



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30 October 2008

## QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2008

The Board of GulfX Limited ("GulfX" or "Company") is pleased to present the September 2008 quarterly report.

### Highlights

Significant progress further developing the Syngas Project was made by the Company this quarter, in accordance with previously announced plans. This progress included completion of the Company's multi-phase prioritised drilling program to delineate JORC compliant resources across the known and previously drilled lignite deposits of Clinton, Beaufort and Whitwarta. These deposits are held by the Company under Mineral Exploration Licence (MEL) 3896.

The first of the drilling program results were announced during the quarter. At Clinton, 185mt of JORC compliant resources<sup>1</sup>, comprising of 138 mt of indicated resources and 47 mt of inferred resources, have been delineated with the quality results (potential premium diesel yield) exceeding expectations. Calorific value for the Clinton coal has been analysed and evaluated overall as 6% higher than previous information had indicated.

Results for Beaufort and Whitwarta are expected shortly. The coal quality results recently announced for Beaufort of 10 MJ/kg and 9.3 MJ/kg for Whitwarta are in line with results for Clinton.

Completion of drilling, the subsequent JORC resource modelling and coal quality interpretation work, along with the announcement of results, is one of the cornerstone pieces of work that were set out in the twelve month plan announced in November 2007 as part of the Syngas acquisition. Completion of this work is necessary to provide the basis (base case plant scale, project life etc) for the Pre-Feasibility Study (PFS) which is currently underway by the Company and scheduled for completion by 20<sup>th</sup> December 2008.

During the quarter, the Company's gasification engineers have made progressed with a key Company milestone. Discussions with appropriate gasification technology providers for the Syngas Project, based on recently completed drilling program core sample analyses, have reached confirmation of suitability and predictive modelling stage. The PFS currently in progress will contain details of the outcomes of these discussions and ensuing work including clarification on the robustness and suitability of the selected technology.

Discussions also commenced during the quarter with several parties (fuel retailers, corporations and private companies) interested in securing product and by-product off take agreements with GulfX Limited in relation to the Syngas Project. For;

- Purchase of approximately 40% by value of planned annual premium diesel production,
- Purchase of all planned annual native sulphur production,
- Purchase of planned ash produced on gasification of the coal. The ash expected to be produced is a highly stable, vitreous solid suitable for use as road base and in building products/pavers,

<sup>1</sup> Clinton resource details are set out in the Company's October 8<sup>th</sup> 2008 ASX Announcement.



- Water – Preliminary design work indicates that the Project will be a net potable water producer, a highly sought after commodity in Clinton/Yorke Peninsula area.

Option to Purchase Agreements are currently being drafted by the Company's lawyers, with further more detailed negotiations expected subsequently and announcements expected once agreements have been reached with parties during the December quarter.

During the quarter geological interpretations for the Moorlands local deposit held by GulfX Limited under MEL 3585, based on past drilling information, were received from the company's geological consultants Geos Mining. This information is under review.

During this quarter the Company also secured additional skills and resources to favourably position the Company as it moves into the anticipated challenges and workload of the Definitive/Bankable Feasibility study phase of the project, in 2009. Activities during this quarter have included;

- Appointment of Mr. Ernest Boswarva, a legal and commercial professional with 23 years experience in the oil and gas industry, spanning Sasol Limited, Engen Petroleum Limited, Petronas Berhard and work as a consultant on large Petrochemical projects internationally. He joined the GulfX Board as a Non Executive Director in September.
- Engagement of a senior/highly experienced project manager to assist with the delivery of the PFS by 20<sup>th</sup> of December.
- Employment of a project engineer with an Environmental Engineering background and a wide ranging project development experience base,
- The Company moved offices during the quarter, providing larger yet more cost effective facilities for the GulfX team to work in.

Cost benefits are expected to be achieved as a result of bringing certain services in house by establishing a small, highly focussed core team.

