

ASX ANNOUNCEMENT

ASX Code: SM8

25 July 2016

Quarterly report for entities admitted on the basis of commitments

Rule 4.7B

REVIEW OF OPERATIONS

Admission to the Australia Securities Exchange

The Company was formally admitted to public listing on the Australia Securities Exchange on the 12th May 2016.

Clever Buoy Technology

On the 19th May, the Australian Professional Lifeguard Association (APOLA) formally endorsed the Company's Clever Buoy technology as a viable shark detection and alert solution for Australian beaches. At the Association's Annual Conference, APOLA endorsed that the Clever Buoy shark detection system is currently the only commercially available detection system capable of deployment in high surf zones to provide real time information for lifeguards that will be of direct benefit to beach users.

This endorsement was following the successful trial deployment of the system for an extended period at Bondi Beach in New South Wales. The deployment was conducted with the support of the New South Wales Government and the Waverley City Council. Since the trial was completed, the Company has been invited by a number of local councils and municipalities to submit proposals for deployment of Clever Buoy systems in various jurisdictions both in Australia and overseas.

On the 22nd June, the Company was formally engaged by the world professional surfing governing body, World Surf League, to deploy its Clever Buoy shark detection system for the JBay Pro Open in South Africa. The J-Bay Open was the scene of Australian surfer Mick Fanning's close encounter with a white pointer shark at the same event in 2015, and provided a global platform for the Company to showcase the Clever Buoy technology.

SAMS Technology

On the 1st June 2016, surfing legend Taj Burrow joined the Company as an ambassador for the company to assist in building awareness for its world-leading shark deterrent technologies. Taj has been a highly awarded professional surfer, participating in the professional circuit for more than 19 years. Taj brings his passion for the ocean and the utilisation of modern technology to assist the Company in protecting water users and enhance their experience in the ocean.

Corporate

The Company's financial position is good at June 30 2016, with cash on hand of \$2.78 million. The major outflows during the period were expenses associated with the initial public offering and further field testing of the SAMS and Clever Buoy technology. Cash funds are held on term deposit with varying maturity dates.

On behalf of the Board

David McArthur
Director

Level 2, 55 Carrington Street
Nedlands, Western Australia 6009

P: +61 1300 524 392 E: enquiry@sharkmitigation.com

www.sharkmitigation.com

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00. Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

SHARK MITIGATION SYSTEMS LIMITED

ABN

77 149 970 445

Quarter ended ("current quarter")

30 JUNE 2016

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$ | Year to date (3 months) \$ |
|--|---|-----------------------|----------------------------------|
| 1.1 | Receipts from customers | 20,040 | 20,040 |
| 1.2 | Payments for | | |
| | (a) staff costs | (49,760) | (49,760) |
| | (b) advertising and marketing | (39,731) | (39,731) |
| | (c) research and development | (381,765) | (381,765) |
| | (d) leased assets | - | - |
| | (e) other working capital | (200,089) | (200,089) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 5,441 | 5,441 |
| 1.5 | Interest and other costs of finance paid | (748) | (748) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | - | - |
| Net Operating Cash Flows | | (646,612) | (646,612) |

| | Current quarter \$A | Year to date (3 months) \$A |
|--|------------------------|-----------------------------------|
| 1.8 Net operating cash flows (carried forward) | (646,612) | (646,612) |
| Cash flows related to investing activities | | |
| 1.9 Payments for acquisition of: | - | - |
| (a) businesses (item 5) | - | - |
| (b) equity investments | - | - |
| (c) intellectual property | - | - |
| (d) physical non-current assets | - | - |
| (e) other non-current assets | - | - |
| 1.10 Proceeds from disposal of: | - | - |
| (a) businesses (item 5) | - | - |
| (b) equity investments | - | - |
| (c) intellectual property | - | - |
| (d) physical non-current assets | - | - |
| (e) other non-current assets | - | - |
| 1.11 Loans to other entities | - | - |
| 1.12 Loans repaid by other entities | - | - |
| 1.13 Other (provide details if material) | - | - |
| Net investing cash flows | - | - |
| 1.14 Total operating and investing cash flows | (646,612) | (646,612) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc | 3,500,000 | 3,500,000 |
| 1.16 Proceeds from sale of forfeited shares | - | - |
| 1.17 Proceeds from borrowings | - | - |
| 1.18 Repayment of borrowings | (6,869) | (6,869) |
| 1.19 Dividends paid | - | - |
| 1.20 Other – capital raising costs | (239,752) | (239,752) |
| Net financing cash flows | 3,253,379 | 3,253,379 |
| Net increase (decrease) in cash held | 2,606,767 | 2,606,767 |
| 1.21 Cash at beginning of quarter/year to date | 171,770 | 171,770 |
| 1.22 Exchange rate adjustments to item 1.20 | (47) | (47) |
| 1.23 Cash at end of quarter | 2,778,490 | 2,778,490 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$ |
|------|--|-----------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 76,260 |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | - |
| 1.26 | Explanation necessary for an understanding of the transactions 1.24 - 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. | |

Non-cash financing and investing activities

| | |
|-----|--|
| 2.1 | Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows |
| | N/A |
| 2.2 | Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest |
| | N/A |

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A | Amount used \$ |
|-----|-----------------------------|-------------------|
| 3.1 | Loan facilities | - |
| 3.2 | Credit standby arrangements | - |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$ | Previous quarter \$ |
|--|-----------------------|------------------------|
| 4.1 Cash on hand and at bank | 63,049 | 171,770 |
| 4.2 Deposits at call | 2,715,441 | - |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.23) | 2,778,490 | 171,770 |

Acquisitions and disposals of business entities

| | Acquisitions (Item 1.9(a)) | Disposals (Item 1.10(a)) |
|---|-------------------------------|-----------------------------|
| 5.1 Name of entity | N/A | N/A |
| 5.2 Place of incorporation or registration | | |
| 5.3 Consideration for acquisition or disposal | | |
| 5.4 Total net assets | | |
| 5.5 Nature of business | | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of Note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
Director

Date: 25 July 2016

Print name: David 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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