



Media Release
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SYNGAS SIGNS AGREEMENT WITH MAJOR CHINESE INDUSTRIAL

Highlights:

- Energy company Syngas signs a Letter of Intent with major Chinese industrial company Kailuan Energy Chemical Co Ltd
- Agreement aims for strategic collaboration across Syngas' suite of above ground coal-to-liquid and renewable Biomass-to-power projects in Australia

Energy company, Syngas Limited ("Company") (ASX: SYS), today signed a Letter of Intent with major Chinese industrial company Kailuan Energy Chemical Co Ltd (KEC) covering strategic collaboration on Syngas' above-ground coal-to-liquid and Biomass-to-power projects.

Syngas Managing Director, Merrill Gray, said the signing with KEC, a top-200 listed Chinese company, was a significant step forward for the Company towards securing a strategic development partner.

"For some time Syngas has sought a strategic partner of the calibre of Kailuan and today's signing is really positive. There is a good strategic fit between Syngas and Kailuan. We are pursuing the same kinds of projects and outcomes," Ms Gray said. "We will be working to bring significant value to shareholders through this and other relationships we have established."

"Based on Syngas' continued progress of its projects, Kailuan may, after receiving all the necessary regulatory approvals, look to invest in Syngas and/or Syngas projects."

KEC is a major Chinese enterprise with large coal and diversified industrial interests. Its 2010 main business income was 15.154 billion (RMB) (A\$2.148 billion) and profit 1.144 billion (RMB) (A\$0.162 billion) and it employs more than 80,000 people.

KEC Vice Chairman, Pei Hua, signed the Letter of Intent today in a private signing ceremony in Melbourne. Mr Pei was part of a delegation of nine visiting Chinese executives, including two senior Hebei province officials who attended.

Syngas is at the forefront of above ground coal-to-liquid (CTL) and Biomass-to-power technology in Australia.

The Company is assessing opportunities and progressing discussions in Queensland (Surat Basin) and Victoria (La Trobe Valley) for coal off-take agreements as a basis for future CTL projects. The Company is also continuing work on its large salty coal-to-liquid project at

Clinton, 120 km northwest of Adelaide. The Clinton Project aims to produce 15,800 barrels of clean-burning diesel a day over 33 years.

Via its subsidiary, BioSyngas, Syngas is also pursuing renewable Biomass-to-power projects. This includes a Bankable Feasibility Study (BFS) for a 3 MW Biomass-to-power project in Wagga Wagga (Bomen Industrial Park) which aims to convert municipal and industrial woody waste to electricity.

The Company is also actively pursuing other Biomass-to-power projects in Australia across a range of Biomass feedstock.

Today's signing is the latest of Syngas' agreements with a range of technology, finance and industrial partners. In October 2010, Syngas signed a memorandum of understanding with China National Electric Equipment Corporation (CNEEC) covering engineering and construction for Clinton and other Syngas projects.

About Kailuan Group (parent company to Kailuan Energy Chemical Co Ltd)

Kailuan Group was founded in 1878 and is one of the oldest continuing coal mining companies in China. Kailuan Group currently employs around 80,000 people. KEC, held by Kailuan Group, was successfully listed on the Shanghai Stock Exchange in June 2001. Kailuan Group's main businesses are coal mining and coal beneficiation, logistics, machining and coal chemical.

In 2010, Kailuan was ranked 103 amongst China's top 500 corporations and the Company's annual turnover was RMB 93 billion (approximately A\$13.3 billion).

KEC mainly engages in the exploitation of coking coal washing processing, coal chemical and related products processing. As mentioned above it has corporate assets of 16.053 billion (RMB) [A\$2.276 billion at today's exchange rate] and for 2010 its main business income was 15.154 billion (RMB) [A\$2.148 bn] with a profit of 1.144 billion (RMB) [A\$0.162 bn].

Kailuan is active in the Canadian coal mining industry through its Canadian company, Kailuan Dehua Mines Co Ltd (CDK), in British Columbia.

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