SYNGAS

LIMITED

ABN 41 062 284 084

# Annual Financial Report 2015

## CORPORATE DIRECTORY

| | |
|---|---|
| **DIRECTORS:** | Michael Cox<br>Drago Panich<br>Datuk Siak Wei Low<br>Richard Ong<br>Peter Ng |
| **COMPANY SECRETARY:** | Ian Gregory |
| **REGISTERED OFFICE:** | Suite 1,102 Gloucester Street<br>The Rocks NSW 2000<br><br>Tel: +61 (2) 9252 5052 |
| **AUDITORS:** | **Nexia Australia**<br>Level 18, 530 Collins Street<br>Melbourne VIC 3000 |
| **SHARE REGISTRY:** | **Computershare Investor Services Pty Ltd**<br>Level 11,<br>172 St Georges Terrace<br>Perth WA 6000<br><br>GPO Box D182<br>Perth WA 6840<br><br>Tel: 1300 557 010<br>Int: +61 (8) 9323 2000<br>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.

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# 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 2015. 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)

Anne Cox (appointed 6 June 2014 and resigned 1 October 2014)

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

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

Richard Ong (appointed 24 November 2014 and continues in office)

Peter Ng (appointed 1 October 2014 and continues in office)

## PRINCIPAL ACTIVITIES

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

The principal activity of the Company is resources with its current focus on Coal in South Australia. The current project has being re-evaluated and 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 $414,299 (2014: $726,247).

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

| 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| 0.01 | 0.01 | 0.01 | 3.91 | 0.39 |

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 in 2015 was centred on the Clinton Project with Mineral Exploration Lease 5186, located north of Adelaide, South Australia. The current project has being re-evaluated and the future direction of the company is under review. The Directors of the company are continuing to evaluate opportunities.

The tenure on Licence 5186 expired in August 2015 and the Company did not seek to renew or extend this Licence.

### CORPORATE

Syngas' continued progress/operation depends on identifying a suitable project and obtaining the funding to develop such a project. The main focus of management during the financial year has been identifying such a project and sourcing of funds.

## 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 2015.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Syngas has entered into a Loan agreement providing $700,000 in unsecured loan facility carrying an interest rate of 9.25% which has been drawn down to the sum of $700,000. Under the agreement if the loan is not repaid on its 1st anniversary the interest will be recalculated to 10.25%. Interest has been accrued at this rate of 10.25% for year ended 30th June 2015.

The funds received were used to repay existing facilities and outstanding fees and general working capital.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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.

## SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

The tenure on Licence 5186 expired in August 2015 and the Company did not seek to renew or extend this Licence.

Other than the matter discussed above, no other matters or circumstances 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 53)
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

### DRAGO PANICH B.ENG MSC (AGE 70)
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 RESIGNED 1 OCTOBER 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

### RICHARD ONG (AGE 58)
NON-EXECUTIVE DIRECTOR
APPOINTED: 24 NOVEMBER 2014

**Experience and Expertise**
Mr Ong holds a Bachelor of Science and a Bachelor of Laws. He was in legal practise in Malaysia and New South Wales. He has been involved in corporate finance work in Malaysia, Singapore and Australia for more than twenty years.

**Other Current Directorships**
Nil

**Former Directorships in the Last Three Years**
Nil

**Special Responsibilities**
Non-Executive Director

### PETER NG (AGE 51)
NON-EXECUTIVE DIRECTOR
APPOINTED: 1 OCTOBER 2014

**Experience and Expertise**
Mr Ng is a solicitor practising law in Melbourne. Prior to entering legal practise, Mr Ng was an Associate Director of a boutique private equity investment house specialising in managing and raising the public profiles of small and emerging companies in the mining and renewable energy sector.

Mr Ng holds a Bachelor of Economics, a Master of Business Administration, a Master of Laws and a graduate Diploma in Legal Practice.

**Other Current Directorships**
Nil

**Former Directorships in the Last Three Years**
Nil

**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 29 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 | - |
| Drago Panich | - | - |
| Datuk Siak Wei Low | 113,192,923 | - |
| Richard Ong | - | - |
| Peter Ng | - | - |
| | 121,154,761 | - |

*At the date of the previous report*

| Current directors | Ordinary shares | Options |
|---|---|---|
| Michael Cox | 7,961,838 | - |
| Anne Cox | - | - |
| 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 | 2 | 2 |
| Drago Panich | 2 | 2 |
| Datuk Siak Wei Low | 2 | 2 |
| Richard Ong | 2 | 2 |
| Peter Ng | 2 | 2 |

## 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 |
| Drago Panich | Non-executive director | $40,000 inclusive of superannuation |
| Anne Cox | Non-Executive director | $40,000 inclusive of superannuation |
| Datuk Chris Siak Wei Low | Non-executive director | $40,000 inclusive of superannuation |
| Richard Ong | Non-executive director | $40,000 inclusive of superannuation |
| Peter Ng | 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 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 REPORT – AUDITED (CONTINUED)

### REMUNERATION OF KEY MANAGEMENT PERSONNEL – 2015

| | Primary Compensation | | | |
|---|---|---|---|---|
| | Short Term Benefits[1] | | Post Employment Benefits[2] | Total |
| | Cash Salary and Fees | Non-monetary benefits | Superannuation | |
| | $ | $ | $ | $ |
| **DIRECTORS** | | | | |
| Michael Cox | 45,000 | 0 | 0 | 45,000 |
| Drago Panich | 40,000 | 0 | 0 | 40,000 |
| Anne Cox | 10,000 | 0 | 0 | 10,000 |
| Datuk Chris Siak Wei Low | 31,667 | 0 | 0 | 31,667 |
| Richard Ong | 23,333 | 0 | 0 | 23,333 |
| Peter Ng | 30,000 | 0 | 0 | 30,000 |
| TOTAL PRIMARY COMPENSATION FOR DIRECTORS | **180,000** | **0** | **0** | **180,000** |
| **EXECUTIVES** | | | | |
| Ian Gregory | 12,000 | 0 | 0 | 12,000 |
| TOTAL PRIMARY COMPENSATION FOR EXECUTIVES | | | | |
| TOTAL PRIMARY COMPENSATION | **192,000** | **0** | **0** | **192,000** |

