



INNOVATIVE SCIENCE • REAL VALUE

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Companies Announcements Office
Australian Stock Exchange

31 January 2018

Quarterly Activities Report: Appendix 4C – December 2017

Highlights:

- **Strategy to optimise value of Zeehan Zinc Project completed – initial \$250,000 payment from Tartana strengthens SciDev balance sheet**
- **SciDev now 100% focused on development of core business, with strong improvement in December quarter sales - up ~20% on previous quarter**
- **North American market entry progressing well – MOU executed with Phoenix Processing Equipment Co., the world's largest integrated supplier of chemicals and de-watering equipment**
- **MOU with The Seydel Companies Inc. signed to investigate joint business opportunities in USA - further strengthens US opportunity**

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide its Quarterly Activities Report for the period ended 31 December 2017.

The quarter and developments subsequent have been a period of significant progress for the Company, both corporately and operationally.

Operational progress

During the quarter, the Company progressed discussions with the operator of a major coal handling and preparation plant in the Bowen Basin, Queensland for the trial of an OptiFlox® System. The relationship is developing well and SciDev is confident that an agreement will be reached. The site is currently trialling the Company's chemicals and has been pleased with the results to date. SciDev hopes to progress this trial to chemical sales to realise additional revenues for the Company.

Board and Management continue to pursue opportunities in the Australian dairy industry, as well as other industries such as heavy mineral sands and metalliferous mining. SciDev looks forward to updating shareholders on additional contract wins across CY2018.

North American market entry

Subsequent to the period ending 31 December 2017, SciDev signed two Memorandums' of Understanding (MOU's) with North American based companies; Phoenix Process Equipment Co. (Phoenix) and The Seydel Companies Inc. (Seydel), to investigate joint business opportunities in the United States.

Phoenix

On 2 January 2018, the Company announced that it had executed an MOU with Phoenix Process Equipment Co., the world's largest integrated supplier of chemicals and dewatering equipment, to investigate joint business opportunities.

Through the agreement, SciDev and Phoenix will evaluate the opportunity for the incorporation of the Company's proprietary OptiFlox® technology into Phoenix's equipment offering, as well as assess the feasibility of a partnership to manufacture certain chemicals for de-watering operations in selected locations throughout North America using SciDev manufacturing technology.

Phoenix has an extensive range of products and has been operating for over thirty years. During this time, Phoenix has been responsible for hundreds of installations globally, including 600 alone across North America. There are also a significant number of Phoenix de-watering equipment installations throughout Australia and SciDev looks forward to progressing this agreement to drive additional sales of the OptiFlox® technology and associated chemicals.

Seydel

On 10 January 2018, the Company announced that it had executed an MOU with The Seydel Companies, Inc. headquartered in Pendergrass, Georgia. Seydel is a leading producer of chemicals essential in the textile & apparel, paper & packaging, personal care, agriculture and metalworking industries. The business has been operating for over a century.

Under the terms of the MOU, SciDev and Seydel will collaborate on a business plan to evaluate and potentially establish a facility to manufacture chemicals for wastewater treatment at Seydel's facilities in the US utilising SDV's market leading manufacturing technology.

The Company remains in ongoing discussions with both Phoenix and Seydel and looks forward to updating the market during the current quarter on its progress.

Divestment of Zeehan Zinc Project to Tartana Resources Ltd

As announced 25 October 2017, the Company achieved a significant milestone and optimised its corporate structure by entering into a conditional agreement to divest the Zeehan Zinc Project to Australian base metal and exploration company, Tartana Resources Limited (Tartana).

The agreement followed an extensive and detailed review of a range of potential commercialisation options for unlocking the value of the Zeehan Zinc Project, which included the direct sale of residues, blending strategies and Australian-based beneficiation opportunities.

As of result of the transaction, which was approved by shareholders at the Company's Annual General Meeting on 30 November 2017, SciDev will become a major shareholder in Tartana, allowing it to benefit from the future development of the Zeehan Zinc Project, as well as gaining exposure to Tartana's broader base metal project suite. This includes the Tartana Base Metals Project, located 40 kilometres north-west of Chillagoe, North Queensland,

adjoining Auctus Minerals' King Vol Project which is currently being developed with funding from leading global private equity firm, Denham Capital.

