



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE:
30th September 2011

QUARTERLY REPORT FOR THE PERIOD ENDING 30th SEPTEMBER 2011

The Board of Syngas Limited ("Syngas" or "Company") is pleased to present the September 2011 Quarterly Report.

HIGHLIGHTS

CORPORATE

1. Focus over the quarter has been on securing working capital. Placement of unsubscribed rights, from the 9th June 2011 rights issue, was not successfully achieved by 9th September 2011 close date. Funding negotiations are underway with parties: however at the date of this report, funds have not been secured.
2. The potential funding relationship with Kailuan Energy Chemical Co. Limited was further developed over the quarter.
3. Syngas' Annual General Meeting was (as approved by ASIC) rescheduled to 22nd December 2011 to allow time for information and resolutions to be provided to shareholders for voting purposes.
4. During the quarter an inquiry was received from RevenueSA regarding stamp duty for the 2007 Syngas Energy Pty Ltd acquisition. A review is underway and a dialogue initiated.
5. Cash-in-bank at the end of the Quarter was \$291,125, with a \$133,393 reimbursement from RenewablesSA in progress, under the funding deed for the now complete field trials.
6. In July 2011 the Company received its 2009/2010 Research and Development tax rebate of \$204,600. Work has commenced on the Company's 2010/2011 claim.

ABOVE GROUND COAL TO LIQUIDS (CTL)

1. A scoping study for a Victorian La Trobe Valley Nominal Capacity CTL Plant (producing around 3,500 barrels per day of Syncrude and 100 MW of power) was completed. It included flowsheet design, capital and operating estimates and commercial viability assessments. Engineering work completed as well as integration insights for the Clinton CTL project provided the basis for this work.
2. Discussions around securing coal (lignite) from producing Victorian La Trobe Valley mines as feedstock to a plant were progressed. Further progression is subject to funding.
3. Similar discussions with Queensland coal miners took place.

BIOMASS TO ENERGY

1. The Bomen 5 MW Clean Power project generation was progressed:
 - a) Teys Australia's Wagga Wagga Beef Processing Facility was announced as the potential power offtaker for the project.
 - b) A Development Application briefing paper completed by Golder Associates.
 - c) Basic flowsheets for the phased development of the project were established enabling more detailed engineering and costings to take place, subject to funding:
 - Phase 1: 2 MW – Potentially operational within 12 months
 - Phase 2: Further 3 MW – Potentially operational within 24 months
2. The Logistics Management Field Trial work was closed out. A film showing the trial work and trial outcomes is available on Syngas' website. Two 5 MW power generation plants located on the Yorke Peninsula and one in the Clare Valley could potentially be commercially developed, subject to funding. Discussions are underway with interested development parties.
3. Significant interest has been generated in Syngas' Biomass projects as a result of the Australian Federal Government's Carbon Plan which was announced in July 2011 and passed by the lower house of representatives on 12th October 2011. (The upper house will vote on 21st November 2011). Discussions on other Biomass to Power projects, leveraging off design work for Bomen, are underway, subject to funding.

Activities

1. Funding

The Company's focus throughout the September 2011 quarter has been on raising funds to continue to progress the Company's portfolio of above ground Coal to Liquid (CTL) and Biomass to Power projects.

The opportunity to place unsubscribed rights during the quarter yielded limited results. Discussions were held and potential arrangements outlined with several interested parties who in the end stated it was *'not the right time'* for them to invest due to:

- Market volatility;
- Limitations around liquidating other investments allowing them to invest in Syngas, as a result of market conditions; and
- Factors relating to their own businesses.

Discussions are currently underway with parties; however at the date of this report, funds have not been secured.

Every effort has been and continues to be made to raise funds.

In July 2011 a framework (Letter of Intent (LoI)) around potentially accessing funds from China was signed with Kailuan Energy Chemical Co. Limited (KEC). Since the LoI signing ceremony technical and commercial information on Syngas' projects has been provided to KEC and regular teleconferences have taken place. A trip by KEC representatives to visit Syngas' individual project sites is planned for November 2011. Syngas has been advised that such a visit and further review of the information provided to date by Syngas is a pre-condition for any investment by KEC.

An investment by KEC will take time and will involve Foreign Investment Review Board approval. Syngas' intention at this time, remains to work with KEC towards securing an investment in Syngas Limited or one or more of Syngas' projects.

Syngas' future depends on funding being secured in the immediate future.

Strong fundamentals underpin increased energy demand globally post the Global Financial Crisis, within the carbon management framework being established in Australia and frameworks that have been established elsewhere in the world. These fundamentals support the projects under development by Syngas.

