



SCIDEV

INNOVATIVE SCIENCE • REAL VALUE

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Companies Announcements Office
Australian Stock Exchange

13th January 2021

SciDev delivers record A\$10.2m Cash Receipts and A\$1.8m Positive Cashflow

Quarterly Activities Report: Appendix 4C – December 2020

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide its Quarterly Activities Report for the period ended 31 December 2020.

Q2 FY2021 Highlights

- **Record quarterly cash receipts of A\$10.2m and sales of A\$8.9m (versus cash receipts of A\$5.6m and sales of A\$9.4m 1QFY21)**
- **Record net cashflow from operations of A\$1.8m**
- **Strong performance from the Oil & Gas sector with A\$4m in sales**
- **Gross profit margin for the quarter was consistent with the previous quarter**
- **Strong business development pipeline with field qualifications ongoing**
- **Net cash at end of the quarter of A\$7.1m**

Reflecting on Q2 FY2021, SciDev Managing Director and Chief Executive Officer Lewis Utting said: *'The December quarter has followed on the strength of the previous two quarters, delivering excellent revenue and unaudited gross profit consistency.'*

I am particularly pleased at the recovery we are seeing in the US Oil and Gas sector which reflects the extraordinary work of the team and the bespoke solutions we are delivering to customers. We are particularly excited by the relationships being developed with several major oil and gas companies. The improving activity levels in oil & gas combined with the range of contracts and bluechip customers across our other operational sectors and business development opportunities provides a very strong outlook for FY2021 and beyond. Our investment in organisational capability during CY2020 is yielding results, with SciDev capturing an increasing amount of market share.

Financial Review

SciDev has delivered record cash receipts for the December quarter, reflecting strength across all the company's four sectors of Mining & Mineral Processing, Oil & Gas, Construction & Infrastructure, and Water & Wastewater. Particularly pleasing was the continued growth in the Oil & Gas sector, as drilling activities continue to rebound in the US Shale industry. Oil & Gas delivered A\$4m in sales for the December quarter, a greater than 25% increase on the preceding quarter. Mining & Mineral processing sales increased by more than 40% with continued sales into long term supply agreements. Sales into construction were down due to a change in customer project activities during the quarter, however these activities have now returned to normal. Activities in Water & Wastewater were broadly in line with the previous quarters.

During the quarter, the balance sheet remained strong with primary working capital of A\$11m, with A\$7.1m as cash and A\$3.9m as inventory. Both accounts receivable and accounts payable are consistent with the previous quarter.

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.

	Mining & Mineral Processing	Oil & Gas	Construction & Infrastructure	Water & Wastewater	Total
Q2 FY2021 Sector revenue (A\$,000s)	A\$4,248	A\$4,048	A\$387	A\$208	A\$8,891
% of Total Revenue	48%	46%	4%	2%	100%

Oil & Gas

The Company is continuing to see activity levels recover within the US Oil & Gas sector, driving increased demand for Highland Fluid Technology (HFT) chemistry and professional services. The project commissioned in September 2020 to reuse oil field water has been successful. The major exploration and production (E&P) company using HFT water treatment technology and equipment will continue its purchases into 2021 with additional contract wins expected in this sector.

A purchase order from a major South Texas E&P company for completion fluids has been extended and HFT is seeing an expansion of purchase orders from other existing clients. HFT's largest dry-polymer customer has committed to shift from commodity chemistry to SciDev bespoke chemistry offerings, with increased sales projections aligned with significantly increased business in H1 CY2021.

A major European Oil Company has seconded HFT staff to provide product development and application support for new environmentally friendly oilfield performance chemistry. Several patent applications have been lodged by HFT with commercial activities now under consideration. Chemistry development initiatives with a major American multinational oil & gas corporation continue, with

several HFT staff now engaged with commercial discussions expected to advance in early CY2021. Activities in the Canadian oilsands industry are on track with progress outcomes to be reported in CY 2021.

Mining & Mineral Processing

The Company continued to execute supply and services into all major customers such as Iluka, Yancoal, Glencore and Peabody. Business development activities continue across several commodities such as coal, nickel, copper, gold and iron ore. Several producers have confirmed acceptance of our MaxiFloX technology to proceed to field validation which we anticipate will take place in the next quarter, with other projects now in commercial discussion.

The BHP Olympic Dam field validation commenced with a smooth transition to the MaxiFloX technology on both metallurgical processes where the technology is used. The field validation work will continue throughout the next quarter. Final field validation with a large nickel producer in New Caledonia was completed in the December quarter and final negotiations are in place to proceed to ongoing supply.

Water & Wastewater

SciDev's support for a key industry service provider continues. A new opportunity has presented during the recent quarter. This opportunity is on the back of the tender process whereby site-level evaluations of SciDev chemistry is being conducted, however the trials continue to be on hold pending improved COVID19 pandemic forecasts. Our ability to produce specific chemistries through our plant in Kings Park, Sydney is an attractive proposition for the customer as it delivers security of supply not currently available in Australia.

