SYNGAS

LIMITED

ABN 41 062 284 084

Annual Financial Report 2014

CORPORATE DIRECTORY

DIRECTORS:	Michael Cox Anne Cox Drago Panich Datuk Siak Wei Low
COMPANY SECRETARY:	Ian Gregory
REGISTERED OFFICE:	Suite 1,102 Gloucester Street The Rocks NSW 2000 Tel: +61 (2) 9252 5052 Fax: +61 (2) 9475 4750
AUDITORS:	**Nexia Melbourne** Level 18, 530 Collins Street Melbourne VIC 3000
SHARE REGISTRY:	**Computershare Investor Services Pty Ltd** Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 GPO Box D182 Perth WA 6840 Tel: 1300 557 010 Int: +61 (8) 9323 2000 Fax: +61 (8) 9323 2033

This annual report covers the Consolidated Entity comprising Syngas Limited and its subsidiaries. The Consolidated Entity's presentation currency is Australian Dollars ($). The functional currency of Syngas Limited and its subsidiaries is Australian Dollars ($). A description of the Consolidated Entity's operations and of its principal activities is included in the review of operations and activities in the Directors' Report.

CONTENTS

DIRECTORS' REPORT

The directors of Syngas Limited ("Syngas", "Parent Entity" or "Company") present their report including the consolidated Annual Financial Report of the Company and its controlled entities ("Consolidated Entity" or "Group") for the year ended 30 June 2014. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Company in office at any time during or since the end of the financial year and up to the date of this Annual Financial Report are as follows:

Michael Cox (appointed 27 April 2012 and continues in office)

Ernest Boswarva (appointed 30 September 2008 and resigned 6 June 2014)

Anne Cox (appointed 6 June 2014 and continues in office)

Drago Panich (appointed 8 May 2013 and continues in office)

Datuk Siak Wei Low (appointed 19 September 2014 and continues in office)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were:

The principal activity of the Company was resources with its focus on Coal in South Australia. However, during the current year the project was re-evaluated and as a result the Company has decided not to continue or seek to renew the tenure on License 4785. The future direction of the company is under review.

There were no other significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

OPERATING RESULTS

The operating loss of the Consolidated Entity, after income tax expense, amounted to $726,246 (2013: $67,624).

The loss (cents) per share over the last five years is:

2014	**2013**	**2012**	**2011**	**2010**
0.01	0.01	3.91	0.39	0.50

The principal activities, scale of operations, management and capital structure of the Company and Consolidated Entity have changed in this five year period.

REVIEW OF OPERATIONS

Syngas' activities are centred on the Clinton Project with Mineral Exploration Lease 5186, located north of Adelaide, South Australia.

The Moorlands coal deposit is located 120 km southeast of Adelaide. It is held by Syngas under subsequent Mineral Exploration Licence 4785. The tenure on Licence 4785 expires in October 2014 and the Company does not intend to seek to renew or extend this Licence.

CORPORATE

Syngas' continued progress/operation depends on funding. Sourcing of funds has been a focus for the Consolidated Entity during the financial year.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year.

The directors have recommended that no dividend be paid in respect of the year ended 30 June 2014.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Syngas has entered into a Loan agreement that is to provide $700,000 in unsecured 12 months loan facility carrying an interest rate of 9.25% which has been drawn down to the sum of $500,000.

The funds received will be used to repay existing facilities and outstanding fees, with the balance being used for working capital and the assessment of corporate opportunities presented.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Syngas has entered into a Loan agreement with Datuk Siak Wei Low.

Under the agreement Datuk Siak Wei Low has provided $700,000 in unsecured 12 months loan facility carrying an interest rate of 9.25% and a corporate fee of $10,000 and 7% Commission has been agreed with JCL Capital Pty Ltd, a boutique advisor based in Melbourne, as a fee for arranging the loan. The agreement further provides the lender with a right to present transaction opportunity proposals, with the Board of Syngas undertaking to review and consider such opportunities on their merits.

Datuk Siak Wei Low has been appointed as a Director of the company.

The Board is presently actively seeking opportunities, but acknowledges that in today's capital market, working capital is difficult to raise and as such, any project to be considered viable must have the ability or come with additional working capital. Current cost structures have been cut back and the Board is carefully reviewing its existing tenements to determine the best approach.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances other than the above noted developments have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's activities are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Consolidated Entity to achieve.

Instances of environmental non-compliance by an operation are identified either by internal compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Consolidated Entity during the financial year.

INFORMATION ON DIRECTORS AND EXECUTIVES

MICHAEL COX BSC, LLB, CERT ACC, DIP GEM, DIP DT, FIPA, MAICD, FGAA (AGE 52)

CHAIRMAN & EXECUTIVE DIRECTOR
APPOINTED: 27 APRIL 2012

Experience and Expertise
Michael Cox has extensive capital markets experience and knowledge, built through his years as a stock market analyst, in corporate advisory roles and in Chief Executive Officer, Managing Director and Non-Executive Chairman roles with listed companies.

Other Current Directorships
NSX Limited

Former Directorships in the Last Three Years
None

Special Responsibilities
Executive Director and Chairman

ERNEST BOSWARVA B.PROC, B.COMM (HONS), LLM, MBA, FAICD (AGE 61)

DIRECTOR (NON-EXECUTIVE)
APPOINTED: 30 SEPTEMBER 2008, RESIGNED: 6 JUNE 2014

Experience and Expertise
Ernest Boswarva has extensive international oil industry experience, gained over his 26 year career in both upstream and downstream production encompassing both line and support roles within the industry. His career has included five years with Sasol Fuels Marketing, a subsidiary of Sasol Limited, a coal to liquid and gas to liquid production company and technology provider.

Other Current Directorships
None

Former Directorships in the Last Three Years
Director: Release Energy Limited (resigned 31 July 2013)
Chairman: Parents of Children with Disability (resigned 31 July 2013)

Special Responsibilities
Non-Executive Director

DRAGO PANICH B.ENG MSC (AGE 69)

NON-EXECUTIVE DIRECTOR
APPOINTED: 8 MAY 2013

Experience and Expertise
Drago Panich is an experienced mining engineer with extensive experience in the extractive industry. His career has included several years as a lecturer in Mining Engineering at the University of New South Wales.

Other Current Directorships
None

Former Directorships in the Last Three Years
None

Special Responsibilities
Non-Executive Director

ANNE COX B.A. B.BUS MIPA (AGE 54)
NON-EXECUTIVE DIRECTOR
APPOINTED: 6 JUNE 2014

Experience and Expertise
Anne is a public accountant and Financial Planner.

Other Current Directorships
None

Former Directorships in the Last Three Years
None

Special Responsibilities
Non-Executive Director

DATUK SIAK WEI LOW (AGE 55)
NON-EXECUTIVE DIRECTOR
APPOINTED: 19 SEPTEMBER 2014

Experience and Expertise
Datuk Siak Wei Low is the chief Executive Officer of Sepanger Bay Power Corporation Sdn Bhd, an independent power producer company which owns and operates a 100MW gas-fired power plant in Sabah, Malaysia. He is also President of several companies in Indonesia and Laos which are developing hydro power projects in Northern Sumatera and Laos with a total capacity of 1,680 MW.

Datuk Siak Wei Low is a Fellow of CPA Australia and alumni member of Harvard Business School.

Other Current Directorships
None

Former Directorships in the Last Three Years
None

Special Responsibilities
Non-Executive Director

IAN GREGORY B.BUS, FCIS, F.FIN, MAICD
COMPANY SECRETARY
APPOINTED: 21 MAY 2009

Ian Gregory is an experienced company secretary who worked as full time Secretary of Iluka Resources Limited from March 1999 to December 2004. With more than 28 years' experience he has provided company secretarial and business administration services to a variety of industries, including exploration, mining, mineral processing, oil and gas, banking and insurance. He consults on secretarial matters to a number of listed companies and is a past Chairman of the WA State Council of The Institute of Chartered Secretaries and Administrators.

DIRECTORS' INTERESTS

The directors' interests in the securities of the Company are as follows:

At the date of this report

Current directors	Ordinary shares	Options
Michael Cox	7,961,838	-
Anne Cox	-	-
Drago Panich	-	-
Datuk Siak Wei Low	-	-
	7,961,838	-

At the date of the previous report

Current directors	Ordinary shares	Options
Michael Cox	7,961,838	-
Ernest Boswarve	-	-
Drago Panich	-	-
	7,961,838	-

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended
Michael Cox	4	4
Ernest Boswarva	3	3
Drago Panich	4	4
Anne Cox	1	1

REMUNERATION REPORT - AUDITED

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Consolidated Entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, key management personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

REMUNERATION POLICY

The Board has adopted a remuneration policy that takes into account the current size and nature of the Consolidated Entity's operations.

