

31 October 2018

Growth continues on back of NSW delivery

Delivering on key milestones during the quarter ended 30 September 2018

- Successfully executed and delivered on NSW Spatial Services contract.
- Completed Sydney capture program.
- Launched new SiteView Ultimate product with additional import and export features.
- Continued sales growth in government and private sectors across a wide range of markets.
- EagleView placed third large-scale order for camera systems and made A\$5m royalty pre-payment.

Spookfish Limited (“Spookfish”) (ASX: SFI) is pleased to provide this business update regarding its operations over the three months ended 30 September 2018.

NSW Spatial Services Contract

Spookfish previously announced the award of a contract with NSW Spatial Services for the delivery of large-scale orthorectified spatial imagery over the major metropolitan areas of NSW, with a value of over \$500,000. This program was successfully completed during the quarter against very tight timeframes and significant operational constraints with regard to weather and airspace. All payments have been paid in full by NSW Spatial Services.

National Capture Program

During the quarter, Spookfish completed its capture program over Sydney and the additional areas required to support the NSW Spatial Services contract. The expansion into NSW marked the next stage of a nationwide rollout, with coverage in NSW now spanning from Newcastle to Kiama and from Lithgow to Manly. This covers the Sydney metropolitan area, which is home to just over 71% of the NSW population. With the addition of Perth, Melbourne and Adelaide’s metropolitan areas, Spookfish has coverage of over 55,000 km² across Australia.

Initial capture of the Brisbane area is still underway but was delayed due to Spookfish prioritising resources in NSW to mitigate against a tight delivery timeframe. Procurement of two additional aircraft is underway to further manage operational contingencies. These aircraft will initially be fitted out with an installation kit but without camera systems, and so will be capable of quickly transferring camera systems as needed.

As at 30 September 2018, commensurate with the capture program rollout, contracted users increased by 1,357 seats (34%) over the quarter.

Product Development

During the quarter, Spookfish introduced a third product line with SiteView Ultimate. This product includes all the features of existing SiteView products plus a full import and export functionality. The introduction of this product line gives a broader range of alternatives for customers to tailor their usage and price requirements to the product range. Further bolt-on capability and features to the SiteView Ultimate product is planned this quarter.

To ensure all spatial data is accurately positioned, the Australian Government is releasing GDA2020, Australia's new official national datum, to account for the land mass moving approximately 7.5cm each year due to continental drift. This change in the grid system serves to roughly undo the shift Australia has made between 1994 and 2020. Currently, image data accuracy can appear with an error as large as 1.8 metres compared to current GPS coordinates due to the underlying datum. To overcome this difference and improve accuracy for customers who utilise other spatial data like property boundaries, asset locations or design plans, Spookfish commenced re-processing imagery in GDA2020 and provides multiple datum options in its web services to facilitate this change. This update is approximately 85% complete.

Australian Sales Growing

In addition to the progressive increase of direct and indirect sales in existing markets, Spookfish signed several noteworthy clients during the quarter, including:

- a significant Western Australian State Government Department that required Spookfish to meet stringent security requirements,
- a number of additional Local Government Councils, including the first contract of this type in Victoria, and
- on the back of Spookfish's first capture in NSW, a range of initial customers across a breadth of industries, including emergency services, roofing, property, engineering and solar.

Additionally, Value-Added Reseller (VAR) agreements have continued to grow and a paid pilot program for Artificial Intelligence (AI) products commenced with a government customer.

EagleView Update

During the quarter, as part of an accelerated deployment, Eagle View Technologies, Inc. ("EagleView") has continued to test the latest Spookfish next-generation aerial camera system, including by using the system as part of a post-disaster response in the United States to assist in meeting public safety needs in the aftermath of that event. The total area of capture from this deployment was approximately 5,000 square miles. Subject to completion of ongoing testing, this latest product offers oblique and orthogonal images that display a level of detail intended to enable the identification of property features not visible from other imagery sources and the efficient acquisition of images with faster delivery times.