[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 OF KEY MANAGEMENT PERSONNEL – 2015 (CONTINUED)

| | Total Compensation 2015 | | | | |
|---|---|---|---|---|---|
| | Primary Compensation | Equity Compensation | Total | Proportion of remuneration performance based | Value of options as proportion of remuneration |
| | $ | $ | $ | % | % |
| **DIRECTORS** | | | | | |
| Michael Cox | 45,000 | - | 45,000 | - | - |
| Drago Panich | 40,000 | - | 40,000 | - | - |
| Anne Cox | 10,000 | - | 10,000 | - | - |
| Datuk Chris Siak Wei Low | 31,667 | - | 31,667 | - | - |
| Richard Ong | 23,333 | - | 23,333 | - | - |
| Peter Ng | 30,000 | - | 30,000 | - | - |
| | | | | - | - |
| TOTAL COMPENSATION FOR DIRECTORS | **180,000** | **-** | **180,000** | **-** | **-** |

[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 – 2015 (CONTINUED)

Total Compensation 2015

| | Primary Compensation | Equity Compensation | Total | Proportion of remuneration performance based | Value of options as proportion of remuneration |
|---|---|---|---|---|---|
| | $ | $ | $ | % | % |
| **EXECUTIVES** | | | | | |
| Ian Gregory | 12,000 | - | 12,000 | - | - |
| TOTAL COMPENSATION FOR EXECUTIVES | **12,000** | **-** | **12,000** | - | - |
| TOTAL | **192,000** | **-** | **192,000** | **-** | **-** |

### 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** |

## 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 2015 by virtue of the exercise of options (2014: 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 (2014: $Nil). 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 Australia 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 (2014: $15,000) was paid or is payable for audit services provided by the auditor.

### NON-AUDIT SERVICES

During the financial year $7,500 (2014: $7,500) was paid to the auditor for non-audit services 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 Australia, have provided a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2015. This declaration has been included on page 14 and forms part of this report.

Signed in accordance with a resolution of the directors.

**Michael Cox**
28 September, 2015
Sydney, NSW

nexia australia

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**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 2015, 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

28 September 2015

**Nexia Melbourne**
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# CORPORATE GOVERANCE STATEMENT

ASX Listing Rule 4.10.3 requires companies to include a statement in their annual report that outlines the extent to which it has followed the ASX Corporate Governance Council's "Principles of Good Corporate Governance" (Principles) and the "Best Practice Recommendations" (Recommendations) (together referred to as the Guidelines).

For convenience, the measures adopted to ensure compliance with the Guidelines are presented in a tabular format below. In most cases, Syngas has adopted the Guidelines per se, however where this has not been possible Syngas has highlighted the steps taken to ensure compliance with the intent or 'spirit' of the Guidelines on an "if not, why not basis". The following table is compliant according to the 3rd edition of the Corporate Governance Council's Principles published on 27 March 2014 effective up until 30 June 2015. As per ASX Listing Rule 4.7.3 Syngas lodges Appendix 4G: Key Disclosures – Corporate Governance Council Principles and recommendations that became effective 1 July 2014 at the same time as this Annual report.

The following table summarises Syngas compliance with ASX Corporate Governance Council's guidelines. Shaded sections are Guidance Principles, while unshaded sections are Syngas' responses.

| Principle | Compliance/Response |
|---|---|
| **Principle 1**<br><br>**Recommendation 1.1** | **Lay solid foundations for management and oversight**<br><br>**A listed entity should disclose:**<br>**(a) the respective roles and responsibilities of its board and management; and**<br>**(b) those matters expressly reserved to the board and those delegated to management.** |
| **Syngas Response** | The Syngas Board Charter makes it clear that the roles of Chairman and Chief Executive Officer are to be separate and distinct.<br><br>Whilst the company is in a phase of re-organisation, the Chairman has assumed the executive functions. The positions will be separated once this process of re-organisation is complete. |
| **Recommendation 1.2** | **A listed entity should:**<br><br>**(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and**<br><br>**(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.** |
| **Syngas Response** | On appointment new Board members are provided a questionnaire where they are required to disclose information about their bankrupt status and good fame and character. All existing directors have been nominated by significant shareholders.<br><br>Security holders are provided information on existing and newly appoint Directors when Directors are due for election. This information is provided in the Notice of meeting documents. |
| **Recommendation 1.3** | **A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.** |
| **Syngas Response** | All executive directors and senior management have written employment agreements.<br><br>Employment agreements are entered into with any person appointed to a senior management position. At present the company does not employ any executive. |
| **Recommendation 1.4** | **The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.** |