The names, positions, annual fees and remuneration of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

DIRECTORS	POSITION	ANNUAL FEES AND REMUNERATION
Michael Cox	Executive Director	$45,000 inclusive of superannuation
Ernest Boswarva	Non-executive director	$40,000 inclusive of superannuation
Drago Panich	Non-executive director	$40,000 inclusive of superannuation
Anne Cox	Non-executive director	$40,000 inclusive of superannuation
Datuk Siak Wei Low	Non-executive director	$40,000 inclusive of superannuation
EXECUTIVES		
Ian Gregory	Company Secretary	$195 per hour

Non-executive director remuneration

The Board's policy is currently to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, primarily based on the nature and size of the Consolidated Entity's operations and also including market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting. Fees for non-executive directors are not linked to the performance of the Consolidated Entity.

Whilst share based payments can and have been made to non-executive directors, no options were issued to the non-executive directors during the current financial year. The primary purpose of the grant of options is to provide a market linked incentive package in the capacity as a director and the role of growing the business and sourcing new business opportunities for the Consolidated Entity.

A director may be paid fees or other amounts as the directors determine, where a director performs duties or provides services outside of the scope of their normal director's duties. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

There are no service agreements with the non-executive directors. They serve until they resign, are removed, cease to be a director or are prohibited from being a director under the provisions of the *Corporations Law 2001*, or are not re-elected to office. They are remunerated on a monthly basis with no termination payments payable.

Other executive – Company Secretary

The fees paid to the Company Secretary are based on market rates.

REMUNERATION REPORT – AUDITED (CONTINUED)

REMUNERATION POLICY (CONTINUED)

Managing Director and Chief Executive Officer Remuneration

The Consolidated Entity objective is to reward the Managing Director and Chief Executive Officer with a mix of remuneration commensurate with the position and responsibilities within the Consolidated Entity. As at the date of this report the Company has not appointed a person to the position of Managing Director and Chief Executive Officer.

Retirement allowances and benefits for directors

There are no retirement benefits paid to directors other than statutory superannuation.

Relationship of Remuneration to Financial Performance

There is no relationship between the Consolidated Entity's performance based on earnings or the impact on shareholder wealth of the Consolidate Entity for the current financial year or the previous financial year and either the remuneration of directors and executives or the issue of shares and options to directors. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives.

The Board may pay a bonus to key management personnel (including directors) based on the success in achieving project development milestones and generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition. No bonus was paid during the current or prior financial year.

The Board is of the opinion that the expiry dates and exercise prices of the options currently on issue or to be issued to the directors and the executive are sufficient to align the goals of the directors and executives with those of the shareholders to maximise shareholder wealth and as such, the Board has not set any performance conditions for the non-executive directors and executive directors.

REMUNERATION REPORT – AUDITED (CONTINUED)

REMUNERATION POLICY (CONTINUED)

Remuneration policy

The Board believes that this remuneration policy is appropriate given the stage of development of the Consolidated Entity and the activities which it undertakes, and is appropriate in aligning director and executive objectives with shareholder and business objectives.

To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and may receive options. Options held by a director or executive on resignation from the role or from the Company continue to be held by that person to deal with as that person sees fit.

The amount of remuneration of the key management personnel (as defined in AASB 124 Related Party Disclosures) is set out in the following tables.

REMUNERATION OF KEY MANAGEMENT PERSONNEL – 2014

	Primary Compensation			
	Short Term Benefits[1]		Post Employment Benefits[2]	Total
	Cash Salary and Fees	Non-monetary benefits	Superannuation	
	$	$	$	$
DIRECTORS				
Ernest Boswarva	38,000	-	-	38,000
Drago Panich	40,000		-	40,000
Anne Cox	2,000	-	-	2,000
Michael Cox	45,000	-	-	45,000
TOTAL PRIMARY COMPENSATION FOR DIRECTORS	**125,000**	**-**	**-**	**125,000**
EXECUTIVES				
Ian Gregory	24,000	-	-	24,000
TOTAL PRIMARY COMPENSATION FOR EXECUTIVES	**24,000**	**-**	**-**	**24,000**
TOTAL PRIMARY COMPENSATION	**149,000**	**-**	**-**	**149,000**

[1]Short Term Benefits consists of salary, director's fees, company secretarial fees and/ or consulting fees. No cash bonuses, non-monetary benefits or other benefits (other than directors' & officers' liability insurance) were provided that formed part of Short Term Benefits.

[2]Post Employment Benefits consists of superannuation. No other benefits were provided that formed part of Post Employment Benefits.

REMUNERATION REPORT – AUDITED (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL – 2014 (CONTINUED)

Total Compensation 2014	Primary Compensation	Equity Compensation	Total	Proportion of remuneration performance based	Value of options as proportion of remuneration
	$	$	$	%	%
DIRECTORS					
Ernest Boswarva	38,000	-	38,000	0	0
Drago Panich	40,000	-	40,000	0	0
Anne Cox	2,000	-	2,000	0	0
Michael Cox	45,000	-	45,000	0	0
TOTAL COMPENSATION FOR DIRECTORS	**125,000**	**-**	**125,000**	**0**	**0**
EXECUTIVES					
Ian Gregory	24,000	-	24,000	0	0
TOTAL COMPENSATION FOR EXECUTIVES	**24,000**	**-**	**24,000**	0	0
TOTAL	**149,000**	**-**	**149,000**	**0**	**0**

REMUNERATION OF KEY MANAGEMENT PERSONNEL – 2013

	Primary Compensation			
	Short Term Benefits[1]		Post Employment Benefits[2]	Total
	Cash Salary and Fees	Non-monetary benefits	Superannuation	
	$	$	$	$
DIRECTORS				
Merrill Gray	197,935	-	17,814	215,749
Ernest Boswarva	42,813	-	3,853	46,666
Drago Panich	-	-	-	-
Michael Cox	40,963	-	2,787	43,750
TOTAL PRIMARY COMPENSATION FOR DIRECTORS	**281,711**	**-**	**24,454**	**306,165**
EXECUTIVES				
Ian Gregory	30,052	-	-	30,052
TOTAL PRIMARY COMPENSATION FOR EXECUTIVES	**30,052**	**-**	**-**	**30,052**
TOTAL PRIMARY COMPENSATION	**311,763**	**-**	**24,454**	**336,217**

[1] Short Term Benefits consists of salary, director's fees, company secretarial fees and/ or consulting fees. No cash bonuses, non-monetary benefits or other benefits (other than directors' & officers' liability insurance) were provided that formed part of Short Term Benefits.

[2] Post Employment Benefits consists of superannuation. No other benefits were provided that formed part of Post Employment Benefits.

REMUNERATION REPORT – AUDITED (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL – 2013 (CONTINUED)

Total Compensation 2013

	Primary Compensation	Equity Compensation	Total	Proportion of remuneration performance based	Value of options as proportion of remuneration
	$	$	$	%	%
DIRECTORS					
Merrill Gray	215,749	-	215,749	-	-
Ernest Boswarva	46,666	-	46,666	-	-
Drago Panich	-	-	-	-	-
Michael Cox	43,750	-	43,750	-	-
TOTAL COMPENSATION FOR DIRECTORS	**306,165**	**-**	**306,165**	**-**	**-**
EXECUTIVES					
Ian Gregory	30,052	-	30,052	-	-
TOTAL COMPENSATION FOR EXECUTIVES	**30,052**	**-**	**30,052**	-	-
TOTAL	**336,217**	**-**	**336,217**	**-**	**-**

COMPENSATION OPTIONS: GRANTED AND VESTED

During the year there were no Options over unissued shares issued by the Company.

ADDITIONAL INFORMATION

Shares Under Option

No shares were issued during the financial year ended 30 June 2014 by virtue of the exercise of options (2013: Nil). No further shares have been issued by virtue of the exercise of options since the end of the financial year and to the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

ADDITIONAL INFORMATION (CONTINUED)

INDEMNIFYING AND INSURING DIRECTORS, OFFICERS OR AUDITOR

Directors' and officers' liability insurance and indemnity insurance premiums paid during or since the end of the financial year for any person who is or has been an officer of the Consolidated Entity totalled $Nil (2013: $10,159). The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Consolidated Entity and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Consolidated Entity. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The auditor is not indemnified under any circumstance.

