



ASX Announcement

## SEPTEMBER 2021 QUARTERLY REPORT

### AUSTRALIAN OPERATIONS PROGRESSING, GROWTH UNDERPINNED BY INTERNATIONAL ENTERPRISE CONTRACT WINS

#### Q3 FY21 HIGHLIGHTS

- Receipts from customers totalled A\$1.427 million, an increase of A\$95k on previous quarter
- Results driven by contracts with multinational enterprise mining companies, Barrick Gold (Holdings) Limited, Anglo American Platinum Limited subsidiary, Rustenberg Platinum Mines Limited and Corteva Agriscience RSA (Pty) Ltd subsidiary, Pioneer Seed RSA
- Completed acquisition of Arvista Pty Ltd in Australia (1 September 2021)
- Entered into unsecured loan agreement with parent entity, Delta Drone SA, to provide additional working capital to fund the Company's growth.

**29 October 2021** – Drone based data systems provider, **Delta Drone International Limited (ASX: DLT)** is pleased to provide the business update for the quarter ending 30 September 2021 (Q3, 2021), along with its Appendix 4C quarterly cash flow report.

Commenting on the Company's progress during the quarter, Delta Drone International (**DLT**) CEO Christopher Clark said:

"This quarter has seen our expansion strategy in Australia start to take form, with the acquisition of 60% of the shares in aerial and terrestrial surveying services provider, Arvista. We now have a highly skilled local team as part of Delta Drone International and I couldn't be more pleased with the calibre of customers we are now working with in Australia. While it's still early days, with Arvista only commencing trading as a DLT subsidiary as of 1 September, I look forward to closing out 2021 and entering 2022 with a fully operational and growing presence in Australia.

"Our international operations continue to flourish, again signing contracts with renowned enterprise companies, Barrick Gold (Holdings) Limited, Anglo American Platinum Limited subsidiary, Rustenberg Platinum Mines Limited, and Corteva Agriscience RSA (Pty) Ltd subsidiary, Pioneer Seed RSA. The faith our enterprise customers place in us to deliver the data they need, is a testament to our unique 'drones-as-a-service' model and the value it provides.

"We continue to expand our footprint in Africa, entering both Mali and Niger to examine mining site expansion options. In addition, our agriculture & renewable-energy specialist brand, RocketFarm, has delivered a completely tailored data solution for a concentrated solar

power (CSP) plant survey, which saw the team successfully re-train the thermal AI detection formula which was previously used on Photovoltaic (PV) plants, to identify leaks and energy loss.

"I am also pleased to report that Delta Drone International has ranked fourth in the Drone Industry Insights (Droneii) Top Drone Service Providers for 2021 Report. This report ranks the top drone service providers in the world using company size, market share, and public attention as key parameters. To be ranked fourth in the world less than a year as a company shows our strategy to become the leading drone service provider, globally is delivering."

## **COMMERCIAL UPDATE**

### **Arvista Pty Ltd**

In September 2021, DLT formally completed the acquisition of 60% of the shares in Perth-based provider of aerial and terrestrial surveying services, Arvista Pty Ltd, with the company commencing trading as a DLT subsidiary on 1 September 2021.

The investment is a key milestone in DLT's growth strategy in Australia and immediately provides the Group with a blue-chip Australian client base and access to a team of highly skilled professionals with the expertise to expand their skillset beyond surveying to include the full range of drone-as-a-service operations that Delta Drone International provides.

### **Anglo American Platinum Limited**

During the period, DLT signed a contract for survey mapping, blast monitoring and inspection services with Rustenberg Platinum Mines Limited, a wholly owned subsidiary of Anglo American Platinum Limited, the world's largest producer of platinum, at its Mogalakwena site in South Africa.

The agreement will see Rocketmine's mining specialist pilots and state-of-the-art drone fleet manage the end-to-end survey mapping, blast monitoring and inspection requirements for the mine, delivering rapid and accurate data.

### **Corteva Agriscience RSA (Pty) Ltd**

DLT secured a contract with major producer of seeds for agriculture, Corteva Agriscience RSA (Pty) Ltd adding to the Company's growing multi-national customer base.