| Principle | Compliance/Response |
|---|---|
| | The Company Secretary reports to the Chairman of the Board. |
| **Recommendation 1.5** | **A listed entity should:**<br><br>**(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;**<br><br>**(b) disclose that policy or a summary of it; and**<br><br>**(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:**<br><br>**(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or**<br><br>**(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.** |
| | Syngas is an equal opportunity employer and maintains a diversity policy.<br><br>At the current point of time Syngas has no employees..<br><br>Syngas Limited is not defined as a relevant employer under the workplace Gender Equality Act.<br><br>The diversity policy publishes the relevant diversity targets as follows:<br><br>Target — By-when<br>(1) Board Level – at least one of the next 2 Board appointments desirable should be female with appropriate skills and attributes. — (1) when it is appropriate to expand or refresh the Board.<br><br>(2) at Executive level –at least one Of the next 2 executive appointments desirable should be female with appropriate skills and attributes. — (2) when is it is appropriate to expand or refresh the executive team. |
| **Recommendation 1.6** | **A listed entity should:**<br><br>**(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**<br><br>**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.** |
| | The Syngas Board undertakes the review of the performance of Board Members as is appropriate to the size and operations of its business and organisation at appropriate times during the year.<br><br>Each Board Member is requested to complete a confidential questionnaire on the performance of other directors and the Board as a whole and these questionnaires are compiled and considered by the Board. This process is has not yet been completed. |

| Principle | Compliance/Response | |
|---|---|---|
| Recommendation 1.7 | **A listed entity should:**<br><br>**(a) have and disclose a process for periodically evaluating the performance of its senior executives; and**<br><br>**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.** | |
| | A performance evaluation was not under taken of senior executives as no senior executives are presently employed. | |
| **Principle 2** | **Structure the board to add value** | |
| **Recommendation 2.1** | **The board of a listed entity should:**<br><br>**(a) have a nomination committee which:**<br><br>**(1) has at least three members, a majority of whom are independent directors; and**<br><br>**(2) is chaired by an independent director,**<br><br>**and disclose:**<br><br>**(3) the charter of the committee;**<br><br>**(4) the members of the committee; and**<br><br>**(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**<br><br>**(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.** | |
| **Syngas Response** | The Syngas Board consists of five directors.<br><br>Applying the independence test outlined in the Principles, Syngas considers that the independent directors are Peter Ng, Richard Ong and Drago Panich. Thus, there is a majority of directors that are independent.<br><br>The Board is cognisant off the need for independence and so has in place policies to mitigate for the lack of independence. The independence of the Board is supported by adherence by the Board to various policy documents.<br><br>These documents require that:<br><br>(a) new directors inform the Board of any perceived bias or conflicts of interest before their appointment,<br><br>(b) serving directors bring any potential conflicts of interests to the notice of the Board prior to the commencement of each meeting,<br><br>(c) any conflicted director will absent him or herself from voting on that particular matter; and<br><br>(d) Non-executive Directors can hold independent meetings before scheduled full board meetings in the absence of management; and<br><br>The Board is of the view that this is the best arrangement to grow the business of Syngas in the current development cycle of the Company. | |

| Principle | Compliance/Response |
|---|---|
| **Recommendation 2.2** | **A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.** |
| **Syngas Response** | The Board is currently comprised of five members. The Board is not currently seeking to appoint new members. However the Board would appoint a new member on the basis that that potential member is able to significantly help to grow the business. Therefore the Board does not currently publish a skills matrix. |
| **Recommendation 2.3** | **A listed entity should disclose:**<br>**(a) the names of the directors considered by the board to be independent directors;**<br>**(b) if a director has an interest, position, association or relationship but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and**<br>**(c) the length of service of each director.** |
| **Syngas Response** | The Syngas Board consists of five directors.<br>Applying the independence test outlined in the Principles, Syngas considers that the independent directors are Peter Ng, Richard Ong and Drago Panich. Thus, there is a majority of directors that are independent.<br>The Board is cognisant of the need for independence and so has in place policies to mitigate for the lack of independence. The independence of the Board is supported by adherence by the Board to various policy documents.<br>The Board is of the view that this is the best arrangement to grow the business of the Syngas in the current development cycle of the Company. |
| **Recommendation 2.4** | **A majority of the board of a listed entity should be independent directors.** |
| **Syngas Response** | Applying the independence test outlined in the Principles, the Syngas considers that the independent directors are Peter Ng, Richard Ong and Drago Panich. Thus, there is a majority of directors that are independent.<br>The Board is of the view that this is the best arrangement to grow the business of the Syngas in the current development cycle of the Company. |
| **Recommendation 2.5** | **The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.** |
| **Syngas Response** | In the current absence of a CEO, the Chairman has assumed the executive functions. |
| **Recommendation 2.6** | **A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.** |
| **Syngas Response** | New directors are given a package of relevant information concerning the Company |

| Principle | Compliance/Response |
|---|---|
| **Principle 3** | **A listed entity should act ethically and responsibly.** |
| **Recommendation 3.1** | **A listed entity should:**<br><br>**(a) have a code of conduct for its directors, senior executives and employees; and**<br><br>**(b) disclose that code or a summary of it.** |
| **Syngas Response** | Syngas has in place a number of procedures and policy documents to guide the directors and Chief Executive Officer in making ethical and responsible decisions.<br><br>The Syngas Code of Ethics and Conduct requires that all directors and employees uphold high standards honesty, fairness and equity in all aspects of their employment and or association with Syngas.<br><br>The Procedures restate the *Corporations Act* prohibition on insider trading, improper use of inside information and the prohibition on making gains by improper use of position.<br><br>The Procedures also place prohibitions on employees and directors in dealing with Syngas shares at certain times of the year.<br><br>Each individual must abide by these policies and procedures in order to contribute to the high standard of integrity expected by Syngas. |
| **Principle 4** | **Safeguard integrity in corporate reporting** |
| **Recommendation 4.1** | **The board of a listed entity should:**<br><br>**(a) have an audit committee which:**<br><br>**(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**<br><br>**(2) is chaired by an independent director, who is not the chair of the board,**<br><br>**and disclose:**<br><br>**(3) the charter of the committee;**<br><br>**(4) the relevant qualifications and experience of the members of the committee; and**<br><br>**(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**<br><br>**(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.** |
| **Syngas Response** | Syngas accepts the importance of safe guarding the integrity of its financial reporting systems. The Board sees that this obligation requires conduct at two levels.<br><br>First, it requires the Board members to take steps to maintain the integrity of its reporting systems that is with respect to being properly resourced to produce relevant reports. Secondly, this requirement obligates Syngas to adopt strategies to verify and safeguard the integrity of those financial |