AUDITOR

Nexia Melbourne is the appointed auditor that remains in office in accordance with section 327B of the *Corporations Act 2001.*

AUDIT SERVICES

During the financial year, $15,000 (2013: $15,000) was paid or is payable for audit services provided by the auditor.

NON-AUDIT SERVICES

During the financial year $Nil (2013: $Nil) was paid to the auditor for non-audit service for the Company and relevant subsidiaries. The directors are satisfied that the provision of these non-audit services did not compromise the independence of the auditor. The non-audit services do not conflict with the provision of the audit services.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Nexia Melbourne, have provided a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2014. This declaration has been included on page 15 and forms part of this report.

Signed in accordance with a resolution of the directors.

Michael Cox
29 September 2014
Sydney, NSW

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SYNGAS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

NEXIA MELBOURNE
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne

29 September 2014

CORPORATE GOVERANCE STATEMENT

The Board of Directors of Syngas Limited (“Board”) is responsible for the operational and financial performance of the Consolidated Entity and its subsidiaries (“the Consolidated Entity”), including its corporate governance.

The Board has adopted a corporate governance framework for the Consolidated Entity which is underpinned by the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“the Recommendations”) applicable to ASX-listed entities.

For ease of comparison to the Recommendations, the following Section addresses each of the Corporate Governance Principles and, where the Consolidated Entity has not followed a Recommendation, this has been identified along with the reasons for not following the Recommendation.

Syngas’s corporate governance policies adopted by the Board are available from the Consolidated Entity’s registered office.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board is accountable to shareholders for the performance of the Consolidated Entity. The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management.

The Board is responsible for ensuring that the Consolidated Entity is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, rather than passive, role.

The Board is responsible for evaluating and setting the strategic directions for the Consolidated Entity, establishing goals for management and monitoring the achievement and risks of these goals. The Managing Director and Chief Executive Officer is responsible to the Board for the day-to-day management of the Consolidated Entity.

The Consolidated Entity has established the functions reserved for the Board and the Managing Director and Chief Executive Officer.

Broadly, the key responsibilities of the Board are:

1. Reviewing and approving corporate strategies, the annual budget and financial plans;
2. Overseeing and monitoring organisational performance and the achievement of the Consolidated Entity’s strategic goals and objectives;
3. Monitoring financial performance and liaising with the Consolidated Entity’s external auditor;
4. Appointing and assessing the performance of the Managing Director (or equivalent), and overseeing succession plans for the senior executives;
5. Ratifying the appointment and the removal of senior executives and the company secretary;
6. Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
7. Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
8. Enhancing and protecting the reputation of the Consolidated Entity; and
9. Reporting to and communicating with shareholders.

All non-executive directors of the Consolidated Entity will, on appointment, receive a letter of appointment which sets out the terms and conditions of their appointment.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Board and the Managing Director monitor the performance of senior executives on a regular basis. The Managing Director conducts an annual evaluation of each senior executive’s performance, at which the senior executive's performance during the previous 12 months is assessed against relevant performance indicators, and role expectations and goals are set for the following year.

The Board (in the absence of the Managing Director) also assesses the performance of the Managing Director at least once in each financial year. The Chairman will meet with the Managing Director and provide him or her with feedback on the Board's assessment.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

The Board reviews executive performance annually as part of the Consolidated Entity's remuneration review process.

In accordance with the Guide to reporting on Principle 1, the Consolidated Entity's Board Charter is available from the corporate governance section of its website.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors.

From the 15 September 2009 to 8 May 2013 the Board has had a majority of independent directors and an independent chair. Following the BioSyngas de-merger, the Chairman took over the executive responsibilities of the Managing Director and became an executive Director.

Set out in the following tale are the directors that held office during the year and to the date of this report, their responsibilities and independence

Directors in office during the year and to the date of this report		
	Responsibilities	**Independent**
Current Directors Michael Cox	 Non-executive director from 27 April 2012 & chair from 18 May 2012 Executive Director and Chair from 8 May 2013	 No – since 8 May 2013 has assumed the executive responsibilities.
Ernest Boswarva	Non-executive director	Yes
Drago Panich	Non-executive director	Yes
Anne Cox	Non-executive director	No – related to Michael Cox
Datuk Siak Wei Low	Non-executive director	No – Has provided a loan facility to the company

The Board has assessed the independence of Mr Panich and Mr Boswarva using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1.

Mr Panich is considered to be independent as they are not members of management and there is no relationship affecting that status. They are not substantial shareholders, past or present employees, professional advisers, consultants, suppliers or customers with or to the Consolidated Entity; or have any contractual relationship with the Consolidated Entity other than as a director.

The Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management. Furthermore, each individual member of the Board is satisfied that all directors bring an independent judgment to bear on Board decisions. In addition, each director is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Consolidated Entity's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out in the Board Charter.

Board structure and composition will be reviewed as and when the Consolidated Entity's scale, strategic direction or activities change. The Consolidated Entity will only recommend the appointment of additional directors to the Board where it believes the expertise and value added outweighs the additional cost.

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of directors (other than the managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following the director's last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. The Directors' Report provides the details of the date from which each director held office.

Recommendation 2.2: The chair should be an independent director.

The structure of the Board does not comply with Recommendation 2.2 as Mr Cox has since the 8 May 2013 taken on the role of executive director, in light of the current structure and activities of the Company the Board has taken the view that the fact the Chair is not an independent director is appropriate.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The Company is not in compliance with the recommendation 2.3 in that the Chairman is presently the only executive director of the company. In light of the size of the operations of the Company the Company has not appointed a Chief Executive Officer.

Recommendation 2.4: The board should establish a nomination committee.

The Consolidated Entity does not comply with Recommendation 2.4 in that it has not established a separate nomination committee. As the Board is currently comprised of only three directors, it has been decided that there are no efficiencies to be gained by, and, given the current size and composition of the Board, it is not practicable to, form a separate nomination committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a nomination committee.

The Board has adopted a formal Nomination and Remuneration Committee Charter. The current Board members will, when considering matters within the ambit of the Nomination and Remuneration Committee Charter, be guided by and, to the extent practicable, act in accordance with, that Charter.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board has adopted a self-evaluation process to measure performance with an annual review undertaken in relation to the Consolidated Entity's objectives and the composition and skills mix of the directors of the Consolidated Entity. For the purposes of this evaluation, each director completes and submits an assessment of the Board's performance. A performance evaluation of the Board and individual directors was carried out during the year. In light of the current level of operations the Board has suspended the annual self-assessment.

The Board has not formed a nomination committee as it considers that the Consolidated Entity is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing directors to enable identification of attributes required in new directors. When appropriate, independent consultants are engaged to identify possible new candidates for the Board.

Directors retire and are re-elected in accordance with the Company's Constitution, the *Corporations Act 2001* and their own engagement terms.

Before each annual general meeting, the Board reviews the performance of each director retiring in accordance with the Company's constitution before determining its recommendation to shareholders on the re-election of the director (in the absence of the director involved). The Board (excluding the Chairman) conducts the review of the Chairman.

The Board will, from time to time, utilise the services of an external party to review the performance of the Board.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

In accordance with the Guide to reporting on Principle 2, the Consolidated Entity's Nomination and Remuneration Committee Charter (incorporating a description of the procedure for the selection and appointment of new directors and the re-election of current directors) is available from the corporate governance section of the Consolidated Entity's website.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- ***the practices necessary to maintain confidence in the Consolidated Entity's integrity;***
- ***the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and***
- ***the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.***

The Board has adopted a Code of Conduct which applies to all directors, officers, employees, contractors and consultants of the Consolidated Entity. It sets out Syngas's commitment to successfully conducting its business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards. The Code of Conduct reflects the matters set out in the commentary and guidance for Recommendation 3.1.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Consolidated Entity's policy regarding equal employment opportunity and diversity is available from the Registered Office. The Consolidated Entity's Equal Employment Opportunity and Diversity Policy does not include measureable objectives as the Board believes that the Consolidated Entity will not be able to successfully meet these given the size and stage of development of the Consolidated Entity.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Given the size of the Consolidated Entity the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Consolidated Entity strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Consolidated Entity's Equal Employment Opportunity & Diversity Policy.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

For the 2014 financial year, the Consolidated Entity did not employ any staff, although the Chairman acted as an Executive Director. For the period of 1 July 2013 until 6 June 2014 the Company had no female representation on the Board, since 6 June 2014 the Company has one out of three directors who is female.