At September 30<sup>th</sup> 2008, GulfX held \$3.34 million cash at bank. Drilling, and all associated services were the main expenditure for the Company during the September quarter. Exploration expenditure was \$1.069m. Expenditure for the December quarter is forecast to comprise predominantly of water bore drilling expenses in the Clinton area along with pump testing and hydrogeology advisory costs across this area. Anticipated exploration and development expenditure for the December quarter is forecast to be \$338,000. Other expenditures for the quarter are forecast to include PFS related consultant's costs including preliminary mine planning, preliminary plant engineering design and further financial modelling.

The Company's focus remains firmly on the progression of the Syngas Project as expediently and effectively as possible, in accordance with the 12 month plan of November 2007. GulfX Limited is well positioned to continue to make significant progress within the current business environment. The company has sufficient funds available to secure key company milestones and complete the PFS by 20<sup>th</sup> December and then move into and progress the Definitive/Bankable Feasibility throughout 2009.

Finally, looking further into the future, at the Company's AGM on November 26<sup>th</sup> 2008 GulfX Limited shareholders will have the opportunity to vote on changing the name of the company to Syngas Limited. Syngas is a technical term, a shortening of the term syn(thesis) gas, which is

the gas produced during the gasification process, comprising of Hydrogen, Carbon and Oxygen. Syngas forms the basis for downstream Premium Diesel production. The name change is intended to clarify for investors and other stakeholders what the Company's core business is and firmly position the company in the fundamentally strong energy (oil and gas) market.

The vision for Syngas Limited is to become a significant Transportation fuel production company with a lead project favourably located in South Australia.

## Activities

During the September 2008 quarter, the Company progressed the following activities:

### 1. Syngas Project Related:

#### a) Feed Material and Land access.

- Successfully finalised agreements with 17 freehold landholders gaining access to the 37 drill holes locations required.
- Liaised with various South Australian Government departments, meeting regulatory requirements surrounding access to land for exploration in South Australia.
- On September 9<sup>th</sup> 2008, the Company successfully completed the 37 hole drilling program announced on May 12<sup>th</sup> 2008. The 3,300 m of drilling program commenced on June 2<sup>nd</sup> 2008. It was designed to secure JORC compliance across the known and previously drilled and delineated lignite deposits of Clinton, Beaufort and Whitwarta.
- 185 mt of JORC Compliant Resources at Clinton were announced on October 8<sup>th</sup> 2008, as part of the Company's strategy to progressively release drill results. Comprising of 138 mt of indicated resources and 47 mt of inferred resources.
- Drilling results for Beaufort and Whitwarta are expected shortly.
- All laboratory analyses have been completed for the drilling program core samples submitted (157 m of lignite drill core was submitted for analysis).
- Clinton JORC resource coal quality (Calorific Value) of 10MJ/kg was reported, up 6% on past drilling information available to the Company.
- Laboratory results for Beaufort coal of 10 MJ/kg in terms of Calorific Value. These are consistent with Clinton. 9.3 MJ/kg Calorific Value for Whitwarta also consistent with Clinton.

**Table 1:** Comparison of comparison of Lignite quality analyses for Clinton, Beaufort and Whitwarta with quality information for other deposits throughout Australia and Overseas.

Deposit	Location	Moisture ar [%]	Ash ar [%]	Volatile Matter ar [%]	Fixed Carbon ar [%]	Sulphur ar [%]	Gross Wet Calorific Value [MJ/kg], ar
Beaufort	S.A.	56.4	8.6	19.5	15.5	1.2	10.0
Whitwarta	S.A.	56.8	9.7	18.7	14.9	1.9	9.3
Clinton (JORC)	S.A.	56.7	7.4	19.6	16.3	1.1	10.0
Kingston	S.A.	53	7	22	18	1.5	10.6
Scadden	W.A.	60	13	16	11	1.8	7.2
Loy Yang	VIC	63	0.5	19	18	0.2	9.9
Rhineland (Hambach)	Germany	54	4	22	20	0.3	10.9

All data is on an as received basis. Clinton Data is for Indicated resources. Information sources: Various.