There is however at this time a limited appetite for investment in such projects and the Board of Directors of Syngas, in considering what is in the best interest of all shareholders at this time, has had to review a range of options for the business.

On 21st October 2011 ASIC granted Syngas an extension of time to hold its Annual General Meeting (AGM) (out to 23rd December 2011) to allow enough time for information and resolutions to be provided to shareholders for voting purposes.

Syngas' AGM has been rescheduled to **Thursday 22nd December 2011 at 2pm**. It will be held at the Art Gallery of South Australia, North Terrace, Adelaide.

2. Project Updates

From a Syngas project portfolio perspective, during the September 2011 quarter the following progress was made:

A. In terms of **Coal to Liquid projects**:

- a) A scoping study for a Victorian La Trobe Valley Nominal Capacity CTL Plant (producing around 3,500 barrels per day of Syncrude and 100 MW of power) was completed. It included flowsheet design, capital and operating estimates and commercial viability assessments. Engineering work completed as well as integration insights for the Clinton CTL project provided the basis for this work.
- b) Discussions around securing coal (lignite) from producing Victorian La Trobe Valley mines as feedstock to a plant were progressed. Further progression is subject to funding.
- c) In Queensland, unfortunately during the September quarter an agreement that had been under negotiation since January 2011 over coal offtake from an established mine, which would have underpinned a Nominal Capacity CTL plant, could no longer be progressed when the mine was sold. Discussions with other coal miners have taken place subsequently. A further opportunity has been identified and is being pursued.
- d) In terms of the Clinton CTL project a decision on further work depends on funding. Options include:-
 - Engineering of a more cost effective salt removal process, and
 - Potentially a smaller scale development based on Syngas with Nominal Capacity plants in low salt coals.

The development schedule for the Clinton CTL Project has changed significantly as a result of the integrated overall flowsheet insights announced in February 2011. A revised/new development schedule requires decisions to be made on the options to be pursued.

B. In terms of **Biomass to Energy**:

The Company made progress over the September 2011 quarter in biomass as follows:

a) *The Bomen Power project in Wagga Wagga, New South Wales*

- i. Teys Australia's Wagga Wagga Beef Processing Facility was announced as a potential power offtaker.
- ii. Early stage planning approvals and licensing requirement work for the Bomen Project was progressed. A briefing document was completed by Golder Associates Pty Ltd.
- iii. Basic flowsheets for the phased development of the project were established as a basis for more detailed engineering and capital and operating cost estimates to be undertaken. Subject to funding:
 - a. Phase 1: 2 MW – potentially operational within 12 months
 - b. Phase 2: Further 3 MW – potentially operational within 24 months
- iv. A proposal was scoped and received for an independent assessment of future power and natural gas prices in Wagga Wagga to establish a basis for power offtake negotiations to proceed.

b) *The Large Scale Logistics Management Field Trials*

The Logistics Management Field Trial report was closed out.

A film showing the trial work and trial outcomes is available on Syngas' website. Two 5 MW power generation plants located on the Yorke Peninsula and one in the Clare Valley could potentially be commercially developed, subject to funding. Discussions are underway with interested potential development parties.

c) Other Projects

Significant interest has been generated in Syngas' Biomass projects as a result of the Australian Federal Government's Carbon Plan which was announced in July 2011 and passed by the lower house of representatives on 12th October 2011. (The upper house will vote on 21st November 2011). Discussions on other Biomass to Power projects, leveraging off design work for Bomen, are underway, subject to funding.

Corporate

During the September Quarter Syngas' 2010/2011 Annual Financial Report (audited) and Full Annual Report were completed and lodged.

The Company received its 2009/2010 Research and Development tax rebate of \$204,600 in July and work commenced on the 2010/2011 claim during the Quarter.

An inquiry has been received from RevenueSA regarding stamp duty payments in relation to the mineral exploration licences which were the subject of the 2007 Syngas Energy Pty Ltd acquisition. A full review is underway and discussions have been initiated.

During the September quarter exploration and evaluation expenditure by the Company totalled \$58,000 (Year-to-Date \$58,000). This expenditure largely comprised of costs relating to progression of the Company's Biomass projects and Victorian La Trobe Valley CTL project. The Bomen Project Development Application was progressed. The Logistics Management Field Trial work was closed out, with the final report provided to RenewablesSA.

Administration costs for the quarter comprised of fund raising activities, as well as legal advice regarding the RevenueSA enquiry and translation costs relating to the KEC relationship development.

Exploration and evaluation expenditure for the December quarter is forecast to be \$55,000 comprising primarily of costs associated with further development of the Bomen Project and securing access to coal feed stock for the nominal capacity Victorian CTL project.

