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LIMITED

(Formerly GulfX Limited)

ABN 41 062 284 084

Half-Year Financial Report for the period ended
31 December 2008

CORPORATE DIRECTORY

DIRECTORS: Derek Lenartowicz
Merrill Gray
Phil Thick
Ernest Boswarva

COMPANY SECRETARY: Ian Hobson

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AUDITORS: **Ernst & Young**
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This Half-Year Financial Report covers the Consolidated Entity comprising Syngas Limited ("Company") and its subsidiaries. The functional currency and presentation currency of the Company is Australian Dollars

A description of the Consolidated Entity's operations and its principal activities are included in the Review of Operations in the Directors' Report. The Directors' Report has not been reviewed by the auditors.

DIRECTORS' REPORT

The directors present the financial report of Syngas Limited ("Company") and its controlled entities ("Consolidated Entity") for the half-year ended 31 December 2008.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of the directors of the Company who held office during the half-year are:-

Derek Lenartowicz

Merrill Gray

Phil Thick

Ernest Boswarva

OPERATING RESULTS

The after income tax operating loss for the Consolidated Entity amounted to \$505,964 (2007:\$1,384,393 including a write-off in exploration assets of \$714,808).

REVIEW OF OPERATIONS

During the half-year ended 31 December 2008, the Company:

- a) Progressed the Syngas coal-to-liquid project by:
- Completing a 36 drill hole JORC compliant resource delineation drilling program across the Clinton, Beaufort and Whitwarta coal deposits that lie within the St Vincent Basin Coalfields, located 100 km North West of Adelaide in South Australia;
 - Completing a preliminary hydrogeological assessment across the Clinton coal deposit, including installation of three (3) water monitoring bores and completion of pumping testing at these bores;
 - Completing rehabilitation on all drill holes (resource and water bore) in accordance with Private Land Access Agreements with freehold landholders which were signed prior to commencement of drilling;

- Releasing information on the 558 Mt JORC Coal Resource (Indicated 273Mt and Inferred 285Mt). Coal quality analysis on this held by the Company across the Clinton, Beaufort and Whitwarta deposits. Coal quality analysis on this Resource showed:
 - Coal of up to 10 MJ/kg Calorific Value
 - Coal with up to 57% Moisture; and
 - Coal with 7% ash content;
 - Commencing work on a Pre-Feasibility Study including stakeholder, environmental approvals, emissions, coal seam methane, biomass, ecological, socioeconomic, infrastructure and services, financial modeling, mining and engineering assessments with the results scheduled for release in early 2009; and
 - Announcing Siemens gasification technology as a suitable match/preferred supplier of technology to gasify the Clinton coal measures, containing the Clinton, Beaufort, Whitwarta, Bowmans and Lochiel deposits.
- b) In relation to the Gulf of Mexico Oil & Gas Exploration Rights:

The Company continued to assess the potential of the exploration prospects in the Gulf of Mexico. The Company has an interest in 4 offshore exploration permits operated by Ridgelake Energy Inc.

The directors remain resolved that prior to any further material expenditure being incurred by the Company on its offshore oil and gas exploration permit interests, that the options be examined to extract shareholder value including but not limited to the sale of one or more of the prospects.

Competent Person

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Merrill Gray who is a Member of the Australasian Institute of Mining and Metallurgy. Merrill Gray is a full-time employee of the Company. Merrill Gray holds a Bachelor of Science in Geology, Bachelor of Mineral Technology in Mineral Processing and Masters in Business Administration from Melbourne Business School and has worked in the Coal to Liquid industry in Australia since 2005.

DIRECTORS' REPORT

Merrill Gray has sufficient experience to be responsible and to be the "competent person" as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Merrill Gray is suitably experienced in collating and reviewing information relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person.

Merrill Gray consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

AUDITORS INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Ernst & Young, have provided a signed auditors independence declaration to the directors in relation to the half-year ended 31 December 2008. This declaration has been included on page 3 and forms part of this report.

