

31st October 2016

Companies Announcements Office

Australian Securities Exchange

Electronic Lodgement

QUARTERLY ACTIVITY REPORT (3 MONTHS TO 30 SEPTEMBER 2016)

REVIEW OF OPERATIONS

Clever Buoy Technology

The company's Clever Buoy shark detection was contracted by the world professional surfing governing body, World Surf League, for the JBay Pro Open in South Africa. The official event was held between 6th – 17th July in Jeffrey's Bay, which was scene of Australian surfer Mick Fanning's close encounter with a white pointer shark 12 months prior. The deployment was highly successful, and provided very welcomed protection for the professional surfers, whilst generating a global platform for the Company.

SMS has been working with local councils, state and federal governments on the approval and funding process to deploy Clever Buoy for beach safety across high risk locations in Australia. Several local municipalities nationally have directly approached SMS for proposals since the successful completion of the deployment at Bondi Beach last summer/autumn, with these currently awaiting state government support to formalize the relevant funding models available.

Since the launch of Clever Buoy, there have been many global expressions of interest in relation to the deployment of the system. One of these locations, Reunion Island, is operating a tender process for formal proposals to protect some of its iconic beaches, which have been plagued by shark encounters in recent years. SMS has been working closely with Reunion Island authorities and businesses with the objective of deploying Clever Buoy permanently in Reunion Island.

Visual Technology - SAMS

The company appointed Mr Simon O'Sullivan as General Manager of the Visual Technology Division, SAMS. Simon joins the company with over 27 years of experience in the Australian Water Sport and Surf Industry, which included senior roles with iconic brands such as Rip Curl, Gath and Rusty.

In September, the Company showcased its SAMS technology at the global surf industry's major trade show, SurfExpo, in Florida, USA. With over 27,000 attendees from a broad cross section of water sport segments it provided a significant opportunity for the industry to discover and be educated on the potential SAMS tech applications. Significant leads were developed from this event and the team is engaged with some significant international brands as a result.

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The Seabin Project

The company has continued its active corporate guidance and support for the continued development and commercialisation of Seabin Pty Ltd, a revolutionary environmental technology for cleaning rubbish and floating or suspended waste from marina and protected water environments.

The company is poised to sign a global manufacturing and distribution deal.

For more information, visit:

<http://www.seabinproject.com>

Corporate

The Company's financial position is good at September 2016, with cash on hand of \$2.3 million. The major outflows during the period were expenses associate with SAMS related field testing, product development of the Clever Buoy technology and business development initiatives. Cash funds are held on term deposit with varying maturity dates.

For further information, please contact:

Mr David McArthur

Company Secretary

Shark Mitigation Systems Ltd

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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 2016

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	32	32
1.2 Payments for		
(a) research and development	(209)	(209)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(85)	(85)
(d) leased assets	-	-
(e) staff costs	(121)	(121)
(f) administration and corporate costs	(60)	(60)
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	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(439)	(439)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(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	-	-

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	(7)	(7)
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	(7)	(7)

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	2,779	2,779
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(439)	(439)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(7)

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	2,333	2,333

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	2,303	2,744
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)	2,303	2,744

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
23
-

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 <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 (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	100
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	63
9.4 Leased assets	-
9.5 Staff costs	181
9.6 Administration and corporate costs	195
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	538

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 2016

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.