| Principle | Compliance/Response |
|---|---|
| | reports.<br>The Board has established an Audit & Risk Committee but it is currently inactive. The Board overseas this function.<br>Secondly, the Board considers that the Board is of sufficient size and possesses sufficient technical accounting and commercial expertise to ensure Syngas carries out its reporting obligations.<br>The integrity of Syngas financial reporting is promoted by the following:<br>1. That at least one director has significant accounting experience and expertise;<br>2. Syngas is not so large as to warrant resources beyond that of the existing board being utilised;<br>3. Syngas Board engages with its auditors on a regular basis;<br>4. As Syngas continues to develop the sophistication of its markets and business structure the board will reassess its position in relation to its reporting safe guards.<br>The Board is of the view that this is the best arrangement to grow the business of Syngas in the current development cycle of the Company. |
| **Recommendation 4.2** | **The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.** |
| **Syngas Response** | The Board and auditors are provided with a management representation letter attesting to the above requirements |
| **Principle 5** | **Make timely and balanced disclosure** |
| **Recommendation 5.1** | **A listed entity should:**<br>**(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and**<br>**(b) disclose that policy or a summary of it.** |
| **Syngas Response** | The Compliance Plan is designed to ensure that company announcements are made in timely manner, are factual, do not omit material information and are expressed in a clear and objective manner. The plan provides a 'road map' of Syngas compliance with its disclosure obligations. |
| **Principle 6** | **Respect the rights of security holders** |
| **Recommendation 6.1** | **A listed entity should provide information about itself and its governance to investors via its website.** |
| **Syngas Response** | Syngas is committed to timely and accurate disclosure of information to shareholders.<br>The Syngas Website is currently being updated. The website directs shareholders to the ASX announcement platform for copies of releases made by Syngas to the ASX. |
| **Recommendation 6.2** | **A listed entity should design and implement an investor relations** |

| Principle | Compliance/Response |
|---|---|
| | **program to facilitate effective two-way communication with investors.** |
| | Syngas is in the process of formulating an investor relations program. |
| **Recommendation 6.3** | **A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.** |
| | Syngas is in the process of formulating an investor relations program. |
| **Recommendation 6.4** | **A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.** |
| | This option is provided by the Syngas share registry service |
| **Principle 7** | **Recognise and manage risk** |
| **Recommendation 7.1** | **The board of a listed entity should:**<br>**(a) have a committee or committees to oversee risk, each of which:**<br>**(1) has at least three members, a majority of whom are independent directors; and**<br>**(2) is chaired by an independent director,**<br>**and disclose:**<br>**(3) the charter of the committee;**<br>**(4) the members of the committee; and**<br>**(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**<br>**(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.** |
| **Syngas Response** | As stated in the Syngas Corporate Governance Statement, The Board Syngas has responsibility for reviewing the compliance framework and policies within Syngas, as well as assessing risk policies and framework associated with the Syngas. |
| **Recommendation 7.2** | **The board or a committee of the board should:**<br>**(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and**<br>**(b) disclose, in relation to each reporting period, whether such a review has taken place.** |
| **Syngas Response** | Management reports to the Board on its operations. This includes any analysis of risks facing the business. |
| **Recommendation 7.3** | **A listed entity should disclose:**<br>**(a) if it has an internal audit function, how the function is structured and what role it performs; or**<br>**(b) if it does not have an internal audit function, that fact and the** |

| Principle | Compliance/Response |
|---|---|
| | **processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.** |
| **Syngas Response** | Syngas does not have a dedicated internal audit function. However through a mixture of Board oversight, Compliance Committee and management the Board is able to monitor the effectiveness of its risk management framework.<br>The Board is of the view that this is the best arrangement to grow the business of Syngas in the current development cycle of the Company. |
| **Recommendation 7.4** | **A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks39 and, if it does, how it manages or intends to manage those risks.** |
| **Syngas Response** | These disclosures are provided in the Annual Report. |
| **Principle 8** | **Remunerate fairly and responsibly** |
| **Recommendation 8.1** | **The board of a listed entity should:**<br>**(a) have a remuneration committee which:**<br>**(1) has at least three members, a majority of whom are independent directors; and**<br>**(2) is chaired by an independent director,**<br>**and disclose:**<br>**(3) the charter of the committee;**<br>**(4) the members of the committee; and**<br>**(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;43 or**<br>**(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.** |
| **Syngas Response** | The Board has established a Remuneration and Nomination Committee. The committee consists of the current Board members.<br>The Board is of the view that this is the best arrangement to grow the business of Syngas in the current development cycle of the Company. |
| **Recommendation 8.2** | **A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.** |
| **Syngas Response** | Non-Executive directors are paid a flat fee which is comparable to the Directors Fees of similar companies. Executive salaries are determined by reviewing similar salary structures of executive of the skills and experience concerned. If thought appropriate the Board will engage an external consultant to advise on suitable remuneration packages. |
| **Recommendation 8.3** | **A listed entity which has an equity-based remuneration scheme should:**<br>**(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise)** |

| Principle | Compliance/Response |
|---|---|
| | **which limit the economic risk of participating in the scheme; and**<br>**(b) disclose that policy or a summary of it.** |
| **Syngas Response** | There are no share based payment schemes. This section is not applicable. |

## TRADING POLICY

Syngas is concerned with minimising conflicts of interest within its business.

