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SCIDEV

INNOVATIVE SCIENCE • REAL VALUE

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Companies Announcements Office
Australian Stock Exchange

12th April 2021

SciDev record quarter - +195% cash receipts vs PCP, PFAS exposure and net cash A$1.5m

Quarterly Activities Report: Appendix 4C – March 2021

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide its Quarterly Activities Report for the period ended 31 March 2021.

Q3 FY21 Highlights[1]

- **Record quarterly cash receipts of A$11.3m, sales of A$11.2m (v A$10.2m and A$8.9m in Q2FY21)**
- **Net cashflow from operations of A$1.5m, Net cash at the end of the quarter of A$8.1m**
- **Gross profit margin for the quarter on target and in line with previous quarters c.23%**
- **Strategic growth in Water and PFAS sector through the acquisition of Haldon Industries Pty Ltd**
- **MaxiFlox® supply agreement with Eramet subsidiary SLN in New Caledonian Nickel**
- **MaxiFlox® field qualifications announced at Fortescue Metal Group's Solomon Hub**
- **Strong business development pipeline with ongoing field qualifications in several sectors**

Reflecting on Q3 FY21, SciDev Managing Director and Chief Executive Officer Lewis Utting said: *'The March quarter continues SciDev's track record of quarterly revenue growth and, importantly, positive cashflow generation.*

Our acquisition of Haldon affords us the ability to provide the world with a unique end-to-end solution

[1] All Q3 FY21 financials are on a SciDev Limited standalone basis and include no contribution from Haldon industries.

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to the global polyfluoroalkyl substances (PFAS) problem which is exciting for the Company. Through the Haldon transaction, SciDev now have immediate scale in the water treatment vertical complementing our mining, oil & gas and infrastructure businesses.

SciDev's organic business development continues, the contract with SLN/Eramet and trial with Fortescue extends our presence with blue-chip mining companies. In oil & gas, our team continue to engage with major global exploration and production companies and the provision of professional services and know-how direct to customers continues to deliver growth.

The whole team at SciDev is pleased to see our first material Social project progress where we can improve the learning outcomes of over two hundred students in the Great Victorian Desert through our Schools Plus Programme. We made significant headway in the March quarter on our corporate programmes with Board rejuvenation underway and governance projects progressing.

With our combination of blue chip global growth opportunities, new team members and existing highly skilled work force the growth outlook for SciDev remains exciting for the remainder of 2021 and beyond.'

Financial Review

Following on from a record December quarter, SciDev delivered record cash receipts for the March quarter, reflecting strength across all the company's four sectors.

Overall, group revenue increased 25% on the December quarter following continued sales growth in the Oil sector of 21% and the recommencement of major project activities in Construction. Revenue in Mining was down 30% due to the resupply cycle of major new projects and revenue into Water was 63% up on the December quarter.

The March quarter delivered positive net cashflow from operations of A$1.5m which reflects both the strong gross profit margin of the business and the leverage of cashflow to growing revenue. Primary working capital increased during the quarter, with trade receivables and trade payables broadly in line with the previous quarter. The end of period inventory position was A$3.3m.

With positive cashflow and A$8.1m in net cash at the end of the quarter, SciDev is well positioned to continue to execute on our growth plans.

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
Q3 FY21 Sector revenue (A$,000)	A$2,949	A$4,858	A$3,071	A$341	A$11,219
% of Revenue	26%	43%	28%	3%	100%

Mining & Mineral Processing

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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 operations and commodities, including coal, nickel, copper, gold and iron ore.

During the quarter, SciDev announced a trial order from Fortescue Metals Group Limited (Fortescue), one of the world's leading producers of iron ore (ref ASX release 10 March 2021). The field qualification will focus on the performance of MaxiFlox® chemistry under plant operating conditions.

The Company also signed a contract for supply of its MaxiFlox® chemistry with SLN, a subsidiary of Eramet and the world's number one producer of ferronickel, a key raw material input to the stainless steel market (ref ASX release 11 March 2021). The Company's MaxiFlox® chemistry and OptiFlox® technology will be used onsite to improve operational efficiency and water use.

