



SYNERTEC

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SYNERTEC CORPORATION LIMITED (ASX: SOP)
In the Pursuit of Transition Technologies for a Low Carbon Future

August 2021

expertise  experience

DISCLAIMER



SYNERTEC

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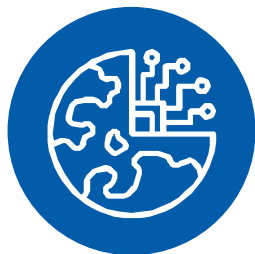
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ABOUT SYNERTEC CORPORATION LTD (ASX: SOP)

Synertec enables a low carbon future through innovative technology solutions



Synertec is a **diversified technology growth company**.

We design, develop and deliver **technology** that provides a viable transition for our partners to a low carbon future.



Our niche **multi-disciplinary engineering expertise** supporting our **Tier-1 blue chip customer base** ignites our **imagination** to solve current challenges with our partners in **the pursuit of a low carbon future**.

- **Energy**
- **Critical Infrastructure**
- **Water**
- **Advanced Manufacturing**



Entrepreneurial and agile, Synertec has generated more than **\$100m in revenue since 2014** and a **total shareholder return of c200%¹ since 2017 IPO**.

Reinvesting cash flow and profits from engineering products & solutions funds the discovery and commercialisation of a **portfolio of highly prospective ESG technologies**.

Leveraging high-tech engineering to generate scalable solutions to decarbonise industry



- **Composite Dry Powder ('CDP')** – environmentally friendly and economic treatment of oil and gas drilling mud
- **Powerhouse** – AI-powered solar renewable baseload power system, targeting oil & gas remote sites
- **Custody Transfer System ('CTS')** – precise, safe and environmentally friendly LNG transfer, for both land and marine applications

RECENT METRICS & VALUE PROPOSITION

- Market capitalisation at ASX listing in 2017 of **\$10 million**
- Divestment of surplus legacy assets **returned \$3.6 million cash** to eligible shareholders
- Total funds raised between ASX listing and August 2021 placement of only **\$1.5 million** (one placement in July 2020 and options)
- Increase in market capitalisation since July 2020 placement is approximately **500%, or c\$25 million**
- Revenue generated since ASX listing of over **\$50 million**
- Operating cash flows and profits reinvested in the discovery and development of **commercial IP and technology products**
- **Attractive valuation and tight capital structure** with 357.3m shares on issue post share placement in August 2021, ~\$36m market capitalisation (@ \$0.10) and supportive Top 20 shareholders owning c. 70%, with Top 10 controlling ~60%

