



INNOVATIVE SCIENCE • REAL VALUE

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Companies Announcements Office
Australian Stock Exchange

31 October 2017

Quarterly Activities Report: Appendix 4C – September 2017

Highlights:

- Progress towards North American market entry advanced with focus on commercial discussions with partners for OptiFlox® System and/or local manufacturing
- Company confident of reaching agreement for a trial of an OptiFlox® System at a major coal handling and preparation plant in the Bowen Basin, Queensland
- Decision pending regarding the deployment of OptiFlox® System for a dairy processing facility in regional Victoria
- R&D activities focused on additional industrial applications of OptiFlox® System conducted
- Subsequent to the Quarter's end, a conditional agreement was reached to optimise the value of the Zeehan Zinc Project, providing additional upside exposure to advanced base metal projects
- Royalty received from Intec International Projects Pty Ltd relating to the prior licensing of Intec Process related intellectual property

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide shareholders with this Quarterly Activities Report for the three-month period ended 30 September 2017 (Q1 2018).

Operational Performance

SciDev remains confident of reaching agreement for a trial of an OptiFlox® System at a major coal handling and preparation plant in the Bowen Basin, Queensland. This site is currently trialling SciDev's chemistry and the OptiFlox® trial is expected to take place once a major capital expenditure program at the site is completed.

The Company is also awaiting a decision regarding the installation of an OptiFlox® System at a dairy manufacturing facility in regional Victoria. The potential customer for the technology is one of the nation's largest dairy producers and an existing customer for SciDev chemicals.

Both of these opportunities validate the Company's strategy of leveraging its established wastewater chemical sales business to develop a strong pipeline of opportunities for the installation of OptiFlox® Systems across multiple industry verticals.

Subsequent to the end of the Quarter, a conditional agreement was reached to optimise the value of the Zeehan Zinc Project (see ASX announcement 25 October 2017). The agreement followed a thorough and detailed evaluation of a range of potential commercialisation options for unlocking the value of the Zeehan Zinc Project by SciDev's Board and Management during 2017.

The terms on which the Company has agreed to divest the Zeehan Zinc Project to Tartana Resources Ltd (TRL) are as follows:

- Issue of 15 million TRL shares to the Company, at a deemed/notional issue price of \$0.10 per share.
- Upon completion of the sale and the \$1.5 million capital raising proposed by TRL, the Company 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 the Company \$250,000 upon completion of the transaction, expected to occur around December 2017 / January 2018; and
- TRL will pay the Company an additional \$250,000 in the first calendar half of 2018.

The sale is subject to a number of conditions, including regulatory and shareholder approval under ASX Listing Rule 11.4. The key commercial condition precedent, set for the benefit of the Company, is that TRL must first complete its acquisition of the Tartana Base Metal Project. This ensures the Company 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. See previous announcement for further details on the Tartana Base Metal Project.

The agreement allows SciDev's Board and Management to focus its attention on accelerating growth of the Company's core businesses, including its overseas expansion, while gaining exposure to a range of potentially lucrative advanced base metal projects in Queensland.

Also subsequent to Quarter end the Company was advised that it will receive 350,000 shares (approximately \$20,000) in Monument Mining Limited (Monument), a company listed on the Toronto Stock Exchange (TSX-V:MMY). The receipt of these shares relates to the Royalty Agreement between SciDev Ltd (previously Intec Ltd) and Intec International Projects Pty Ltd (IIP), entered into in 2014, for IIP to have access to the intellectual property relating to the patented Intec Process. Under the Royalty Agreement, the Company is entitled to a royalty of 5% on fees generated by IIP in relation to Intec Process applications. Additional Monument shares may be received in the future.

Financial Performance

The September Quarter was a period of greater than usual expenditure and consequent operating cash outflow due to:

- North American market study expenditure;
- Higher raw material purchases; and
- Sales decreased by comparison with the previous Quarter.

The Company is confident that expenditure on North American market entry strategies will result in agreed arrangements with local parties prior to the end of this calendar year. SciDev will update shareholders as these discussions progress.

In addition, higher raw material purchases throughout the Quarter will support an expected surge in sales during the December Quarter.

Outlook

The focus for the upcoming Quarter will be as follows:

- Installations/trials of additional OptiFlox® Systems in the Australian coal industry;
- Installations/trials of additional OptiFlox® Systems in the Australian dairy industry;
- The progression of opportunities in overseas markets, including North America;
- A better understanding of the applicability of OptiFlox® Technology across other industries; and
- Additional R&D to enhance the Company's manufacturing capabilities.

Corporate

The 2017 Annual General Meeting will take place as follows:

Time: 4:00pm (Sydney time)

Date: Thursday, 30 November 2017

Place: The Boardroom
Northside Conference Centre
Corner of Oxley Street and Pole Lane
Crows Nest NSW

Kieran Rodgers
Managing Director

Released through: Henry Jordan, Six Degrees Investor Relations +61 431 271 538

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 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	451	451
1.2 Payments for		
(a) research and development	-	-
(b) suppliers and corporate overheads	(701)	(701)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(212)	(212)
(f) administration and corporate costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(2)	(2)
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	(411)	(411)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(5)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(4)	(4)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(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)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(9)	(9)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(2)	(2)
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	(2)	(2)

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	939	939
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(411)	(411)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(2)	(2)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	517	517

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	517	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)	517	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	400
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	212
9.6 Administration and corporate costs	
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	612

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 October 2017

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.