

QUARTERLY REPORT FOR THE PERIOD ENDING SEPTEMBER 30th 2009

The Board of Syngas Limited ("Syngas" or "Company") is pleased to present the September 2009 Quarterly Report. During the quarter, the Company achieved the following:

HIGHLIGHTS

1. **The Clinton Project Bankable Feasibility Study (BFS) was further progressed through the following activities which were undertaken during the quarter:**
 - a) **The Feasibility Engineering Study (FES) work which commenced in March 2009 at Siemens Gasification testwork facility in Freiberg, Germany on a 30 kg Clinton coal sample, was completed. This work provides a solid foundation for Basis of Design (BoD) work to commence, the next phase of the Clinton Project BFS.**
 - b) **Discussions with core technology providers namely in relation to power generation, coal drying and syngas conditioning and diesel production were progressed. A Heads of Agreement (HoA) with GE in relation to future turbines supply was signed October 19th 2009. Other agreements are under negotiations.**
 - c) **The Company commenced formal communications with the relevant regulatory authorities for the Clinton Project to establish the assessment framework for the Project and planning environmental baseline activities began.**
 - d) **The Company advanced its carbon management strategy by meeting with local agronomists to investigate in greater detail the practicalities of securing sufficient biomass for use as a supplementary feedstock in the Clinton Project, as set out in the Company's Pre-Feasibility Study.**
 - e) **Planning of a more detailed, structured community consultation program commenced. Meetings with, and presentations to, local and State government bodies continued.**
 - f) **With detailed plans and budgets for four component steps of the BFS completed, the Company is strongly positioned to make significant progress**
2. **Discussions with appropriate potential purchasers of premium diesel and associated by-products continued (Off-Take Agreements).**
3. **A new Chairman was appointed within the Board, and the board was rationalised to allow for potential new members which may arise as part of partnering relationships.**
4. **An independent specialist "well-to-wheel" carbon lifecycle analysis was completed for the Company during the quarter. The outcomes of this analysis clearly showed the benefits of supplementary biomass feed as a proactive carbon management strategy for the Clinton Project.**
5. **The Company entered into a joint venture over prospective Victorian coal areas over two licences which through a cost effective, staged and structured process are to be evaluated in terms of their potential to sustain a further "Clinton type" project development.**
6. **The Company holds a solid cash position, supporting continued progress. Cash in bank of A\$1.32 million at the end of the September 2009 quarter.**

Activities

During the quarter, the Company continued to develop the Clinton Project, a coal and non-food biomass-to-liquid project located approximately 120km north-west of Adelaide, South Australia. The Clinton Project as shown in plan view in Figure 1 targets the production of 15,800 barrels per day of oil equivalent predominantly premium diesel that is diesel low in sulphur, trace elements and particulates, over an approximately 40 year life.

