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ASX Announcement

4 August 2021

Business Update: Technology Advances including Santos MOU

Melbourne, Australia: Diversified technology design and development growth company, Synertec Corporation Limited (ASX: SOP, “Synertec” or “the Company”) is pleased to provide an update regarding its significant strategic developments and operational progress within the Company’s Technology business unit. Synertec now has three environmentally friendly, ESG-oriented technologies in its portfolio focused on the global energy sector, evenly poised in terms of development and all showing strong potential for commercialisation.

Highlights:

Composite Dry Powder (“CDP”) Technology

- Synertec and GreenTech have extended the existing worldwide exclusive licence agreement to September 2022

Renewable Energy “Powerhouse” Technology

- Synertec has entered into an MOU with Santos Ltd (ASX:STO) to develop a solar renewable energy power system to provide remote-site baseload energy for CSG well de-watering, utilising Artificial Intelligence and predictive analytics - the first-of-its-kind to be deployed in Australia
- Intention of both parties is to enter into field trials followed by a commercial agreement for long-term supply to other Santos facilities

Custody Transfer System (“CTS”) Technology

- Hazard and Operability study (HAZOP) now completed by DNV GL with certification expected in the current quarter, a key milestone on the road to commercial deployment of Synertec’s fully maintained solution to the marine LNG sector

Technology Business Update

Synertec focuses its environmentally-friendly technology design and development activities on the global energy sector. The Company is developing technologies to increase the profitability of its partners while reducing their environmental footprint. Synertec is committed to being an impact investment for shareholders and local communities, and to ensuring the Company is supporting its partners in the collective endeavour to improve ESG performance.

The Company has identified attractive global economic and environmental macro trends, including (but not limited to) the environmentally sensitive and cost-effective means of treating and repurposing oil & gas drilling mud for beneficial and profitable applications (Composite Dry Powder), renewable green energy power solutions (Powerhouse) and the safe and accurate transfer of LNG (Custody Transfer System). These trends present growth opportunities which Synertec is uniquely positioned to capture given its extensive experience supporting Australia’s major Energy operators over the last decade.



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Composite Dry Powder (“CDP”) Technology

As announced to the ASX on 9 September 2020, Synertec currently holds an exclusive worldwide license agreement with Sichuan GreenTech Environmental Co., Ltd (“GreenTech”), for the right to investigate and commercialise Greentech’s novel environmentally friendly and cost-effective Composite Dry Powder (“CDP”) technology for the treatment of hydrocarbon drilling mud and allied applications in all jurisdictions outside of China.

The Company advises of the following recent progress in its technology development work program in partnership with GreenTech under the licence:

1. Synertec has exercised its right to extend the existing worldwide licence agreement for a further 12 months (to 4 September 2022).
2. Synertec has agreed to provide an extension to the repayment of the secured loan funding to GreenTech from 31 July 2021 to 31 December 2021 subject to the satisfaction of certain conditions.

Synertec Managing Director, Michael Carroll, said:

"This is an exciting development for Synertec which we have worked hard to achieve over the past year, under challenging global conditions. Since we commenced our partnership with GreenTech in 2020, Synertec has been increasingly impressed by the trial results, industry feedback and commercial potential displayed by CDP."

"It's also a logical and sensible progression of the CDP technology for our respective companies as the world continues to battle the challenges of COVID-19. Synertec continues to work closely with its partners in Australia such as Brisbane and US-based environmental services company BeneTerra Pty Ltd (BeneTerra). BeneTerra assists clients in the energy, industrial, agricultural and public sectors in dealing with difficult wastewater by integrating fit-for-purpose, cost-effective solutions across Australia and the Americas."

“Powerhouse” Technology - Agreement with Santos Limited (ASX:STO)

Synertec is pleased to advise that the Company has entered into a Memorandum of Understanding ("MOU") with leading independent energy producer Santos Ltd (ASX: STO) (“Santos”). The MOU relates to the “Powerhouse Project” – a solar renewable energy and battery power system for coal seam gas (CSG) well de-watering.

