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## ASX Announcement

5 November 2020

### **Greentech Business Update: Pilot Program Successfully Completed & International Patent Applications Progressing**

#### Highlights

- **Greentech has successfully completed its expanded pilot program, including 6,000 tonnes of oil-contaminated drilling mud, with one of two major Chinese energy State-Owned Enterprises (SOEs), earning approximately \$0.9 million AUD revenue for works completed to date**
- **Further pilot program results are expected in advance of the completion of commercial contract negotiations with Chinese SOE customers, with the ongoing work program funded by \$450,000 advanced through the loan facility agreed between Synertec and Greentech**
- **Synertec is seeking international patent protection for Greentech's globally scalable and unique intellectual property**
- **Synertec appoints its own independent representative on-the-ground in Chengdu, China (location of Greentech's head office) to regularly meet with Greentech stakeholders, management and undertake site visits and observe operations**
- **Greentech's drilling mud-based brick-making operations have reached the final stages of approval by local Chinese environmental authorities and passed independent testing**

**Melbourne, Australia:** Engineering product and solution provider, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") is pleased to provide an update regarding progress in the Company's work program and its relationship with Sichuan GreenTech Environmental Co., Ltd ("Greentech"). Synertec and Greentech are jointly planning to globally commercialise Greentech's novel environmentally-friendly and cost-effective Composite Dry Powder ("CDP") technology for the treatment of hydrocarbon drilling mud and allied applications.

Synertec focuses its technology design and development activities on the global energy sector. Synertec is developing technologies that will increase the profitability of our partners while reducing our client's environmental footprint. The Company has identified attractive global economic and environmental trends, including (but not limited to) the environmentally sensitive and cost-effective means of treating and repurposing drilling mud for beneficial and profitable applications. These macro trends present growth opportunities which Synertec is uniquely positioned to capture given its extensive experience in Australia's major Energy projects over the last decade.

#### Work Program Update

Further to Synertec's ASX update of 9 September 2020 regarding Greentech technology development and licensing, the Company is pleased to advise that Greentech has successfully completed its commercial-scale pilot program with one of two major Chinese State-Owned Enterprises (SOEs) in oil and gas production. The success of testing to date has reaffirmed the modelled outcomes of CDP applications, and Greentech plans to invoice the customer the equivalent of approximately \$0.9 million AUD for work completed under the pilot program and other contracted services during 2020.



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Greentech's testing phase with another customer, also a large Chinese SOE, is now complete. Greentech is currently completing a commercial-scale pilot program for this customer at a new live drill site and is successfully operating the proprietary processing machinery it has installed on site for this purpose.

Following the completion of long-term commercial contract negotiations which are currently in early stages, Greentech expects both of these customers to enter into exclusive Strategic Alliance Agreements for the provision of Greentech's patented CDP technology, including supply of chemicals and processing of drilling mud using Greentech's proprietary process machinery.

Greentech has also received preliminary enquiries and met with China's other major oil and gas SOE to discuss the successful application of the CDP technology.

### Synertec Loan Facility to Greentech

To fund the completion of these pilot programs, Synertec recently advanced \$450,000 AUD to Greentech, being the third tranche of funds under the loan facility announced to the ASX on 30 July 2020. These funds have been immediately applied to the completion of pilot programs with its customers and current commercial contracts, including large-scale purchases of chemicals and commissioning of Greentech's proprietary processing machinery to customer sites. Greentech has now utilised \$800,000 of the \$1 million AUD facility provided by Synertec and announced in July 2020.

Synertec Managing Director, Mr. Michael Carroll, commented:

***"The trial results of the CDP pilot programs to date indicate that it is a potentially revolutionary and globally applicable solution to the significant environmental challenges presented by toxic drilling mud."***

***"We see opportunities to apply CDP not only to assist active drilling sites, but also to help remediate the millions of tonnes of drilling mud that have been created as a by-product of the past decade's boom in shale energy development. This is not a solution in search of a problem – the problem is there in the ground today, along with the political will for the remedy."***

### Synertec Appoints Independent Representative in China

As a natural development in the relationship with Greentech, Synertec has appointed its own independent representative on-the-ground in Chengdu, China (location of Greentech's head office) to regularly meet with Greentech stakeholders, management and undertake site visits and observe operations. Mr. Carroll commented:

***"This was an important step in our relationship with Greentech owners and management. This process has already been highly valuable in accelerating our understanding of Greentech's business including its operations, customer and supplier relationships and our confidence in the potential of the technology."***

### Brick-Making Operations

Concurrent to the CDP pilot programs, Greentech's brick-making operations have reached the final stages of approval by local Chinese environmental authorities. The starting material of the brick making process is the CDP treated drilling mud.

The CDP treated drilling mud is combined with other starting materials and then subjected to a unique environmentally-friendly bake-free proprietary process. The resultant bricks have been independently tested for compression strength and quality. The results were pleasing and indicate the bricks could be applied to similar applications as traditional high input energy kiln fired bricks. Key benefits are what was once an environmentally damaging waste product is now a resource in the manufacture of low input energy construction materials.



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## International Patent Protection

Synertec's Melbourne-based Patent Attorney is currently reviewing Greentech's two Chinese provisional patents with a goal of applying for International Patents.

Synertec's commitment to taking Greentech's technology under its own name from Chinese provisional patent status to internationally recognised patents indicates the Company's faith in the transferability and global scalability of this unique intellectual property.

This work also follows Synertec's announcement on 9 September 2020 of its execution of a worldwide license agreement with Greentech. This agreement enables Synertec to explore replicable, scalable and commercial applications of the CDP technology outside of China, with an initial focus on the Australian resources industry, and to begin engaging with Australian organisations which may benefit from the environmentally friendly and cost-effective CDP technology.

**-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) 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.