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

The Consolidated Entity is not aware of any departure from Recommendations 3.1 or 3.4. The Consolidated Entity's Equal Employment Opportunity & Diversity Policy does not include measureable objectives as the Board believes that the Consolidated Entity will not be able to successfully meet these given the size and stage of development of the Consolidated Entity.

The Consolidated Entity's Code of Conduct and the Consolidated Entity's Equal Employment Opportunity & Diversity Policy are publicly available on the Consolidated Entity's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The board should establish an audit committee.

Recommendation 4.2: The audit committee should be structured so that it:

- ***consists only of non-executive directors;***
- ***consists of a majority of independent directors;***
- ***is chaired by an independent chair, who is not chair of the board; and***
- ***has at least three members.***

The Consolidated Entity does not comply with Recommendations 4.1 and 4.2 in that it has not established a separate audit committee comprised only of non-executive directors. As the Board currently comprises only three directors, it has been decided that there are no efficiencies to be gained by, and, given the current size and composition of the Board, it is not practicable to, form a separate audit committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to an audit committee.

Recommendation 4.3: The audit committee should have a formal charter.

The Consolidated Entity does not comply with Recommendation 4.3 in that it has not adopted a formal Audit and Risk Committee Charter. The Board as a whole undertakes the role of a formal Audit and Risk Committee.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

In accordance with the Guide to reporting on Principle 4, the Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Consolidated Entity's Continuous Disclosure Policy below sets out the key obligations of the Consolidated Entity's directors, officers, employees and consultants in relation to continuous disclosure to meet the Consolidated Entity's obligations under the Listing Rules and the Corporations Act. The Policy also contains procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements and for the monitoring of Consolidated Entity compliance.

The continuous disclosure policy requires all executives and directors to inform the chairman or in the chairman's absence, the company secretary, of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

a) A reasonable person would not expect the information to be disclosed or it is material but due to a specific valid commercial reason is not to be disclosed; and

b) The information is confidential; and

c) One of the following applies:
   (i) It would breach a law or regulation to disclose the information;
   (ii) The information concerns an incomplete proposal or negotiation;
   (iii) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
   (iv) The information is generated for internal management purposes;
   (v) The information is a trade secret;
   (vi) It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
   (vii) It would harm the Company's potential application or possible patent application; or
   (viii) The information is scientific data the release of which may benefit the Company's potential competitors.

The non-executive directors are responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The company secretary is responsible for all communications with the ASX.

The Policy reflects the matters set out in the commentary and guidance for Recommendation 5.1.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

In accordance with the Guide to reporting on Principle 5, the Consolidated Entity's Continuous Disclosure Policy is also available from the corporate governance section of the Consolidated Entity's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Shareholder Communications strategy and approach of Consolidated Entity's is set out below. Providing the Consolidated Entity's aims and practices in respect of communicating with both current and prospective Shareholders.

The Consolidated Entity's strategy is based on open, regular and timely communications so that the market has sufficient information to make informed investment decisions on the operations and results of the Consolidated Entity.

Mechanisms employed include:
- Announcements lodged with ASX;
- ASX quarterly reports;
- Half-yearly report;
- Presentations at the annual general meeting/general meetings; and
- Annual report.

The Board encourages full participation of shareholders at the annual general meeting to engender a high level of understanding and engagement in relation to the Consolidated Entity's strategy and goals. The strategy and approach taken reinforces the Consolidated Entity's commitment to promoting investor confidence and reflects the matters set out in the commentary and guidance for Recommendation 6.1.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

In accordance with the Guide to reporting on Principle 6, the Consolidated Entity's Continuous Disclosure Policy and Shareholder Communications approach and strategy are available from the Registered Office.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the Consolidated Entity's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Consolidated Entity's management of its material business risks.

The Consolidated Entity does not currently have a separate risk management committee. As the Board currently comprises only three directors, it has been decided that there are no efficiencies to be gained by, and, given the current size and composition of the Board, it is not practicable to, form a separate risk management committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a risk management committee.

The Company's risk management approach is based on the identification, assessment, monitoring and management of material risks that the Board and management believe that the Company may encounter. Once the risks have been identified, the risks are then classified in terms of their severity, their probability or likelihood of occurring and their potential impact or damage they may have if they occur. Once risks have been identified, the Company can then decide on whether to avoid, manage, insure or transfer these risks.

The Consolidated Entity's risk management framework is supported by the Board and management. Risks to the Company, risk mitigation plans and their current status are reviewed at monthly Board meetings and set out in Business Plans and Project development documents. The Board is responsible for reviewing the frameworks ongoing currency and approving the updated Consolidated Entity's risk management framework quarterly. Management is responsible for monitoring that appropriate processes and controls are in place and maintained to effectively manage risk. The Board believes that it has a thorough understanding of the Consolidated Entity's key risks and is managing them appropriately.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The integrity of the Consolidated Entity's financial reporting relies upon a sound system of risk management and control. Accordingly, the persons performing the functions of Managing Director and Chief Financial Officer (or equivalent) will be asked to confirm that any declaration they provide in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Similarly, in a separate written statement, the Managing Director will also confirm to the Board whether the Consolidated Entity's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

In accordance with the Guide to reporting on Principle 7, the Consolidated Entity's Continuous Disclosure Policy is also available from in the corporate governance section of the Consolidated Entity's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it:

- ***consists of a majority of independent directors;***
- ***is chaired by an independent chair; and***
- ***has at least three members.***

The Consolidated Entity does not comply with Recommendations 8.1 and 8.2 in that it has not established a separate remuneration committee. As the Board currently comprises only three directors, it has been decided that there are no efficiencies to be gained by, and, given the current size and composition of the Board, it is not practicable to, form a separate remuneration committee. The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to a remuneration committee.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives. Remuneration for non-executive directors is fixed. Total remuneration for all non-executive directors is not to exceed $300,000 per annum unless approved by shareholders at the Consolidated Entity's annual general meeting.

Neither the non-executive directors nor the executives of the Consolidated Entity received any retirement benefits, other than superannuation.

The Consolidated Entity has separate policies relating to the remuneration of non-executive directors as opposed to executive directors and senior executives. These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

The level of remuneration packages and policies applicable to directors are detailed in the Remuneration Report which forms part of the Directors' Report in this Annual Report.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

In accordance with the Guide to reporting on Principle 8, the Consolidated Entity's Continuous Disclosure Policy is also available from in the corporate governance section of the Consolidated Entity's website.

STATEMENT OF PROFIT OR LOSS AND OTHER INCOME FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Entity	
	Note	**2014** **$**	**2013** **$**
Revenue	2	16	10,542
Other income	2	1,220	-
Gain on Deconsolidation		-	596,500
Coal to liquid project expenses		-	10,000
Impairment of exploration licences	9	(500,000)	-
Other expenses	2	(227,483)	(791,494)
LOSS BEFORE INCOME TAX (EXPENSE)/BENEFIT		(726,247)	(174,452)
Income tax (expense)/benefit	3	-	106,828
LOSS AFTER INCOME TAX (EXPENSE)/BENEFIT		**(726,247)**	**(67,624)**
Other comprehensive income		-	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(726,247)**	**(67,624)**
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS			
BASIC AND DILUTED LOSS PER SHARE (CENTS PER SHARE)	5	(0.01)	(0.01)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated Entity 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents		728	19,320
Trade and other receivables	6	4,693	-
TOTAL CURRENT ASSETS		5,421	19,320
NON-CURRENT ASSETS			
Plant and equipment	7	1,331	2,028
Intangibles	8	-	-
Exploration Licences	9	-	500,000
TOTAL NON-CURRENT ASSETS		1,331	502,028
TOTAL ASSETS		**6,752**	**521,348**
CURRENT LIABILITIES			
Trade and other payables	10	155,881	1,564
Borrowings	10(a)	204,803	147,469
Provisions	11	-	-
TOTAL CURRENT LIABILITIES		360,684	149,033
TOTAL LIABILITIES		**360,684**	**149,033**
NET ASSETS		**(353,932)**	**372,315**
EQUITY			
Contributed equity	12	35,016,571	35,016,571
Reserves	13	1,793,484	1,793,484
Accumulated losses	4	(37,163,987)	(36,437,740)
TOTAL EQUITY		**(353,932)**	**372,315**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(75,942)	(925,421)
Interest received		16	10,547
Research and development tax rebate received		-	99,361
NET CASH USED IN OPERATING ACTIVITIES	14	**(75,926)**	**(815,513)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(2,113)
Payments for intangibles		-	-
Payments for exploration and evaluation expenditure		-	(11,365)
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES		**-**	**(13,478)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		-	-
Redemption of performance shares		-	-
Payments for capital raising costs		-	-
Proceeds from Borrowings		57,334	147,468
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES		**57,334**	**147,468**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS HELD		**(18,592)**	**(681,523)**
Cash and cash equivalents at beginning of year		19,320	700,843
CASH AND CASH EQUIVALENTS AT END OF YEAR		**728**	**19,320**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
AT 30 JUNE 2013	35,016,571	1,793,484	(36,437,740)	372,315
Loss for the year	-	-	(726,247)	(726,247)
Total comprehensive income for the year	-	-	(726,247)	(726,247)
Shares issued	-	-	-	-
Options issued	-	-	-	-
Exercise of options	-	-	-	-
Redeem preference shares	-	-	-	-
Capital Distribution	-	-	-	-
AT 30 JUNE 2014	35,016,571	1,793,484	(37,163,987)	(353,932)
AT 30 JUNE 2012	35,766,571	1,793,484	(36,370,116)	1,189,939
Loss for the year	-	-	(67,624)	(67,624)
Total comprehensive income for the year	-	-	(67,624)	(67,624)
Shares issued	-	-	-	-
Options Issued	-	-	-	-
Exercise of Options	-	-	-	-
Redeem preference shares	-	-	-	-
Capital Distribution	(750,000)	-	-	(750,000)
AT 30 JUNE 2013	**35,016,571**	**1,793,484**	**(36,437,740)**	**372,315**