Syngas employees and directors may have in their possession sensitive commercial or compliance information which could materially affect the value of Syngas Limited securities.

The suggestion of insider trading by an employee or director would do great harm to the employee/director and also to Syngas irrespective of whether insider trading actually occurs or is proven. The *Corporations Act 2001* prohibits insider trading in relation to financial products. The provisions are wide ranging and breaches are serious offences.

The procedures cover the following areas:

- Insider Trading Prohibition;
- Other relevant *Corporations Act* provisions;
- Dealing in Shares issued by Syngas Limited and its controlled entities;
- Prohibition on Dealing in Financial Products issued over Syngas Shares by Third Parties;
- Related Parties & Relevant Interests.

## AUDIT & RISK COMMITTEE

Syngas Limited Board has established an Audit and Risk Committee as part of its Corporate Governance Policy. The Committee structure is currently inactive as Syngas Board oversees these functions. The Board is of the view that this is the best arrangement to grow the business of Syngas in the current development cycle of the Company.

The primary function of the Committee is to assist the Board of Directors of Syngas Limited to carry out the following:

- monitor the integrity of the Syngas Group's statutory financial reports and statements;
- monitor management's framework to identify and manage enterprise risk and internal control for the Syngas Group;
- monitor compliance, in conjunction with the Syngas Compliance Committee, with laws and regulations and code of conduct for the Syngas Group; and

## REMUNERATION AND NOMINATION COMMITTEE

Syngas Limited Board of Directors has established a Remuneration and Nomination Committee as part of its Corporate Governance Policy. The Committee structure is currently inactive as the Syngas Board oversees this function. The Board is of the view that this is the best arrangement to grow the business of the Syngas in the current development cycle of the Company.

The Committee's primary functions are to:

- review director competence standards;

- review Board succession plans;
- evaluate the Board’s performance;
- make recommendations for the appointment and removal of directors to the Board; and
- make recommendations to the Board on, executive remuneration and incentive policies, the remuneration packages of senior management, recruitment, retention and termination policies for senior management, incentive schemes, and remuneration for directors.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2015

| | | Consolidated Entity | |
|---|---|---|---|
| | | **2015** | **2014** |
| | **Note** | **$** | **$** |
| Revenue | 2 | 2 | 16 |
| Other income | 2 | - | 1,220 |
| Impairment of exploration licences | 8 | - | (500,000) |
| Interest expense | | (49,734) | |
| Other financing costs | | (59,000) | |
| Other expenses | 2 | (305,567) | (227,483) |
| LOSS BEFORE INCOME TAX (EXPENSE)/BENEFIT | | (414,299) | (726,247) |
| Income tax (expense)/benefit | 3 | - | - |
| LOSS AFTER INCOME TAX (EXPENSE)/BENEFIT | | **(414,299)** | **(726,247)** |
| Other comprehensive income | | **-** | **-** |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | **(414,299)** | **(726,247)** |
| **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 2015

| | Note | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 115,659 | 728 |
| Trade and other receivables | 6 | 1,387 | 4,693 |
| TOTAL CURRENT ASSETS | | 117,046 | 5,421 |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 7 | 634 | 1,331 |
| TOTAL NON-CURRENT ASSETS | | 634 | 1,331 |
| TOTAL ASSETS | | **116,680** | **6,752** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | 136,177 | 155,881 |
| Borrowings | 9(a) | 749,734 | 204,803 |
| TOTAL CURRENT LIABILITIES | | 885,911 | 360,684 |
| TOTAL LIABILITIES | | **885,911** | **360,684** |
| NET ASSETS | | **(768,231)** | **(353,932)** |
| **EQUITY** | | | |
| Contributed equity | 10 | 35,016,571 | 35,016,571 |
| Reserves | 11 | - | 1,793,484 |
| Accumulated losses | 4 | (35,784,802) | (37,163,987) |
| TOTAL EQUITY | | **(768,231)** | **(353,932)** |

The accompanying notes form part of these financial statements

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

| | Note | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments to suppliers & employees | | (314,858) | (75,942) |
| Interest received | | 2 | 16 |
| NET CASH USED IN OPERATING ACTIVITIES | 12 | **(314,856)** | **(75,926)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from Borrowings | | 721,315 | 57,334 |
| Financing Costs | | (65,410) | - |
| Repayments of Borrowings | | (226,118) | - |
| NET CASH FROM FINANCING ACTIVITIES | | **429,787** | **57,334** |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | **114,931** | **(18,592)** |
| Cash and cash equivalents at beginning of year | | 728 | 19,320 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | **115,659** | **728** |

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

| | Issued Capital<br>$ | Reserves<br>$ | Accumulated Losses<br>$ | Total Equity<br>$ |
|---|---|---|---|---|
| AT 30 JUNE 2014 | 35,016,571 | 1,793,484 | (37,163,987) | (353,932) |
| Transfer of reserves | - | (1,793,484) | 1,793,484 | - |
| Loss for the year | - | - | (414,299) | (414,299) |
| Total comprehensive income for the year | - | - | (414,299) | (414,299) |
| **AT 30 JUNE 2015** | 35,016,571 | - | (35,784,802) | (768,231) |
| | | | | |
| 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) |
| **AT 30 JUNE 2014** | **35,016,571** | **1,793,484** | **(37,163,987)** | **(353,932)** |

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 2015 was authorised for issue in accordance with a resolution of the directors dated 28 September 2015.

