

Companies Announcements
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SciDev Optimises Value of Zeehan Zinc Project

Highlights

- Strategy to optimise value of the Zeehan Zinc Project implemented.
- Transaction results in SciDev holding a major stake of new base metal explorer and developer, Tartana Resources Limited (TRL).
- Delivers \$0.5 million in cash as well as exposure to TRL's project suite, which includes the advanced stage Tartana Base Metal Project.
- SciDev benefits from all work undertaken on Zeehan Zinc Project and additional base metals project portfolio.
- SciDev Board and Management now 100% focused on development of core business.

Background

SciDev Ltd (ASX:SDV) ('SciDev' or 'the Company') is pleased to announce it has optimised its corporate structure by entering into a conditional agreement to divest the Zeehan Zinc Project into Australian base metal and exploration company Tartana Resources Limited (TRL).

SciDev will become a major shareholder in TRL as a result of the transaction, allowing it to benefit from the future development of the Zeehan Zinc Project while also gaining an exposure to the planned extensive works programme to be undertaken at the Tartana Base Metals Project.

TRL is an Australian unlisted public company with an option to purchase the Tartana Base Metal Project, located 40 kilometres north-west of Chillagoe, North Queensland. The project adjoins Auctus Minerals' King Vol Project, which is being developed with funding from leading global private equity firm Denham Capital.

The Zeehan Zinc Project is held under a long-term mining lease granted by Mineral Resources Tasmania. The project is located approximately three kilometres south of Zeehan, on Tasmania's west coast.

The agreement follows the thorough and detailed evaluation of a range of potential commercialisation options for the Zeehan Zinc Project by SciDev's Board and Management during 2017, which included the direct sale of the residues, blending strategies and Australian-based beneficiation opportunities.

SciDev's Board and Management concluded that divesting the Zeehan Zinc Project into TRL was clearly the optimal corporate structure in terms of maximising shareholder value for that asset.

The transaction maintains the optionality of different commercialisation routes for the Zeehan Zinc Project, while defraying the attendant risks and costs associated with developing the asset further. It also provides SciDev with an exposure to a range of potentially lucrative advanced base metal projects in Queensland.

The agreement allows SciDev's Board and Management to focus its attention on accelerating growth of the Company's core businesses as it prepares for a major international expansion.

Background to TRL and the Tartana Project

TRL is an unlisted Australian public company, which has an option to purchase the Tartana Base Metal Project located 40km north-west of Chillagoe, North Queensland.

The Tartana Base Metal Project includes:

- Four granted mining leases and a plant suitable for leaching oxide copper ores and/or copper residues and an SX/crystallisation circuit for the production of copper sulphate.
- Established office, workshop, accommodation and dining facilities.
- A range of exploration prospects within the mining leases, including:
 - A significant copper sulphide prospect below the existing Tartana copper-oxide open pit mine. Insufficient work has been carried out at the project area to underpin a target or resource in accordance with the JORC Code 2012.
 - An unexplored porphyry copper prospect further below the Tartana copper sulphide prospect.
 - A large, poorly tested IP anomaly, with a nearby vertical drill-hole recording strong copper mineralisation. This drilling was carried out by Carpentaria Exploration in the 1960-1970 period. Insufficient work has been carried out at the project area to underpin a target or resource in accordance with the JORC Code 2012.
 - The Valentino Prospect, with previous drilling recording strong copper mineralisation. This drilling was carried out by Carpentaria Exploration in the 1960-1970 period. Insufficient work has been carried out at the project area to underpin a target or resource in accordance with the JORC Code 2012.
 - The Queen Grade Zinc Project, with previous drilling results including high grade zinc intersections. This drilling was carried out by Dominion Mining Ltd in the early 1990's. Insufficient work has been carried out at the project area to underpin a target or resource in accordance with the JORC Code 2012.

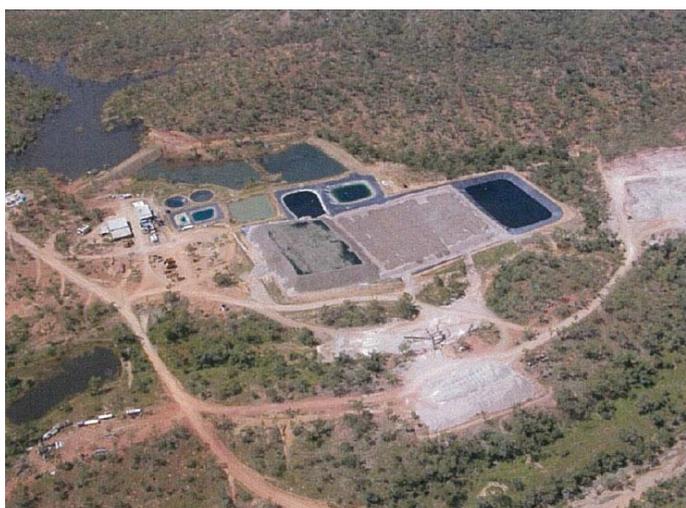


Image one: The Tartana Processing Facility, Chillagoe, North Queensland

The Queen Grade Zinc Project appears to be a faulted offset of the nearby King Vol Zinc Deposit. King Vol is located on the adjoining tenement owned by Auctus Minerals, which is funded by one of the world's largest private equity firms, Denham Capital. Development of the King Vol Deposit is nearing completion and is within line-of-sight of Tartana's Queen Grade Zinc Project.