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

Construction & Infrastructure

The first drive for the Melbourne Metro Tunnel was closed out during the quarter after the Tunnel Boring Machines (TBM's) completed the first drive of the Eastern portal project. After the turnaround, the second drive commenced at the end of the quarter with TBM 3 mining towards the southern CBD portal. SciDev's bespoke MaxiDry® chemistry is being delivered along with 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 will be utilised for the second drive on the Melbourne Metro Tunnel project in H1 2021, enabling more effective dewatering, separation and disposal of solid waste, known as spoil, as well as ability to recycle water reducing the overall water consumption rates on site.

Corporate Update

During the Quarter, key corporate initiatives undertaken by the Company have focused on the Company's 2020 Annual General meeting, corporate governance initiatives, ISO accreditations, sustainability, non-core investments and an Employee Share Scheme (ESS) offer to employees.

ISO Accreditations

During the December quarter, SciDev's Australian operating subsidiary received accreditations from the International Organisation for Standardisation (otherwise known as ISO Accreditations), for a range of systems, including its Environmental, Quality and Safety management systems. The ISO accreditations ISO14001:2015, ISO9001:2015 and ISO45001:2018 are part of the Company's ongoing drive to best industry practice.

Tartana Resources Ltd

Tartana Resources Ltd (Tartana) has made significant steps towards securing an ASX listing during the quarter. On 8 December 2020, ASX listed (suspended) R3D Global Ltd (ASX:R3D) and Tartana announced a transaction whereby R3D would acquire Tartana, conduct a capital raising and seek to recommence trading on ASX. Subsequently on 22 December 2020 R3D called a shareholders meeting to consider/approve a range of resolutions to facilitate the transaction. The R3D shareholders meeting is scheduled for late January 2020. Further information will be provided as it comes to hand.

SciDev 2020 ESS Offer to Employees

On 18 December 2020, SciDev announced the issue of 1,408,400 performance rights under the SciDev Employee Share Scheme to employees. The performance rights will only vest / convert to fully paid ordinary shares on satisfaction of a range of vesting conditions. Directors were not recipients of the ESS issue.

Related Party Transactions

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Directors, totalled \$172,000 during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates.

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's core Optiflox® technology patent was granted, and validation of that patent in key European jurisdictions is now underway. Patent applications in other jurisdictions (notably India, Canada and Africa) are being amended to reflect the wording of the successful European patent. US patent application assessment continues. In the US, HFT has lodged several innovation patent applications encompassing important, novel process discoveries. Further details will be provided as the patents progress.

The Company continues to progress discussions with 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 third 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
- Capitalise on our position in the North American oil and gas sector
- Progress commercial discussions post field validation of SciDev chemistry
- 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

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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.

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		31 December 2020

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	10,252	15,915
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(7,293)	(18,146)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(1,182)	(2,425)
	(f) administration and corporate costs	-	-
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(29)	(90)
1.6	Income taxes paid	-	30
1.7	Government grants and tax incentives	27	486
1.8	Other (provide details if material)	21	23
1.9	Net cash from / (used in) operating activities	1,796	(4,206)

2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	(267)
	(c) property, plant and equipment	(144)	(271)
	(d) investments	-	-
	(e) intellectual property	(53)	(119)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	53	53
	(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	(144)	(604)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of share options	95	110
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(14)	(192)
3.5	Proceeds from borrowings	-	818
3.6	Repayment of borrowings	(219)	(290)
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	(138)	7,446
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,601	4,482
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,796	(4,206)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(144)	(604)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(138)	7,446
4.5	Effect of movement in exchange rates on cash held	(7)	(10)
4.6	Cash and cash equivalents at end of quarter	7,108	7,108

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	7,108	5,601
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)	7,108	5,601

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	172
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.

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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	2,368	404
7.2	Credit standby arrangements	490	-
7.3	Other - invoice purchase facilities	5,000	657
7.4	Total financing facilities	7,858	1,061
7.5	Unused financing facilities available at quarter end		6,797
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.		
	Secured	%	Maturity date
	Gulf Coast Bank (Texas USA)		Facility amount \$A'000
	(Invoice purchase facility (facility USD 1.5million))	4.25%	9/10/2021
	Kanins International Pty Limited (Australia)	15.00%	1/10/2021
	(Facility Limit USD 0.35million)		490
	Apricity Finance Group (Australia)		
	(Invoice purchase facility)	24%	31/03/2021
	Finance leasees (motor vehicles)	6.00%	within 4 years
			151
			7,584
	Unsecured		
	Paycheck Protection Program (USA)	1.00%	29/04/2022
			274
			7,858

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,796
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,108
8.3	Unused finance facilities available at quarter end (Item 7.5)	6,797
8.4	Total available funding (Item 8.2 + Item 8.3)	13,905
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: n/a	
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: n/a	
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: n/a	

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: 13 January 2021

Authorised by: The Board, SciDev Ltd
(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.