manufacture of the complete camera system.
- Domestic national capture program progressed, supporting accelerated commercialisation program in Australia.
- UrbisPro Value-Added Reseller Agreement signed, providing access to 2,800+ subscribed users in an established property planning professionals market.
- Maintained a solid cash position of \$7.2 million.

Spookfish Limited (ASX: SFI) is pleased to provide the following business update regarding its operations over the three months ended 31 March 2018 (Q1 2018), that saw the Company accelerate the commercialisation of its technology.

Commenting on the Company's performance over Q1 2018, Spookfish CEO Jason Waller said: "The March quarter has been a strong period for the Company. We are now accelerating the commercialisation of our technologies with new customer agreements in Australia, including with UrbisPro, leveraging the progress we are making with our national capture program. In addition, EagleView is now capturing aerial imagery with our camera system, with further ramp-up expected in Q2. Spookfish is well placed to deliver on the opportunities we see for our business."

Commence operating capture systems

During Q1 2018, EagleView Technologies Inc. (EagleView) commenced using Spookfish's systems and technology to capture and process aerial imagery for completion of system burn-in, customer and market validation, and pilot training. EagleView has also undertaken large-scale testing of their production pipeline which has undergone major enhancement to deal with the large increase in demands from the move to the Spookfish system. EagleView's processing solution incorporates Spookfish proprietary imagery software processing enabling the efficient and automated processing of millions of images a day into seamless high-accuracy orthomosaics. Further ramp-up is expected during Q2 2018.

Second large order placed by EagleView

In addition, during Q1 2018, EagleView placed their second large-scale block order to accelerate the rollout of Spookfish technology in North America. This purchase order reinforces EagleView's commitment to Spookfish technology and strengthens Spookfish's US revenue stream as more of the Company's camera systems become operational during 2018 in time to accelerate the upcoming capture program in North America.

The terms of this order were similar to previous orders, with the Company receiving a significant deposit upfront to enable the immediate commencement of the order. The combination of systems already delivered and deployed, and the additional systems on-order, will enable EagleView to rapidly ramp-up their North American capture program. They can then efficiently deliver on valuable existing client contracts in addition to cost-effectively enabling EagleView to offer a new range of products to a diverse range of markets and customer segments.

Australian capture progressing as planned

The national capture program is progressing, with the initial capture of Melbourne and Adelaide during the quarter, with Melbourne made available on-line as part of a progressive coverage rollout, in addition to repeat quarterly capture of Perth. Subsequent to the quarter, other capital cities capture commenced, with Adelaide, Canberra and priority areas of Sydney made available on-line. The capture of these cities will complement the capture of Perth, which the Company has already recaptured multiple times.

A third Aztec aircraft was acquired and commenced fitout with a camera system, complementing the existing two Aztecs and original Cessna. Once commissioned during Q2, Spookfish will have excess capacity to deliver the national capture program with surplus capacity used to manage operational contingency and surge, in addition to significant target bespoke customer opportunities beyond the standard capture program. This aircraft will initially support training of new pilots before commencing re-capture of Melbourne and supporting Brisbane capture.

Capture program supporting sales growth

The progressive rollout of the national capture program accelerates commercialisation of Spookfish's technology across Australia and increases the potential market considerably for further national customers, given revenue to date has primarily centred out of Perth.

The Company was pleased to announce that it had entered a Value-Added Reseller Agreement with UrbisPro Pty Ltd (UrbisPro) during the quarter. UrbisPro offers a range of property search information services to property planning professionals, with licenced surveyors comprising approximately 80% of its 2,800+ user base.

Under the Value-Added Reseller Agreement, UrbisPro will use Spookfish's imagery through a monthly per-user subscription and provide this as a value-added service to its existing subscribers across Australia. While the ultimate subscriber take-up rate is unknown, the agreement has the potential to generate more than \$1 million of annual contract value (ACV) to Spookfish.

Subsequent to the quarter, the quality of Spookfish's systems and end-product was further validated when the Western Australian Land Information Authority (Landgate) qualified Spookfish as a contractor to the Capture WA Panel contract. Landgate is the Western Australian State government's leading Spatial Information authority, responsible for the custody of land and property information data, including managing Western Australia's aerial imagery capture as part of Capture WA. In 2016-17 Landgate coordinated the procurement of approximately \$2 million worth of data through the Capture WA program.

With the capture program rapidly ramping up, associated negotiations with customers in other regions are well advanced. During the quarter, Spookfish built and trained its sales team outside Western Australia to target east coast customers and restructured under a new National Sales Manager position. Recruiting commenced for further sales staff who will deploy as each region becomes commercially available.

CASA approves STC programme

A significant milestone was achieved during the quarter, with the Civil Aviation Safety Authority (CASA) approving the final stage of the Supplemental Type Certificate (STC) programme for the Spookfish camera system. This will allow the large-scale manufacture and deployment of the complete camera system, streamline the installation of the camera system onto aircraft in Australia and simplify the production and supply of spare parts over the life of the system across the entire fleet. The approval was forwarded to U.S. FAA for ratification.

Solid cash position

Spookfish has maintained a solid cash position of \$7.2 million at 31 March 2018. The Company reported cash receipts of \$8.4 million during Q1 2018, reflecting growing sales revenue in Australia, and the North American purchase order that will underpin a step change in revenues as US revenues commence flowing.

-ENDS-

For more information, please contact:

Jason Waller

Chief Executive Officer
jason.waller@spookfish.com

Ronn Bechler

Managing Director, Market Eye
ronn.bechler@marketeye.com.au
+61-400 009 774

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. Further information can be found at www.spookfish.com.

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 March 2018

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		8,371	8,371
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(6,972)	(6,972)
(c) advertising and marketing		(111)	(111)
(d) leased assets		-	-
(e) staff costs		(1,424)	(1,424)
(f) administration and corporate costs		(157)	(157)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		24	24
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		2,698	2,698
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		2,429	2,429
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(1,076)	(1,076)
(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	(1,076)	(1,076)

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	-	-
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	-	-

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	5,881	5,881
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,429	2,429
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,076)	(1,076)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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	7,234	7,234

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	2,472	961
5.2	Call deposits	4,762	4,920
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)	7,234	5,881

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
156
-

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
5,474
-

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	491
9.2 Operating costs	1,055
9.3 Advertising and marketing	314
9.4 Leased assets	-
9.5 Staff costs	1,759
9.6 Administration and corporate costs	233
9.7 Other (Capital equipment & technology development)	1,795
9.8 Total estimated cash outflows**	5,647

**** Note:** Cash inflows of approximately \$3,423,000 are expected during the next 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.

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 April 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.