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SCIDEV

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Companies Announcements Office
Australian Stock Exchange

14th October 2020

SciDev delivers Record A$9.4m Quarterly Sales

Quarterly Activities Report: Appendix 4C – September 2020

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide its Quarterly Activities Report for the period ended 30 September 2020.

Q1 FY2021 Highlights

- **Record quarterly sales to customers of A$9.4m with strong contributions from all sectors**
- **September was the second highest sales month for the company with sales of A$4.6m**
- **Strong performance from the Oil & Gas Sector with A$2.1m of sales in September**
- **Strong business development pipeline with field qualifications underway across all sectors**
- **Expansion in construction, new services in oilfield and new chemistry sales in mining**
- **Positive un-audited net profit before tax recorded for the quarter of A$0.5m**
- **Net cash at end of the quarter of A$5.6m**

Reflecting on Q1 FY2021, SciDev Managing Director and Chief Executive Officer Lewis Utting said: *'The September quarter business performance was outstanding and sets the scene for a strong FY2021. After a COVID impacted June quarter, our growth across all verticals in the September quarter was exceptionally pleasing. With our range of contracts with Bluechip customers and numerous field qualifications scheduled to commence in the December quarter the outlook for the company is strong.*

I am very pleased that we have been able to deliver a quarter of strong growth and underlying net profit and I would like to thank all the staff at SciDev for their outstanding work efforts during the quarter. We look forward to continuing to deliver on our range of growth opportunities over the coming quarters.'

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Financial Review

SciDev's record revenues for the September quarter reflect the strength across all the companies four sectors of mining & mineral processing, oil & gas, construction & infrastructure, and water & wastewater. The quarterly performance was particularly strong in the Oil & Gas sector as drilling activities continue to rebound in the US Shale industry. The Oil & Gas division delivered $A3.0m in sales for the quarter, with $A2.1m in the month of September alone. Existing business in the Mining sector continued and the contribution from the infrastructure sector continued to grow as SciDev expands in this sector.

The September quarter delivered positive net profit A$0.5m (unaudited) and saw strong improvement in the balance sheet. Realising a reduction in Accounts Payable (A$3.7m v A$7.8m) and an increase in Accounts Receivables (A$5.9m v A$2.1m), excluding inventory and growth items, the company was cashflow positive. Net cash at the end of the quarter was A$5.6m and the Company ended the quarter with A$4.2m of inventory at hand.

Operational Report

SciDev continues to be a leader in the development and application of chemistry, professional services and process control focussing on the reduction of wastewater from a range of industrial applications. During the quarter, the business performed strongly with all verticals contributing to the broader revenue growth of the company.

	Mining & Mineral Processing	Oil & Gas	Construction & Infrastructure	Water & Wastewater	Total
Q1 FY2021 Sector revenue (A$,000s)	A$2,962	A$3,026	A$2,695	A$690	A$9,374
% of Total Revenue	32%	32%	29%	7%	100%

Oil & Gas

The significant increase in revenues for the September quarter (+730% vs the June 2020 quarter) was a result of improved drilling activity in the US shale sector and the direct work SciDev, via Highland Fluid Technologies (Highlands) conducted with key customers.

Highlands continue to expand development initiatives with key partners in the oilfield sector and we are seeing increased completion fluid & green chemistry sales for water treatment.

The company added the Shell Oil Company as an R&D partner for new technology development focussed on gas to liquid solvents. Critical to this project was the addition of a new PhD qualified R&D manager to the Highlands team, seconded to Shell, to develop new applications for this type of chemistry.

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Field validation of SciDev chemistry in a dewatering application with a major Oilsands producer started in the quarter. The technical findings from the field work is positive, the work is ongoing, and the company looks forward to providing further updates in the coming quarters.

The relationship with Flotek continues, with the Company continuing to supply into the expanding projects in the Eagle Ford basin (ref ASX 21st July, 2020) with supply from partner Flotek Industries.

Mining & Mineral Processing

The quarter was an active one for the company with supply into all major customers such as Iluka, Yancoal and Peabody continuing. Development work was conducted across several operations and commodities such as coal, nickel, copper, gold and iron ore. Several of these projects have progressed to commercial discussions with updates likely in the December quarter.