The contract was signed after Delta Drone International successfully provided its leading drones-as-a-service capabilities across several ad-hoc agriculture projects for the conglomerate over the last two years.

Delta Drone International will provide Pioneer Seed RSA a subsidiary of Corteva a full-time specialist agriculture drone pilot to deploy state-of-the-art agriculture-specific drones to capture a range of vital data including plant analytics to ensure maximum yield for crops such as maize, soybeans and sunflowers.

## **Solar Inspection**

DLT subsidiary, RocketFarm, has provided a concentrated solar power (CSP) plant survey for a customer in South Africa's Northern Cape Province. The survey holds great significance in the industry as historically, this type of survey has been extremely challenging to conduct due to the reflective nature of the plant's mirrors preventing the capture of images required. A 100% tailored solution created by RocketFarm that included a rewriting of the AI detection algorithm, resulting in the successful monitoring for broken mirrors and defective heat elements as well as providing the client an analysis on future performance optimisation.

## **OPERATIONAL UPDATE**

Delta Drone International continues to cement its position as a leading 'drones-as-a-service' provider. This quarter, the Company expanded operations into Mali and Niger.

### **Mali expansion**

In July, DLT expanded its operations into Mali after being appointed by multinational gold mining company Barrick Gold for advanced light detection and ranging (LIDAR) services to examine mining site expansion options in the region. The operation delivered Barrick Gold the data required to guide decision making, while Barrick continued to focus on their day-to-day mining operations.

### **Niger expansion**

DLT will enter the Niger market for the first time with uranium explorer and developer, GoviEx Uranium Inc, to perform a virtual 3D model baseline survey for its potential new Madaouela mine in the region.

The baseline survey will be one of the first times Delta Drone International uses its advanced surveying and data capture technology to create a shareable view of a potential mining site to share with GoviEx Uranium stakeholders who are unable to attend the site due to current travel restrictions, and for use by the engineering teams for project construction design.

## **OUTLOOK**

"Delta Drone International is on its way to becoming the leading drones-as-a-service provider in Australia. The Australian expansion is supported by DLT's highly successful operations overseas and the continued signing of big-name enterprise customers. We will continue to provide our industry leading services in the mining and agriculture sectors as we look to expand past these industries and into others, that can benefit from the range of ways we can capture data to enhance business operations", said Mr Clark.

## **FINANCIAL OVERVIEW**

Receipts from customers for Q3, 2021 totalled A\$1.427 million, an increase of A\$95k on the second quarter (Q2, 2021).

Total cash operating outflows during the quarter totalled A\$2.242 million, an increase of A\$177k on the second quarter mainly attributed to operating expenses of the newly acquired Arvista Pty Ltd.

Major expenses comprised:

- A\$476K on product manufacturing and operating costs, an increase of A\$135k on the second quarter;
- A\$859K on staff costs, an increase of A\$117k on the second quarter; and
- A\$823K on administration and corporate costs.

Pursuant to ASX Listing Rule 4.7C.2, the Company provides the below table as a comparison of actual expenditure against the “use of funds” table as disclosed in the Prospectus dated 10 November 2020 (“Prospectus”) (ASX announcement of 10 November 2020):

Use of Funds Under Prospectus	Budgeted Expenditure Amount (\$M)	Actual Expenditure Amount (\$M)
Costs to establish an Australian Head Office	(0.57)	(0.19)
Expenditure on Australian Sales and Marketing Activities	(0.86)	(0.16)
Costs associated with Expansion of South African operations <sup>1</sup>	(0.41)	(1.33)
R&D Expenses	(1.81)	(1.43)
Working capital <sup>2</sup>	(0.60)	(2.52)
Transaction Fees and Expenses	(0.75)	(0.79)
<b>TOTAL</b>	<b>(5.00)</b>	<b>(6.42)</b>
<b>Add: Opening cash prior to IPO</b>		0.22
<b>Add: Proceeds from IPO</b>		5.00
<b>Add: Receipts from Customers</b>		4.01
<b>Less: Product Manufacturing and Direct Operating Costs</b>		(1.24)
<b>Remaining cash at 30 September 2021 as disclosed in Appendix 4C</b>		<b>1.57</b>

Explanation of material variances in the use of funds:

1. As highlighted in the June 2021 quarterly activity report, expansion of the South African operations commenced earlier than expected which has resulted a material variance in the budgeted expenditure.
2. Includes a payment of A\$300k to acquire 60% of the shares in Arvista Pty Ltd (as announced to the ASX on 16 August 2021 and 1 September 2021).