Several producers have confirmed acceptance of SciDev's MaxiFlox® technology to proceed to field validation which the Company anticipates will take place in the next quarter, with other projects now in commercial discussion.

Oil & Gas

The Company is continuing to see activity levels recover within the US Oil & Gas sector, driving increased demand for the company's chemistry and professional services with operators looking to improve extraction and water efficiency.

During the quarter SciDev received a purchase order from ExxonMobil for the provision of professional services to develop a new drilling chemistry, further extending the relationship between the companies. The new purchase order from ExxonMobil is for approximately US$0.5m of professional services and will be over a one-year term.

Following on from several months of field investigation with the SciDev patent pending CatCheck® chemistry, one of the worlds' largest oilfield service companies has now also commenced full scale application of CatCheck® with a major European exploration and production (E&P) customer. Activities in the Canadian oilsands industry remain on track with progress outcomes to be reported in CY21.

Construction & Infrastructure

Following the commencement of the second drive at the Melbourne Metro Tunnel project, SciDev's bespoke MaxiDry® chemistry is being delivered along with the Company's dedicated experts deployed on site.

Several new project opportunities have been progressed following the employment of an expert in North America. Project discussions are advancing with projects in California, Virginia and British Columbia all focus areas for the Company. Additional opportunities are also being actively pursued in Europe and Asia.

The bespoke SciDev approach has been shown to enable more effective dewatering, separation, and disposal of solid waste, known as spoil, as well as the ability to recycle water reducing the overall water consumption rates.

Water & Wastewater

SciDev continues to drive organic development activities in the Water sector with several previously disclosed opportunities progressing at a reduced momentum because of COVID19 sewerage testing.

During the quarter (ref ASX release 29 March 2021) the Company entered into a Business Sale

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Agreement to acquire Haldon Industries Pty Ltd (Haldon), an Australian based environmental engineering and solutions company focussed on the water treatment, remediation and persistent organic pollutant sectors. Haldon has created a strong presence providing innovative solutions in the PFAS market in Australia via their mobile treatment plants.

Haldon's PFAS solution is world-class in removing PFAS to undetectable levels while reducing the waste volume by c.20,000 times, which is 100 times greater than existing commercial alternatives. The Company is encouraged by the recent regulatory focus on PFAS and is now well placed to execute on this emerging market in the Water segment.

Corporate

During the March quarter, SciDev continued with an active corporate programme reflective of the Company's growth aspirations and commitment to continually improve its environmental, social and governance performance.

Governance – Board Rejuvenation

SciDev commenced an active programme of Board rejuvenation ensuring that the Board's skillset and governance structure is fit for purpose.

These initiatives are ongoing, with Mr Dan O'Toole joining the Board in early February 2021, as an independent, non-executive Director (ref ASX announcement 3 February 2021). Mr Trevor Jones, SciDev's non-executive Chair, has resigned from the Board, effective 30 June 2021 or on earlier identification and appointment of a replacement Chair (ref ASX announcement 9 February 2021).

In parallel with the above, an independent review of the Company's Board and Committee structures and systems is being undertaken to optimise performance; the outcomes and recommendations of this review will be considered and implemented as required over the coming quarters.

Social – Schools Plus Programme supporting disadvantaged students

SciDev is supporting Australian national education charity Schools Plus in the delivery of funding to assist disadvantaged communities improve learning outcomes for their students. Since inception, Schools Plus (http://www.schoolsplus.org.au) has added more than $17.8 million into Australia's school system, supporting over 758 schools, over 620 projects and benefiting 183,000 students.

SciDev has provided financial support (A$60,000) to underpin the 'Two Ways Science Programme' at the Oak Valley Cluster of Schools (Amata Anangu, Amata, Tjuntjuntjara, Great Victorian Desert, Yalata Anangu and Yalata). It is estimated that the project will directly benefit 204 students, 67 teachers and 84 community members as the program aims to support the community in building cultural identity, teach science, reinforce literacy and numeracy skills and incorporate technology throughout the 2021 school year.