The accompanying notes form part of these financial statements

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT

Corporate Information
The Financial Report of Syngas Limited ACN 062 284 084 (“Parent Entity” or "Company") and its controlled entities (“Consolidated Entity” or “Group”) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors dated 29 September 2014.

Syngas Limited is a for-profit company limited by shares incorporated in Australia whose shares are publically traded on the Australian Securities Exchange (“ASX”).

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors’ Report.

Basis of Preparation of Accounts

The Financial Report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (“AASBs”) and other authoritative pronouncements adopted by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*.

The Financial Report has been prepared on a historical cost basis and is presented in Australian dollars.

Going concern

The Consolidated Entity recorded a loss of $726,247 for the year ended 30 June 2014, net cash outflows of $75,926 and has net current liabilities of $360,684 at 30 June 2014. The Consolidated Entity’s cash flow forecasts show that it will require additional funding to enable it to meet ongoing expenditure commitments for at least twelve months from the date of signing these financial statements.

The financial report has been prepared on the basis that the Consolidated Entity can continue to meet its commitments as and when they fall due and can therefore continue normal activities, including the settlement of liabilities and the realisation of assets in the ordinary course of business. In arriving at this position the directors have had regard to the fact that they are actively pursuing further funding initiatives to provide additional working capital, including additional equity issues. In September 2014, the Consolidated Entity entered into a loan agreement for raising a facility of $700,000 as disclosed in note 24.

The directors believe that at the date of the signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the company will be able to raise sufficient funds to meet its obligations as and when they fall due, to allow the Directors to evaluate and assess the future direction of the Consolidated Entity.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

Statement of Compliance

The Financial Report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Company and the Consolidated Entity in the preparation of these financial statements. The Company is a listed public company limited by shares, incorporated and domiciled in Australia. This Financial Report was authorised for issue in accordance with a resolution of the directors dated as at the date of the Directors' Report attached.

a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Syngas Limited ("Syngas", "Parent Entity" or "Company") and its subsidiaries ("Consolidated Entity").

Subsidiaries are all those entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Consolidated Entity controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

b) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

c) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

* Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

c) Income Tax (continued)

* In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

* Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

* In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

d) Employee Benefits

Wages, salaries, bonus payments, annual leave and sick leave
Liabilities for wages, salaries, bonus payments, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

e) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

f) Revenue recognition

Revenue from services rendered is recognised to the extent that it is probable that the future benefits will flow to the Consolidated Entity and can be reliably measured.

Sales revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of “delivery of goods to the customer”.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except: where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

h) Impairment of non-financial assets

The Consolidated Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at the revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

j) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

k) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The assets currently comprise computer equipment which is depreciated at 30% per annum.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

l) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

m) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Consolidated Entity will not be able to collect the debts. A trade receivable is considered doubtful when the balance is outstanding for more than 120 days. Bad debts are written off when identified.

n) Trade and other payables

Trade payables and other payables are carried at amortised cost which represents liabilities for goods and services received, whether or not billed to the Consolidated Entity.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

o) Investments

Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value though profit of loss, loan and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit of loss, directly attributable transaction costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Recognition and de-recognition

Purchases and sales of investments are recognised on trade-date – the date on which the Consolidated Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the net unrealised gains reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the profit or loss as gains and losses on disposal of investment securities.

Impairment

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

p) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where the rights to tenure of the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

q) Share-based payment transactions

The Consolidated Entity has met the consideration for services rendered in the form of share-based payment transactions, whereby suppliers render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to value of the goods or services provided and the fair value of the options at the date at which they are granted. The fair value is determined using the Black-Scholes method.

The Consolidated Entity has also remunerated directors by the issue of options. The Company measures the cost of equity share based transactions with directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option. The fair value calculation and inputs to the Black-Scholes model are shown at Note 22.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

r) Loss per share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net loss attributable to members of the parent, adjusted for costs of servicing equity (other than dividends); the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

s) Foreign currency translation

The presentation currency of the Consolidated Entity is Australian dollars. The functional currency of the Company and its Australian subsidiaries is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences in the consolidated Financial Report are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

t) Investments in controlled entities

All investments held by the parent entity as reflected in the parent entity disclosures are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequent to initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

u) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Consolidated Entity's accounting policies, management has made judgements, estimates and assumptions that affect the reported amounts in the financial statements. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are exploration and evaluation and share-based payment transactions.

Capitalisation of costs and life duration on intangibles

Development costs in respect of intangibles assets are capitalised in accordance with accounting policy in Note 1(l). Initial capitalisation of costs is based on management’s judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the future cash generation of the project, discount rates to be applied and expected period of benefits.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Exploration and evaluation assets

The Consolidated Entity’s accounting policy for exploration and evaluation expenditure is set out at note 1(p) above. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of the expectation that exploration costs incurred can be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditure incurred is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Share based payment transactions

The Consolidated Entity’s accounting policy for share-based payments is set out above at note 1(q) above. The Consolidated Entity has remunerated directors by the issue of options. The Company measures the cost of equity share based transactions with directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

NEW AND AMENDED ACCOUNTING POLICIES ADOPTED BY THE GROUP

CONSOLIDATED FINANCIAL STATEMENTS

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013:

- AASB 10: *Consolidated Financial Statements*;
- AASB 12: *Disclosure of Interests in Other Entities*; and
- AASB 127: *Separate Financial Statements*.

AASB 10 provides a revised definition of “control” and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

The Group has applied these Accounting Standards with retrospective effect in accordance with their transitional requirements. The Group has:

presented quantitative information of the comparative period reflecting the adoption of AASB 10; and

with respect to any previously unconsolidated investee that is a business, measured the assets, liabilities and non-controlling interests as if the investee had been consolidated in accordance with the applicable version of AASB 3: *Business Combinations* from the date when the Group gained control of the investee. When the date that control was obtained was earlier than the beginning of the immediately preceding period, the Group recognises, as an adjustment to equity at the beginning of the comparative period, any difference between:

- the amount of assets, liabilities and non-controlling interests recognised; and
- the previous carrying amount of the Group’s involvement with the investee.

The first-time application of AASB 10 resulted in no changes to the Group’s financial statements.

Employee benefits

The Group adopted AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* from the mandatory application date of 1 January 2013. The Group has applied these Standards retrospectively in accordance with AASB 108: *Accounting Policies Changes in Accounting Estimates and Errors* and the transitional provisions of AASB 119.