As per item 6 of the attached Appendix 4C cash flow report for the quarter, payments to related parties and their associates of A\$188K comprised of director fees paid to executive and non-executive directors, an increase mainly attributed to accrued director fees for the June 2021 quarter for Mr Chris Singleton which was paid in the September 2021 quarter. Mr Singleton ceased as a Director of the Company on 14 July 2021.

## WEBINAR DETAILS

An investor webcast will take place at 10:15am AEDT on Friday, 29 October 2021. Following the briefing, participants will have an opportunity to ask questions via an online facility.

Please pre-register for webcast via:

[https://us02web.zoom.us/webinar/register/WN\\_tsn6e7MWTxend\\_mCadugZw](https://us02web.zoom.us/webinar/register/WN_tsn6e7MWTxend_mCadugZw)

*This announcement has been authorised for release by the Board of Delta Drone International Limited.*

**-ENDS-**

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## **About Delta Drone International**

Delta Drone International is a multi-national drone-based data service and technology solutions provider for the mining, agricultural and engineering industries. It provides aerial surveying and mapping, security and surveillance, and blast monitoring and fragment analysis through a fully-outsourced service with AI and fast data turnaround that allows enterprise customers to focus on operations on the ground while Delta Drone International takes care of everything in the air.

It has in-house enabling proprietary technology, an R&D and integration centre and specialist expertise in designing, developing and providing best-in-class autonomous safety systems for commercial drone deliveries, drone flights for crowd monitoring and in urban areas, as well as 'beyond visual line of sight' (BVLOS) missions.

[www.dlti.com.au](http://www.dlti.com.au)

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

DELTA DRONE INTERNATIONAL LIMITED

**ABN**

17 618 678 701

**Quarter ended ("current quarter")**

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,427	4,013
1.2 Payments for		
(a) research and development	-	(20)
(b) product manufacturing and operating costs	(476)	(1,237)
(c) advertising and marketing	(109)	(265)
(d) leased assets	(34)	(93)
(e) staff costs	(859)	(2,325)
(f) administration and corporate costs	(823)	(2,481)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	9
1.5 Interest and other costs of finance paid	4	(18)
1.6 Income taxes (paid)/received	43	49
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	9	158
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(815)</b>	<b>(2,210)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(300)	(300)
	(c) property, plant and equipment	(254)	(544)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment		
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	4	9
2.4	Dividends received (see note 3)	-	-
2.5	Other (refund of deposits)	-	7
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(550)</b>	<b>(828)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	2
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(4)	(549)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(4)</b>	<b>(547)</b>

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,946	5,183
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(815)	(2,210)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(550)	(828)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	(547)
4.5	Effect of movement in exchange rates on cash held	(7)	(28)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,570</b>	<b>1,570</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,552	2,760
5.2	Call deposits	18	186
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,570</b>	<b>2,946</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	188
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,500	-
7.2 Credit standby arrangements	28	17
7.3 Other (short term bridge financing)	-	-
<b>7.4 Total financing facilities</b>	<b>2,528</b>	<b>17</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>2,511</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.1: Unsecured loan facility from Delta Drone SA (France) bearing interest of 2.5% per annum on all drawn amounts.		
7.2: Unsecured credit card (A\$2K) bearing interest 17.25%, unsecured loan from Nedbank (A\$6K) bearing interest 7% and unsecured credit card (A\$20k) bearing interest of 20.74%.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(815)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,570
8.3 Unused finance facilities available at quarter end (item 7.5)	2,511
8.4 Total available funding (item 8.2 + item 8.3)	4,081
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>5</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## 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.

Date: 29 October 2021

Authorised by: .By the board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.