This agreement maintains the optionality of commercialisation routes for the Zeehan Zinc Project, while defraying attendant costs and risks associated with SciDev developing the asset further.

The terms on which the Company agreed to divest the asset to Tartana are as follows:

- Issue of 15 million Tartana shares to SciDev;
- Payment to SciDev of \$250,000 (this occurred in late December 2017); and
- Payment to SciDev of an additional \$250,000, which is expected to occur in the first calendar half of 2018.

5,145,000 Tartana shares, representing 19.9% of the issued capital of Tartana have been issued to SciDev and the balance of the Tartana shares to be issued to SciDev, totalling in aggregate 15,000,000, will be issued in a tranced manner in coming months.

In additional developments, Mr Kieran Rodgers, Managing Director of SciDev, was appointed a Director of Tartana and SciDev has secured a priority allocation of 50% of Tartana shares proposed to be offered under its upcoming ASX initial public offering (IPO). This allocation is capped at \$2.5 million and will be made available to shareholders in a manner to be determined.

Tartana is reviewing various options for the processing of the Zeehan Zinc Project. As a component of this review, a small tonnage of material is currently being prepared for delivery to an Australian smelter for trial treatment of the material.

The Company looks forward to updating shareholders on Tartana's ASX IPO, which is currently scheduled for late February/March 2018 and the detailed works programme set to be undertaken at both Zeehan and the Tartana Base Metals Project across the coming quarters.

Financial Performance

SciDev is pleased to advise that receipts from customers have increased for the quarter with \$601,000 received during the quarter. This represents a ~20% increase from the previous quarter and a ~9% increase from the corresponding quarter last year.

The Company's cash position was \$627,000 at 31 December 2017. The Board and Management also note that an additional cash payment of \$250,000 from Tartana Resources is expected in the first calendar half of 2018, which will further strengthen the balance sheet.

Outlook

The focus for the current quarter is as follows:

Core Business

- Installations/trials of additional OptiFlox® Systems in the Australian Coal industry;
- Progressions of opportunities for installations/trials of OptiFlox® Systems in the Australian Dairy industry;
- Installations/trials of OptiFlox® Systems in the Australian Mineral Sands industry;
- Progression of North American market entry opportunities; and
- Additional R&D to enhance the Company's manufacturing opportunities.

Tartana

- Announcement of the Tartana ASX IPO details (timetable, target raising, prospectus);
- Settle SciDev shareholders' priority allocation position; and
- Tartana ASX IPO and commencement of exploration.

Kieran Rodgers
Managing Director

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

SciDev Ltd

ABN

25 001 150 849

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	601	1,102
1.2 Payments for		
(a) research and development	-	-
(b) suppliers and corporate overheads	(513)	(1,214)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(200)	(412)
(f) administration and corporate costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(1)	(3)
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	(111)	(522)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(5)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(24)	(28)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	250	250
(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	226	217

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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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	(5)	(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	(5)	(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	517	939
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(111)	(522)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	226	217
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(5)	(7)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	627	627

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	627	517
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)	627	517

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	82
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	

Directors fees are at normal commercial rates.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	-
9.2 Suppliers and corporate overheads	415
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	200
9.6 Administration and corporate costs	-
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	615

*Note: SciDev Ltd generates regular income from operations. That income is expected to offset a significant part of the total estimated cash outflows reported at 9.8 above. Additionally, a further \$250,000 cash payment is anticipated during the first half of 2018 as a result of the Zeehan Zinc Project divestment.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	Intec Zeehan Residues Pty Ltd / Zeehan Zinc Project
10.2	Place of incorporation or registration	-	A.C.N. 084 358 814
10.3	Consideration for acquisition or disposal	-	15,000,000 shares in Tartana Resources Ltd and \$500,000 (refer various previous announcements)
10.4	Total net assets	-	Refer previous announcements
10.5	Nature of business	-	Wholly owned subsidiary that owns the Zeehan Zinc Project. Divestment was approved by SDV shareholders at the SDV 2017 AGM

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: 31 January 2018

Print name: Kieran Rodgers
Director

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