Last 12 months' share price performance



*Experienced management
extracts maximum value for the
benefit of shareholders*

SYNERTEC'S COMPETITIVE ADVANTAGE



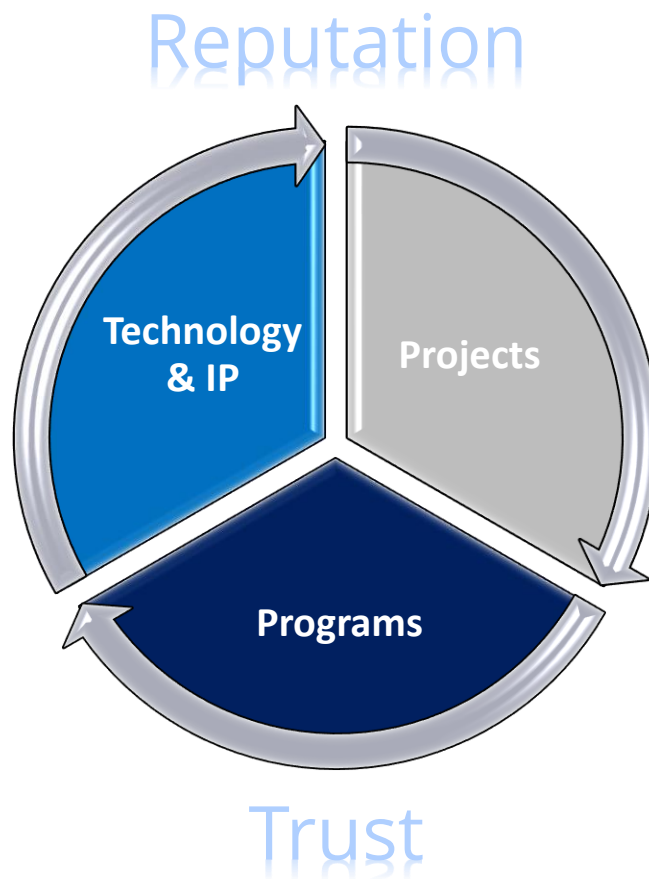
4. Partnerships and Commercialisation

Strong customer relationships and our reputation enable us to develop technology and form partnerships to deeply understand customer needs and **develop fit-for-purpose technology and successful commercialisation**



3. Enhance and Extend Offering

Identifying key pain points for our customer, we choose to develop a technology product both for their benefit and for **broader industry and geographic application**



1. Strategically Bid 'Equity' Projects



While delivering **reliably and providing exceptional value to our customers**, we identify pain points and opportunities in live projects for potential 'universal solutions' with broader commercial application

2. Embedded in Customer



Having delivered exceptional mutual value on a project, and improved understanding our customer's business, we are brought back '**client-side**' to deliver a long-term '**program**' of customised solutions - **more than 80% of work since FY17 is from repeat clients**

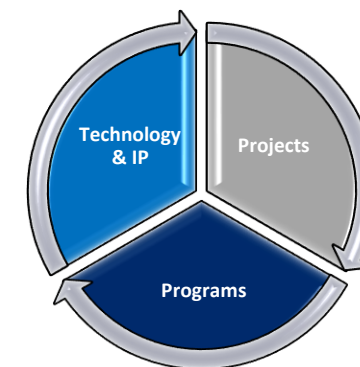
SYNERTEC'S TIER-1 CUSTOMERS DRIVING GROWTH & TECHNOLOGY DEVELOPMENT

Each of our major customers tracks their progress on ESG metrics towards stated goals