The adoption of these Standards resulted in no changes to the accounting for employee benefits recognised in the Group’s financial statements

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIOD

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

– AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

– Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

– AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

– AASB 2013–4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

– AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

NOTE 2. REVENUE, OTHER INCOME AND EXPENSES

	Consolidated Entity	
	2014 $	2013 $
REVENUE		
Interest revenue	16	10,542
TOTAL REVENUE	16	10,542

OTHER INCOME

Sundry	1,220	-
TOTAL OTHER INCOME	1,220	-

OTHER EXPENSES

Rental expense on operating lease	-	18,541
Depreciation of plant and equipment	697	85
Listed company costs	28,629	55,715
Consulting Fees	24,000	33,697
Employment expenses:		
Fees, wages and salaries	117,798	286,970
Superannuation	7,202	24,308
Share based payments	-	-
Recruitment	-	-
Annual leave	-	4,414
Amenities	-	-
Legal costs	8,486	18,218
Impairment Tenement value	500,000	
Other	40,671	349,546
TOTAL OTHER EXPENSES	727,483	791,494

	Consolidated Entity 2014 $	2013 $
NOTE 3. INCOME TAX		
The major components of income tax expense are:		
INCOME STATEMENT		
Current income tax	-	-
Current income tax benefit	-	106,828
INCOME TAX BENEFIT	-	106,828
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
ACCOUNTING LOSS BEFORE INCOME TAX	(726,247)	(67,624)
At the Consolidated Entity's statutory income tax rate of 30% (2013: 30%)	217,874	20,287
Expenditure not allowable for income tax purposes	(673)	-
Share based payments	-	-
Research and development tax concession	-	106,828
Deferred tax assets not brought to account as realisation is not considered probable	(217,201)	(20,287)
INCOME TAX BENEFIT	-	106,828

DEFERRED INCOME TAX AT 30 JUNE RELATES TO THE FOLLOWING:

	2014 $	2013 $
DEFERRED TAX LIABILITIES		
Intangible asset	-	-
Exploration expenditure	-	-
Deferred tax assets used to offset deferred tax liabilities	-	-
DEFERRED TAX LIABILITIES	-	-
DEFERRED TAX ASSETS		
Losses available to offset against future taxable income	-	-
Accruals	-	-
Section 40-880 deductions	-	-
Deferred tax assets used to offset deferred tax liabilities	-	-
Deferred tax assets not brought to account as realisation is not regarded as probable	-	-
DEFERRED TAX ASSETS	-	-
NET DEFERRED TAX RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	-	-

NOTE 3. INCOME TAX (CONTINUED)

Syngas Limited is the head entity of the Syngas Limited group, effective from 1 July 2009. The group has applied a group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Tax balances transferred within the tax consolidated group are treated as equity transactions by the respective companies under UIG 1052 Tax Consolidation Accounting. Members of the tax consolidated group have not entered into a tax funding agreement. Hence no compensation is receivable or payable for any deferred tax asset or current tax payable (receivable) assumed by the head entity.

The Consolidated Entity does not recognise on the balance sheet deferred tax assets as it is unlikely the company will be able to meet the relevant statutory tests in order to utilise past tax losses.

	Consolidated Entity	
	2014	2013
	$	$

NOTE 4. ACCUMULATED LOSSES

	2014 $	2013 $
Accumulated losses at the beginning of the financial year	36,437,740	36,370,116
Net loss for the financial year	726,247	67,624
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	37,163,987	36,437,740

NOTE 5. LOSS PER SHARE

	2014 $	2013 $
Loss from continuing operations used in the calculation of basic and diluted loss per share	(726,247)	(67,624)
Loss used in the calculation of basic and diluted loss per share	(726,247)	(67,624)
Weighted average number of ordinary shares outstanding during The year used in the calculation of basic and diluted loss per share	581,440,288	581,440,288

Diluted loss per share amount for the year was the same as the basic loss per share as instruments outstanding at 30 June 2013 which are considered to be potential ordinary shares had anti-dilutive effects on the basic loss per share.

	Consolidated Entity	
	2014	2013
	$	$

NOTE 6. TRADE AND OTHER RECEIVABLES (CURRENT)

	2014 $	2013 $
Prepayments	-	-
Accrued interest	-	-
Renewables Grant receivable	-	-
Research and Development Tax Concession receivable	-	-
Other	4,693	-
TOTAL TRADE AND OTHER RECEIVABLES	4,693	-

NOTE 7. PLANT AND EQUIPMENT

	Consolidated Entity 2014 $	2013 $
At cost	2,113	2,113
Accumulated depreciation	(782)	(85)
TOTAL PLANT AND EQUIPMENT	1,331	2,028

MOVEMENTS IN THE CARRYING AMOUNT OF EACH CLASS OF PLANT AND EQUIPMENT

	2014	2013
PLANT AND EQUIPMENT		
At the beginning of the financial year	2,113	11,354
Additions	-	2,113
Disposals	-	(11,354)
Depreciation expense	(782)	(85)
AT THE END OF THE FINANCIAL YEAR	1,331	2,028

NOTE 8. INTANGIBLES

	2014	2013
Intangible assets under development	-	-
TOTAL INTANGIBLE ASSETS	-	-

MOVEMENTS IN THE CARRYING AMOUNT OF INTANGIBLE ASSETS

	2014	2013
At the beginning of the financial year	-	193,978
BioSyngas De-merger	-	(193,978)
Additions – internally generated	-	-
AT THE END OF THE FINANCIAL YEAR	-	-

The intangible assets were transferred to BioSyngas in 2013 as part of the demerger.

NOTE 9. EXPLORATION AND EVALUATION

EXPLORATION LICENCES

	2014	2013
Exploration licences	-	500,000
TOTAL EXPLORATION LICENCES	-	500,000

MOVEMENTS IN THE CARRYING AMOUNT OF EXPLORATION LICENCES

	2014	2013
At the beginning of the financial year	500,000	500,000
Impairment	500,000	-
At the end of the financial year	-	500,000

As at 30 June 2013 the remaining exploration licence is over the Lignite Coal Deposit at Clinton South Australia. The Clinton Project is located 100 km North of Adelaide where the deposit has a 558 million Tonne of indicated and inferred Coal resource.

The tenement is set to expire in October 2014 and the Company does not intend to seek to renew or extend the License. As such, during the year ended 30th June 2014 the Directors decided that the tenement value of $500,000 could not be supported considering the position of the company and the economic potential of the tenements.

NOTE 10. TRADE AND OTHER PAYABLES (CURRENT)

Creditors and accrued expenses	155,881	1,564
AT THE END OF THE FINANCIAL YEAR	155,881	1,564

NOTE 10(a). BORROWINGS

Director's Loan	204,803	147,469
AT THE END OF THE FINANCIAL YEAR	204,803	147,469

Borrowings totalling $204,803 are interests associated with Michael Cox, a director of the Company and are non-secured, non-interest bearing and repayable out of any proceeds from any share issue. The total of this facility is $250,000 of which at the date of this report $204,803 is utilised.

NOTE 11. PROVISIONS (CURRENT)

Provision for employee entitlements	-	-
AT THE END OF THE FINANCIAL YEAR	-	-

NOTE 12. CONTRIBUTED EQUITY

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
581,440,288 (2013: 581,440,288) fully paid ordinary shares	29,146,271	29,896,271
nil (2013: nil) fully paid converting performance shares	5,870,300	5,870,300
Capital return	-	(750,000)
	35,016,571	35,016,571

MOVEMENTS IN ORDINARY SHARES	Number of shares	Issue price $	$
1 July 2013 Opening Balance	581,440,288		29,146,271
Capital return	-		-
AT THE END OF THE FINANCIAL YEAR	**581,440,288**		**29,146,271**

CONVERTING PERFORMANCE SHARES

At 30 June 2014, there were no unissued ordinary shares for which performance shares were outstanding (2013: nil). However the value attributed to the original shares issued is retained in Contributed Equity.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Rights attaching to ordinary shares
The rights attaching to fully paid ordinary shares ("shares") arise from a combination of the Company's Constitution, statute and general law.

Shares issued following the exercise of options rank equally in all respects with the Company's existing shares.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the *Corporations Act 2001* or ASX Listing Rules):

i) Shares
The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the *Corporations Act 2001*, ASX Listing Rules and any rights attached to any special class of shares.

ii) Meetings of Members
Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the *Corporations Act 2001*. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 natural persons, each of whom is or represents different shareholders who are eligible to vote. The Company holds annual general meetings in accordance with the *Corporations Act 2001* and the ASX Listing Rules.

iii) Voting
Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held.

iv) Changes to the Constitution
The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

v) Listing Rules
Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the ASX Listing Rules, and authority is given for acts required to be done by the ASX Listing Rules. The Company's Constitution will be deemed to comply with the ASX Listing Rules as amended from time to time.

