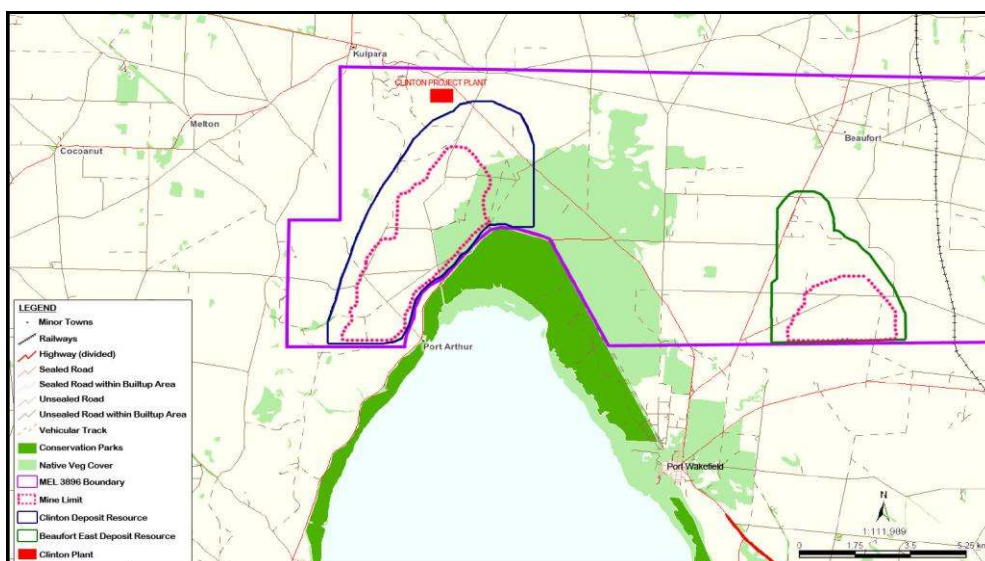


**QUARTERLY REPORT FOR THE PERIOD ENDING March 31<sup>ST</sup> 2009.**

The Board of Syngas Limited (“Syngas” or “Company”) is pleased to present the March 2009 quarterly report. During the quarter, the Company achieved the following:

**HIGHLIGHTS**

- 1. Delivery of Positive Pre-Feasibility Study (PFS) Outcomes:**
  - a) Identification of proven process technology units has clearly established the technical viability and achievability of the targeted 15,800 bbl/d, 33 year life (base case) Clinton Project;**
  - b) Commerciality:**
    - Projected generation of cash, net of plant capital costs, at current crude oil prices and beyond;
    - Operating costs forecast at US\$33/bbl over the first 10 years of operation versus US\$45/bbl in scoping study; and
    - Capital requirements in-line with previous estimates.
  - c) Clean and green options available i.e. use of locally available waste/non-food biomass; and**
  - d) Regional economic benefits – 380 full time jobs projected.**
- 2. Matching of Siemens Gasification Technology.**
  - A 30 kg Clinton coal core sample was despatched to Siemens in Germany and is currently undergoing Feasibility Engineering Design Basis (FES) testwork.
- 3. The Clinton Project Feasibility Study work has commenced.**
- 4. The Gulf of Mexico prospect rights were relinquished, eliminating ongoing costs and potential liabilities.**
- 5. 4<sup>th</sup> Annual Australian Coal-to-Liquid / Gas-to-Liquid Conference presentation was made, and a number of other Company promotional activities progressed.**
- 6. Maintenance of a strong cash position.**
  - Cash-in-bank of A\$2.24 million at end of the March quarter



**Figure 1: Clinton Project location map**



## Overview

The March 2009 quarterly reporting period saw Syngas take a number of significant steps forward through:

- 1) The release of past testwork information which matched the well established and commercially used Siemens owned coal gasification technology as technically suitability for use with Clinton Coal Measures feedstock.
- 2) The release on 7 April 2009 of the Company's comprehensive, detailed and positive Clinton Clean Premium Diesel Project Pre-Feasibility Study (PFS) results. The PFS sets out the Company's plans to use, to the greatest extent possible, proven technology, currently successfully operating at the targeted Clinton Project design scale outside of Australia.

These two significant announcements have lead to an enhanced level of understanding around the technical viability and achievability of the targeted base case of 15,800 barrels per day at the Clinton Project. Please refer to the assumptions detailed in the 7 April 2009 ASX release where it is stated that the target statements are conceptual in nature and are based on the results of the Pre-feasibility study outcomes.

The Company continues to take a staged, controlled and measured approach to funding and developing the Clinton Project targeted base case. The Company's objective is to significantly further progress the Clinton Project over the next twelve (12) months to position it as the most attractive of its type in Australia, thus becoming the first project of its type to be developed and operational.

A number of exciting low cost initiatives are currently being worked on which will significantly enhance the PFS base case, with delivery targeted by the end of the June quarter.

With the crude oil price lows of US\$30.28/bbl in December 2008 behind us, the oil price has increased over recent months to where it currently sits, at around US\$50/bbl. Further recovery in the crude oil price will continue to enhance the Clinton Project's projected bottomline, and back the Company's future growth. Further oil price recovery is widely expected<sup>1</sup> by the end of 2009 and beyond.

With A\$2.24 million in the bank at the end of the March quarter, with a positive PFS base case now established and technology partner relationships emerging, the Clinton Project and the Company as a whole are well positioned.

