



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

19 August 2020

Greentech Funding and Technology Development Update

Melbourne, Australia: Engineering product and solution provider, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") is pleased to provide an update regarding technology development and commercialisation activities under the Company's partnership with Sichuan GreenTech Environmental Co. Ltd ("Greentech").

Highlights

- **Initial tranche of Synertec funding of \$100,000 AUD enables Greentech to complete successful commercial-scale Pilot Programs on client sites, re-affirming modelled outcomes of Greentech's Composite Dry Powder ("CDP") as an environmentally friendly and cost-effective solution to treat hydrocarbon drilling mud and waste water**
- **Pilot Program activities included Greentech's proprietary full scale processing equipment**
- **Stretch application of CDP to oil-contaminated mud is now in pilot phase following a request from Greentech's customer to assist with commercial-scale treatment after initial laboratory testing proved successful**
- **On the basis of testing successes and customer requests to extend commercial-scale pilot testing of CDP to oil-contaminated mud, Synertec have today provided a second tranche of funding, \$250,000 AUD, from the loan facility to Greentech**
- **Greentech is finalising negotiations regarding the first commercial contract for sale of CDP and proprietary processing to major Chinese State Owned Enterprises (SOEs)**
- **New developments present potential for commercialisation of a "premium" CDP product to render oil-contaminated mud below environmental requirements for construction and civil applications**

Greentech Funding and Technology Development Update

In accordance with the Company's updates on 1 July 2020 and 30 July 2020, Greentech is a potentially synergistic addition to Synertec's existing hydrocarbon-business units. Synertec has provided Greentech with a \$1 million AUD loan facility, fully secured, for completion of expanded pilot programs.

Since 30 July 2020, Synertec has provided an initial tranche of \$100,000 AUD to Greentech and continued to conduct diligence to further understand the commercial application of the CDP technology and together with Greentech, identify further potential revenue synergies and process delivery improvements.

This initial tranche of funding has been applied by Greentech to completing the build and commissioning of its proprietary plant and equipment on a customer site, as well as purchasing chemicals to successfully complete the commercial-scale pilot programs for the water-based CDP technology. CDP is an environmentally friendly and cost-effective solution to treat hydrocarbon drilling mud and waste water.



Greentech is currently finalising negotiations regarding the first commercial contracts for sale of CDP and its proprietary processing services to two major SOEs in oil and gas production.

Following the success of testing to date, which has reaffirmed the modelled outcomes of CDP applications, the same customers have identified the potential for extended applications of the technology to more highly oil-contaminated mud resulting from complex drilling programs.

Synertec's Managing Director, Mr. Carroll explained: ***“The Pilot Program activities to date, and the first commercial contract being negotiated, have considered the application of CDP to “water-based mud” which has an oil concentration of less than 20 milligrams per litre. This is important as it is the most commonly used drilling mud in China and is produced in large volumes.***

“Greentech has now extended its Pilot Program at its customer's request to commence testing of a stretch application of CDP to treat and rapidly dry “oil-contaminated mud”, which has an oil concentration of over 20 milligrams per litre, and we've seen it as high as 30 times the concentration of water-based mud.”

Mud type	Key characteristics	Contaminate levels	Technology successfully lab-tested	Commercial pilot program complete	Contract received
Water-based	Used in large quantity, easier to process	Up to 20mg/L	Yes	Yes	Yes
Oil-contaminated	Used in specific situations where normal drilling became difficult; contaminative; harder to process	Over 20mg/L and as high as 10,000mg/L	Yes	In progress	In progress

Each of the waste products containing oil present significant environmental challenges for hydrocarbon producers around the world. Greentech's Pilot Program extension provides significant potential for broader commercialisation of CDP and the opportunity for a premium product offering.

Mr. Carroll commented: ***“We are very excited by initial testing of the CDP technology applied to oil-contaminated sludge in a laboratory setting, as it has successfully treated the contaminate by reducing it to levels within the regulated disposal limit of 20 milligrams per litre. Current commercial pilot testing of this process is advancing.”***

Greentech has also taken possession of, and has installed on customer sites, two proprietary mobile CDP processing plants. The Company is pleased to report that equipment testing has been successful to date.

Therefore, on the basis of the laboratory and equipment testing successes and customer requests to extend commercial-scale pilot testing of oil-contaminated mud processing, Synertec have today provided further funding of \$250,000 AUD to Greentech. This funding will be used to acquire larger quantities of chemical raw materials, transport costs, refinements to existing proprietary plant and equipment at site and ordering new plant and equipment in anticipation of scale-up required for further commercial contracts.



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

Mr. Carroll commented: *“With Synertec’s process, mechanical and automation engineering expertise, we bring a long and successful track record of delivering these types of solutions specifically to chemistry-based technologies, and we’ve already identified various opportunities for the CDP technology to be applied within the Australian resources sector, starting within our existing client base.”*

The Company will continue to keep the market updated regarding the progress of the extended Pilot Programs as it works with Greentech to accelerate the commercialisation of Greentech’s innovative, scalable and environmentally friendly technology.

-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 multidisciplined 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.