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 $414,299 for the year ended 30 June 2015, net operating cash outflows of $314,856 and has net liabilities of $768,231 at 30 June 2015. 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 Consolidated Entity received a Letter of Support from one of the Directors stating that he would provide sufficient financial assistance to meet ongoing expenditure commitments for at least twelve months from the date of signing the financial report.

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.

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 and continue to proceed assessing new opportunities.

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 corporate 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.

## 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.

**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.

***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.

## 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.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

## NOTE 2. REVENUE, OTHER INCOME AND EXPENSES

| | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|
| REVENUE | | |
| Interest revenue | 2 | 16 |
| TOTAL REVENUE | 2 | 16 |
| OTHER INCOME | | |
| Sundry | - | 1,220 |
| TOTAL OTHER INCOME | - | 1,220 |
| OTHER EXPENSES | | |
| Depreciation of plant and equipment | 697 | 697 |
| Listed company costs | 27,479 | 28,629 |
| Consulting Fees | - | 24,000 |
| Employment expenses: | | |
| Fees, wages and salaries | 180,000 | 117,798 |
| Superannuation | - | 7,202 |
| Legal costs | - | 8,486 |
| Impairment Tenement value | - | 500,000 |
| Financing Costs | 108,734 | - |
| Other | 97,392 | 40,671 |
| TOTAL OTHER EXPENSES | 414,302 | 727,483 |

## NOTE 3. INCOME TAX

The major components of income tax expense are:

| | 2015 | 2014 |
|---|---|---|
| INCOME STATEMENT | | |
| Current income tax expense / (revenue) | (132,772) | - |
| Deferred tax expense / (revenue) relating to the origination and reversal of temporary differences | 8,526 | - |
| Tax Losses not recognised | 124,246 | - |
| TOTAL INCOME TAX | - | - |

*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:*

| | 2015 | 2014 |
|---|---|---|
| ACCOUNTING LOSS BEFORE INCOME TAX | (414,299) | (726,247) |
| At the Consolidated Entity's statutory income tax rate of 30% (2014: 30%) | 124,290 | 217,874 |
| Expenditure not allowable for income tax purposes | 44 | 673 |
| Deferred tax assets not brought to account as realisation is not considered probable | (124,246) | (217,201) |
| TOTAL INCOME TAX | - | - |

## 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 2015 $ | Consolidated Entity 2014 $ |
|---|---|---|
| **NOTE 4. ACCUMULATED LOSSES** | | |
| Accumulated losses at the beginning of the financial year | 37,163,987 | 36,437,740 |
| Net loss for the financial year | 414,299 | 726,247 |
| ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR | 37,578,286 | 37,163,987 |

## NOTE 5. LOSS PER SHARE

| | | |
|---|---|---|
| Loss from continuing operations used in the calculation of basic and diluted loss per share | (414,299) | (726,247) |
| Loss used in the calculation of basic and diluted loss per share | (414,299) | (726,247) |
| 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 2015 which are considered to be potential ordinary shares had anti-dilutive effects on the basic loss per share.

## NOTE 6. TRADE AND OTHER RECEIVABLES (CURRENT)

| | | |
|---|---|---|
| Other | 1,387 | 4,693 |
| TOTAL TRADE AND OTHER RECEIVABLES | 1,387 | 4,693 |

## NOTE 7. PLANT AND EQUIPMENT

| | | |
|---|---|---|
| At cost | 2,113 | 2,113 |
| Accumulated depreciation | (1,479) | (782) |
| TOTAL PLANT AND EQUIPMENT | 634 | 1,331 |
| MOVEMENTS IN THE CARRYING AMOUNT OF EACH CLASS OF PLANT AND EQUIPMENT | | |
| PLANT AND EQUIPMENT | | |
| At the beginning of the financial year | 2,113 | 2,113 |
| Additions | - | - |
| Disposals | - | - |
| Depreciation expense | (1,479) | (782) |
| AT THE END OF THE FINANCIAL YEAR | 634 | 1,331 |

## NOTE 8. EXPLORATION AND EVALUATION

| | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|
| MOVEMENTS IN THE CARRYING AMOUNT OF EXPLORATION LICENCES | | |
| At the beginning of the financial year | - | 500,000 |
| Impairment | - | 500,000 |
| At the end of the financial year | - | - |

As at 30 June 2015 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.

During the period 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. Subsequent to the end of the financial year the tenement was not renewed.

## NOTE 9. TRADE AND OTHER PAYABLES (CURRENT)

| | 2015 $ | 2014 $ |
|---|---|---|
| Creditors and accrued expenses | 136,177 | 155,881 |
| AT THE END OF THE FINANCIAL YEAR | 136,177 | 155,881 |

## NOTE 9(a). BORROWINGS

| | 2015 $ | 2014 $ |
|---|---|---|
| Director's Loan | 749,734 | 204,803 |
| AT THE END OF THE FINANCIAL YEAR | 749,734 | 204,803 |

Borrowings totalling $749,734 are interests associated with Mr Low, a director of the Company and are non-secured, annual interest of 10.25% and repayable when the Company is in a position to repay. The total of this facility is $700,000 of which at the date of this report $700,000 is utilised, with the balance of the being accumulated interest. The loan expired on 18 September 2015 however an extension was signed to extend the loan for a further term of twelve months from 18 September 2015.

