



ASX Announcement

25 February 2021

GreenTech Business Update: Progress from Pilots to Contracts

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 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.

Highlights:

- **Synertec has received 2 tonnes of Composite Dry Powder ('CDP') and is testing the technology in Melbourne, Australia to confirm its transferability and global scalability by Synertec**
- **All pilot program work completed to date has been fully invoiced and the majority paid**
- **GreenTech is arranging to repay the first tranche of loan funds extended by Synertec to GreenTech**
- **Two major Chinese energy State Owned Enterprise ('SOE') customers have indicated their acceptance of the CDP technology and subject to economic evaluation intend to proceed toward negotiating Strategic Alliance Agreements (SAAs) with GreenTech**
- **Broader applications of CDP technology are in development, following the first successful trial of CDP modified by GreenTech to process underground tunnelling construction sludge**

Australian receipt of CDP technology

Further to the Company's ASX updates of 9 September 2020 and 5 November 2020 regarding GreenTech granting an exclusive technology license to Synertec, and further CDP technology development and patent protection, Synertec is pleased to advise that it has received two tonnes of GreenTech's CDP chemicals into Melbourne, Australia. This is enough CDP to treat up to 40 tonnes of water-based drilling mud. Receipt of these chemicals is an important step in Synertec independently confirming the transferability and global scalability of the CDP technology.

Synertec has commenced testing of the CDP technology in Australian laboratories. Following completion of testing and validation of the Chinese data, Synertec will seek to engage in field tests with several Australia-based potential partners in both the oil and gas and wastewater treatment sectors with a view to commercialisation in the Australian market by Synertec.

Chinese Work Program Update

The Company is pleased to advise that GreenTech has fully invoiced all work performed and CDP chemicals sold to date under its pilot programs with two major Chinese energy SOE customers. Approximately two thirds, or almost AUD\$300k, of these invoices have been paid, with the balance expected within 60 days.

Both Chinese SOE customers have indicated to GreenTech that they wish to proceed toward Strategic Alliance Agreements (SAAs) for the provision of GreenTech's patented CDP technology, including supply of chemicals and processing of drilling mud using GreenTech's proprietary process machinery:

- One SOE customer has provided GreenTech with a Letter of Intent which confirms that the technology is effective and feasible for the purposes of further promotion and application. The customer has indicated an intention to enter a SAA subject to an "open book" confirmation on a nominated "test" well of the broad economic benefits of the CDP technology.



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- Another SOE customer has provided GreenTech with preliminary instructions to mobilise for processing water-based drilling waste from a new well. GreenTech management anticipates receiving a contract shortly to complete this work on commercial terms. Once COVID-19 lockdown restrictions permit, GreenTech management plans to meet with this customer's senior management to negotiate the terms of the SAA.

Repayment of Loan and extension of terms

Synertec has agreed to extend the loan repayment date to 31 May 2021 based on the success of the pilot program to date, the opportunity to undertake an "open book" economic study for the mutual long-term benefit of GreenTech and its customers and the interim commercial contracts which are pending award to GreenTech which should assist in GreenTech securing SAAs with its customers.

GreenTech is arranging to repay the first tranche of loan funds extended by Synertec, being \$0.1 million of the \$1 million facility (currently drawn to \$0.8 million), which will bring the balance of Synertec's loan to GreenTech to \$0.7 million.

Broader Applications of CDP Technology Beyond Oil & Gas

GreenTech has recently modified CDP to allow the technology to process underground tunnelling construction sludge. The first small application of this modified CDP has been completed, with GreenTech having successfully concluded a construction sludge processing trial for a Shenzhen-based private company engaged in underground construction.

GreenTech expects the success of this trial to lead to a small initial commercial contract with the Shenzhen-based private company. More broadly, GreenTech and Synertec have identified a large volume of potential demand for modified CDP in the construction industry, given the scale of construction currently happening and planned in China.

International Patent Protection

Synertec's patent attorney has now reviewed both of the Chinese provisional patents held by GreenTech and has submitted them for International Patent application. 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.

Synertec Managing Director, Mr. Michael Carroll, commented:

"Our strategic focus on environmentally-friendly and energy-efficient engineering and technology solutions that unlock significant potential cost savings while also improving environmental impact and safety, is exposing Synertec to attractive growth themes. We are pleased to see ongoing steady progress in our collaboration with GreenTech and we look forward to updating investors as the successful pilot programs proceed to commercial contracts and Strategic Alliance Agreements expected in the coming months, all going well."

-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) 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.