Signed in accordance with a resolution of the directors.



Merrill Gray
Managing Director

12 March 2009
Perth, Western Australia

Auditor's independence declaration to the Directors of Syngas Limited

In relation to our review of the condensed financial report of Syngas Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst + Young

Ernst & Young



T S Hammond
Partner
Perth
12 March 2009

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DIRECTORS' DECLARATION

The directors of Syngas Limited declare that:

- a) in their opinion the accompanying financial statements and notes of the Consolidated Entity;
 - i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - ii) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- b) in their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Merrill Gray
Managing Director

12 March 2009
Perth, Western Australia

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

REVENUE

Interest received from other persons
Other Income

Administration expenses

Write-off of capitalised exploration expenses

Movement in fair value of investments held for trading

LOSS BEFORE INCOME TAX EXPENSE

Income tax expense

LOSS AFTER INCOME TAX EXPENSE

BASIC AND DILUTED LOSS PER SHARE (CENTS PER SHARE)

Note	Half-Year 2008	Half-Year 2007
	\$	\$
	120,677	64,865
	7,072	—
2	(616,213)	(704,950)
3	—	(714,808)
4	(17,500)	(29,500)
	(505,964)	(1,384,393)
	—	—
	(505,964)	(1,384,393)
	(0.29)	(1.27)

The accompanying notes form part of this financial report

BALANCE SHEET AS AT 31 DECEMBER 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents
 Security Deposit
 Trade and other receivables
 Financial assets held for trading

TOTAL CURRENT ASSETS

NON-CURRENT ASSETS

Property, plant and equipment
 Deferred exploration and evaluation expenditure
 Exploration licences

TOTAL NON-CURRENT ASSETS

TOTAL ASSETS

LIABILITIES

CURRENT LIABILITIES

Trade and other payables

TOTAL CURRENT LIABILITIES

TOTAL LIABILITIES

NET ASSETS

EQUITY

Issued capital
 Reserves
 Accumulated losses

TOTAL EQUITY

Note	31 December 2008	30 June 2008
	\$	\$
	2,800,249	4,414,643
	8,250	—
	11,206	33,377
4	—	337,500
	2,819,705	4,785,520
	5,204	4,988
	1,568,359	350,947
3	13,998,200	13,998,200
	15,571,763	14,354,135
	18,391,468	19,139,655
	130,951	441,174
	130,951	441,174
	130,951	441,174
	18,260,517	18,698,481
	33,173,281	33,133,281
5	1,789,126	1,761,126
6	(16,701,890)	(16,195,926)
	18,260,517	18,698,481

The accompanying notes form part of this financial report

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**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Half-Year 2008	Half-Year 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers & employees	(625,603)	(316,163)
Interest received	120,670	64,865
Other	(8,250)	—
NET CASH USED IN OPERATING ACTIVITIES	(513,183)	(251,298)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans to other entities	(7,894)	—
Payments for exploration & evaluation	(1,336,830)	(87,012)
Purchase of property, plant & equipment	(3,260)	—
Proceeds from disposal of assets held for trading	327,057	—
Proceeds from disposal of property, plant & equipment	50	—
NET CASH USED IN INVESTING ACTIVITIES	(1,020,877)	(87,012)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity issues	40,000	2,000,000
Capital raising expenses	(119,296)	(23,755)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	(79,296)	1,976,245
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Net foreign exchange differences	—	(357)
Cash and cash equivalents at beginning of period	4,413,605	774,578
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,800,249	2,412,156

The accompanying notes form part of this financial report

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**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**Half-Year to 31
December 2008**