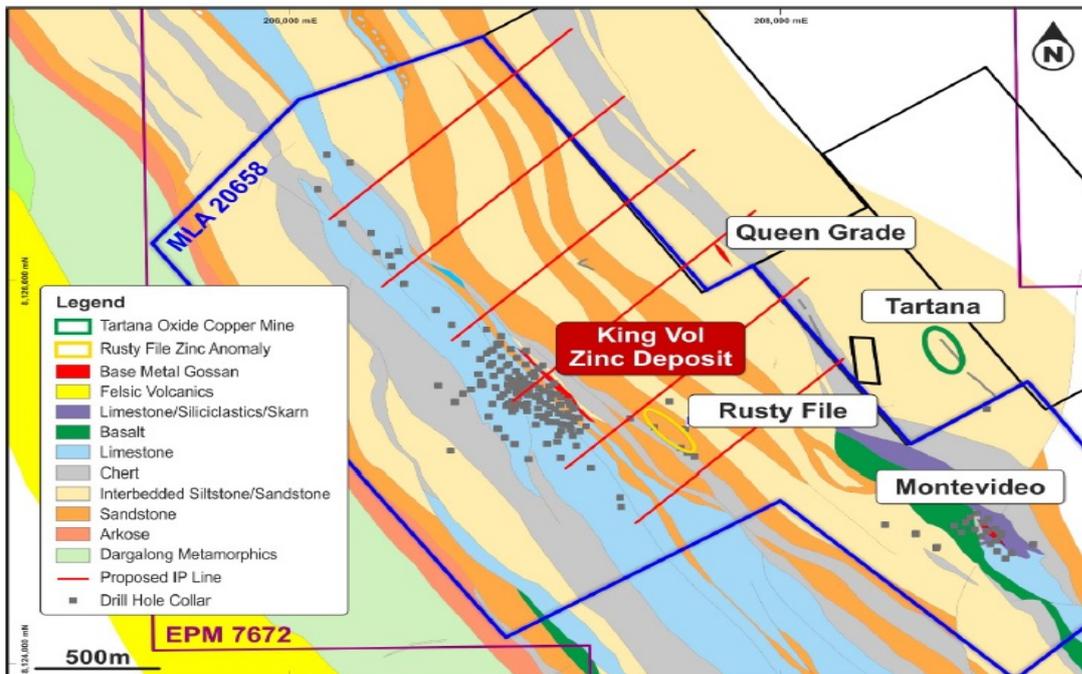


Image two: The historic Tartana oxide copper mine (green ellipse) is located about 2km east of the King Vol Zinc Deposit.

Tartana’s Commercial and Development Plans

TRL is in the process of undertaking a capital raising of not less than A\$1.5 million. That capital raising is expected to be completed in coming weeks. SDV will be a significant shareholder in TRL upon completion of the transactions outlined.

TRL is considering an ASX listing, which is intended for early 2018. Details of the listing are not settled yet. However, it is clear that SDV will remain a major equity stakeholder in TRL after it has listed, at which time and subject to ASX guidelines SDV would consider an in-specie distribution of TRL shares. The Company and TRL are in active discussion as to an appropriate level of SDV representation on the TRL Board over time.



Image three: The Zeehan Zinc Project, Tasmania

Transaction Terms:

The terms on which the Company has agreed to divest the Zeehan Zinc Project into TRL are as follows:

- Issue of 15 million TRL shares to SDV, at a deemed/notional issues price of \$0.10 per share, in exchange for the Zeehan Zinc Project.
- Upon completion of the sale and the \$1.5 million capital raising proposed by TRL, SDV will hold approximately 37.5% of TRL's shares, representing an approximately 37.5% control position (prior to any further capital raise / IPO or asset acquisition by TRL). TRL will also have a modest number of \$0.40 exercise price options on issue, held by Directors and key executives.
- TRL will pay SciDev \$250,000 upon completion of the transaction, expected to occur around December 2017 / January 2018; and
- TRL will pay SciDev an additional \$250,000 in the first calendar half of 2018.

The sale is subject to a number of conditions, including regulatory approvals. The key commercial condition precedent, set for the benefit of SciDev, is that TRL must first complete its acquisition of the Tartana Base Metal Project. This ensures SciDev is only obliged to complete the sale of the Zeehan Zinc Project to TRL once TRL's ownership of the Tartana Base Metal Project is assured.

SciDev shareholder approval for the divestment of the Zeehan Zinc Project is required pursuant to ASX Listing Rule 11.4. A resolution seeking this approval will be put to the Company's 2017 Annual General Meeting in late November 2017.

Management commentary:

SciDev Managing Director, **Kieran Rodgers** said: "SciDev's Board have carefully assessed all options to realise maximum value from the Zeehan Zinc Project, and we believe that this transaction with TRL represents the best outcome for shareholders."

"Not only do we gain exposure to the future development of Zeehan, but we also benefit from the work TRL will undertake across its broader base metal portfolio."

"Importantly, this means that SciDev management can focus on scaling up our core business and look to accelerate the roll out of OptiFlox® Systems to its broader customer base and additional industry segments."

Tartana Resources Limited Managing Director, **Stephen Bartrop** added: "Tartana now has access to several advanced stage zinc and copper projects with significant exploration upside and strong infrastructure optionality".

"We look forward to working with SciDev to finalise this transaction, before we bring TRL to market in the near future. We hope to realise the value of these assets, in particularly the Zeehan Zinc Project, while there are such strong base metal prices."

Heath Roberts

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