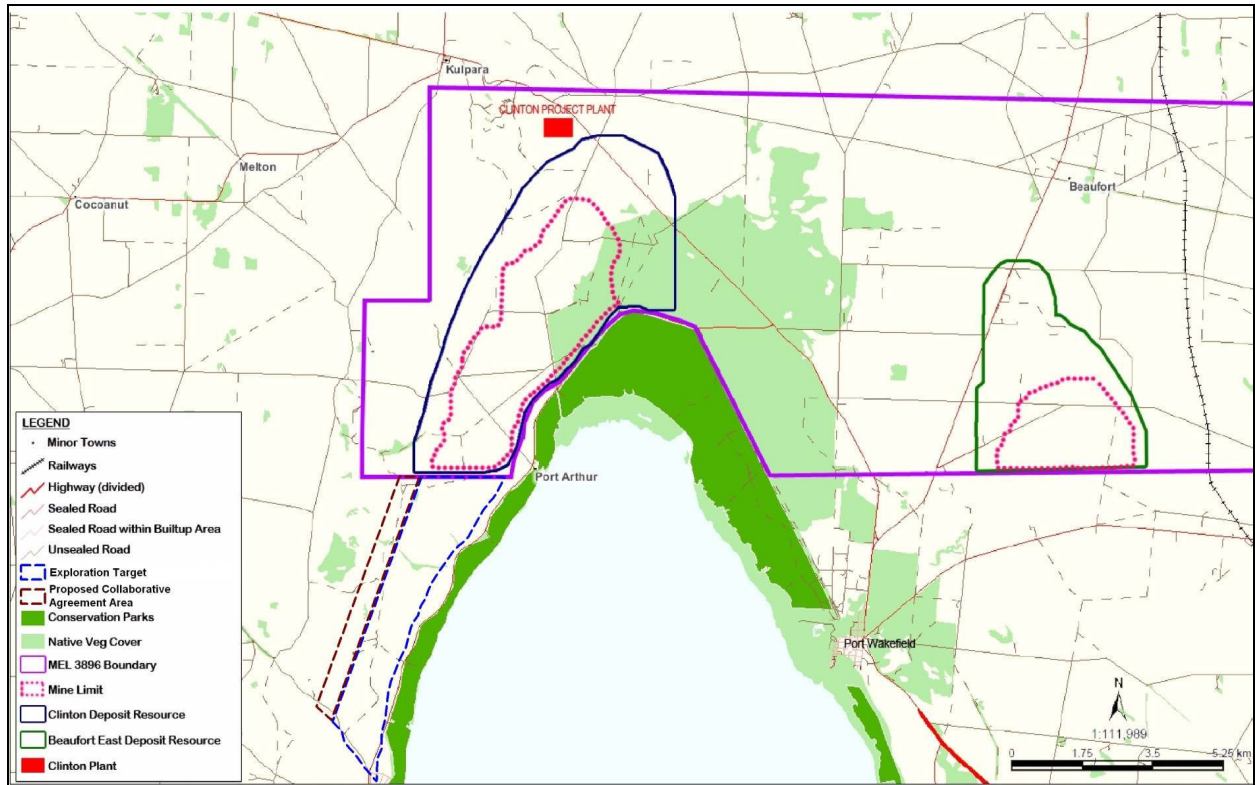


Figure 1: Syngas's Clinton Project location map

The Clinton Project is now into Bankable Feasibility Stage (BFS) stage, subsequent to the successful completion of the Pre-Feasibility Study (a comprehensive high level technical, environmental and commercial project assessment) in April 2009. The BFS is scheduled for completion in 2012.

The following BFS activities were conducted over the September 2009 quarter:

- 1) Completion of a Feasibility Engineering Study (FES) by Siemens, the preferred gasification technology provider for the Clinton Project, on a 30 kg Clinton coal sample. The FES indicated the following:
 - a. Clinton coal ash fusibility temperature is within Siemens gasification technology operating parameters. Additionally, the Clinton coal fluidises well. The expectations are that there will be good suitability of the coal for pneumatic flow conveyance. Collectively, these results confirm the coal's suitability for gasification using Siemens technology.
 - b. Performance estimates conducted as part of the FES work indicated the Clinton Project syngas would comprise of approximately 85 vol.% (dry basis) as detailed in Table 1, returning a greater than expected gasifier capacity of 116,000 Nm³/hr. The Company is pleased with the performance estimates from the FES work in terms of both the syngas composition and syngas capacity which exceed the performance expectations/assumptions made for the base case, presented within the Company's Pre-Feasibility Study.

Table 1: Estimated syngas quality for the Clinton Project

Parameter	Unit ⁽¹⁾	Clinton Deposit ⁽²⁾
Hydrogen	dry basis vol.%	24.05
Carbon monoxide	dry basis vol.%	60.60
Syngas (subtotal)	vol.%	84.65

(1) Dry basis vol.% means, percentage by volume on a dry basis.

(2) As reported to Syngas by Siemens in June 2009 as part of Siemens gasification FES sample 15-03.

A meeting with Siemens took place during the September quarter. Key technical gasifier design considerations identified in the FES were discussed with a further work program developed.

Completion of the FES and the further work program will provide the foundations for Basis of Design (BoD) work including integration engineering across other core technologies (drying, power generation, gas conditioning and diesel production) to take place.

Future work programs including sample quantities, timings and budgets were discussed and the respective Company's working relationship was developed.

- 2) Negotiations with a suitable power generation technology provider commenced in the previous quarter following the signing of a Confidentiality Agreement. These negotiations resulted in a Heads of Agreement being signed with General Electric (GE) and announced to the market on October 19th 2009.