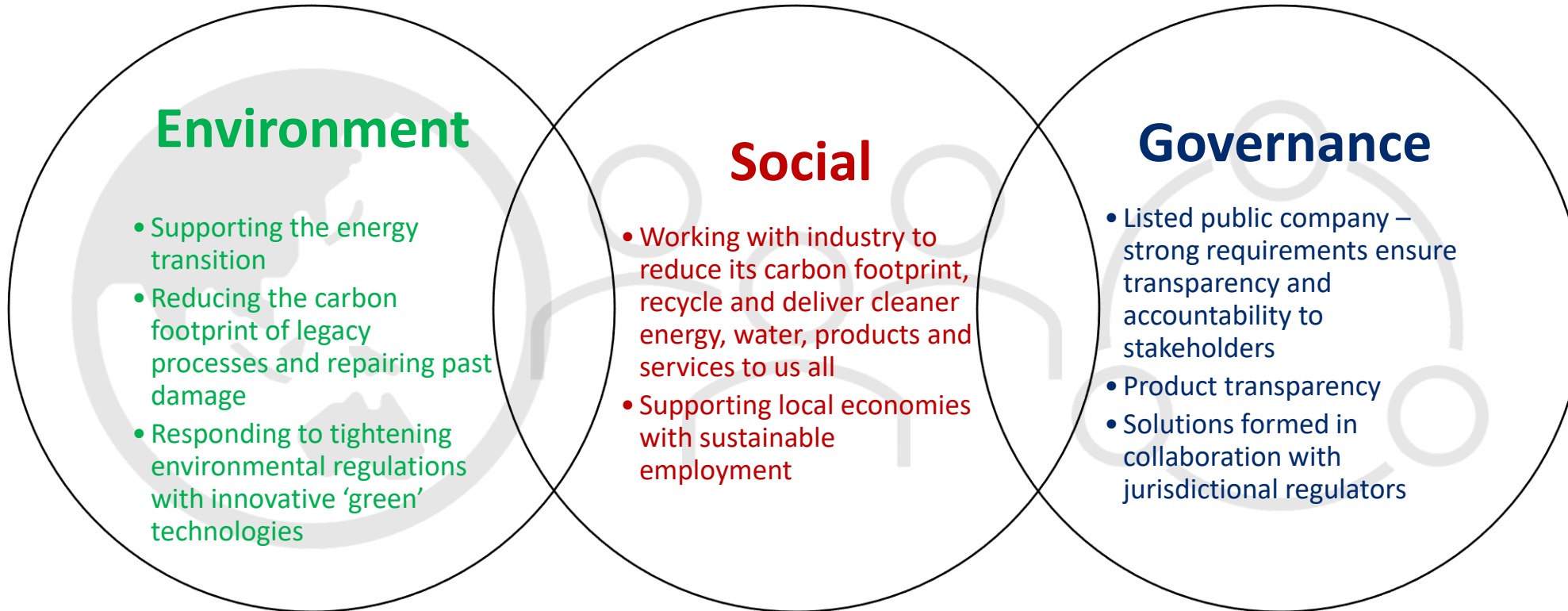


Consistent strong cash position, increasing margins and >80% repeat business indicate value delivered to customers

- We use the Engineering Products & Solutions business to partner with Tier-1 clients, gaining exposure and access to the latest technology in the global **energy, water, infrastructure, biomedical and advanced manufacturing sectors**
- We extract, incubate, and commercialise tech-driven ideas with our partners to solve problems where they see a “pain point” but we see **wider applications** within or across industries and geographies

