



INNOVATIVE SCIENCE • REAL VALUE

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Companies Announcements Office
Australian Stock Exchange

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Quarterly Activities Report: Appendix 4C – March 2019

- **Exclusive distribution, marketing rights and strategic investment from the Nuocer Group secured**
- **Purchase order received from Peabody Energy in United States for an OptiFlox® system**
- **Peabody Wilpinjong contract extension for twelve months for chemicals and OptiFlox® system**
- **Mineral Sands chemical and OptiFlox® system trials during the quarter**
- **Lewis Utting to replace Managing Director, Kieran Rodgers, April 2019**
- **Rights issue and placement for \$2,500,000 to accelerate growth completed with Taylor Collison**

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide its Quarterly Activities Report for the period ended 31 March 2019. This quarter has seen the undertaking and successful completion of several significant corporate and strategic actions designed to reposition the Company for strong growth. The company has also during the period effectively maintained a strong customer focus with the foundation laid for a rewarding year.

Operational Report

Receipts from customers during the March 2019 quarter (\$760,000) were materially higher than the December 2018 quarter (\$669,000) representing continuous growth since from the September 18 quarter (\$600,000).

SciDev Secures world leading polymer supply rights in Oceania

The company entered into a binding Heads of Agreement (HOA) to acquire the exclusive distribution and marketing rights in Australia and other Oceanic countries for polymer products produced by the China-based Nuocer Group (Nuocer). The exclusive rights pertain to countries within the Oceanic region that have substantial mineral processing and water treatment sectors. In addition, the agreement allows SciDev to work with Nuocer to support business development initiatives globally in key target industries.

As part of this transaction, the Company has also secured the services of Nuocer Group employee, Dr. Jeffrey Zhang. Dr. Zhang is a director of SDPL and SciDev will utilise his considerable experience in marketing, strategic business development, supply chain and quality control to drive growth in key areas. In addition, two experienced Nuocer sales and marketing executives have also joined SDPL, both are based in key regions close to SciDev markets in Western Australia and Queensland.

Growing presence and revenues in Coal

In January (refer ASX 30th January 2019) The company received a purchase order for a commercial trial of an OptiFlox[®] System at a Peabody Energy thermal coal mine in the United States. SciDev has been supplying chemicals into this site since the September quarter of 2018 with support of MOU partner, Phoenix. The OptiFlox[®] System will be trialled on the tailings thickener to maximise the use of water, reduce consumable usage, improve productivity and lower overall operational costs. This order supports the SciDev strategy of working with existing clients and combining its patent pending Optiflox[®] system with chemical supply to ensure solution-based outcomes for its clients. Further activities with Peabody resulted in a contract extension at the Wilpinjong mine further supporting the commercial utility of the combined Optiflox[®] technology and chemical offer (refer ASX 5th March 2019).

The Optiflox[®] system trial continued at a major coking coal operation in the Bowen Basin. After the initial phase of the trial, an extensive engineering review was conducted on the application with a view to implementing improvements allowing for extended operation. The engineering design changes to the unit have been made and will be installed during May. Following the modification, the trial will continue until the end of Q2 2019 to align with changing site operational requirements.

Expansion into mineral sands

The heavy mineral sands trials continued into the quarter with the 15 metric tonne chemical trial being completed in February, and the final phase of the Optiflox[®] system trial was concluded in March 2019. The company is awaiting feedback from the end user following the submission of commercial and technical proposals.

Waste Water Treatment opportunities advanced

Additional work in the waste water sector initiated in 2018 led to orders for the company's products from local waste water treatment plants. The initial results are encouraging with performance benefits evident across two applications. The initiatives will continue into the June quarter with the company hopeful of achieving continued commercial progress in the sector.

Base metals and Iron ore opportunities

The joint investigation between Sinoz and SciDev to increase copper recovery from a SE Asian operation using the Optiflox[®] system continue into the June quarter. Proof of concept laboratory evaluations delivered promising results. Further technical evaluations are being conducted in the Company's new Kings Park laboratory and warehouse premises while logistics and commercial arrangements are finalised with the end user.

