

ASX Announcement

15 March 2023

Commercial Order for Powerhouse Technology

Melbourne, Australia: Technology development and engineering growth company, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") is pleased to update the market on key developments in relation to the commercialisation of Powerhouse, a unique proprietary technology that allows the utilisation of 100% renewable energy through predictive intelligence to power industrial-scale applications in remote locations.

Highlights

- Synertec and Santos Limited ("Santos") have further developed the Goods and Services Contract ("GSC") (previously announced on 12 July 2022) that outlines the key commercial terms beyond the prototype and reference point for potential future roll-out of Powerhouse units with Santos
- Santos has issued an initial commercial Purchase Order under the GSC for the Powerhouse unit installed at Myalla (the current commercial-scale field trial site) with the term commencing on 1 April 2023
- The initial commercial Purchase Order comes after successful deployment of the Powerhouse unit to site for commercial scale field trials. Key developments during this phase of testing include:
 - Successful operation through a number of extreme weather events, delivering over 90-days of reliable emission-free 100% renewable power supply
 - Enabled the replacement of fossil-fuelled generators and reduction in carbon emissions
 - Demonstrated a significant reduction in costs for the field owner
 - Gas previously used to fuel the generators is now directed into the Australian gas network, increasing revenue for the field owner
- This commercialisation milestone also signals completion of this field trial phase
- Synertec continue to support Santos in working towards a large-scale commercial roll-out of Powerhouse units across its extensive operations
- Synertec continue to identify and progress further opportunities for the application of the Powerhouse system across the energy, mining and other sectors, both in Australia and the USA



Synertec Managing Director, Michael Carroll, said:

"It has been exceptionally rewarding to see Powerhouse deliver such robust operational performance, through a multitude of extreme weather events, during the commercial scale field trial. The performance of Powerhouse's predictive intelligence system has ensured that the remote site has reliable, 100% renewable power, underpinning the technology's ability to provide base-load power to remote sites at substantially lower operating cost for the operator."

"Synertec and Santos have been working collaboratively towards this milestone for almost two years and it is pleasing to see Santos place an initial commercial purchase order and agree commercial terms under the GSC, which allows the parties to develop an accelerated roll-out strategy for potential future orders of Powerhouse units. We will continue to progress a procurement plan with Santos to meet their operational requirements."

"More broadly, the large target market we see for Powerhouse across both domestic and international remote sites requiring reliable base-load 100% renewable power provides a significant growth opportunity for Synertec and one that has the potential to significantly elevate our financial profile in the coming periods."

Commercial Purchase Order

This Purchase Order signifies the first commercial order received by Synertec for the Powerhouse technology and will enable Synertec to begin generating revenue from this technology from 1 April 2023. This milestone of the Powerhouse technology also signals completion of this field trial phase for the prototype.

The GSC sets the framework under which Santos can provide future commercial Purchase Orders to Synertec for the supply of Powerhouse units (noting that the issued Purchase Order is for one unit). The structure of the GSC, which is for a 7 year term with the option to extend by agreement by Santos, facilitates a number of potential long term beneficial outcomes for the parties, including:

- A financial platform for Synertec that will enable the accelerated roll-out of Powerhouse units to Santos;
- Flexibility and efficiency for Santos to direct the supply of new Powerhouse units, as well as rapid re-deployment of Powerhouse units in use to alternate sites in response to operational requirements;
- Agreed rental pricing terms with mechanisms to account for inflation and performance; and
- Certainty of operational performance of Powerhouse units over the term of the GSC as Synertec intend to build, own, operate and maintain the Powerhouse units provided to Santos.

Next Steps

The parties continue to progress discussions for large-scale commercial roll-out of Powerhouse to other Santos-operated sites across its extensive operations. Both parties are targeting H2 FY23 for this development.

Synertec will implement the valuable learnings from this field trial in future applications, which will also facilitate scalable and efficient production of the system.

Key Technical and Operational Milestones

| Phase | Estimated Completion | Status |
|--|----------------------|----------|
| Concept design | Q4 FY21 | Complete |
| Statement of requirements approved | Q1 FY22 | Complete |
| Front End Engineering Design (FEED) | Q2 FY22 | Complete |
| Procurement of key equipment inputs | Q3 FY22 | Complete |
| Detailed design | Q3 FY22 | Complete |
| Beta testing software & load management | Q3 FY22 | Complete |
| Fabrication | Q4 FY22 | Complete |
| Commercial terms for prototype agreed | Q4 FY22 | Complete |
| Site Acceptance Testing (SAT) | Q4 FY22 | Complete |
| Field Trial Period commencement ('cutover' complete) | Q2 FY23 | Complete |
| Agreement on commercial terms beyond prototype | H2 FY23 | Complete |
| Completion/sign-off | H2 FY23 | Complete |

Powerhouse Technology

Powerhouse, a Predictive Intelligence solar & battery system providing reliable 100% renewable base load power for remote areas, continues to progress rapidly towards at-scale roll-out.

Powerhouse commenced the final stage of testing on a cluster of eight production gas wells spread across an area of approximately 10 square kilometres in remote central Queensland. The cutover of Powerhouse to Santos' live operating and production systems to fully energise the equipment used for each of the wells, emission-free, follows successful and extensive factory and site testing programs over the previous six months that delivered operational performance which exceeded expectations.

Importantly, Powerhouse enables fossil fuel generators to be disconnected from the operating system and prepared for decommissioning. Gas previously used to fuel the generators at the site is now directed into the Australian gas network, increasing gas supply and revenue for the field owner. The Powerhouse system has also proven to substantially save operating costs such as fuel and maintenance, and provides for safe operation with minimal site visits required given Powerhouse's integrated smart remote-control system.

As the data from the field trial has been generated and both parties are satisfied key performance indicators have been achieved, the successful field trial has led to a commercial contract for Synertec to provide the Powerhouse system to Santos on a long-term rental basis.

Key benefits of Powerhouse include:

- Reduced carbon emissions through 100% renewable energy (without requirement for fossil-fuelled backup)
- Flexible, scalable, portable and re-deployable infrastructure
- Increased safety and operational efficiency with reduced maintenance and remote operability
- Potential for removal of, and/or reliance upon, mains power connections in remote areas
- Commercial, cost-effective solution

-ENDS-

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This ASX announcement is authorised by the Directors of Synertec Corporation Limited (ASX: SOP).

About Synertec:

Synertec Corporation Ltd (ASX: SOP) is a technology design and development growth company enabling a low carbon future through innovative technology solutions. Commercialising scalable, environmentally friendly and energy efficient technology for global markets in energy, critical infrastructure and advanced manufacturing through innovative partnerships with a portfolio of blue-chip customers, Synertec is proactively participating in the world's transition to a low carbon economy in a practical way for the benefit of future generations.