## NOTE 10. CONTRIBUTED EQUITY

| | Consolidated Entity 2015 $ | Consolidated Entity 2014 $ |
|---|---|---|
| 581,440,288 (2014: 581,440,288) fully paid ordinary shares | 29,146,271 | 29,146,271 |
| Nil (2014: nil) fully paid converting performance shares | 5,870,300 | 5,870,300 |
| Capital return | - | - |
| | 35,016,571 | 35,016,571 |

| MOVEMENTS IN ORDINARY SHARES | Number of shares | Issue price $ | $ |
|---|---|---|---|
| 1 July 2014 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 2015, there were no unissued ordinary shares for which performance shares were outstanding (2014: 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.

## NOTE 10. CONTRIBUTED EQUITY (CONTINUED)

**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.

| | Consolidated Entity | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| **NOTE 11. RESERVES** | | |
| Option premium reserve | - | 1,793,484 |
| | **-** | **1,793,484** |

| MOVEMENTS IN OPTION PREMIUM RESERVE | **Number of options** | **2015 $** |
|---|---|---|
| 1 July Opening Balance | - | 1,793,484 |
| Transfer to retained earnings | - | (1,793,484) |
| Issued during the period | - | - |
| Expired during the period | - | - |
| AT THE END OF THE FINANCIAL YEAR | **-** | **-** |

At 30 June 2015 there were Nil (2014: Nil) unissued ordinary shares for which options were outstanding.

| | Consolidated Entity | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| **NOTE 12. CASH FLOW INFORMATION** | | |
| RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX | | |
| Loss after tax | (414,299) | (726,247) |
| *Non-cash flows in loss* | | |
| Impairment of exploration licences | - | 500,000 |
| Depreciation of property, plant and equipment | 697 | 697 |
| *Changes in assets and liabilities* | | |
| Decrease/(increase) in trade and other receivables | 111,625 | - |
| Increase/(decrease) in trade and other payables | (12,879) | (225,550) |
| NET CASH USED IN OPERATING ACTIVITIES | **(314,856)** | **(75,926)** |

| | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|
| **NOTE 13. EXPENDITURE COMMITMENTS** | | |
| **EXPLORATION LICENCES** | | |
| Commitments in relation to exploration licences at the reporting date but not recognised as liabilities: | | |
| Within 1 year | - | 210,000 |
| Later than one year but not later than five years | - | 300,000 |
| Later than five years | - | - |
| AGGREGATE EXPLORATION LICENCE EXPENDITURE AT REPORTING DATE | **-** | **510,000** |
| **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 14. 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)

Anne Cox (appointed 6 June 2014 and resigned 1 October, 2014)

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

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

Richard Ong (appointed 24 November 2014 and continues in office)

Peter Ng (appointed 1 October 2014 and continues in office)

**EXECUTIVES**

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

## NOTE 14. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

### A) COMPENSATION OF KEY MANAGEMENT PERSONNEL

| | Consolidated Entity 2015 $ | 2014 $ |
|---|---|---|
| COMPENSATION BY CATEGORY | | |
| Short term | - | - |
| Post employment | - | - |
| Share based payments | - | - |
| TOTAL | **-** | **-** |

### 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 2015**

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **1 July 2014** | **Issued as consideration** | **Net change trading** | **30 June 2015** |
| Michael Cox | 7,961,838 | - | - | 7,961,838 |
| Datuk Siak Wei Low | - | - | 113,192,923 | 113,192,923 |
| | **7,961,838** | **-** | **113,192,923** | **121,154,761** |

**YEAR ENDED 30 JUNE 2014**

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

### C) LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans made to any key management personnel during the year ended 30 June 2015 (2014: 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 2015 (2014: Nil). Other than that Solidus Financial Services an entity associated with Mr Michael Cox was repaid by the company the sum of $226,118 and has provided administration services at a cost of $5,000 per month during the year. This repayment was derived from the borrowings in Note 9(a).

## NOTE 15. SEGMENT INFORMATION

During the financial years ended 30 June 2015 and 30 June 2014, 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 16. INVESTMENTS IN CONTROLLED ENTITIES

| | % Owned | | Book value of shares held | | Contribution to consolidated profit/(loss) | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015<br>$ | 2014<br>$ | 2015<br>$ | 2014<br>$ |
| *Parent Entity* | | | | | | |
| Syngas Limited | | | | | | |
| *Entities controlled by Syngas Ltd* | | | | | | |
| Syngas Energy Pty Ltd | 100% | 100% | - | - | - | - |
| | | | **-** | **-** | **-** | **-** |

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

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

## NOTE 17. 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 18. 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 2015 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 2.00% (2014: 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. |

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principle 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 | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| **Financial assets** | | |
| Cash and cash equivalents | 115,659 | 728 |
| Trade and other receivables | 1,387 | 4,693 |
| Total Financial Assets | **117,046** | **5,421** |

## NOTE 18. FINANCIAL RISK MANAGEMENT (CONTINUED)

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Financial liabilities** | | |
| Trade and other payables | 136,177 | 155,881 |
| Borrowings | 749,734 | 204,803 |
| Total Financial Liabilities | **885,911** | **360,684** |

### FOREIGN CURRENCY RISK

At 30 June 2015, the Consolidated Entity had no assets or liabilities denominated in foreign currencies (2014: 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 2015 $ | Loss before tax and equity 2014 $ |
|---|---|---|
| **Consolidated entity** | | |
| +1% (100 basis points) | - | - |
| -0.5% (50 basis points) | - | - |

### 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.

## NOTE 18. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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 19. RELATED PARTY TRANSACTIONS

The Company is not controlled by any other entity.

The directors in office at 30 June 2015, and their related entities, held directly, indirectly or beneficially 121,154,761 ordinary shares in the Company (2014: 7,961,838).

## NOTE 20. DIVIDENDS

No dividends have been paid or proposed during the year (2014: Nil).