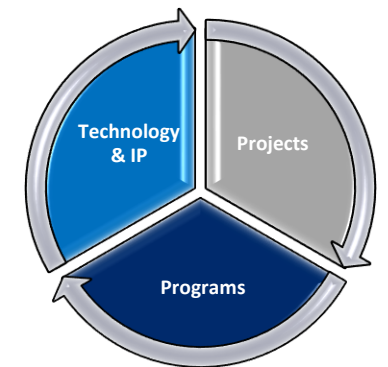


SYNERTEC'S STRONG ESG CREDENTIALS - CLIMATE TRANSITION PRESENTS A HISTORIC INVESTMENT OPPORTUNITY



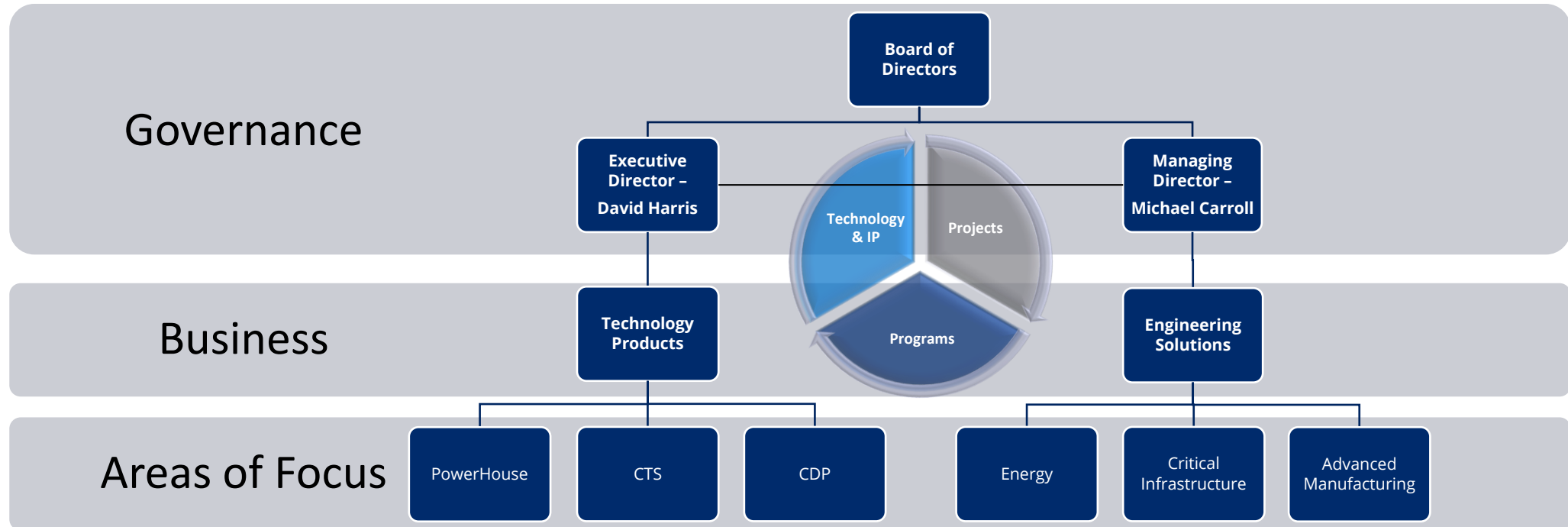
*We are dedicated to helping our clients to reduce their carbon footprint through our **strategic focus on environmentally friendly and energy efficient technology solutions.***

*We also consider and measure our own impacts across each sustainability area of our business and **report our progress regularly, providing ESG accountability with a roadmap for our stakeholders.***



Synertec has adopted the Environmental, Social and Governance (ESG) framework of 21 key areas designed by the World Economic Forum (WEF)

SYNERTEC IS STRUCTURED FOR GROWTH





TECHNOLOGY DIVISION

*Technology is the key to achieving the ambition
of rapidly reducing emissions in a way that
supports economic growth.*

TECHNOLOGY DIVISION MARKET OPPORTUNITIES

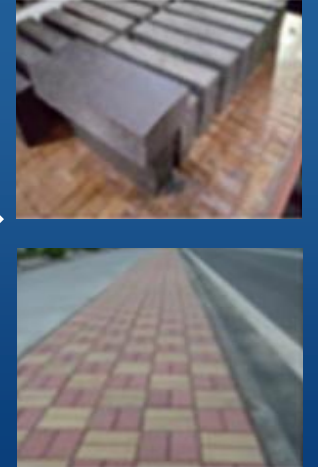
Technology Solution	Overview	Current process & environmental impact	Our process & environmental improvement	Market opportunity
CDP Composite Dry Powder	The patent-pending Composite Dry Powder (CDP) provides a quick, effective, affordable and environmentally friendly way to process water-based oil & gas drilling mud for responsible disposal or recycle into non-polluting, high-strength construction materials.	Current process involves months/years of contaminated mud stored in artificial ponds for sun exposure to sufficiently dry mud for transportation to landfill. In most cases, it must be trucked away carefully over long distances to avoid spillage, to a secondary process.	In a low capex and opex operation, mud is safely dehydrated using CDP and proprietary equipment within hours to a sandy soil with typical contaminants securely bound so the soil can be used as raw material in various by-products.	Globally, there is a substantial increase in investment in shale production, expected to deliver 20,000+ wells drilled annually. Based on current contract economics: Total serviceable available market is estimated to be A\$5B+ pa.
PowerHouse	“Super charge” a solar battery array by the application of sophisticated algorithms, predictive analytics and AI to predict solar radiation, energy storage and energy discharge to deliver uninterrupted electrical supply to isolated applications with minimal maintenance.	Typically multiple large diesel generators run 24/7 consuming large volumes of fuel, polluting the atmosphere , requiring considerable maintenance and are notoriously unreliable and disposed-of on a regular basis.	Easy and rapid deployment of reliable electrical supply that is 100% renewable with minima-to-no impact on the landscape, landowners or adjacent tenements and is more dependable than diesel generators and current solar battery systems.	PowerHouse offers CSG well owners a 100% renewable means of powering CSG wells, minimising GHG emissions, increasing stakeholder safety, improving gas supply to the national network and minimising disruption to the landscape. Total serviceable available Australian market in energy estimated ~A\$100m+
CTS Custody Transfer System	When transferring large, valuable volumes of LNG, an exceptionally accurate, certified, safe and reliable CTS is crucial, as errors of 1% are common and can dramatically impact profitability. The CTS is an IP-protected, field proven and environmentally-friendly module suitable for all LNG applications including shipboard and floating LNG operations.	As LNG sales agreements continue to evolve to meet market expectations, producers and buyers are insisting on greater precision, reliability, real-time cargo release and compliance with recognised international measurement standards. Traditional custody transfer systems are challenged to meet requirements re precision, speed, and the environment.	Synertec’s LNG custody transfer system is fully and independently certified, validating the world’s most rapid and precise measurement of loaded LNG . Synertec’s IP-protected, compact and economical marine CTS application is environmentally friendly, emitting no toxic gases.	Based on the developing mega-trend in global marine LNG storage, trade and transport, and LNG import/export terminals planned in this decade; Total serviceable available market is estimated to be A\$100m+