EagleView will be required to make royalty payments related to its capture activity in accordance with the Development, License and Royalty Agreement between Spookfish and EagleView dated 17 May 2016 ("Development, License and Royalty Agreement"). On 28 September 2018, Spookfish announced that it had received a A\$5 million payment from EagleView. The payment was made as a prepayment for, and to set off, the first A\$5m of royalties payable by EagleView to Spookfish in accordance with the Development, License and

Royalty Agreement. That payment formed part of EagleView's obligations, as announced by Spookfish on 26 July 2018, to make certain payments in consideration for Spookfish agreeing to amend the Development, License and Royalty Agreement such that EagleView has the sole right to elect that it will not automatically renew for two consecutive five year terms.

During the quarter, EagleView also placed a third block order for camera systems for North America. The order included an upfront deposit to enable the immediate commencement of the order and consisted of the latest generation systems incorporating further upgrades to lens and optics capability as announced in January 2018. These technologies have already undergone substantial flight testing, which testing is continuing. Deliveries of the previously announced second block order are underway, with the third block order planned for delivery commencing in the second quarter of 2019.

China Evaluation Agreement Extended

The exclusive evaluation agreement with Global Earth Ventures Limited was further extended during the quarter until 10 December 2018.

EagleView's Proposal to Acquire Spookfish

Subsequent to the quarter, Spookfish announced that the Federal Court of Australia ordered the convening of a meeting of Spookfish shareholders ("Scheme Meeting") to consider and vote on the scheme of arrangement under which EagleView has agreed to acquire all of the remaining issued ordinary shares in Spookfish that it does not already own for A\$0.09 per share ("Scheme").

The Scheme Booklet containing a Notice of Scheme Meeting, a Proxy Form for the Scheme Meeting and an Independent Expert's Report was despatched to Spookfish shareholders on 15 October 2018.

The Scheme Meeting will be held at 10.00 am (Perth time) on Friday 16 November 2018 at the Technology Park Function Centre, 2 Brodie Hall Drive, Technology Park, Bentley WA.

Spookfish shareholders who have questions in relation to the Scheme or the Scheme Booklet should contact the Spookfish Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside of Australia) between 5.30am and 2.00pm (Perth time) on business days.

-ENDS-

For more information, please contact:

Jason Waller

Chief Executive Officer

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")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	16,663	27,754
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,616)	(15,863)
(c) advertising and marketing	(212)	(560)
(d) leased assets	-	-
(e) staff costs	(2,019)	(5,257)
(f) administration and corporate costs	(159)	(986)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	38
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	36	2,734
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	6,697	7,860
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(506)	(2,249)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(506)	(2,249)

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	347	347
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)	-	(50)
3.10	Net cash from / (used in) financing activities	347	297

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	5,251	5,881
4.2	Net cash from / (used in) operating activities (item 1.9 above)	6,697	7,860
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(506)	(2,249)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	347	297

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	
4.6	Cash and cash equivalents at end of quarter	11,789	11,789

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	3,054	2,024
5.2	Call deposits	8,735	3,227
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)	11,789	5,251

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**

3,690

-

Payments for consulting, aeronautical engineering and support services provided by Innovaero Pty Ltd and Structured Design Pty Ltd, companies in which Michael von Bertouch (co-founder and strategic operations consultant and director of wholly controlled entity) 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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Product manufacture and equipment costs	6,003
9.2 Operating costs	1,172
9.3 Advertising and marketing	168
9.4 Leased assets	-
9.5 Staff costs	1,958
9.6 Administration and corporate costs	1,551
9.7 Other (Capital equipment & technology development)	993
9.8 Total estimated cash outflows**	11,845

**** Note:** Cash inflows of approximately \$5,181,000 are expected during the next quarter, comprising construction progress payments for data capture systems for Eagleview Technologies Inc. for use in North America, royalty payments, sales of data subscriptions in Australia, option conversions 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)

31 October 2018
Date:

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.