A proposal by a suitable diesel production technology (Fischer-Tropsch) provider was received during the quarter following the signing of a Confidentiality Agreement. Subsequently meetings have taken place at the technology provider's production facility. The Company's aim is to secure a non-binding agreement providing Syngas with access to technology for use on the Clinton Project in the December quarter.

A proposal from a suitable syngas conditioning technology provider was also received, with access to this technology being similarly sought.

A site visit was made to an appropriate commercial scale coal drying technology provider's operating plant during the quarter, with whom discussions around the securing of this technology will continue.

By entering into agreements with well established, proven capability technology providers, Syngas has been able to establish accurate licensing costs as inputs into future funding projections and commence preliminary design integration. This approach has been taken as a way to mitigate technology risks (and thus financing risk) for the Project.

- 3) A formal submission to Primary Industry and Resources South Australia (PIRSA) requesting determination of the legislative approvals process under which the Clinton Project will be assessed was made during the quarter. The determination, which is expected in the December quarter, will provide the regulatory framework within which Syngas will be required to work to gain the necessary approvals as part of completing the BFS.

In parallel to the submission to PIRSA, detailed environmental baseline planning commenced. The baseline analysis identifies the activities (and associated budget and schedule) required to provide a robust understanding of the current environmental baseline for the Clinton Project site allowing appropriate management plans to be developed for the life of the Project.

- 4) In the previous quarter, work commenced with the York Peninsula Alkaline Soils Group (YPASG) and local agronomists which centred on the analysis of the sustainability of biomass availability within approximately 100 kilometres of the Clinton Project. This quarter, the focus shifted to investigating sustainable, practical and cost effective biomass

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production, material handling/collection and delivery techniques. Having completed preliminary desktop investigations, a workshop to progress these activities involving YPASG personnel, material handling, transport and logistics experts is scheduled in the December quarter.

During the quarter, potential funding sources available to support the use of renewables in energy product were identified and discussions commenced with these parties around the Company's plans.

- 5) The Company also commenced discussions with a number of specialist community consultation and overall stakeholder management organisations, seeking expressions of interest and subsequently more detailed proposals from these organisations. Syngas intends to collect baseline data and to develop a community engagement program based on this information. Work commenced during the quarter on a component of this work, namely more structured and comprehensive engagement with landholders.
- 6) During the quarter, the Company approached a South Australian based organisation that has demonstrated experience and specialised expertise in mine rehabilitation. Specifically it has expertise with respect to returning mined land back to productive agricultural land. A scope of work is expected to be provided to the Company in the December quarter.

The following activities were completed in addition to BFS activities during the quarter:

- 1) As reported within the Company's 2009 Annual Report released during the quarter, the Company's strategy for securing a premium diesel Off-take Agreement has been to pursue major retailers and/ or distributors, oil traders/ importers into Australia and major diesel users such as road or rail network users. A number of parties have stated their longer term interest in purchasing the diesel once the project is operational. Other parties are interested in an off-take agreement at a discounted price. Entering into discounted off-take agreement over the Company's product at this stage of the Project is not considered by the Board to be in the best interest of shareholders. The potential for securing premium prices for clean premium (efficiently combusting with a renewables/biomass input) synfuels expected to be produced, within a more sophisticated carbon trading environment/market, is under review with specialists.

The Company is in discussion with appropriate parties and continues to work towards securing a suitable diesel off-take partner, under appropriate terms.

- 2) Potential Clinton Project by-product Off-take Agreements, for peaking power and granular slag/aggregate, continued to be progressed amongst the Company's other priorities during the quarter.
- 3) During the quarter, the Company commissioned a specialist consultancy to perform a preliminary life cycle analysis (LCA) to investigate the effect on carbon emissions of the supplementary feeding of up to 30% biomass material into the Clinton Project.

The independent expert's preliminary LCA indicated that a 30% contribution of biomass would reduce carbon emissions originating from the processing facility by in the order of 20% on a well-to-wheel basis. The results support the Company's chosen carbon management strategy and the work being progressed by the Company under the Memorandum of Understanding (MoU) signed with the YPASG, a large grain growers group located in the immediate vicinity of the Clinton Project.

- 4) A Basis of Design, full BFS and beyond budget paper, including recommended ways forward, was completed during the September quarter and presented to the Board.