## NOTE 21. SHARE BASED PAYMENTS

**Year ended 30 June 2015**

No shares were issued during the year ended 30 June 2015.

**Year ended 30 June 2014**

No shares were issued during the year ended 30 June 2014

## NOTE 22. EVENTS SUBSEQUENT TO BALANCE DATE

The tenure on Licence 5186 expired in August 2015 and the Company did not seek to renew or extend this Licence.

Other than the matter discussed above, no other matters or circumstances 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.

## NOTE 23. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2015 (2014: Nil).

## NOTE 24. PARENT COMPANY DISCLOSURES

| Financial position | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Assets | | |
| Current assets | 117,046 | 5,421 |
| Non-current assets | 634 | 1,331 |
| Total assets | **117,046** | **6,752** |
| | | |
| Liabilities | | |
| Current liabilities | 885,911 | 360,684 |
| Non-current liabilities | - | - |
| Total liabilities | **885,911** | **360,684** |
| | | |
| Equity | | |
| Issued capital | 35,016,571 | 35,016,571 |
| Option Premium Reserve | 1,793,484 | 1,793,484 |
| Retained earnings | (37,578,286) | (37,163,987) |
| Total equity | **(768,231)** | **(353,932)** |

| Financial performance | Year ended 30 June 2015 $ | Year ended 30 June 2014 $ |
|---|---|---|
| Loss for the year | (414,299) | (726,247) |
| Other comprehensive income | | - |
| Total comprehensive income | **(414,299)** | **(726,247)** |

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

For details on commitments, see Note 17.

## NOTE 25. REMUNERATION OF AUDITOR

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| During the year the following fees were paid or payable for services provided by the auditor of the Company and Consolidated Entity: | | |
| **Services** | | |
| Audit or review of financial reports (Nexia Australia) | 19,000 | 18,500 |
| Non-audit services – tax compliance | 7,000 | 7,500 |
| Total remuneration | **26,000** | **26,000** |

# 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 2015 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 2015.

On behalf of the board of directors.

**Michael Cox**
**Chairman**

28 September 2015
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 2015, 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 2015 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.

*Emphasis of Matter - Material Uncertainty Regarding Continuation as a Going Concern and the Recoverability of Assets*

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of $414,299 during the year ended 30 June 2015, a net operating cash outflow of $314,856 and, as of that date, the company's total liabilities exceeded its total assets by $768,231. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 9 to 12 of the directors' report for the year ended 30 June 2015. 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 2015 complies with s 300A of the *Corporations Act 2001*.

**NEXIA MELBOURNE**
ABN 16 847 721 257

**GEORGE S DAKIS**
**Partner**
**Audit & Assurance Services**

Melbourne

28 September 2015

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 September 11, 2015.

**(a) Substantial shareholders**

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

| Shareholder | Number held | Percentage |
|---|---|---|
| APB Capital Holdings | 113,192,923 | 19.47 |
| Global Bridge Group Ltd | 110,000,000 | 18.92 |
| Malindo Minerals Ltd | 100,000,000 | 17.20 |
| 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 | 14,991 | 54 |
| 1,001 – 5,000 | 500,279 | 164 |
| 5,001 – 10,000 | 1,083,827 | 128 |
| 10,001 – 100,000 | 23,281,579 | 530 |
| 100,001 and over | 556,559,612 | 312 |
| **Total** | **581,440,288** | **1,188** |

There were 1,090 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 |
|---|---|---|
| Global Bridge Group Ltd | 110,000,000 | 18.92 |
| Malindo Minerals Ltd | 100,000,000 | 17.20 |
| APB Capital Holdings Ltd | 75,714,286 | 13.02 |
| Swann & Jenkins Pty Ltd | 39,550,000 | 6.80 |
| APB Capital Holdings | 37,478,637 | 6.45 |
| Roebeach Pty Ltd <Corundum Superfund A/C> | 9,570,859 | 1.65 |
| Citicorp Nominees Pty Ltd | 8,100,000 | 1.39 |
| Iron Mountain Pty Ltd | 4,999,900 | 0.86 |
| ATA Trading Pty Ltd | 4,963,635 | 0.85 |
| Mrs S. Pathik | 4,904,984 | 0.84 |
| Mr D M Wilson | 4,712,214 | 0.81 |
| Mr K R Kahler | 4,645,385 | 0.80 |
| Katana Equity Pty Ltd <Sala Tenna Family A/C> | 4,190,491 | 0.72 |
| Mr A. Spanos & Mrs C Spanos <A & C Spanos SuperFund A/C> | 3,867,222 | 0.67 |
| Mr J Burrell & Mrs J Burrell <Burrell Family S/F A/C> | 3,857,670 | 0.66 |
| Mercator Capital Services Pty Ltd <Mercator Super Fund A/C> | 3,554,552 | 0.61 |
| Mr M. A. Tkocz | 3,300,000 | 0.57 |
| Mrs S.Makris & Mr D. Makris <Makris Super Fund A/C> | 3,294,084 | 0.57 |
| Cappafield Pty Ltd <Cappafield Super A/C. | 3,000,000 | 0.52 |
| Mr M. Ieamprapai | 2,500,000 | 0.43 |
| **Sub-Total Twenty Largest Holders** | **432,203,919** | **74.33** |
| Remaining Holders | 149,236,369 | 25.67 |
| **Total** | **581,440,288** | **100.00** |

**INTERESTS IN TENEMENTS**

| **Syngas Energy Pty Ltd** | **Description** | **Status** | **Interest** |
|---|---|---|---|
| MEL 5186 | Clinton | Granted | 100% |