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- Rehabilitation work at all 37 completed drill holes has been progressed throughout the quarter. This has included backfilling of water sumps, sewing of native grass seed on pastures, expenditure on access road gravel and grading. All rehabilitation associated with the JORC resource delineation drilling will be completed by the end of the December quarter. Landholder liaison and relationship building continues to be an important part of GulfX Limited's on the ground activities in the Wakefield/Clinton area.
- Working with local media information on the Company's on the ground activities have been provided to the broader Community. Broader more structured stakeholder consultation is schedule to commence post PFS completion and discussions with landholders.
- Meetings have been held with the two Regional councils responsible for the area covered by MEL 3896 as well as local businesses, to discuss long terms plans and potential opportunities and synergies the Syngas Project brings to the area.
- Hydrogeological work at Clinton has been progressed during the quarter. Underdale Drillers have been contracted to complete water bores at three locations within the Clinton deposit (North, South and West of the deposit).
- Pump testing commenced on October 27<sup>th</sup> 2008, with an expected duration of 5 days. This test work will generate data delineating various hydrogeological characteristics across the Clinton deposit.
- Hydrology consultants, Aquaterra, are managing this process and will provide a report as input into the PFS and mine planning work during the fourth quarter.

**b) Production Process**

- Discussions with appropriate gasification technology providers for the Syngas Project, based on the coal characteristics analysed on recently collected drilling program core, are underway through the Company's Gasification engineers.
- Confirmation of the suitability and robustness of the technology selected and predictive modelling on inputs of outputs are being sort.
- The PFS currently being worked on will contain details of the outcomes of these discussions and the ensuing work.

**c) Offtakes for Products and By Products**

- Discussions have commenced with several parties (fuel retailers, corporations and private companies) interested in securing product and by-product off take agreements with GulfX Limited in relation to the Syngas Project. The discussions have covered;
  - Purchase of approximately 40% by value of the planned annual premium diesel production,
  - Purchase of all planned annual native sulphur production,
  - Purchase of planned ash produced, on the gasification of the coal. The ash planned to be produced is a highly stable, vitreous solid suitable for use as road base and in building products/pavers,
  - Water – Preliminary design work indicates that the Project will be a net potable water producer, a highly sought after commodity in Clinton/Yorke Peninsula area.
- Option to Purchase Agreements for products are currently being drafted by the Company's lawyers. With by-product discussions continuing.
- Once agreements have been reached with parties further more detailed announcements will be made
- Work on a strategy for power, one of the Syngas Project products, is continuing.

## 2. For the Gulf of Mexico related

- GulfX continues to hold rights to earn interests in Oil and Gas prospects in the Gulf of Mexico, as set out in Table 2 below. These prospects are managed and operated by Louisiana based Ridgelake Energy Inc.
- GulfX continues to rationalise expenditures in relation to these prospects.
- Options to maximise shareholder value for these now non-core assets continued to be progressed during the quarter.

Table 2:

Prospect	Location	Working Interest (subject to earn in)
South Marsh Island 152	Gulf of Mexico – North	12.50%
Vermilion 317	Gulf of Mexico – NN West	20.00%
High Island 307	Gulf of Mexico – N West	20.00%
Viosca Knoll 79	Gulf of Mexico – NN East	20.00%

## 3. Corporate

### a) *The GulfX Team*

- Mr. Ernest Boswarva, a legal and commercial professional with 23 years experience in the Oil and gas industry, spanning Sasol Limited, Engen Petroleum Limited, Petronas Berhard and work as a consultant on large Petrochemical projects internationally, joined the GulfX Board as a Non Executive Director in September.
- A senior/highly experienced project manager has been engaged to assist with the delivery of the PFS by 20<sup>th</sup> of December.
- A project engineer has been employed who holds an Environmental Engineering background and wide ranging project development experience.
- The Company moved offices during the quarter, providing larger yet more cost effective facilities for the GulfX team to work in.

### b) *GulfX in the Media*

- During the quarter company promotion through media articles, site visits, broker reports and conference presentation continued. This has included a presentation at Coal Tech 2008 and a presentation at Baker Young Stockbrokers in Adelaide.
- In the December quarter presentations will be made in Perth on November 22<sup>nd</sup> as part of the AMEC investors' series and a commitment has been made by the Company to present at the C.T.L./G.T.L. conference in Brisbane in February 2009.