Further to this, a number of meetings with, and Clinton Project presentations to, brokers and existing and potential investors were conducted both within Australia (South Australia, Victoria and New South Wales) as well as overseas (Singapore, the United States, Paris, Zurich and London).

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During the quarter, a number of meetings and/or presentations in addition to investor related presentations were conducted with Clinton Project stakeholders, including:

- Meetings with Department of Primary Industry and Resources South Australia, Government of South Australia representatives;
- Meetings with the head of the Department of Sustainability and Workforce Management, Department of the Premier and Cabinet, Government of South Australia;
- Meetings with the South Australian Minister for Mineral Resources, Urban Development, Planning and Small Business, the Honourable Minister Paul Holloway;
- Meeting with the South Australian Minister for Transport, Infrastructure and Energy, the Honourable Minister Patrick Conlon;
- Meetings with the head of the Development Assessment Commission, Department of Planning and Local Government, Government of South Australia;
- Meetings with the Department of Water, Land and Biodiversity Conservation, Government of South Australia;
- Presentation at the South Australia Future Energy Conference, Meeting the challenge of growing demand for energy; and
- Syngas staff attendance at the Yorke Peninsula Field Days in Paskeville, South Australia.

Media coverage provided during the quarter was as follows:

- **ABC North and West SA, SA Country Hour**, radio interview at the YP Machinery Field Day re Clinton Project and use of biomass, September 29th 2009;
 - **Syngas takes a long look at 'bankable' diesel plan**, Plains Producer, September 9th 2009;
 - **Syngas looks to Field Days to share progress**, Yorke Peninsula Country Times, September 1st 2009; and
 - **ABC North and West SA**, radio broadcast re Syngas establishing a community advisory group, August 8th 2009.
- 5) The Company announced the commencement of a Joint Venture (JV) with Resolve Geo Pty Ltd covering an agreement over two prospective coal areas held under granted mineral exploration licenses. The licenses are within the Moe and Alberton sub basins of the Gippsland Basin in Victoria (MEL's 5210 'Yalungah' and 5212 'Agnes' respectively).

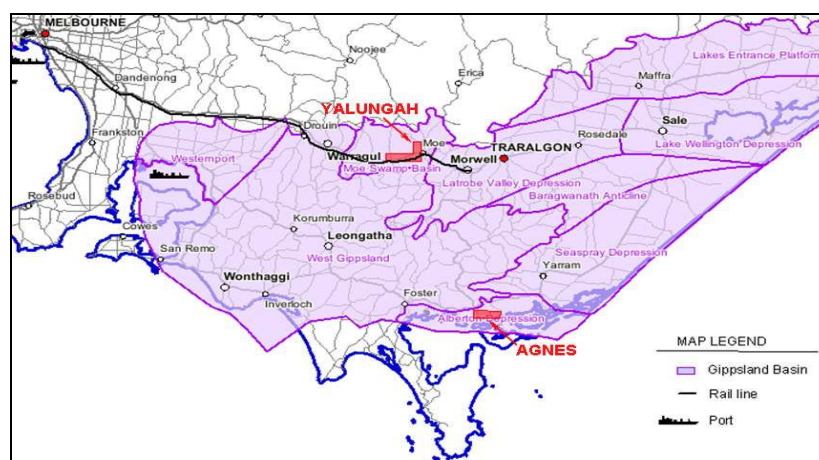


Figure 2: Yalungah and Agnes tenement areas

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Syngas's objective in entering into this JV agreement is to, through a cost effective, staged and structured process, evaluate the potential for a further "Clinton coal-to-liquid type" project, fed by lignite from within MEL 5212 or 5210. Based on the outcome this evaluation, a further project could potentially to take place post successful delivery of the Clinton Project.

Developing the Clinton Project continues to be the Company's primary focus. Staged access to Victorian lignites through this JV provides a potential subsequent future growth path for Syngas.

In summary, the September 2009 quarter saw the Company further progress access to core technologies and develop carbon management biomass plans. The process of securing regulatory approvals for the Project formally commenced. Detailed planning for the next stage of the Clinton Project development, the BFS was completed both in terms of activities budget and fund raising requirements. In addition to this, a strategic review commenced the results of which are expected to be available during the December quarter.