Field validation work is due to commence with BHP Olympic Dam and with a Nickel producer in New Caledonia in the December quarter. The field validation work with BHP is anticipated to be conducted over six months with key SciDev staff in attendance on site. Field work in New Caledonia is being managed remotely with field validations of both SciDev chemistry and OptiFlox system to be completed.

The company was invited to submit several competitive tenders for chemistry supply to a range of operations during the quarter. It is anticipated that some of these tender submissions will flow through to field validation work where SciDev technical personnel and bespoke chemistry solutions can add significant value for the customer.

Water & Wastewater

SciDev's continues to participate in a major national tender with a key industry service provider. The tender process has led to opportunities to conduct site-level evaluations of SciDev chemistry, however the trials were placed on hold pending improved COVID19 pandemic forecasts. Our ability to produce specific chemistries though our plant in Kings Park in Sydney is an attractive proposition for the customer as it delivers security of supply not currently available in Australia.

Additional opportunities in the Wastewater space have been identified with new business development projects being explored both organically and with business partners with broader exposure and customer facing teams in this sector.

Construction & Infrastructure

The services and subsequent supply agreement with the CYP Design and Construction Joint Venture (CYP D&C) on the Melbourne Metro Tunnel continued during the quarter. The provision of SciDev's bespoke MaxiDry® chemistry was delivered via the Company's dedicated experts deployed on site. These experts continued to be engaged on a schedule of rates and successfully supported the treatment of the TBM slurry.

The bespoke SciDev approach enables more effective dewatering, separation and disposal of solid waste, known as spoil recycling of water back to the process. This, in turn, has contributed to a reduction in the freshwater requirements of the project and decreased slurry waste disposal costs.

Business development opportunities are expanding quickly within the sector with targeted stimulus and investment from governments in construction and infrastructure around the world. The company is currently engaged with project teams and project partners in several regions with updates expected in the coming quarters.

Corporate Update

During the Quarter, key corporate initiatives undertaken by the Company have focused on reporting obligations, corporate governance initiatives, non core investments and capital market activities.

2020 Annual Financial Statements and 2020 Annual General Meeting

SciDev's 2020 Audited Annual Financial Statements were released on 27 August 2020. Subsequent to the end of quarter, the 2020 Annual General Meeting (2020 AGM) notice was issued. As a result of Covid19, the 2020 AGM will be held on-line. The 2020 AGM time/date is 11.00am AEST on Tuesday, 10 November 2020.

Tartana Resources Limited

Tartana Resources Ltd (Tartana) continues to assess a range of strategies moving forward, after withdrawal of its ASX IPO prospectus in late June 2020. Tartana is advancing strategies to achieve an ASX listing; further information will be provided as it comes to hand.

Hellyer Base Metal Royalty

SciDev refers to its announcement of 9 July 2012 (released under ticker code INL (for Intec Ltd)). On 25 August 2020, NQ Minerals PLC announced the intention to resume exploration for high grade base metal-gold deposits at Hellyer. SciDev wishes NQ Minerals PLC every success with its exploration initiatives.

A$7m Capital Raising

During the quarter, the Company conducted an A$7m capital raising, comprising an institutional placement (A$5m) and a Share Purchase Plan (SPP)(A$2m), both at the price of $0.65 per share. The placement was made to two large Australian fund managers (ref ASX: 14 September 2020 and 29 July 2020). In excess of A$5m was subscribed under the SPP, which was scaled back accordingly.

Related party transactions

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Directors, totalled $133,460 during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates of the entity.

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R&D, IP and Technology

SciDev continues to pursue patent protection for its core Optiflox® technology in select jurisdictions around the world. In Europe, SciDev has received an 'Intention to Grant' offer and the patent applications in other jurisdictions (notably India, Canada and Africa) are being amended to reflect the wording of the European patent. US patent application assessment continues. We look forward to updating the market as these initiatives progress.

The Company maintains an ongoing and increasingly favourable dialogue with several large, global groups regarding potential IP licences or product supply agreements. Opportunities exist to couple SciDev's customer focussed team with third party technologies or product to provide additional customer solutions and we look forward to updating the market as these initiatives progress.

