



SYNERTEC

Synertec Corporation Limited

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The Manager

Market Announcements Office

Australian Securities Exchange

(ASX:SOP)

**Sale of Mining Assets of Synertec Corporation Limited (ARBN 161 803 032)
(formerly SML Corporation Limited) (Company)**

Highlights

- Synertec Corporation Limited (the Company) has approved the sale of its mining and related assets for \$3.5 million.
 - This sale is being implemented by Synergy Metals Pty Ltd (**Synergy**), a wholly-owned subsidiary of the Company, having entered a Share Sale Agreement (**Agreement**) with ABA Resources Pty Ltd (**ABA**) pursuant to which it has agreed to sell 100% of the issued shares in Australian Gold Mines Pty Ltd (which owns all the shares in Mt Wills Gold Mines Pty Ltd, the holder of the mining assets) and an immaterial related block of land under a Contract for the Sale (**Mining Assets**) to ABA (**Mining Assets Sale**)
 - Completion of the sale is scheduled for 20 September 2017.
 - A deposit of \$350,000 has been paid and is held on trust for the benefit of Synergy.
 - The Net Sale Proceeds (as defined in the Prospectus) (**Net Sale Proceeds**) of the sale of the Mining Assets will then be distributed to the Eligible Shareholders on a pro rata basis via the Redemption Notes issued to them by the Company.
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Background and Details of Sale:

As was disclosed in the Company's Notice of Meeting dated 5 May 2017 and Prospectus dated 23 June 2017 (**Prospectus**), and given the Company's successful completion of the acquisition of Synertec Pty Ltd (**Acquisition**) on 8 August 2017:

- the Board has sought to sell the Mining Assets to any interested buyer at market value;
- in the event that the sale of the Mining Assets is successfully completed within 6 months from the date of completion of the Acquisition, an amount equal to the Net Sale Proceeds of the sale of the Mining Assets will then be distributed to those shareholders of the Company who were

registered in the Company's register of shareholders as a holder of shares in the Company as at 5.00pm (AEST) on 26 June 2017 (**Eligible Shareholders**); and

- this distribution will be made to the Eligible Shareholders on a pro rata basis via the Redemption Notes issued to them by the Company.

The Mining Assets were sold for \$3.5 million. A deposit of \$350,000 has been paid and is held on trust for the benefit of Synergy.

Completion of the Mining Assets Sale is scheduled for 20 September 2017.

In relation to the Agreement for the Mining Assets Sale:

- it contains the usual conditions for a transaction of this nature, including:
 - obligations pending completion;
 - obligations at completion;
 - confidentiality;
 - termination rights for a material breach that is not remedied.
- completion is subject to the usual completion items being satisfied for a transaction of this nature;
- Synergy, as the vendor, has provided certain basic and standard warranties in favour of ABA, as the purchaser – ABA can only make a claim in respect of these warranties during the period of 3 months from the date of completion of the Mining Assets Sale;
- the Company is not a party to the Agreement for the Mining Assets Sale and has not provided any warranties or guarantees in favour of ABA.

Once completion of the Mining Assets Sale successfully occurs, the Company will inform the market.

Further, the Company will then consider and take the necessary steps in order for the Net Sale Proceeds to be distributed to it by Synergy via its immediate holding company, SML Resources Limited, so that the Net Sale Proceeds can then be distributed to the holders of the Redemption Notes. The Company will inform the market and the holders of the Redemption Notes in more detail as to these matters in due course.

Yours sincerely,

Andrew Metcalfe

Company Secretary

Synertec Corporation Limited