Corporate

This quarter saw the resignation of Mr. Derek Lenartowicz and the subsequent appointment of Mr. Phil Thick as Chairman of the Board. Mr. Thick has held an independent Non-Executive Director role on the Syngas Limited Board since February 18th 2008 and brings extensive petrochemical industry experience to the Chairman's role having spent 20 years with Shell working in most cities around Australia including a three (3) year appointment in London.

Furthermore, this allows scope for the Board to be supplemented by new members should this be a requirement as part of any partnering arrangements.

During the September quarter, exploration and evaluation expenditure totalled \$196,000 (Year-to-Date \$196,000). This expenditure largely comprised of the use of gasification engineers and carbon emission specialists consultants as well as costs associated with completion of the Siemens gasification FES testwork (\$122,242). Administration expenditure for the quarter included costs associated with compliance , audit/accounting fee and travel costs.

Exploration and evaluation expenditure for the coming quarter is forecast at \$74,000, comprising primarily of costs associated with progressing environmental baseline investigations underpinning regulatory approvals, preliminary environmental management plan documentation compilation and landholder and community management program development.

With \$1.32 million cash in the bank at the end of the September quarter, the Company is solidly positioned to continue developing the Clinton Project.

December Quarter

The Clinton Project Bankable Feasibility Study and Basis of Design work will continue into the December Quarter. Specifically, the following activities will be progressed:

- Gasifier technical design related activities arising from the now completed gasification Feasibility Engineering Study will be progressed;
- Discussions with suitable diesel production and gas conditioning license technology providers will continue with access agreements sought; and
- Clarification of the legislative environmental approval process applicable to the Clinton Project is expected to be provided to the Company and environmental baseline assessments progressed.

In addition, the Company's biomass work will be progressed by way of a collection and material handling workshop with collaborative partner Yorke Peninsula Alkaline Soils Group.

A community stakeholder management program will be developed.

A meeting with all landholders is expected to take place.

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Off-take Agreements negotiations with suitable party's for the purchase of diesel will continue. Strategic and cornerstone funding partners will continue to be sought.

Longer Term

The Company's vision remains to establish a large scale, long term, highly profitable coal and non-food biomass-to-liquid (premium diesel) business in Australia and to grow based on its success. To achieve this, the Company is currently focused on developing the Clinton Project, a relatively low cost, long life, significant cash and profit generating project in South Australia by mid 2015.

In addition to developing the Clinton Project, the Company is in the process of assessing the viability of various options relating to non-food biomass and fuel/energy production in conjunction with the York Peninsula Alkaline Soils Group.

In the long term, the joint venture with Resolve Geo Pty Ltd is expected to enable the Company to secure additional coal deposits and establish a subsequent project growth pathway post the Clinton Project.

The Company's future remains very positive, with solid progress continuing to be made.

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Competent Person

The information in this report which 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 from Otago University and Masters in Business Administration from Melbourne Business School and has worked in the 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 large, long term 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 km² 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 km² area, south-east of Adelaide, covering the known coal deposit of Moorlands and a petroleum exploration licence over the Moorlands deposit and surrounding area.

Syngas recently entered into a joint venture arrangement over two potentially coal bearing licences held by Resolve Geo Pty Ltd in Victoria, within the Gippsland Basin.

For further information contact:

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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

SYNGAS LIMITED

ABN

41 062 284 084

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(196)	(196)
(b) development	-	-
(c) production	-	-
(d) administration	(384)	(384)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(567)	(567)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(567)	(567)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(567)	(567)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(567)	(567)
1.20	Cash at beginning of quarter/year to date	1,884	1,884
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,317	1,317

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	109
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

-

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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	74
4.2 Development	-
Total	74

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	109	79
5.2 Deposits at call	1,208	1,805
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,317	1,884

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			

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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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	204,428,441	204,428,441	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Discovery Shares	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 Class Performance Shares	17,000,000	Nil	Not applicable	Not applicable
7.8 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				

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Appendix 5B
Mining exploration entity quarterly report

7.9	+C Class Performance Shares	30,000,000	Nil	Not applicable	Not applicable
7.10	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.11	Options <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
7.12	Issued during quarter				
7.13	Exercised during quarter				
7.14	Expired during quarter				
7.15	Debentures <i>(totals only)</i>				
7.16	Unsecured notes <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:


(Director/Company secretary)
MERRILL GRAY

Date: 27 October 2009

Print name:

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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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