NOTE 13. RESERVES

	Consolidated Entity 2014 $	2013 $
Option premium reserve	1,793,484	1,793,484
	1,793,484	**1,793,484**

MOVEMENTS IN OPTION PREMIUM RESERVE	**Number of options**	**$**
1 July Opening Balance	-	1,793,484
Transfer to contributed equity	-	-
Issued during the period	-	-
Expired during the period	-	-
AT THE END OF THE FINANCIAL YEAR	**-**	**1,793,484**

At 30 June 2014 there were Nil (2013: Nil) unissued ordinary shares for which options were outstanding.

NOTE 14. CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX	Consolidated Entity 2014 $	2013 $
Loss after tax	(726,247)	(67,624)
Non-cash flows in loss		
Impairment of exploration licences	500,000	-
Impairment of deferred exploration and evaluation expenditure	-	-
Interest accrued but not received	-	-
Share based payments	-	-
Depreciation of property, plant and equipment	697	85
(Gain on deconsolidation)	-	(596,500)
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	-	69,480
Increase/(decrease) in trade and other payables	(225,550)	(220,954)
NET CASH USED IN OPERATING ACTIVITIES	**(75,926)**	**(815,513)**

Credit Standby Arrangement with Banks	**2014**	**2013**
	$	**$**
Credit facility	Nil	14,563
Amount Utilised	-	-

	Consolidated Entity 2014 $	2013 $
NOTE 15. EXPENDITURE COMMITMENTS		
EXPLORATION LICENCES		
Commitments in relation to exploration licences at the reporting date but not recognised as liabilities:		
Within 1 year (a)	-	100,000
Later than one year but not later than five years (a)	-	450,000
Later than five years	-	-
AGGREGATE EXPLORATION LICENCE EXPENDITURE AT REPORTING DATE	**-**	**550,000**

(a) The Company has been decided that the Licenses will not be extended or renewed upon their expiration set for October 2014. As such, the commitments related to these exploration licenses have been reduced to $Nil at 30 June 2014.

	2014 $	2013 $
EXPLORATION EXPENDITURE		
Contracted commitments in relation to exploration expenditure at the reporting date but not recognised as liabilities:	-	-
AGGREGATE EXPLORATION EXPENDITURE WITHIN 1 YEAR	**-**	**-**
LEASING EXPENDITURE		
The Company has no lease obligations:		
Within 1 year	-	-
Later than one year but not later than five years	-	-
AGGREGATE LEASING EXPENDITURE AT REPORTING DATE	**-**	**-**

NOTE 16. KEY MANAGEMENT PERSONNEL DISCLOSURES

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

DIRECTORS
Michael Cox (appointed 27 April 2012 and continues in office)
Ernest Boswarva (appointed 30 September 2008 and resigned on 6 June 2014)
Drago Panich (appointed 8 May 2013 and continues in office)
Anne Cox (appointed 6 June 2014 and continues in office)

EXECUTIVES
Ian Gregory - Company Secretary (appointed 21 May 2009 and continues in office)

A) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
COMPENSATION BY CATEGORY		
Short term	-	318,114
Post employment	-	24,308
Share based payments	-	-
TOTAL	**-**	**342,422**

B) EQUITY TRANSACTIONS OF KEY MANAGEMENT PERSONNEL

The key management personnel shown in the following tables are those that hold shares or options in the Company.

YEAR ENDED 30 JUNE 2014

	Number of ordinary shares			
	1 July 2013	**Issued as consideration**	**Placements or net change trading**	**30 June 2014**
Michael Cox	5,636,887	-	2,324,951	7,961,838
	5,636,887	**-**	**2,324,951**	**7,961,838**

YEAR ENDED 30 JUNE 2013

	Number of ordinary shares			
	1 July 2012 or appointment	**Issued as consideration**	**Placements or net change trading**	**30 June 2013 or resignation**
Merrill Gray	39,550,000	-	-	39,550,000
Michael Cox	-	-	5,636,887	5,636,887
	39,550,000	-	5,636,887	**45,186,887**

	Number of options			
	1 July 2012 or appointment	**Granted as consideration**	**Expired**	**30 June 2013 or resignation**
Merrill Gray	50,000,000	-	50,000,000	-
	50,000,000	**-**	**50,000,000**	**-**

NOTE 16. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

C) LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans made to any key management personnel during the year ended 30 June 2014 (2013: Nil).

D) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel and their related entities during the year ended 30 June 2014 (2013: Nil). Other than that Solidus Financial Services an entity associated with Mr Michael Cox has advanced the company the sum of $204,803 and has agreed to provide such resources as required so the Company can be satisfy its normal obligations as and when they fall due. Refer to note 10.

NOTE 17. SEGMENT INFORMATION

During the financial years ended 30 June 2014 and 30 June 2013, the Consolidated Entity was engaged in the energy sector and operated in Australia.

Management monitors the operating results of its projects separately for the purposes of making decisions about resource allocation and performance assessment.

NOTE 18. INVESTMENTS IN CONTROLLED ENTITIES

	% Owned		Book value of shares held		Contribution to consolidated profit/(loss)	
	2014	2013	2014 $	2013 $	2014 $	2013 $
Parent Entity						
Syngas Limited						
Entities controlled by Syngas Ltd						
Syngas Energy Pty Ltd	100%	100%	-	500,000	-	-
			-	**500,000**	**-**	**-**

Syngas Limited is the parent and ultimate parent company and is incorporated in Australia.

Syngas Energy Pty Ltd (formerly Syngas Energy Limited) 13 incorporated in Western Australia.

NOTE 19. SUPERANNUATION COMMITMENTS

The Company makes contributions to complying defined contribution superannuation funds based on the requirements of the Australian Superannuation Guarantee Charge or such higher amount as has been agreed with individual employees. There is a legally enforceable obligation on the Company to contribute to the superannuation plan for those contributions that have been agreed with individual employees as part of their conditions of employment.

NOTE 20. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's accounting policies in respect of financial instruments, including the terms and conditions of each class of financial asset, financial liability and equity instrument at 30 June 2014 are as follows:

FINANCIAL INSTRUMENTS	TERMS AND CONDITIONS AND INTEREST RATE RISK
Cash and cash equivalents	Bank deposits are either held at call, subject to notice of withdrawal or subject to maturity after a specified period of time. All cash held is subject to floating interest rate risk. The year end interest rate on the Australian bank account balance was 0% (2013: 2.00%).
Trade and other receivables	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Accounts Payable	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.

NOTE 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise cash, short-term deposits and financial assets held for trading. The Consolidated Entity also has trade receivables and trade payables, which arise directly from its operations. The Consolidated Entity's policy is that no trading in financial instruments shall be undertaken. The main risks arising from the Consolidated Entity's financial instruments are cash flow interest rate risk and credit risk. The Board reviews each of these risks on an on-going basis.

The Consolidated Entity holds the following financial instruments:

	Consolidated	
	2014	**2013**
Financial assets		**$**
Cash and cash equivalents	728	19,320
Trade and other receivables	4,693	-
Total Financial Assets	**5,421**	**19,320**
Financial liabilities		
Trade and other payable	155,881	-
Borrowings	**204,803**	147,469
Total Financial Liabilities	**360,684**	**147,469**

FOREIGN CURRENCY RISK

At 30 June 2014, the Consolidated Entity had no assets or liabilities denominated in foreign currencies (2013: Nil).

INTEREST RATE RISK

The only exposure of the Consolidated Entity to interest rate risk is that arising from the variable interest rate movements on cash deposits held by the Consolidated Entity in recognised financial institutions and classified on the balance sheet as cash and cash equivalent assets. The Consolidated Entity has no other assets or liabilities subject to interest. The Consolidated Entity's income and operating cash flows are subject to changes in the market rates. The Consolidated Entity does not use derivative instruments to mitigate exposure as market changes in interest rates will not have a material impact on the profitability or operating cash flows of the consolidated entity. The Consolidated Entity adopts a policy of ensuring that it maintains excess cash and cash equivalents in variable interest bearing accounts. If interest rates had moved at 30 June and all other variables held constant, the loss before tax, cash flow and equity would be affected as illustrated in the following table.

The 100 basis points sensitivity is based on reasonably possible movements over a financial year, after observation of historical rate movements during the past 5 year period and expectations of future movements.