COMPOSITE DRY POWDER (CDP): TREATING HYDROCARBON DRILLING MUD

Right: Photos from a CDP pilot program show:

a) drilling mud in its original liquid state which was then treated with CDP
b) GreenTech's proprietary processing equipment treating liquid-like drilling mud with the CDP technology.

This becomes dried dirt, which may be reconstituted as soil or used as a raw material in bricks or road base.



Synertec partnered in 2020 with Sichuan GreenTech Environmental Co., Ltd. (GreenTech) to **commercialise innovative technology** that provides a unique, environmentally friendly and cost-effective solution to treat toxic sludge and various wastewaters

The patent-pending Composite Dry Powder (CDP) provides a **quick, effective and affordable way** to process water-based oil & gas drilling mud into non-polluting, high-strength building materials, road base and/or other potential by-products

CDP is customisable for **diverse global applications** beyond energy production, including mine tailing sludge and municipal sewage sludge

GreenTech has granted Synertec an **exclusive worldwide technology licence.**

CDP STORY: STEADY PROGRESS TO COMMERCIALISATION

JUNE 2020
Synertec signs MoU with GreenTech

JULY 2020
Synertec share placement provides secured loan facility for pilot programs

AUG 2020
Synertec receives worldwide exclusive investigative technology licence

OCT 2020
Pilot programs successfully demonstrate application opportunities

FEB 2021
Synertec receives technology into Australia and begins Australian testing regime

MARCH 2021
Broader application of CDP identified and tested successfully

APRIL 2021
Laboratory simulation testing supports China results


MAY 2021
MoU signed with Australian partner, US-Australian environment services company BeneTerra

Assisting Synertec in Australian environmental testing and promotion of CDP

AUG 2021
Extension to existing worldwide (ex-PRC) exclusive licence agreement

NEXT STEPS
Australian "on site" testing at commercial scale (1H FY22)

CDP: THE AUSTRALIAN CONTEXT

- 
- **More than 50 Australian lab tests of CDP on Australian drilling mud** have mirrored the Chinese experience, confirming transferability and scalability
 - **MoU signed in May 2021 with US-Australian environmental services company BeneTerra** to explore and promote treatment applications relating to drilling muds, cuttings and contaminated slurries
 - **Several field operators are actively cooperating with Synertec** to explore the full potential of CDP in the context of:
 - Safety
 - Environment
 - Financial
 - **Environmental safety investigation on-going** and will be completed before Australian field tests will commence

POWERHOUSE – 100% RENEWABLE, SMART & RELIABLE BASE LOAD POWER

MOU WITH SANTOS (ASX:STO)