At 1 July 2008

Loss for period

Options exercised

Options issued

AT 31 DECEMBER 2008

	Issued Capital	Option Premium Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$		\$	\$
<i>At 1 July 2008</i>	33,133,281	1,761,126	—	(16,195,926)	18,698,481
Loss for period	—	—	—	(505,964)	(505,964)
Options exercised	40,000	—	—	—	40,000
Options issued	—	28,000	—	—	28,000
AT 31 DECEMBER 2008	33,173,281	1,789,126	—	(16,701,890)	18,260,517

**Half-Year to 31
December 2007**

AT 1 JULY 2007

Currency translation
differences recognised
directly in equity

**Total income and expense
for the period recognised
directly in equity**

Loss for period

**Total income and expenses
for the period**

Shares and options issued
Equity raising costs

AT 31 DECEMBER 2007

	Issued Capital	Option Premium Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$		\$	\$
AT 1 JULY 2007	14,500,086	1,625,974	(129,457)	(14,318,286)	1,678,317
Currency translation differences recognised directly in equity	—	—	129,457	—	129,457
Total income and expense for the period recognised directly in equity	—	—	129,457	—	129,457
Loss for period	—	—	—	(1,384,393)	(1,384,393)
Total income and expenses for the period	—	—	129,457	(1,384,393)	(1,254,936)
Shares and options issued Equity raising costs	2,206,600 (23,756)	116,800 —	— —	— —	2,323,400 (23,756)
AT 31 DECEMBER 2007	16,682,930	1,742,774	—	(15,702,679)	2,723,025

The accompanying notes form part of this financial report

NOTE 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2008 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by the Company during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial statements have been prepared on the basis of historical cost. All amounts are presented in Australian dollars, unless otherwise noted.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

From 1 July 2008 the Consolidated Entity has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The following standards and interpretations have also been adopted from 1 July 2008:

- AASB 2008-10 Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)
- Interpretation 12 and AASB 2007-2 Service Concession Arrangements and consequential amendments to other Australian Accounting Standards
- Interpretation 129 Service Concession Arrangements: Disclosures
- Interpretation 4 (revised) Determining whether an arrangement contains a lease
- Interpretation 13 Customer Loyalty Programmes
- Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Consolidated Entity has not elected to early adopt any new standards or amendments.

NOTE 2. ADMINISTRATION EXPENSES

Staff and consultants
 Travel and accommodation expenses
 Rental expenses
 Depreciation of plant and equipment
 Exploration expenses written off
 Other

	Half-Year to 31 December 2008	Half-Year to 31 December 2007
	\$	\$
Staff and consultants	(343,284)	(497,138)
Travel and accommodation expenses	(34,079)	(5,540)
Rental expenses	(17,747)	(84,000)
Depreciation of plant and equipment	(837)	(6,134)
Exploration expenses written off	—	(18,900)
Other	(220,266)	(93,238)
	(616,213)	(704,950)

NOTE 3. EXPLORATION AND EVALUATION EXPENDITURE

Opening Balance
 Additions
 Foreign currency revaluation amount
 Write-off capitalised expenditure

AT THE END OF THE PERIOD

	Half-year ended 31 December 2008	Year ended 30 June 2008	Half-year ended 31 December 2007
	\$	\$	\$
Opening Balance	350,947	599,032	599,032
Additions	1,217,412	350,947	—
Foreign currency revaluation amount	—	115,776	115,776
Write-off capitalised expenditure	—	(714,808)	(714,808)
AT THE END OF THE PERIOD	1,568,359	350,947	—

Capitalised exploration and evaluation expenditure incurred on the Syngas project has been capitalised as there is reasonable certainty of recovery from future exploitation or sale. However, all exploration and evaluation expenditure incurred on the Gulf of Mexico oil and gas interests has been expensed or written off as the Directors have formed the view that there is not reasonable certainty of recovery.

