

ASX Announcement

28 October 2021

FY22 Q1 Trading & Business Update

Melbourne, Australia: Diversified technology design and development growth company, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") is pleased to provide an update on its activities for the quarter ended 30 September 2021 (the "Period"). All figures are unaudited unless stated otherwise.

Highlights

- Revenue for the quarter of \$2.6 million, up 44% versus the previous corresponding period
- Net cash as at 30 September of \$8.0 million
- MOU with Santos Ltd (ASX:STO) to develop the Powerhouse Project, an AI-driven solar renewable energy power system to provide remote-site baseload energy for CSG well de-watering
- Custody Transfer System certification is progressing successfully
- Award of up to \$3 million from Metro Trains Melbourne for the Control and Monitoring System on the Metro Tunnel Project
- Progressed ESG credentials under the World Economic Forum framework

Synertec Managing Director, Michael Carroll, commenting on FY22 Q1 said:

"As companies we work closely with look to improve their operational efficiency and reduce their environmental footprint, our portfolio of environmentally focussed technology and our team of highly skilled engineers has the ability to significantly drive revenue growth in coming periods."

"The period has been one of significant success with a number of milestones achieved and contracts awarded across both our Technology and Engineering Businesses. Our Technology business continues to advance our Powerhouse Project, which shows great promise to reduce carbon emissions whilst increasing the reliability of gas-gathering operations. On this front, we are working closely with Santos to develop and prove the technology and we see significant scale benefits of the technology across Australia and indeed, globally."

"Pleasingly, our Engineering services continue to experience strong demand and we point to the award of the contract with Metro Trains Melbourne as a reflection of the scale and quality of counterparties that our highly-skilled engineering team are engaging with. The strategic combination of environmental technology development and highly skilled engineering capability is only just starting to deliver on our potential for significant revenue growth over the short and medium terms."

Technology Business Update

During the quarter Synertec's Technology Business continued to progress its three environmentally friendly technology solutions to help the global energy industry reduce its environmental footprint. Synertec is committed to being an impact investment for shareholders and local communities, and to ensuring the Company is supporting its partners in the collective endeavour to improve ESG performance.

Powerhouse Project

During the quarter Synertec entered into a Memorandum of Understanding ("MOU") with leading independent energy producer Santos Ltd (ASX:STO) to progress the Company's Powerhouse technology – a solar renewable energy and battery power system for coal seam gas (CSG) well de-watering.

Under the MOU, Synertec will design, construct and field test a prototype solar energy power system. The system will involve solar panels, battery storage, and sophisticated predictive algorithms to optimise the generation and consumption of renewable electricity.

At present, these wells rely on gas and diesel powered generators. Key benefits of the Powerhouse Project include:

- Reduced carbon emissions
- Minimisation of landowner impacts
- Flexible and re-deployable infrastructure
- Reduced maintenance costs
- Removal of mains power connections in remote areas, whilst providing uninterrupted renewable electrical power

We see significant opportunities for the technology across the energy and resources industries and will continue to progress and prove the technology over coming periods.

Further to the announcement on 23 September, Synertec is pleased to advise it has now completed sourcing and procurement of all key long lead-time items, which includes solar panels, batteries, the mounting system and the unique battery houses.

Custody Transfer System (CTS)

In July 2021, Synertec's global partner in the development of its marine CTS signed a Heads of Agreement with Venice Energy to negotiate the charter of an LNG Floating Storage and Regasification Unit (FSRU) for the Outer Harbour LNG import project in Port Adelaide, South Australia. Synertec is currently engaged and performing Front End Engineering Design (FEED) work for the project consortium.

DNV certification has progressed successfully and we expect to receive formal approval notification in coming weeks. This will be a significant milestone in the development of the technology and its application to both marine and land-based installations.

Composite Dry Powder (CDP)

Synertec holds an exclusive worldwide license agreement with Sichuan GreenTech Environmental Co., Ltd ("GreenTech") to September 2022, for the right to investigate and commercialise Greentech's novel environmentally friendly and cost-effective Composite Dry Powder ("CDP") technology for the treatment of hydrocarbon drilling mud and allied applications in all jurisdictions outside of China.

The Company continues to work with GreenTech to commercialise the technology and explore those jurisdictions with the greatest potential to maximise returns into the future.

Engineering Business Update

The increased pace of critical infrastructure planning and expenditure has seen Synertec's Engineering Business continue to win new business. Our team of highly skilled engineers are engaged by a range of existing and new customers from critical transport infrastructure to pharmaceutical manufacturing facilities, including vaccine facilities.

Metro Trains Melbourne

Engagement with Metro Trains Melbourne (MTM) for the provision of services with an estimated price of circa \$3 million if completed in full and completion date of December 2024, to deliver the Control and Monitoring System for the Metro Tunnel Project (MTP). The \$11 billion-dollar MTP is one the largest infrastructure projects in Victoria. Synertec was awarded contract for works to design and supply the Control and Monitoring System to allow the safe and reliable operation of the new Metro Tunnel.

Synertec has a strong rail industry reputation having already delivered several projects including critical safety systems on the existing underground rail loop.

ESG Reporting Update

Synertec is committed to building Environmental, Social, and Governance (ESG) credentials. We are making ESG disclosures against the World Economic Forum (WEF) Stakeholder Capitalism framework. The WEF framework is a set of common metrics for sustainable value creation captured in 21 core ESG disclosures.

We use this universal ESG framework to align our mainstream reporting on performance against ESG indicators. By integrating ESG metrics into our governance, business strategy, and performance management process, we diligently consider all pertinent risks and opportunities in running our business.

Our progress toward making disclosures under the four pillars of the WEF ESG framework (Governance, Planet, People, and Prosperity) is captured in our quarterly “ESG Go” report. Synertec’s quarterly ESG activity summary is as follows:

- Sustainability integrated into company strategy and values: the Environment, Social and Governance (ESG) framework has been implemented.
- The Board skills matrix was reviewed and approved and incorporates ESG competencies.
- The website has been expanded to include;
 - an Environmental, Social and Governance page declaring Synertec’s commitment to the framework
 - expanded biographies of the Directors and their relevant experience
 - ISO accreditations in Quality (ISO 9001), Occupational Health & Safety (ISO 45001) and Environment (ISO 14001)
- Risk management systems have been reviewed for inclusion of ESG factors.
- Synertec has introduced, commenced and implemented ESG values and guidelines and structuring at Board level.
- The company commenced inducting new employees under ESG guidelines and framework.

-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) is a diversified technology design and development growth company enabling a low carbon future through innovative technology solutions. Commercialising scalable, environmentally friendly and energy efficient technology for global markets in energy, critical infrastructure and advanced manufacturing through innovative partnerships with a portfolio of blue-chip customers, Synertec is proactively participating in the world’s transition to a low carbon economy in a practical way for the benefit of future generations.