## Details

Over the March quarter, exploration and evaluation expenditure totalled to \$268,000 (YTD \$1,605,000). This expenditure comprised of Geological Consultant, Gasification Engineer and Mining Engineering consultant costs associated with completion of the PFS and with gasification FES testwork payments (A\$36,795). Administration expenditure included ongoing costs associated with holding the Gulf of Mexico prospect rights, ASX listing, audit/accounting fee and various insurances. Salaries and director's fees comprise 56% of the Company's Administration costs reported for the quarter.

Exploration and evaluation expenditure for the coming quarter of \$220,000 is forecast, comprising of PFS input final payments to consultants and costs associated with completing gasification FES testwork (around A\$140,000).

Corporately, one of the Syngas Energy Limited acquisition milestones (confirmation/matching of a suitable gasification technology for the Project) which were approved by shareholders on January 15<sup>th</sup> 2008, was met this quarter. As a result, 30 million performance shares converted

<sup>1</sup> Enjoy the cheap petrol, while it lasts, Sydney Morning Herald, April 10, 2009.



to ordinary shares (under twelve (12) months voluntary escrow for the most part). Ordinary Company shares on issue at March 31<sup>st</sup> 2009 stood at 207 million.

As part of the Company's ongoing stakeholder management program, pertinent communications with local landholders who will potentially be impacted by project development took place. Considerable community level newspaper coverage was provided surrounding the PFS results:

- a) **\$3b plant = 380 jobs**, Yorke Peninsula Country Times, April 16<sup>th</sup> 2009; and
- b) **Diesel Plant is a Real Chance**, The Plains Producer, April 16<sup>th</sup> 2009.

### June Quarter

Throughout May 2009, key stakeholder meetings will be held and various presentations will be made to local councils (Wakefield Regional Council and Yorke Peninsula Council), the South Australian Department of Primary Industry and Resources (PIRSA), various other South Australian government departments, the State Government and the State Opposition regarding the Clinton Project. The Company's wider more structured, stakeholder consultation and management process has been initiated post PFS completion.

In addition to this, during the June quarter:

- Diesel offtake and by-product agreement discussions and negotiations will continue. The PFS release has provided a more solid technical basis and higher level of interest for these discussions.
- Opportunities to improve the Clinton Project base case will be pursued, focussing on lower operating and capital costs, increased life, improved carbon management.
- Securing further key technology partners/relationships i.e. covering Fischer-Tropsch and power generation technologies will be pursued.
- Feasibility Study wise, the following work will be progressed:
  - Securing environmental referral/approval guidelines for the Clinton Project;
  - Planning of further JORC measured resource category drilling at Clinton and Beaufort;
  - Planning of further hydrogeology work;
  - Design work based on the outcomes from the FES gasification testwork currently underway at Siemens; and
  - More detailed/alternative options for mining will be assessed.

### Longer Term

Syngas continues to be well positioned to make significant further progress on the Clinton Project over the next quarter. Furthermore, the Company has sufficient funds and resources on hand to significantly progress the Clinton Project Feasibility Study over the coming twelve (12) months and within the current economic climate.

Syngas's vision is to become a significant Clean Premium Diesel producer, operating a well located, large scale, long life, significant cash and profit generating project in South Australia. The project will be proactively carbon managed and in the vicinity of both markets and a ready workforce. Further company growth in the synfuels business will be leveraged off the technical knowledge and operational success of this Project.



### 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 Syngas Limited

*Syngas Limited, incorporating the Clinton 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 at Bankable Feasibility Study stage of development.*

*One of Syngas’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, located in the Northern St Vincent Basin Coalfields, north of the Gulf Saint Vincent. Syngas 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 and a petroleum exploration licence over the Moorlands deposit and surrounding area.*

### **For further information contact:**

Merrill Gray  
Executive Director  
Syngas Limited  
*B.Sc, B.Min.Tech, M.B.A., MAusIMM, AFAIM*  
Phone: (08) 9226 4959, Email: [enquiries@syngas.com.au](mailto:enquiries@syngas.com.au)

**Syngas ... Fuelling a Cleaner, Secure Transportation Future**



# 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

**SYNGAS LIMITED**

ABN

**41 062 284 084**

Quarter ended ("current quarter")

**31 March 2009**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(268)	(1,605)
(b) development	-	-
(c) production	-	-
(d) administration	(312)	(938)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	18	139
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(8)
<b>Net Operating Cash Flows</b>	<b>(562)</b>	<b>(2,412)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	(3)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	327
(c)other fixed assets	-	-
1.10 Loans to other entities	-	(8)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>316</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(562)</b>	<b>(2,096)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(562)	(2,096)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	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)
<b>Net financing cash flows</b>		-	(79)
<b>Net increase (decrease) in cash held</b>		(562)	(2,175)
1.20	Cash at beginning of quarter/year to date	2,801	4,414
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,239	2,239

**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	130
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, salaries and superannuation.

**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

-

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

-

+ See chapter 19 for defined terms.

**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	220
4.2 Development	
<b>Total</b>	220

**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	35	43
5.2 Deposits at call	2,204	2,758
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	2,239	2,801

**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				
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				

+ See chapter 19 for defined terms.

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

7.9	<b>+B Class Performance Shares</b>	17,000,000	Nil	Not applicable	Not applicable
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
		1,250,000	Nil	<i>Exercise price</i> 7 cents	<i>Expiry date</i> 31-Dec-2011
7.14	Issued during quarter				
7.15	Exercised during quarter				
7.16	Expired during quarter				
7.17	<b>Debentures</b> <i>(totals only)</i>				
7.18	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## 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: 29 April 2009  
(~~Director~~/Company secretary)

Print name: IAN HOBSON

## 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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+ See chapter 19 for defined terms.