## 4. Looking Forward

- Changing the Company name to Syngas Limited will be voted on at the AGM on November 26<sup>th</sup> 2008.
- Progression of all Pre-feasibility study (PFS) works, to support PFS completion by December 2008 is the Company's current focus.

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## Syngas ... Fuelling a Cleaner, Secure Driving Future



### Competent Person

*The information in this report 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 Coal to Liquid (C.T.L.) industry in Australia since 2005.*

*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.*

### About GulfX Limited

*GulfX Limited, incorporating the Syngas Project following the acquisition of Syngas Energy Limited in January 2008, is an ASX listed oil and gas business with, as a core project, a premium diesel production project located in South Australia. GulfX also holds rights to earn interests in four oil and gas prospects located in the Gulf of Mexico.*

*One of GulfX's granted mineral exploration licences covers an area of 288 km<sup>2</sup> north-west of Adelaide, over known coal deposits within the Clinton Coal Measures, in the Northern St Vincent Coalfields, north of the Gulf of Saint Vincent. GulfX also holds a granted mineral exploration licence over a 143 km<sup>2</sup> area, south-east of Adelaide, covering the known coal deposit of Moorlands. GulfX holds a petroleum exploration licence over the Moorlands deposit and surrounding area.*

### **For further information:**

Merrill Gray  
Executive Director – GulfX Limited incorporating Syngas Energy Limited.  
*B.Sc, B.Min.Tech, M.B.A., MAusIMM, AFAIM*  
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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**GULFX LIMITED**

ABN

**41 062 284 084**

Quarter ended ("current quarter")

**30 September 2008**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,069)	(1,069)
(b) development	-	-
(c) production	-	-
(d) administration	(325)	(325)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	75	75
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(1,319)</b>	<b>(1,319)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(2)	(2)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	327	327
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>325</b>	<b>325</b>
1.13 Total operating and investing cash flows (carried forward)	(994)	(994)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(994)	(994)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	40	40
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue expenses	(119)	(119)
<b>Net financing cash flows</b>		(79)	(79)
<b>Net increase (decrease) in cash held</b>		(1,073)	(1,073)
1.20	Cash at beginning of quarter/year to date	4,414	4,414
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,341	3,341

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	70
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	82
4.2 Development	256
<b>Total</b>	<b>338</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	(73)	596
5.2 Deposits at call	3,414	3,817
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,341</b>	<b>4,413</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	174,428,441	174,428,441	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	500,000	500,000	8 cents	8 cents
7.5 <b>+Discovery Shares</b>	7,500,000	Nil	Not applicable	Not applicable
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>+A Class Performance Shares</b>	30,000,000	Nil	Not applicable	Not applicable
7.8 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.9 <b>+B Class Performance Shares</b>	17,000,000	Nil	Not applicable	Not applicable

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**Appendix 5B**  
**Mining exploration entity quarterly report**

7.10	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.11	<b>+C Class Performance Shares</b>	30,000,000	Nil	Not applicable	Not applicable
7.12	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.13	<b>Options</b> <i>(description and conversion factor)</i>	40,892,407	40,892,407	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31-Dec-2009
		51,275,000	Nil	<i>Exercise price</i> 8 cents	<i>Expiry date</i> 31-Dec-2011
		750,000	Nil	<i>Exercise price</i> 4 cents	<i>Expiry date</i> 31-Dec-2009
7.14	Issued during quarter				
7.15	Exercised during quarter	500,000		8 cents	
7.16	Expired during quarter				
7.17	<b>Debentures</b> <i>(totals only)</i>				
7.18	<b>Unsecured notes</b> <i>(totals only)</i>				

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act **or other standards acceptable** to ASX (see note 4).
- 2 This statement does ~~not~~\* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:



..... Date: 30 October 2008  
(Director/Company secretary)

Print name: IAN HOBSON

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## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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