Typical solar battery systems:

- Collect energy from the sun and direct that energy to batteries
- A load then draws energy from the batteries
- The system's performance is purely dictated by the energy extracted from sunlight and the energy consumed from the batteries

Powerhouse uses sophisticated AI, employing algorithms, predictive analytics, and real-time meteorological data to:

- Predict solar radiation levels in advance
- Proactively control the discharge rates of batteries to guarantee minimum performance levels of reliant electrical equipment
- Offer cost effective and optimised system configuration minimising footprint and capital costs
- The system is reliable and robust compared to diesel generators and accessing remote electrical grids

The system is capable of rapid mobilisation and de-mobilisation and has an effective operational life of up to 15 years.

Key MOU terms: effective for 12 months, and subject to the development of a system acceptable to Santos, the parties intend to enter into field trials to be followed by a further commercial agreement for the long-term supply of the system. Success to be determined by the achievement of key technical objectives within 24 months, including safety, system availability, battery performance, footprint size, transportability and recyclability.



CUSTODY TRANSFER SYSTEM (CTS): PROGRESS & OPPORTUNITY



Total Addressable Market:	>US\$200 billion Capital expenditure on new LNG plants expected by 2025 ¹
Serviceable Available Market:	>US\$4 billion Estimated global capital expenditure on new and brownfield LNG CTS

1: Wood Mackenzie 2019, 'LNG primed for \$200 billion capex boom - will it drive cost inflation?'

- Synertec's development of **best-in-class LNG Custody Transfer System (CTS) technology** targets new and existing cargo vessels
- Growing global demand for this technology is accelerated with new marine fuel regulations (IMO2020) driving a **long-term transition towards LNG as marine fuel** for cleaner-burning vessels
- Synertec is collaborating with a **global major European-based owner, operator and manager of LNG carriers** to jointly develop and deploy Synertec's patented marinised CTS
- **CTS technology in final stages of global certification** by world- leading independent certification body, DNV
- **Victorian Government Technology Adoption and Innovation Program** grant of A\$50k (the maximum grant available) was successfully awarded to fast-track CTS development
- Synertec is exploring ways to present the CTS technology through innovative financial models that can minimise clients' capex outlay and provide **longer-term recurring revenue streams**
- Each such award could be worth up to A\$2 million in revenue to Synertec, with **dozens of potential new projects each year to target globally**

No fugitive emission of LNG and a fully marine certified solution, offering significant advantage over competitors' products



ENGINEERING DIVISION

Synertec continues to prove its ability to provide highly intelligent engineering solutions which integrate closely with customers' systems and have an Environmental, Social and Governance (ESG) motivation.

ENGINEERING DIVISION

RECENT CONTRACT WINS VALIDATE & ADVANCE SYNERTEC'S STRATEGY



Contracts to provide significant upgrades to the **Eastern Treatment Plant (ETP) advanced integrated control system**, delivering improved reliability of operations to Melbourne Water's largest facility, which processes approximately 45% of Melbourne's wastewater.



Contract to design, supply and install automation **control systems to support solar power plants** under construction at two major water infrastructure sites operated by mutual customer, Melbourne Water, with the **objective to reduce operational costs associated with electricity usage and to lower greenhouse gas emissions**. This will assist in Melbourne Water's pledge commitment to reduce its net carbon emissions as per the pledge to zero by 2030.

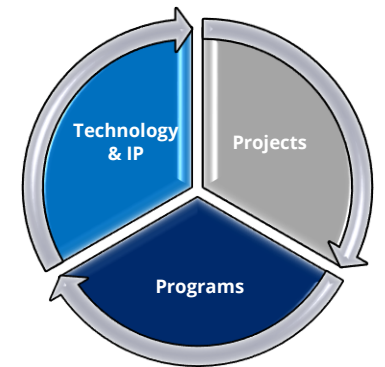


RAIL SYSTEMS ALLIANCE

Contracts to provide senior specialist consulting services, including systems, controls and automation engineering for works related to **Melbourne's Metro Tunnel Project (MTP)**, one of the largest critical infrastructure projects in Victoria's history.

