



INNOVATIVE SCIENCE • REAL VALUE

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Companies Announcements Office
Australian Stock Exchange

31 July 2018

Quarterly Activities Report: Appendix 4C – June 2018

Highlights

- Secured six-month commercial trial of an OptiFlox® System at a major coking coal operation in the Bowen Basin, Queensland in support of Phoenix MOU
- After quarter-end, the Company received a purchase order from Peabody Energy for a six-month trial of an OptiFlox® System in the Bowen Basin, Queensland
- Business development activities during the quarter are expected to result in an agreement for a commercial trial of an OptiFlox® System at an Australian based mineral sands operation and potentially also at a thermal coal mine in the United States
- Jamiel Muhor contracted as Business Development Manager
- Steve Ward employed as Technical Account Manager
- Capital raising of \$860,000 via share placement at a placement price of \$0.006 per share announced
- Strategic investor introduced to assist in the expansion and growth of SciDev's business

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide its Quarterly Activities Report for the period ended 30 June 2018.

Operational Summary

The Company has built a world class executive team in the field of solid/liquid separation, with strong expertise in the mining, water treatment and agribusiness industries. The executive team coupled with SciDev technology in the areas of reagent dosing control (OptiFlox®) and chemical manufacturing technology is building a significant business development pipeline. The pipeline includes several medium and long-term opportunities.

In addition to these opportunities, the Company is confident of shortly having OptiFlox® Systems either permanently installed or on commercial trial at:

- An Australian thermal coal mine site (Peabody Energy), with potential for a further installation in the United States;
- A dairy processing facility in Sydney (Lion Dairy & Drinks);

- Two coking coal sites in the Bowen Basin, Queensland (including a Peabody Energy site); and
- An Australian based mineral sands operation.

SciDev management are confident that the installation of OptiFlox® Systems will not only deliver value to customer sites but also lead to significant chemical sales for the Company, which will be supported by its manufacturing technology.

In addition, the company is working on several chemical sales opportunities where SciDev manufactured products will be sold through other channels.

Operational Report

Sales to customers during the quarter (\$639,000) were materially higher than the previous quarter (\$567,000), principally due to increased sales to new customers in the mining sector.

During the quarter, the Company secured a six-month commercial trial for an OptiFlox® System with a global leader in coking coal production in the Bowen Basin, Queensland. The approval of the trial follows extensive on-site technical evaluations by SciDev personnel.

The OptiFlox® System will be trialled on one of the multiple Phoenix Process Equipment Co. (Phoenix) belt press filters in the coal handling & preparation plant for a trial period of six months. SciDev will be paid a monthly fee for the provision of the OptiFlox® System during the trial period. The trial forms part of the activities under the Memorandum of Understanding (MOU) with Phoenix.

A successful trial may result in a long-term contract for the installation of an OptiFlox® System, as well as opportunities for more deployments to the multiple Phoenix belt press filters at the trial site. In addition, management expects opportunities for chemical sales agreements to materialise should a system be installed on a longer-term basis.

Subsequent to the end of the quarter, the Company received a purchase order for an OptiFlox® System, to be employed in a six-month trial at a Peabody Energy site in the Bowen Basin, Queensland.

The OptiFlox® System will be trialled on the tailings thickener to maximise the use of water, improve productivity and reduce overall operational costs. It is expected that the system may also yield other benefits not readily quantifiable at bench scale operations.

Peabody Energy is an existing SciDev client and utilises an OptiFlox® System at the 12mtpa Wilpinjong thermal coal mine in New South Wales (refer ASX announcement: 16 March 2017).

The Company is confident that during the current quarter an agreement for a commercial trial of an OptiFlox® Systems at an Australian mineral sands operation will be achieved, with additional potential for a commercial trial at a thermal coal mine in the United States. The latter would represent the first deployment of an OptiFlox® System outside of Australia.

Jamiel Muhor contracted to SciDev as Business Development Manager

Jamiel Muhor has been contracted to support the Business Development activities of the Company. Jamiel has over 15 years' experience in the water treatment, mining and chemical industries. He began his career with Ciba, who were subsequently acquired by BASF, the world's largest chemical producer by chemical sales. Jamiel's most recent role at BASF was Head of Mining Technology – Asia Pacific. Previous roles at BASF included Global Account Manager for BHP Billiton, Global Account Manager for Alcoa and Key Account Manager in the Canadian Oil Sands industry.

Steve Ward employed as Technical Account Manager

Steve Ward has been employed to support the Company's operational activities in the dairy and food sector. Steve has over 30 years of sales, marketing, project management and customer service experience with specialty chemicals and process control systems. He began his career with Taubmans as a laboratory chemist before moving into the water treatment sector where he spent 20 years in technical sales and marketing roles with Nalco, one of the world's leading water treatment chemical companies. Steve's most recent role was with Concept Controls where he managed a specialty water treatment chemical production facility as well as supporting technical sales, marketing and customer service activities.

