



INNOVATIVE SCIENCE • REAL VALUE

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Companies Announcements Office
Australian Stock Exchange

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SciDev to Acquire ProSol Australia

- **Strategic \$1.9M acquisition of ProSol Australia – a bespoke engineering and chemistry company that provides services to the mining and water treatment industries in NSW**
- **The ProSol Australia transaction is expected to deliver additional revenues of \$2-4M per annum from the Hunter Valley coal industry and enhances SciDev's positioning with key major coal producers in the region.**
- **ProSol Director Ben Gill with 18 years' experience to join SciDev management team and engineer Terry McHugh to also join as Technical Account Manager as part of acquisition**
- **SciDev to acquire ProSol Australia for \$1.9M total consideration, 55%:45% cash equity split in three tranches with performance hurdles.**
- **Transaction delivers SciDev a leading position in its area of tailings expertise throughout the Hunter Region and brings additional, exceptional team members to the Company.**

SciDev Ltd (ASX: **SDV**, **SciDev** or the **Company**) is pleased to advise that it has entered into a binding Heads of Agreement (HOA) to acquire ProSol Australia Pty Ltd (**ProSol Australia**).

ProSol Australia provides bespoke tailings engineering and process chemistry to mining and water treatment industries in NSW. ProSol Australia has a leading position in the Hunter Valley coal industry with existing relationships with key major coal producers.

SciDev will also secure the services of ProSol Australia's Director, Ben Gill and Technical Account Manager, Terry McHugh. Following the completion of the transaction, Ben Gill will become part of the SciDev senior management team. SciDev will utilise his considerable experience in sales and project management to continue to drive growth and end to end solutions for our customers.

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Acquiring ProSol Australia delivers SciDev:

- Ability to utilise SciDev supply chain and Nuoer manufactured MaxiFlox® chemistry to maximise margins from ProSol's existing operations.
- Faster market access for SciDev OptiFlox® technology into the Hunter Valley Coal Fields through ProSol's existing relationships
- Opportunity to further develop the Company's service-based model and revenue multiple
- Additional skilled personnel to execute an existing SciDev business development pipeline

SciDev Managing Director and CEO Lewis Utting said; *"ProSol have an outstanding reputation in the industry and an excellent customer base. The transition of the ProSol supply chain to SciDev will allow the company to utilise our strategic joint venture with Nuoer manufacturing, delivering additional margin upside on the existing ProSol revenue model. In addition, the acquisition provides the opportunity for greater market penetration of SciDev's MaxiFlox® technology amongst ProSol's existing customer base. Both Ben and Terry will slot straight into the SciDev team strengthening our ability to continue to execute on the rapidly growing SciDev business development pipeline".*

Details of the Transaction

The acquisition of ProSol Australia is subject of a binding Heads of Agreement between SciDev and the ProSol Australia shareholders. The transaction is structured 55%:45% cash:equity across three tranches, subject to the achievement of key financial milestones in FY2020 and FY2021.

Key terms of the acquisition as are follows:

	Cash	SciDev Shares	Conditions
Tranche 1	\$ 418,000	684,000	Paid on completion, 24 month escrow
Tranche 2	\$ 313,500	513,000	FY 2020 milestone achieved, 12 month escrow
Tranche 3	\$ 313,500	513,000	FY 2021 milestone achieved, unescrowed
Total	\$ 1,045,000	1,710,000	Total consideration \$1,900,000 AUD

The maximum number of SciDev shares that may potentially be issued under the transaction is 1,710,000 (comprising \$855,000 at a share issue price of \$0.50 per share). A SciDev shareholder meeting is scheduled for 1 November 2019 to seek ratification of issue of shares under the recent placement (ref ASX: 20 September 2019 and 30 September 2019) and the acquisition of ProSol Australia is conditional on the approval of that resolution.

As a result, settlement of the Tranche 1 consideration is expected to be undertaken shortly after 1 November 2019. Settlement of the subsequent considerations are expected to occur shortly after end of the 2020 financial year (Tranche 2) and the end of the 2021 financial year (Tranche 3).

SciDev notes that once SciDev's recent share placement is ratified, it will have a share placement capacity of ~ 18.4 million shares. The proposed issue of shares to acquire ProSol Australia represents

less than 10% of that placement capacity and less than 1.5% of SciDev's shares on issue at today's date.

Cash consideration to acquire ProSol Australia will be sourced from cash at hand prior to the recent placement and no capital is required to be raised as a result of the acquisition, nor is there any change to the Control of SciDev Ltd. ProSol's business activities are directly aligned with those of SciDev and accordingly there is no change in nature of SciDev's undertakings.

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 construction oil and gas, mining and water industries.

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, improves the addition of chemistry allowing for optimal utilisation of several industrial processes including mineral processing and water treatment.

About MaxiFlox®

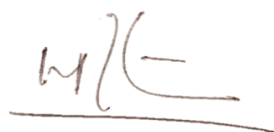
Our MaxiFlox® flocculants and coagulants are made to SciDev specification in house and by Nuocer Group and cover a broad range of conventional and advanced flocculant and coagulant products. Our MaxiFlox® proprietary technology is specifically optimised for application with our OptiFlox® control technology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

On behalf of SciDev Ltd



Lewis Utting

Managing Director and CEO



Heath Roberts

Company Secretary

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For Further Information:

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