NOTE 4. FINANCIAL ASSETS HELD FOR TRADING

Listed shares and options in other corporations
 At the beginning of the period
 Shares held for trading realised
 Fair value movement of listed shares and options
TOTAL FINANCIAL ASSETS HELD FOR TRADING

	Half-year ended 31 December 2008	Year ended 30 June 2008	Half-year ended 31 December 2007
	\$	\$	\$
Listed shares and options in other corporations At the beginning of the period	337,500	415,000	414,500
Shares held for trading realised	(320,000)	—	—
Fair value movement of listed shares and options	(17,500)	(77,500)	(29,500)
TOTAL FINANCIAL ASSETS HELD FOR TRADING	—	337,500	385,500

During the period:

1. the shares held for trading in Entek Energy Limited were realised at a profit of \$6,726; and
2. the 20 cent options held for resale in Entek Energy Limited have been restated to fair value. The Entek share price does not justify exercise of the options and in the period there have been limited small volume trades in the options. Unless and until the Entek Energy Limited share price or option price improve, the options will not be exercised or realised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 5. ISSUED CAPITAL

	31 December 2008		30 June 2008	
	Number of Shares	\$	Number of Shares	\$
ORDINARY SHARES	174,428,441	23,548,124	173,928,441	23,508,124
DISCOVERY SHARES	7,500,000	157	7,500,000	157
CONVERTING PERFORMANCE SHARES	77,000,000	9,625,000	77,000,000	9,625,000
AT THE END OF THE FINANCIAL PERIOD		33,173,281		33,133,281

During the half-year ended 31 December 2008, 500,000 options were exercised at the exercise price of 8 cents.

NOTE 6. RESERVES

	31 December 2008	30 June 2008
	\$	\$
Option premium reserve	1,789,126	1,761,126
	1,789,126	1,761,126

During the half-year ended 31 December 2008, 500,000 options were exercised and 625,000 options were issued to each of the directors, Philip Thick and Ernest Boswarva, (1,250,000 options in total) following shareholder approval at the annual general meeting held on 26 November 2008. The fair value of the options is determined using a Black Scholes model and applying the following inputs and assumptions:

Grant and vesting date	26 November 2008
Volatility	130%
Risk-free rate	3.75%
Expected dividend yield	Nil
Share price at grant date	3.8 cents
Fair value at grant date	2.24cents
Exercise Price	7 cents

The total number of options outstanding at 31 December 2008 was 94,167,407 (30 June 2008: 93,417,407).

NOTE 7. SEGMENT INFORMATION

During the half-years ended 31 December 2008 and 31 December 2007, the Company was engaged in the energy sector and operated predominantly in Australia and the United States of America.

NOTE 8. EVENTS SUBSEQUENT TO BALANCE DATE

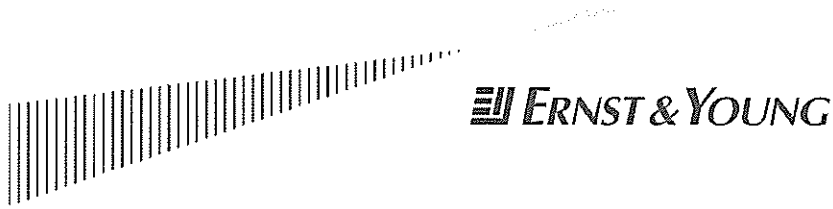
No events have occurred after balance date that impacts the financial statements.

NOTE 9. DIVIDENDS

No dividends have been paid or declared in the half-year ended 31 December 2008.

NOTE 10. COMMITMENTS & CONTINGENCIES

There has been no material movement in the commitments disclosed in the annual financial report for the year ended 30 June 2008. At 30 June 2008 the commitments in relation to the exploration licences totalled \$1,057,450 over 5 years.



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To the members of Syngas Limited

Report on the condensed half-year financial report

We have reviewed the accompanying condensed half-year financial report of Syngas Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the condensed half-year financial Report

The directors of the company are responsible for the preparation and fair presentation of the condensed half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the condensed half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the condensed half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Syngas Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half-year financial report of Syngas Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Ernst + Young

Ernst & Young



T S Hammond
Partner
Perth
12 March 2009

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