Recently-awarded contracts:

- Total over **\$4 million in aggregate value** for works with long-standing key customers
- **Validate Synertec's strategic focus** in developing best-in-class automation, controls and systems engineering technology for Australia's energy and critical infrastructure projects in highly regulated industries
- Provide Synertec with exposure to 'pain points' and opportunities to develop tech-driven **ESG-focused solutions** that can be **commercialised across other sectors and geographies**





CAPITAL RAISING SUMMARY

Capital raised through the Offer will be used to provide balance sheet support for execution of the dual strategy of commercialising several large near-term ESG-focused technology opportunities in the energy sector and growing out a high-end engineering solutions business

\$7.1 MILLION PLACEMENT TO DRIVE GROWTH

Offer structure and size	Raising \$7.1 million (before costs) through a placement of 71.5 million new fully paid ordinary shares
Offer Price	\$0.10 per share , a 9% discount to the last closing price and the 5-day VWAP of \$0.11 on 30 July 2021
Cornerstone Investors	<ul style="list-style-type: none"> • Perennial Value Management • SJ Hiscock & Company
Use of Proceeds	<p>Capital raised through the Offer will be used to provide balance sheet support for execution of the dual strategy of commercialising several large near-term ESG-focused technology opportunities in the energy sector and growing out a high-end engineering solutions business as follows;</p> <ul style="list-style-type: none"> • \$5 million: Drive technology development and commercialisation to assist in the decarbonisation of Synertec's large and prestigious customer base; and • \$2 million: Working capital applied to funding a growing portfolio of engineering solutions with the Company's blue-chip customer base.
Ranking	Pari passu with existing fully paid ordinary shares
Key Dates	<ul style="list-style-type: none"> • Trading Halt lifted and return to trading on ASX: Wednesday 4 August 2021 • Settlement of New Shares: 12 August 2021 • Allotment of New Shares: 13 August 2021
Joint Lead Managers (JLMs)	<ul style="list-style-type: none"> • Taylor Collison Limited • PAC Partners Securities Pty Ltd
JLM Key Terms	<ul style="list-style-type: none"> • The JLMs will be paid a management fee of 2% (plus GST), being \$143k, and a selling fee of 4% (plus GST), being \$286k. Subject to shareholder approval, the JLMs may (at their election) choose to receive shares in SOP at the same issue price as the placement in lieu of some or all of the net cash fees due to the JLMs. • Subject to shareholder approval, the JLMs will be issued 10,000,000 unlisted options with an exercise price of \$0.20 per option and an expiry date 3 years from the date of issue.

OUR PATH TO GLOBAL SCALE



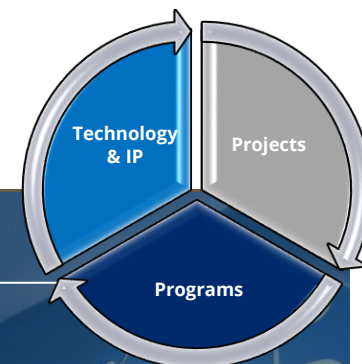
Executing on an **immediate global growth opportunity** by leveraging a blue-chip customer base, delivering into multibillion-dollar markets on the cusp of acceleration



Cashflow to fund growth from Synertec's competitive advantage providing specialised engineering solutions to customers in sectors with high barriers to entry and growing need to improve their ESG licence



Strong exposure to attractive global thematic in the environmentally friendly treatment of hydrocarbon waste, energy and water tech and unique renewable energy solutions; **currently assessing additional green technologies as opportunities for growth through new partnerships**



SYNERTEC CORPORATION LIMITED
(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, WATER &
ADVANCED MANUFACTURING



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expertise  experience

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