Tartana Resources Ltd

Subsequent to the end of the quarter, Tartana Resources Ltd (Tartana) made a payment of \$50,000 to SciDev towards the second tranche of \$250,000 owed under the Zeehan sale agreement. SciDev extended the time for the payment of the balance of \$200,000, plus interest, to 30 September 2018. Tartana expects to lodge a replacement prospectus shortly then re-commence capital raising for its Initial Public Offer.

Corporate

On 25 June 2018, the Company announced a capital raising of \$860,000 via a two-tranche share placement process at a placement price of \$0.006 per share. The share placement will result in the introduction of both Lewis Utting (Project Director) and Kanins Australia Pty Ltd (Kanins Australia) as substantial shareholders.

Lewis Utting will subscribe for an amount of \$210,000, and with an existing shareholding will hold an approximate 5.5% interest in the Company post completion of the capital raising.

Kanins Australia will subscribe for an amount of \$300,000 in the placement and together with an existing shareholding will hold an approximate 11% interest in the Company post completion of the capital raising.

Kanins Australia and its associated companies, Sinoz Chemicals and Commodities Pty Ltd (Sinoz), Kemtec Mineral Processing Pty Ltd (Kemtec) and Kanins International Pty Ltd (Kanins International) are globally significant manufacturers and suppliers of chemicals and reagents to the mining industry and the agribusiness sector.

Both the SciDev and Sinoz/Kanins/Kemtec (the Sinoz Group) technology portfolios are highly complementary and cover the entirety of the mineral processing reagent value chain from grinding, beneficiation through to tailings and water treatment.

SciDev will benefit from existing Sinoz Group customer relationships, which management believes will accelerate business development activities. The Sinoz Group will benefit from SciDev's leading chemical and OptiFlox® technology and mineral processing expertise allowing them to offer end users a complete solution.

Outlook

The focus for the current quarter is as follows:

- Progress installation of OptiFlox® System at major metallurgical coal mine in support of Phoenix MOU;
- Progress installation of OptiFlox® System at additional Peabody site;
- Receipt of approval for commercial trial of OptiFlox® System at Australian mineral sands operation;
- Execute opportunities for new chemical sales opportunities with Kanins as strategic investor;

- Progression of North American market entry opportunities;
- Pursuit of additional opportunities in the Iron Ore, Alumina and Dairy industries; and
- Additional R&D to enhance the Company's manufacturing opportunities.

Kieran Rodgers
Managing Director

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Cover Note

Name of entity

SciDev Ltd

ABN

25 001 150 849

Quarter ended ("current quarter")

30 June 2018

During the Quarter, SciDev received \$445,000 of the \$860,000 share placement announced on 25 June 2018. This figure is reported at 3.1 below. The balance of \$415,000 is the subject of binding share applications and expected to be received in the first half of August 2018. SciDev's net estimated cash outflow for the September 2018 quarter is (\$200,000) as reported at 9.8 below. The Company's cash position after completion of the announced share placement is considered ample to cover the Company's estimated cash outflow on any reasonably conceivable basis for both the September and December quarters of 2018 quarter, subject to the normal vicissitudes of business.

SciDev provides the following additional information:

Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

The Company's core business remains the roll-out of its OptiFlox® and related systems to customers in Australia to increase revenue through equipment leasing fees and associated chemical sales. In addition, the Company is actively progressing business development opportunities in North America. The Company anticipates that it will achieve positive operating cash flows in future quarters. The attached Quarterly Activities Report identifies successes in this regard and improved financial performance during the reported Quarter.

Has the Company 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?

A successful capital raising was carried out during the Quarter. Refer paragraph 1 above.

Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The roll-out of the OptiFlox® and related systems to customers in Australia continues to increase revenue through equipment leasing fees and associated chemical sales, as reported in the attached Quarterly Activities Report. A successful capital raising has been carried out during the quarter. If additional working capital is required to meet the Company's business objectives, this requirement will be dealt with at the appropriate time.

The Company is in compliance with the ASX Listing Rules, in particular Listing Rule 3.1 and there is no information that should be given to ASX about the Company's financial condition in accordance with that Rule that has not already been released to the market. This Appendix 4C has been authorised and approved by the Board.

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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	639	2,308
1.2 Payments for		
(a) research and development	-	-
(b) suppliers and corporate overheads	(803)	(2,611)
© advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(255)	(991)
(f) administration and corporate costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	7
1.5 Interest and other costs of finance paid	(1)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	303	303
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(116)	(990)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(6)
(b) businesses (see item 10)	-	-
© investments	-	-
(d) intellectual property	(14)	(46)
(e) other non-current assets	-	(11)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	250
© 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	(14)	187

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	445	445
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	(4)	(13)
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	441	432
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	257	939
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(116)	(990)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	187
4.4	Net cash from / (used in) financing activities (item 3.10 above)	441	432
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	568	568
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	568	257
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)	568	257

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	(600)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(250)
9.6 Administration and corporate costs	-
9.7 Other – Receipts from Customers	650
9.8 Total estimated cash outflows	200

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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 July 2018
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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.