Multiple rounds of product and technology evaluations on tailings from major iron ore producers illustrated significant performance benefits over the incumbent treatment regime. In the case of one producer, SciDev chemicals have been submitted for independent testing, the Company is awaiting results of this testing.

Laboratory and R&D at new Kings Park facility

Laboratory fit out is completed at the company's new Kings Park facility with full service solids liquid separation testing and R&D facilities operational. In addition, commissioning of the company's new polymer manufacturing technology continues into the June quarter with best in class automation now installed.

Outlook for the June Quarter:

- Progress commercial negotiations in the mineral sands sector
- Execute phase two technical program with major coking coal producer in the Bowen Basin
- Continue development in the Australian coal sector with existing customer base
- Continue local initiatives in the waste water and dairy sector
- Execute Optiflox® system installation in the US with Peabody Energy
- Explore supply opportunities with MOU partners in the USA
- Progress base metal opportunity with Sinoz in SE Asia
- Continue development in the Iron Ore segment

Tartana Resources Ltd

On 28 March 2019, Shareholder approved an amendment to the Tartana transaction, whereby SciDev would receive additional Tartana shares (5,000,000) in replacement of cash (\$500,000) payable to it under the initial transaction. In order for SciDev to repay \$300,000 already paid to it by Tartana, SciDev sought approval to sell a number of its existing Tartana shares to raise \$500,000.

These transactions were approved by SciDev shareholders and were implemented post end of the Quarter, leaving SciDev with a net additional \$200,000 in working capital. Tartana has advised that it intends to move forward with its proposed ASX Listing IPO shortly and SciDev stands to realise significant value as a major Tartana shareholder as this occurs. Further information will be provided in due course.

Corporate

On March 19th, the company advised that Managing Director Kieran Rodgers had resigned. Kieran will be replaced by Executive Director Lewis Utting, who joined the board in October 2018 (refer ASX 19th March 2019). The company wishes to take the opportunity to thank Kieran for his efforts over 18 years tenure with SciDev and wish him the very best with his future endeavours.

During the Quarter, the company strengthened its cash position by successfully completing a capital raising of \$2,500,000 via a rights issue and two-tranche share placement at \$0.06 per share (refer ASX announcement 13th February 2019). Parties associated with Nuocer subscribed for 5,000,000 shares during the Nuocer transaction, the placement and subsequent rights issue making those parties significant stakeholders in the Company's success.

Subsequent to the end of the Quarter the Company rebadged and updated its website and changed its Registered Office and Principal Place of Business.

Lewis Utting
Executive Director

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 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	760	2,015
1.2 Payments for		
(a) research and development	-	-
(b) suppliers and corporate overheads	(1,157)	(2,851)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(236)	(807)
(f) administration and corporate costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	13
1.5 Interest and other costs of finance paid	(1)	(5)
1.6 Income taxes paid	-	(32)
1.7 Government grants and tax incentives	0	333
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(624)	(1,334)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(67)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(4)	(28)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	50
(b) businesses (see item 10)	-	-
(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)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(45)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,737	2,152
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	-	73
3.6	Repayment of borrowings	(30)	(36)
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	1,707	2,189

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	302	568
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(624)	(1,334)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(45)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,707	2,189
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,378*	1,378

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	1,378	302
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)	1,378*	302

*Note: an additional \$780,000 in working capital was received after the end of the Quarter as a result of share subscriptions approved at the Company's general meeting on 28 March 2019. Additionally, after the end of the Quarter a net additional \$200,000 general working capital was achieved as a result of the sale of shares in Tartana Resources Ltd.

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	129
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	500	18
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.		

Lender: Kanins International Pty Ltd
Interest Rate: 15% pa
Security: Secured against inventory.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Suppliers and corporate overheads	(800)
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	700
9.8 Total estimated cash outflows	350

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: 24 APRIL 2019

Print name: Lewis Utting
Executive 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.