

From the Chairman ...



Firstly I'd like to express my thanks to all shareholders for their supportive words and messages following the launch of our first edition of *SM News* earlier this year. The response has been overwhelmingly positive and strongly encouraging. Hopefully this and all following editions of *SM-News* will be just as informative.

I'd also like to take this opportunity to welcome the new investors that have joined Seeing Machines. Following the capital raising completed in early April approximately 400 new investors joined our share register, more than doubling the register to a total now exceeding 700 shareholders. The GBP£3.277 million gross proceeds of the placing were raised at a price of 3.5 pence per placing share, a 22% premium to the closing share price prevailing at the time. This terrific result is an indication of the quality business strategy and plans that the company is moving forward with at this time.

As outlined in the placing announcement¹ the proceeds are being used to accelerate our DSS business in the mining and resource industries. We have taken some important forward steps to realise this strategy in recent months, some of which are outlined in this newsletter. With the benefit of the strong support of our investors and the newly injected capital resources available to the company we expect to move our business forward rapidly, and will bring news of developments to you as they happen. Thanks again for all your support.

Sincerely,

Bill Mobbs, Chairman



From the CEO ...

Major developments at Seeing Machines in the last quarter include signing up two new, and significant DSS customers in the mining industry and completing a fund raising via a placing on AIM.

These events are closely linked and represent the culmination of the first phase of our corporate strategy to aggressively promote the DSS to the resources industries. With these initial DSS supply contracts in place and the products being delivered now, the new capital from the share placing is being used to accelerate our promotion and support of the DSS in the field.

We have begun the process of building additional field sales and support staff, both in Australia and the US. We anticipate opening a field office in one of the major Australian mining industry centres in the near term to support our Australasian business. Further to these direct resources we have also progressed appointment of partner representatives in Southern Africa and South America.

Work on the DSS product itself continues at our Australian research and development facility. Recent product and service offering improvements have been well received by both existing clients and at recent trade show marketing events.

With many recent DSS developments this edition of *SM-News* begins with a review of the mining industry uptake of the DSS. Following that is a brief overview of faceAPI to continue the initial aim for *SM-News* to highlight all of our products.

Sincerely,

Nick Cerneaz, CEO



Mining industry embraces the DSS

The company's DSS strategic plans targeting the mining and resource industries have developed significantly in the last few months, most clearly illustrated by the various DSS

supply agreements announced to AIM recently.

Since publishing the first edition of this newsletter (SMN-Ed1), we have signed new DSS supply deals with Freeport² and BHP Billiton³. In addition to those

agreements for operational deployment of the DSS we are also engaged in significant pilot evaluations of the DSS in other mining operations in a variety of locations, including Australia, Canada, US, South Africa, Botswana, Ghana & Sth America.

¹ <http://www.seeingmachines.com/wp-content/uploads/2010/04/Placing-Announcement-Final.pdf>

² Freeport McMoRan Copper and Gold Inc., (NYSE:FCX)

³ BHP Billiton (ASX:BHP, LSE:BLT) subsidiaries Navajo Coal Company & San Juan Coal Company, part of the Energy Coal business unit.

... DSS & mining industry continued

The Freeport deals announced in [February](#) & [March](#) this year provide the foundation for further widespread DSS deployments across Freeport's operations. The initial corporate agreement (MPA) has established the master terms and conditions for supply of the DSS to the operating companies, and in March we announced the first such deal for deployment of DSS units to Freeport's Grasberg mine in Indonesia. There is significant ongoing dialog and planning underway with Freeport and in line with the terms of the MPA we expect to announce further such deals ahead.

At the time of preparing this publication (*SMN-Ed2*) Seeing Machines has personnel on site at the huge Grasberg mining complex in Indonesia installing the first DSS units there. The units are being deployed in haul trucks operating at the mine and in other



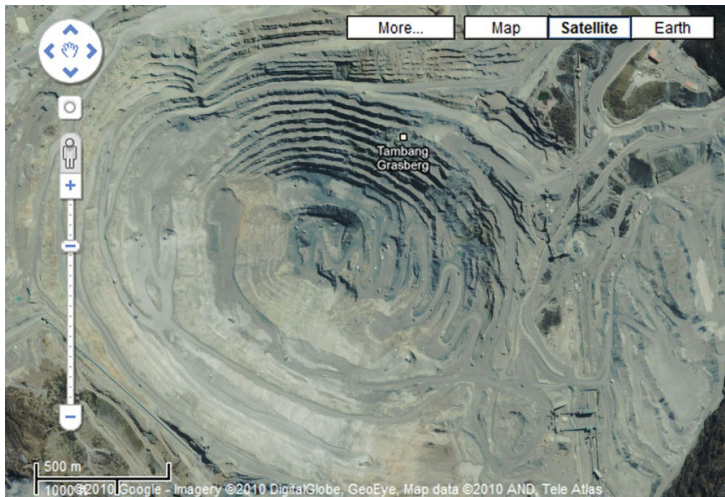
View from Grasberg mine site to the valleys below

In [April](#) we announced a contract to supply further DSS units to the Freeport mine in Safford, Arizona. In addition to the units installed at this site during the original Freeport pilot DSS evaluations in 2009, these units will bring the site to full DSS deployment within the haul truck fleets.

Recent installation of the DSS at BHP Billiton's Navajo and San Juan operations in New Mexico USA marks the first DSS installations within the BHP-B group of companies. The units were installed into the haul truck fleets at these sites in April and are currently being integrated into site operations.