Background to “Powerhouse” Technology

Synertec and Santos have identified the need to develop a sustainable power system which can meet the energy requirements of Santos' Myalla CSG well cluster in Roma, Queensland. Beyond Myalla, the potential value in developing independent solar power stations powering remote coal seam gas wells could achieve the following objectives:

- Reduction of carbon emissions;
- Minimise impact on landowners;
- Flexible and re-deployable infrastructure;
- Reduction of infrastructure and maintenance costs of existing temporary power supplies;
- Replacement of mains power connections in remote areas; and
- Build on Synertec’s solar energy expertise to develop sophisticated predictive algorithms that will provide uninterrupted electrical power to the Myalla CSG well cluster.

Synertec's Engagement

Under the MOU, Synertec will progress the design, construction and field testing of the prototype solar energy power system. Santos will support these activities by providing pilot field site access, inputs into the project design, technical information pertaining to the pilot field sites, and technical and other engineering resources.



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It is envisaged that the Powerhouse Project may be the first of its kind to be deployed in Australia. The parties will work together to develop an agreed business plan and commercial arrangement for the supply, maintenance and operation of the Powerhouse Project by Synertec to Santos, as well as identifying all relevant stakeholder approvals and endorsements.

The key objective of the Project is to bring about the development of innovative features which improve the sustainability, reliability and viability of Australia's gas production processes. The expected costs of the project for Synertec are estimated to be \$3.0 million.

The parties will determine success of the project based on the achievement of a range of key technical objectives and field practicalities within 12 months of commencement, including safety, system availability, battery performance, remote control, support for high power loads, footprint size, transportability and recyclability.

The MOU commences on 31 July 2021 and will be effective for 12 months unless terminated earlier by mutual agreement or replaced by a commercial agreement between the parties.

Synertec Managing Director, Michael Carroll, said:

"We are excited to work with Santos, a long-time customer of Synertec, on this advanced energy infrastructure project. We see a close alignment between Santos' focus on reducing global greenhouse gas emissions and Synertec's drive to support its partners' Environmental, Social and Governance (ESG) performance.

"We are well placed to deliver this solution with our long-standing experience providing safe critical solutions to key Australian Energy and Critical Infrastructure sites. We also believe there is strong alignment in the values and an innovative culture between our respective organisations, and for this reason, we work well together.

"With potential for wider application, this solar energy power system solution is another significant Energy and ESG-focused technological innovation being investigated, developed and tested under Synertec's Technology division. In this division, the Powerhouse Project now sits alongside Synertec's investigation into Composite Dry Powder (CDP) for treatment of hydrocarbon drilling mud and cuttings, and our proprietary LNG Custody Transfer System (CTS)."

LNG Custody Transfer System ("CTS") Technology

The Company's CTS technology development is progressing as planned with Synertec's strategic partner first announced to the ASX on 23 November 2020, one of the world's largest providers of LNG shipping and floating solutions and services.

World-leading independent marine classification and certification expert, DNV GL, has now completed an international Hazard and Operability study (HAZOP) based on Synertec's CTS technology design. The Company expects this design to be fully certified by DNV in the current quarter. This certification covers approval work which will lead to a General Approval for Ship Application ("GASA") statement for an LNG sampling system to be installed onboard Gas Carriers.

Synertec's marine CTS, when certified and deployed, will provide Synertec's customers with a long term fully maintained solution to address sampling inaccuracy in low pressure LNG process line applications, which is typical in ship-to-ship LNG transfer scenarios.

This is a critical piece of LNG and gas sampling and metering technology, designed by Synertec to produce no fugitive greenhouse gas emissions. It will also provide access to crucial operational data and offers the potential for greater analytics and optimisation of performance.

Synertec Managing Director, Michael Carroll, said:

"Our progress in marine energy technology is developing in line with expectations. We look forward to achieving DNV certification of our marine CTS design in the near future, which we view as a key milestone on the road to commercial deployment.



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"We continue to see demand growing for this environmentally friendly technology, both in Australia and globally, as newly-imposed marine regulations are driving a long-term transition towards LNG as the marine fuel of choice for cleaner sea vessels and coastal LNG storage and regasification facilities.

"All three of the technologies in our current portfolio are now evenly poised at the starting line and offer exciting potential for commercialisation over the coming years."

-ENDS-

For more information and all media enquiries, please contact:

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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 diversified technology design and development growth company commercialising scalable, environmentally friendly and energy efficient technology for global markets in energy, infrastructure and water 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.