Outlook

Management focus for the second quarter of FY2021 will be:

- Ongoing focus on the health and safety of all our employees
- Continued focus on increasing sales and cash conversion in all regions
- Progress commercial discussions post field validation of SciDev chemistry across numerous business development opportunities
- Continue discussions with technology partners in North American and Europe
- Ongoing assessment of strategic growth opportunities globally

Lewis Utting
Managing Director & Chief Executive Officer

This release has been approved by the Board of Directors of SciDev Limited.

For Further Information:

Corporate	**Investors**
Lewis Utting – MD & CEO	Craig Sainsbury – Market Eye
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About SciDev

SciDev is a leader in the development and application of both chemistry and process control for solids-liquid separation. SciDev brings together world-class technology, chemistry, management and manufacturing capabilities to solve pressing operational and environmental issues for the water, oil and gas, mining and construction markets.

About OptiFlox®

OptiFlox® is a patent-pending technology that continuously analyses and measures key parameters in industrial process streams. The OptiFlox® system improves the clarification of water and the addition of chemistry, enabling optimal utilisation of industrial processes including mineral processing and water treatment.

About MaxiFlox®

Our MaxiFlox® flocculants and coagulants are made to SciDev specification in house and by Nuoer Group and cover a broad range of conventional and advanced flocculant and coagulant products. MaxiFlox® proprietary technology is specifically optimised for application with our OptiFlox® control technology across most applications. It provides highly effective solutions at treatment costs of up to 30% less than our competitors.

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Rule 4.7B

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
SciDev Limited	
ABN	**Quarter ended ("current quarter")**
25 001 150 849	30 September 2020

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	5,663	5,663
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(10,853)	(10,853)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(1,243)	(1,243)
	(f) administration and corporate costs	-	-
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(61)	(61)
1.6	Income taxes paid	30	30
1.7	Government grants and tax incentives	459	459
1.8	Other (provide details if material)	2	2
1.9	**Net cash from / (used in) operating activities**	**(6,002)**	**(6,002)**
2	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	(267)	(267)
	(c) property, plant and equipment	(127)	(127)
	(d) investments	-	-
	(e) intellectual property	(66)	(66)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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**	**(460)**	**(460)**

3	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,000	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of share options	15	15
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(178)	(178)
3.5	Proceeds from borrowings	818	818
3.6	Repayment of borrowings	(71)	(71)
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**	**7,584**	**7,584**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,482	4,482
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,002)	(6,002)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(460)	(460)

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Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,584	7,584
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	**Cash and cash equivalents at end of quarter**	**5,601**	**5,601**

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	5,601	4,482
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)**	**5,601**	**4,482**

6	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	133
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amount included in 6.1 comprises fees paid to Non-executive Directors and remuneration for the Managing Director and rent paid to a company associated with a Director.

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7	**Financing facilities** Note: the term "facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	3,076	1,092
7.2	Credit standby arrangements	490	-
7.3	Other - invoice purchase facilities	5,000	-
7.4	**Total financing facilities**	**8,566**	**1,092**

7.5	**Unused financing facilities available at quarter end**	**7,474**
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

	%	Maturity date	Facility amount $A'000
Secured			
Silicon Valley Bank (California USA) (Revolving credit (Facility Limit USD 2million)	5.75%	9/10/2020	2,802
Kanins International Pty Limited (Australia) (Facility Limit USD 0.35million)	15.00%	1/10/2021	490
Apricity Finance Group (Australia) (Invoice purchase facility)	24%	31/10/2020	5,000
			8,292
Unsecured			
Paycheck Protection Program (USA)	1.00%	29/04/2022	274
			8,566
Additional financing facilities entered into after quarter end **Secured** Gulf Coast Bank (Texas USA) (Invoice purchase facility (facility USD 1.5million)	4.25%	9/10/2021	2,102

8	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(6,002)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,601
8.3	Unused finance facilities available at quarter end (Item 7.5)	7,474
8.4	Total available funding (Item 8.2 + Item 8.3)	13,075
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	-
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
2.	Has the entity 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?	
	Answer:	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	

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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: 14th October 2020

The Board SciDev Ltd

Authorised by: ……

(Name of body or officer authorising release – see note 4)

Notes

1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2 If this quarterly cash flow 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 cash flow 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.

4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.