We are currently working with both Freeport and BHP to establish a number of other deployments and look forward to bringing details of those developments in due course.

The DSS was the subject of a mining industry presentation and a major exhibition at the recent CIM 2010 Conference¹. Reception to the product was very positive and through this meeting we have established some significant new business prospects, particularly in gold and coal mining operations across the Americas.



Aerial view of Freeport's Grasberg complex. Source: Google Maps™

vehicles operating elsewhere at the complex. Installation has been proceeding well and we expect the units to be fully operational in the near term.

Situated at approximately 14,000 feet elevation, the Grasberg mine presents a number of technical challenges for the DSS units (and for vehicle drivers also, such as various effects of altitude adding further complexity to the normal driving tasks). The extremes of temperature and a thinner atmosphere at this altitude test many design elements of the DSS units, such as the passive cooling. Designed to be rugged, robust and self managed the DSS-IVS processing units have been further upgraded to deal with the rigours of deployment in these conditions. These latest modifications are now a standard feature of all DSS-IVS units being deployed globally.



A visitor to the DSS booth at CIM 2010 experiences the driver's perspective of the DSS-IVS.

¹ Canadian Institute of Mining, Metallurgy and Petroleum annual meeting & exhibition 2010, Vancouver Canada. May 9-12, 2010.

faceAPI – enabling the next generation of human-machine interfaces ...

Finding & tracking objects in video sequences is a core enabling technology for many applications. Spanning security, safety, policing, entertainment, sports, general computing, industrial systems and robotics, aviation, aerospace, transportation and the military to name a few, the range of applications is limited only by a developer's imagination.

Seeing Machines is a recognized world leader in the development of these advanced tracking technologies. We use these internally to build the **DSS**, **faceLAB** and **TrueField Analyzer**, products. Further to those product based businesses, and in an effort to address the hundreds of business opportunities that exist for such enabling technology we make the core technologies available under license to external third party developers via the **faceAPI**.

Since launch of the universal faceAPI in 2008 systems and software developers all over the world have included it in their product developments, especially in computer gaming industries.



faceAPI

Advances in 3D imaging and display technologies have become much more main stream recently with for instance, the rise in new feature length films being

computer, imaging and TV/video displays that do not require the viewer to wear special glasses, and hence appear as native 3D displays to the viewer.

Humanoid robotics research is making extensive use of faceAPI to enable realistic human



These stills taken from a video sequence illustrate a small portion of faceAPI's face tracking functionality. The wire-frame overlay portrays faceAPI's real-time determination of the changing location, orientation and shape of the subject's face and head. These parameters provide the raw data needed by many applications and devices to engage with, respond to or otherwise be aware of various interactions with a real person. Consequently as an enabling technology the faceAPI is at the forefront of the next generation of human aware interfaces and devices.

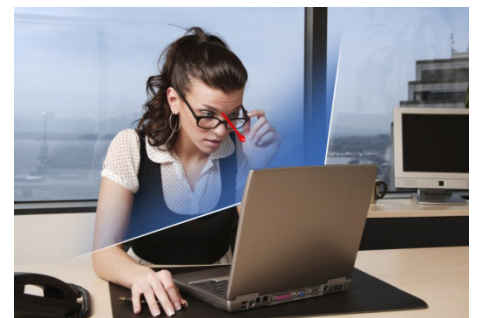
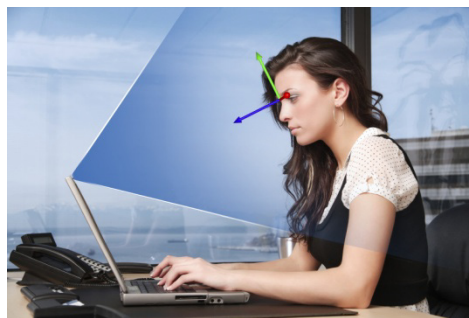
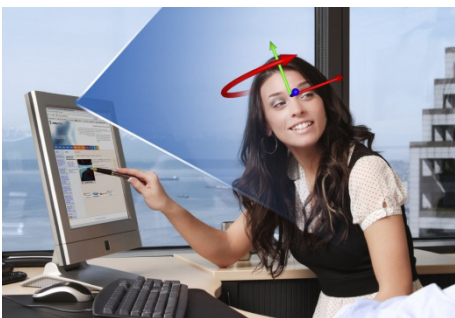
produced in various 3D formats (Avatar™ in 2009 is perhaps the most prominent example). The demand for new 3D technologies are driving developer uptake of faceAPI as it is possible to use an ordinary web-cam together with faceAPI to create a compelling 3D imaging solution.

Currently faceAPI is being used by multiple companies in their work to bring new *autostereoscopic displays* to market – 3D

to machine interactions – see these links for some examples:

- [Georgia Tech's Simon Robot](#),
- [Osaka University's Geminoid F](#).

The faceAPI is an advanced toolkit enabling a multitude of applications. In future editions of *SM-News* we will aim to build on this introduction to the technology by highlighting some case studies.



faceAPI provides automatic head, face and facial feature tracking of a subject visible within a video stream – for example from a normal webcam. From a single (monocular) camera viewpoint the headtracking illustrated in these pictures generates full 6 degrees of freedom (6DOF) data – 3 translational & 3 rotational parameters, all updated in real-time. These measurements are the building blocks of many applications that faceAPI is being used for today.