Media coverage of Syngas' activities during the quarter included the following:

- *Syngas lines up second potential Chinese investor Kailuan Energy for coal gasification biomass projects – The Advertiser, 27th July 2011*
- *Minister seeks cut in brown coal use – The Age, 28th July 2011*
- *New Syngas China Deal – The Advertiser, 28th July 2011*
- *ABC North-West Interview with Merrill Gray – Media Monitors, 1st August 2011*
- *Water again a growth issue – Plains Producer, 3rd August 2011*
- *YP Field Days at Paskeville – 27-29 Sept 2011 - Plains Producer, 10th August 2011*
- *Syngas MD Guest Speaker – Chamber of Commerce – Kadina – YP Country Times, 30th August 2011*
- *Syngas talks on biomass energy plant – Plains Producer, 7th September 2011*
- *Energy Switch may light up Power Plant – Riverina Daily Advertiser – Wagga, 22nd September, 2011*

ASX Announcements during the quarter included the following:

- *Carbon Plan Positive for Syngas Biomass Projects, Media Release – 12th July 2011*
- *Syngas Signs Agreement with Major Chinese Industrial – 27th July 2011*
- *Kailuan Energy Chemicals Co Ltd Strategic Collaboration Partnership Letter of Intent Signed – 27th July 2011*

- *Teys Australia's Wagga Wagga Beef Processing Facility – Potential Power Offtaker for the Bomen Clean Power Project – 19th September 2011*
- *Syngas Annual Financial Report 2011 – 30th September 2011*
- *Release of 2011 Annual Report – 19th October 2011*
- *Extension of time to hold Annual General Meeting – 24th October 2011*

December Quarter

During the December quarter the following work is targeted for progression, in order of priority and subject to funding:

- Securing of short term funding/working capital and clarification of the Company's future strategy.
- Visit by a Kailuan Energy Chemicals Co Limited team to Syngas' project sites and further negotiations.
- The Bomen Power project, namely further engineering, offtake pricing reviews and discussions and potentially further progression of the development application work that has been started.
- Syngas' Victorian La Trobe Valley nominal capacity CTL project.
- Advancement of a similar CTL project in Queensland.
- Decisions relating to further Clinton CTL Project work.

Summary and Outlook

The Company's future depends on funding being secured in the immediate future.

Strong fundamentals underpin increased energy demand globally post the Global Financial Crisis, within the carbon management framework being established in Australia and frameworks that have been established elsewhere in the world. These fundamentals support the portfolio of projects under development by Syngas. The Bomen Clean Power Project and Victorian La Trobe Valley Nominal Capacity CTL project are the Company's current focus in terms of delivering against these fundamentals.

There is, however, at this time a limited appetite for investment in such projects and the Board, in considering what is in the best interest of all shareholders, has had to review a range of options for the business.

Syngas' AGM has been rescheduled to **Thursday 22nd December 2011 at 2pm** to ensure that information and resolutions in relation to the Company's future are provided to shareholders and can be voted on.

Ends

For further information contact:

Merrill Gray
 Managing Director
 Syngas Limited
B.Sc, B.Min.Tech, M.B.A., MAusIMM, AFAIM, MAIE
 Phone: (08) 8232 8455
 Email: enquiries@syngas.com.au

Syngas ... Fuelling a cleaner, more secure energy 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")

30 September 2011

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	(58)	(58)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(219)	(219)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – R&D Grant	205	205
	Net Operating Cash Flows	(65)	(65)
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)	(65)	(65)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(65)	(65)
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	Return of Bond	-	-
1.19	Other – Share issue expenses	(19)	(19)
Net financing cash flows		(19)	(19)
Net increase (decrease) in cash held		(84)	(84)
1.20	Cash at beginning of quarter/year to date	375	375
1.21	Exchange rate adjustments to item 1.20		-
1.22	Cash at end of quarter	291	291

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	38
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.

Appendix 5B
Mining exploration entity quarterly report

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	45
4.2 Development	-
4.3 Production	-
4.4 Administration	95
Total	140

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	75	108
5.2 Deposits at call	291	341
5.3 Bank overdraft	(75)	(74)
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	291	375

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	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ 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 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	295,725,702	295,725,702	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	Nil	Nil		
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		
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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.9 +C Class Performance Shares	30,000,000	Nil		
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>	51,275,000 1,250,000	Nil Nil	<i>Exercise price</i> 8 cents <i>Exercise price</i> 7 cents	<i>Expiry date</i> 31-Dec-2011 <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 ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
 (Managing Director)

Date: 28 October 2011

Print name: Merrill Gray

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

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.

== == == == ==

+ See chapter 19 for defined terms.