	Loss before tax and equity	
	2014	**2013**
Consolidated Entity	**$**	**$**
+1% (100 basis points)	-	193
-0.5% (50 basis points)	-	(97)

NOTE 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK

The Consolidated Entity has no significant concentration of credit risk other than its cash is held with one financial institution. The maximum exposure to credit risk, excluding the value of any collateral or security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes in the financial statements.

Surplus cash is invested with ANZ Banking Group Limited to mitigate any credit risk in regard to the Consolidated Entity's cash reserves.

CAPITAL RISK MANAGEMENT AND LIQUIDITY RISK

Capital is the funding required to continue the activities of the Company and the Consolidated Entity. The Company and Consolidated Entity objective in managing capital is to safeguard the ability to continue as a going concern to provide a return to shareholders and reduce the cost of capital. In order to maintain the capital structure, the Company has undertaken capital raisings.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Consolidated Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and requirements for future capital raisings. The consolidated entity has a credit lines available from an entity associated with its Chairman. Surplus funds are invested in a cash management account and are available as required.

The material liquidity risk for the Consolidated Entity is the ability to raise equity in the future. The Consolidated Entity has historically raised sufficient capital to fund its operations. However, the Consolidated Entity is at the risk of financial markets which dictate the ability to fund operations should it be unable to borrow additional working capital from its current lenders. It is noted that the Consolidated Entity is able to reduce costs to preserve cash resources.

The only financial liabilities of the Consolidated Entity at balance date are trade and other payables. The amounts are unsecured and usually paid within 30 days of recognition.

FAIR VALUES

The aggregate net fair value of the Consolidated Entity's financial assets and financial liabilities approximates their carrying amounts in the financial statements. Cash assets are carried at amounts approximating fair value because of their short term nature to maturity. Receivables and payables are carried at amounts approximating fair value. Financial assets held for trading are restated to fair value at year end.

NOTE 21. RELATED PARTY TRANSACTIONS

The Company is not controlled by any other entity.

The Company has loaned monies to its subsidiaries. Loans to controlled entities are non-interest bearing and repayable on demand. The amount of loan funds advanced during the financial year was $Nil (2013: $Nil). Controlled entities made no repayments of the loan monies during the year (2013: Nil).

The directors in office at 30 June 2014, and their related entities, held directly, indirectly or beneficially 7,961,838 ordinary shares in the Company (2013: 5,636,887).

NOTE 22. DIVIDENDS

No dividends have been paid or proposed during the year (2013: Nil).

NOTE 23. SHARE BASED PAYMENTS

Year ended 30 June 2014

No shares were issued during the year ended 30 June 2014.

Year ended 30 June 2013

No shares were issued during the year ended 30 June 2013.

NOTE 24. EVENTS SUBSEQUENT TO BALANCE DATE

Following year end, the entity entered in to a loan agreement with Lok Saik Wei, a resident of Malaysia. Under the agreement Lok Saik Wei has provided $700,000 in unsecured 12 months loan facility carrying an interest rate of 9.25% and a corporate fee of $10,000 and 7% commission has been agreed with JCL Capital Pty Ltd, a boutique advisor based in Melbourne. The agreement further provides the lender with a right to present transaction opportunity proposals, with the board of Syngas undertaking to review and consider such opportunities on their merits. An announcement to ASX has been issued on 19 September 2014 detailing the loan agreement and the appointment of Low Siak Wei as a member of the board of directors of the consolidated entity.

NOTE 25. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2014 (2013: Nil).

NOTE 26. PARENT COMPANY DISCLOSURES

Financial position	**2014**	**2013**
	$	**$**
Assets		
Current assets	5,421	19,320
Non-current assets	1,331	502,028
Total assets	**6,752**	**521,348**
Liabilities		
Current liabilities	360,684	149,033
Non-current liabilities	-	-
Total liabilities	**360,684**	**149,033**
Equity		
Issued capital	35,016,571	35,016,571
Option Premium Reserve	1,793,484	1,793,484
Retained earnings	(37,163,987)	(36,437,740)
Total equity	**(353,932)**	**372,315**

Financial performance	**Year ended 30 June 2014 $**	**Year ended 30 June 2013 $**
Loss for the year	(726,247)	(67,624)
Other comprehensive income	-	-
Total comprehensive income	**(726,247)**	**(67,624)**

The Company has not provided guarantees in relation to the debts of its subsidiaries.

For details on commitments, see Note 15.

NOTE 27. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the auditor of the Company and Consolidated Entity:

	Consolidated	
	2014	**2013**
	$	**$**
Services		
Audit or review of financial reports (Nexia Melbourne)	15,000	15,000
Non-audit services – tax compliance	7,500	-
Total remuneration	**22,500**	**15,000**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Syngas Limited ACN 062 284 084 ("Company"), I state that:

1) In the opinion of the directors:

(a) The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) Complying with Accounting Standards and the Corporations Regulations 2001; and

(ii) Giving a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Entity;

(b) Subject to achievement of the matters set out in Note 1 to the Financial Report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the board of directors.

Michael Cox
Chairman

29 September 2014
Sydney, NSW

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SYNGAS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Syngas Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Syngas Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of Syngas Limited is in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

    ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern and the Recoverability of Assets

Without modifying our opinion, we draw attention to the following matter. As a result of the matter described in Note 1 – Going Concern of the financial report, there is a significant uncertainty whether the consolidated entity will be able to continue as a going concern and pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and in the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 14 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Syngas Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

NEXIA MELBOURNE
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne

29 September 2014

AUSTRALIAN SECURITIES EXCHANGE (ASX) ADDITIONAL INFORMATION

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 9 September 2014.

(a) Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number held	Percentage
FRID Energy Pty Ltd	210,214,286	36.15
Iron Mountain Pty Ltd	117,978,637	20.29
Swann & Jenkins Pty Ltd	39,550,000	6.80

(b) Voting rights

Ordinary shares

On a show of hands every member present at a meeting of shall have one vote and, upon a poll, each share shall have one vote.

Options

There are no voting rights attached to the options.

(c) Distribution of ordinary shares

Category	No of Shares	No of holders
1 – 1,000	14,888	53
1,001 – 5,000	504,879	166
5,001 – 10,000	1,083,827	128
10,001 – 100,000	24,396,671	547
100,001 and over	555,440,023	323
Total	**581,440,288**	**1,217**

There were 1032 holders of less than a marketable parcel of ordinary shares.

AUSTRALIAN SECURITIES EXCHANGE (ASX) ADDITIONAL INFORMATION

Equity Security Holders
Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted ordinary shares are listed below:

Name	Number Held	% of Issued Shares
Frid Energy Pty Ltd	210,214,286	36.15
Iron Mountain Entertainment Pty Ltd	75,500,000	12.98
Iron Mountain Pty Ltd	42,478,537	7.31
Swann & Jenkins Pty Ltd	39,550,000	6.80
Roebeach Pty Ltd<Corundum Superfund A/C>	9,570,859	1.65
Citicorp Nominees Pty Ltd	8,120,000	1.40
ATA Trading Pty Ltd	4,963,635	0.85
Mr David Michael Wilson	4,712,214	0.81
Mr Keith Raymond Kahler	4,645,385	0.80
Leet Investments Pty Ltd	4,100,000	0.71
Mr Andrew Spanos + Mrs Constandina Spanos <A & C Spanos Super Fund A/C>	3,867,222	0.67
Mr John Malcolm Burrell + Mrs Judith Maree Burell <Burell Family S/F A/C>	3,857,670	0.66
Mercator Capital Services Pty Limited <Mercator Super Fund A/C>	3,554,552	0.61
Ms Susan Elizabeth Evans	3,300,000	0.57
Mrs Smaro Makris + Mr Dimitrios Makris <Makris Super Fund A/C>	3,294,084	0.57
Cappafield Pty Ltd <Cappafield Super A/C>	3,000,000	0.52
Mr Maethee Ieamprapai	2,500,000	0.43
Mr Kui Shing	2,200,000	0.38
Mrs Marie Takla Glavas	2,000,000	0.34
Zenco Limited	1,980,000	0.34
Sub-Total Twenty Largest Holders	**433,408,444**	**74.54**
Remaining Holders	148,031,844	25.46
Total	**581,440,288**	**100.00**

INTERESTS IN TENEMENTS

Syngas Energy Pty Ltd	Description	Status	Interest
MEL 4785	Moorlands	Granted	100%
MEL 5186	Clinton	Granted	100%