



Synertec Corporation Limited
ARBN 161 803 032

Level 1, 57 Stewart Street
Richmond Victoria 3121
Australia

Ph: +61 3 9274 3000
Fax: +61 3 9274 3099
www.synertec.com.au

ASX Announcement

1 July 2020

Business update and successful \$1.3m share placement

Melbourne, Australia: Engineering product and solution provider, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") is pleased to provide a business update and advise of a successful capital raising.

Highlights

- **Robust business activity in target markets: the positive business trends previously highlighted by Synertec are continuing, with the Company winning several new awards across its target sectors of Critical Infrastructure and Energy**
- **Synertec's operations are experiencing high rates of utilisation, the Company's cash position has improved in line with expectations and the Board and management expect Synertec's operations to continue to expand in FY21**
- **Synertec has received binding commitments from sophisticated investors to raise \$1.3 million through the issue of 55.2 million shares at \$0.023 per share (Placement). The Placement funds raised will support initiatives which progress the Company's technology-led growth strategy**
- **Synertec to collaborate with Greentech which will see the parties work together to commercialise Greentech's environmentally focused and globally scalable oil & gas and waste water treatment technology**
- **Greentech are seeking a loan facility of \$1 million from Synertec to fund Greentech's remaining pilot programs with major Chinese state-owned entities**

Robust business activity in target markets

Synertec is pleased to advise that the positive business trends highlighted in its ASX announcement of 5 May 2020 are continuing to develop favourably. The Company has recently won several new awards across its target sectors of Critical Infrastructure and Energy.

Two of these awards, in the Rail sector, will see the Company provide senior specialised systems engineering and automation resources to support nation-building projects. Synertec has also secured notable awards in the Company's target growth sectors of Water and Gas Pipelines, with customers Synertec has been working with over many years. Several of these assignments are expected to endure for more than 12 months.

With the Company's operations experiencing high rates of utilisation, the Company's cash position has improved in line with expectations and the Board and management expect Synertec's operations to continue to expand in FY21.



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Synertec Managing Director, Mr. Michael Carroll, commented: ***“We are excited to have secured new contracts and partnerships across our business and are grateful that our customers continue to recognise and value our expertise, experience and agility.”***

Successful completion of \$1.3 million capital raising

Synertec is pleased to announce it has received binding commitments to raise \$1.3 million (before costs) through a placement of 55.2 million new shares at an issue price of \$0.023 per share.

The Placement price of \$0.023 is the last closing price and the 30-day VWAP on 26 June 2020. All Placement shares (55.2m) will be issued to sophisticated investors under the Company's Listing Rule 7.1 and 7.1A capacity (represented by 33.1m shares and 22.1m shares respectively) and rank equally with the Company's existing fully paid ordinary shares, and accordingly, no shareholder approval is required.

Net proceeds of the Placement will be principally used to provide balance sheet support to fund initiatives which progress the Company's technology-led growth strategy.

Synertec Chair, Ms. Leeanne Bond, said: ***“Our successful capital raising will help us to deliver on our strategy for targeted, diversified growth, and I thank all investors for their support.”***

Taylor Collison Ltd acted as Lead Manager to the Placement. The Company and the Lead Manager approached new sophisticated investors as well as clients of the Lead Manager to participate in the Placement. No securities were issued or agreed to be issued in the Placement to any related party. An Appendix 3B for the proposed issue of the Placement shares will follow.

Corporate strategy: commercialising innovative and scalable technology

In line with Synertec's stated strategy to pursue innovative and scalable technologies and solutions, the Company is positioned to leverage an immediate global growth opportunity to commercialise a portfolio of highly prospective energy technologies.

Synertec currently focuses its technology design and development activities on the oil & gas industry. The Company has identified attractive global economic trends, including (but not limited to) the growth in demand for floating LNG production, storage and bunker vessels and China's part in growing the ongoing shale energy revolution.

These macro trends present growth opportunities which Synertec is uniquely positioned to capture given its extensive experience in Australia's major LNG projects over the last decade. The Company's lead product in LNG, the Synertec Custody Transfer System (CTS) with marine application (under worldwide provisional patent application), is proven to deliver material financial gains, and Synertec is currently collaborating with major industry participants, including Trelleborg Group and other major shipping operators, to deploy its marine-based CTS.

Mr Carroll commented: ***“We have identified dozens of potential new projects to target globally, with each marine CTS award potentially worth between \$0.5 million and \$2 million in revenue to Synertec.”***



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Collaboration with Greentech

Synertec has identified an attractive opportunity to augment its technology portfolio by collaborating with Greentech. Greentech is piloting innovative, environmentally friendly technologies that provide the potential of a cost-effective solution for the treatment and recycling of drilling sludge, applicable to both oil and gas operations as well as municipal waste water from sewage. Working closely with two major oil and gas producers in China, Greentech is completing pilot programs which will evaluate the technology with regard to cost competitiveness and environmental benefits. Several preliminary evaluation trials have already been conducted returning encouraging results.

The Company has formalised this collaboration and Greentech is seeking a loan facility from Synertec to complete the pilot programs with two major Chinese state-owned enterprises. The proposed loan facility of AUD \$1 million, to be repaid with interest by 31 December 2020, will be secured and subject to customary terms and conditions.

Mr. Carroll said: ***“Greentech presents an early-stage technology opportunity into a large market segment and is closely aligned to our core strengths in commercialising and scaling oil & gas technologies which can be applied globally.”***

Synertec will keep the market updated regarding the progress of the pilot programs and we look forward to delivering value for the Company’s shareholders.”

This announcement effectively lifts the trading halt which the Company requested on 29 June 2020.

-ENDS-

For more information and all media enquiries, please contact:

Mr. David Harris
Chief Financial Officer & Company Secretary
Phone: +61 (3) 9274 3000
Email: david.harris@synertec.com.au

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

About Synertec:

Synertec Corporation Ltd (ASX: SOP) provides mission-critical engineering products and solutions to complex, high-risk and highly regulated industries. The Company targets industry segments with high barriers to entry and high client reputational risk, including Pharmaceuticals, Critical Infrastructure, Oil & Gas, Water and Defence.

Synertec has delivered 24 years of growth and development as a multidisciplinary and integrated consulting business, delivering end-to-end proprietary engineering products and solutions which leverage the Company’s ability to develop commercial intellectual property through innovative partnerships with a portfolio of blue-chip customers.