

30 June 2014

ASX ANNOUNCEMENT

RE: SECTION 258F CORPORATIONS ACT CAPITAL REDUCTION

Scantech Limited (Company) wishes to advise that the Board of Directors today resolved to reduce the share capital of the Company in accordance with Section 258F of the Corporations Act, effective as at 30 June 2014. The amount of the capital reduction is \$7,838,203 and will be reflected in the Company's financial report for the year ended 30 June 2014.

At 30 June 2013, the Company had accumulated losses (at the parent entity level) of \$12,683,878. This was primarily due to the Company undertaking a major restructure and change in accounting policies during 1997 and 1998 which led to a material write-down of intercompany loans and research and development assets.

The capital reduction will have the effect of reducing the share capital account, reducing accumulated losses in the parent entity financial statements and replacing retained losses in the consolidated financial statements with retained earnings. This is a technical adjustment which does not impact the net assets, financial results, cash flow or funding of the parent entity or of the Scantech Limited consolidated group.

This capital reduction may enable the Company to pay a fully franked dividend in the future (subject to meeting the requirements of section 254T of the Corporations Act).

The Company is required to make the following disclosures under Listing Rule 7.20:

- The effect of the capital reduction on the number of securities and the amount unpaid (if any) on the securities - no impact;
- The proposed treatment of any fractional entitlements arising from the capital reduction – not applicable as no fractional entitlements arise;
- The proposed treatment of any convertible securities on issue - not applicable as there are no convertible securities on issue.

ABOUT SCANTECH

Scantech is a world leader in process control technologies, specialising in the minerals, cement and coal industries.

Its award-winning technology measures the composition and quality of bulk materials as they pass through its analysers on conveyor belts.

Detailed analysis is provided in real time, enabling quick decisions that can result in improved process control, significant cost savings, longer plant life and substantial environmental benefits.

Scantech analysers are designed and manufactured in Adelaide, South Australia.

The company is listed on the Australian Stock Exchange (ASX: SCD).

For enquiries refer to Valerie Steer on (08) 8350 0200.

A handwritten signature in black ink, appearing to read 'V. Steer'.

Company Secretary