Highland Fluids Transaction

As a result of COVID19 and global oil prices impacting the performance of HFT in CY20, SciDev renegotiated the terms of escrow placed on the SciDev shares acquired by the HFT vendors. Under the renegotiated terms, a total of 9,738,199 SciDev shares held by HFT vendors will remain in escrow to the end of CY21.

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Several of the HFT vendors remain entitled to the further originally agreed milestone tested consideration of up to US$1m, with consideration payable as cash or SciDev shares at SciDev's election. If SciDev's 10 day VWAP prior to the end of CY21 exceeds A$2.00 US$0.5m becomes due and another US$0.5m is due should HFT revenue exceed US$20m for CY21 at 10% or higher EBITDA.

Tartana Resources Ltd

Tartana Resources Ltd (Tartana) continued towards an ASX backdoor listing during the quarter. Tartana announced a transaction whereby currently suspended R3D (ASX:R3D) would acquire Tartana, raise capital and seek re-listing. This process advanced during the quarter however was ultimately rejected in March 2021. SciDev is informed that actions have been taken to address the causes of the re-listing rejection. A fresh prospectus and re-listing application is being prepared with plans to reapply in the June quarter. Tartana successfully raised capital for interim expenses at $0.16 per share, supporting the re-listing and underpinning the Tartana valuation and SciDev carried value.

Related Party Transactions

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Directors, totalled $330k during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates.

Outlook

Management focus for the remainder of FY21 will be:

- Ongoing focus on the wellbeing, health and safety of all our employees
- Execution of our governance programmes and Board recruitment
- Completion of the Haldon acquisition leading to integration and client project execution
- Driving SciDev's position as a solution provider in Water and growing PFAS market
- Continued focus on increasing sales and cash conversion in all regions
- Progressing commercial discussions post field validation across numerous opportunities
- Continuing discussions with technology partners in North America 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.

Appendix 4C

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

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Name of entity		
SciDev Limited		
ABN		**Quarter ended ("current quarter")**
25 001 150 849		31 March 2021

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	11,336	27,251
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(8,374)	(26,520)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(1,473)	(3,898)
	(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	(28)	(118)
1.6	Income taxes paid	-	30
1.7	Government grants and tax incentives	-	486
1.8	Other (provide details if material)	1	24
1.9	**Net cash from / (used in) operating activities**	**1,462**	**(2,744)**

2	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	(267)
	(c) property, plant and equipment	(46)	(317)
	(d) investments	-	-
	(e) intellectual property	(42)	(161)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	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**	**(88)**	**(692)**

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	9	119
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(192)
3.5	Proceeds from borrowings	276	1,094
3.6	Repayment of borrowings	(717)	(1,007)
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**	**(432)**	**7,014**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,108	4,482
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,462	(2,744)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(88)	(692)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(432)	7,014
4.5	Effect of movement in exchange rates on cash held	2	(8)
4.6	**Cash and cash equivalents at end of quarter**	**8,052**	**8,052**

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	8,052	7,108
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)**	**8,052**	**7,108**

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	330
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	414	414
7.2	Credit standby arrangements	490	-
7.3	Other - invoice purchase facilities	6,943	-
7.4	**Total financing facilities**	**7,847**	**414**
7.5	**Unused financing facilities available at quarter end**		**7,433**
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			
Gulf Coast Bank (Texas USA) (Invoice purchase facility (facility USD 1.5million)	4.25%	9/10/2021	1,943
Kanins International Pty Limited (Australia) (Facility Limit USD 0.35million)	15.00%	1/10/2021	490
Apricity Finance Group (Australia) (Invoice purchase facility)	21%	30/04/2021	5,000
Finance leasees (motor vehicles)	6.00%	within 4 years	138
			7,571
Unsecured			
Paycheck Protection Program (USA)	1.00%	10/03/2026	276
			7,847

8	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,462
8.2	Cash and cash equivalents at quarter end (Item 4.6)	8,052
8.3	Unused finance facilities available at quarter end (Item 7.5)	7,433
8.4	Total available funding (Item 8.2 + Item 8.3)	15,485
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.

12th April 2021

Date: ……..

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.