SYNGAS

LIMITED

ABN 41 062 284 084

Annual Financial Report 2016

SYNGAS LIMITED - CORPORATE DIRECTORY

DIRECTORS:	Richard Ong David Low Drago Panich Datuk Siak Wei Low Peter Ng
COMPANY SECRETARY:	Ian Gregory
REGISTERED OFFICE:	Level 13, 200 Queen Street Melbourne, VIC 3000 Tel: +61 (3) 8648 6431
AUDITORS:	**Moore Stephens Audit (Vic)** Level 18, 530 Collins Street Melbourne VIC 3000
SHARE REGISTRY:	**Computershare Investor Services Pty Ltd** Level 11, 172 St Georges Terrace Perth WA 6000 GPO Box D182 Perth WA 6840 Tel: 1300 557 010 Int: +61 (8) 9323 2000 Fax: +61 (8) 9323 2033

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

SYNGAS LIMITED - CONTENTS

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 2016. 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:

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

David Chee Cheong Low (appointed 2 November 2015 and continues in office)

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

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

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

Michael Cox (appointed 27 April 2012 and retired 2 November 2015)

PRINCIPAL ACTIVITIES

The principal activity of the Company is in the resource and energy sector. The Company is seeking investment opportunities in the resource and energy sector. The previous coal tenement in South Australia was not renewed.

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 $388,040 (2015: $414,299).

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

2016	2015	2014	2013	2012
0.07	0.07	0.12	0.01	3.91

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 for 2016 were centred on reviewing its 100% interest in MEL 4185 (north-west of Adelaide in the Northern St Vincent Basin Coalfields) located in South Australia. However, the project was viewed as not viable for conversion to energy project. Hence, the tenement was surrendered back to the South Australian Department of State Resources. The Company had continued to seek out opportunities in the energy sector.

On 22 January 2016, the Company entered into a memorandum of understanding to investigate participating in a 10 MW mini-hydro run-of-river power plant (the "Project") located in the Island of Sumatra, Republic of Indonesia. Syngas is currently undertaking a due diligence and feasibility study on the Project. Subsequent to year end, the Company obtained an extension of time up to 30 September 2016 to complete the due diligence on the Project. The Company intends to seek further extension of time to complete the due diligence on the Project.

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.

Syngas is currently supported by loans from a Director, Datuk Siak Wei Low and his related entity amounting to $1,030,815 as at 30 June 2016 (2015:$749,734). Datuk Siak Wei Low has given a letter of undertaking to the Company to continue to provide sufficient financial assistance to the Company for next 12 months to continue its operations and fulfil its financial obligations.

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 2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, Syngas has entered into a Loan agreement with an entity related to a Director providing $350,000 in unsecured loan facility carrying an interest rate of 9.25% per annum which has been drawn down to the sum of $200,000. Under the agreement if the loan is not repaid on its 1st anniversary the interest will be recalculated to 10.25% per annum.

The funds received were used for general working capital.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board is currently reviewing the mini-hydro run-of-river power plant Project and also actively seeking new energy related 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

On 22 January 2016, the Company entered into a memorandum of understanding to investigate participating in a 10 MW mini-hydro run-of-river power plant (the "Project") located in the Island of Sumatra, Republic of Indonesia. Syngas is currently undertaking a due diligence and feasibility study on the Project. Subsequent to year end, the Company obtained an extension of time up to 30 September 2016 to complete the due diligence on the Project. The Company intends to seek further extension of time to complete the due diligence on the Project. 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

RICHARD ONG (AGE 60)
CHAIRMAN
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

DAVID CHEE CHEONG LOW (AGE 47)
EXECUTIVE DIRECTOR
APPOINTED: 2 NOVEMBER 2015

Experience and Expertise

David Low is a CPA and was previously an investment banker in Asia for more than 10 years and had advised on various mergers and acquisitions, initial public offerings, fund raising (both debt and equity) and during the Asian Financial Crisis, corporate and debt restructuring

David Low is currently director of JCL Capital Pty Ltd, a boutique corporate advisory house specialising in cross border corporate finance activities and bridging Australia and Asia.

Other Current Directorships
Ennox Group Limited (ASX:EXO)
Black Star Petroleum Ltd (ASX:BSP)

Former Directorships in the Last Three Years
None

Special Responsibilities
Executive Director

DRAGO PANICH B.ENG MSC (AGE 71)
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

DATUK SIAK WEI LOW (AGE 56)
NON-EXECUTIVE DIRECTOR
APPOINTED: 19 SEPTEMBER 2014

Experience and Expertise
Datuk Siak Wei Low is the Chief Executive Officer of Sepangar 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

PETER NG (AGE 52)
NON-EXECUTIVE DIRECTOR
APPOINTED: 1 NOVEMBER 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

MICHAEL COX BSC, LLB, CERT ACC, DIP GEM, DIP DT, FIPA, MAICD, FGAA (AGE 53)
FORMER CHAIRMAN & EXECUTIVE DIRECTOR
APPOINTED: 27 APRIL 2012 – RETIRED 2 NOVEMBER 2015

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

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
Richard Ong	-	-
David Low	-	-
Drago Panich	-	-
Datuk Siak Wei Low	113,192,923	-
Peter Ng	-	-
	113,192,923	-

At the date of the previous report

Current directors	Ordinary shares	Options
Datuk Siak Wei Low	113,192,923	-
	113,192,923	-

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
Richard Ong	2	2
David Low	2	2
Drago Panich	2	2
Datuk Siak Wei Low	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
Richard Ong	Non-executive director	$40,000 inclusive of superannuation
David Low	Executive Director	$48,000 inclusive of superannuation
Drago Panich	Non-executive director	$40,000 inclusive of superannuation
Datuk Siak Wei Low	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 POLICY (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL – 2016

	Primary Compensation			
	Short Term Benefits[1]		Post Employment Benefits[2]	Total
	Cash Salary and Fees	Non-monetary benefits	Superannuation	
	$	$	$	$
DIRECTORS				
Richard Ong	40,000	-	-	40,000
David Low	32,000	-	-	32,000
Drago Panich	40,000	-	-	40,000
Datuk Chris Siak Wei Low	40,000	-	-	40,000
Peter Ng	40,000	-	-	40,000
Michael Cox	16,500	-	-	16,500
TOTAL PRIMARY COMPENSATION FOR DIRECTORS	**208,500**	**-**	**-**	**208,500**
EXECUTIVES				
Ian Gregory	12,000	-	-	12,000
TOTAL PRIMARY COMPENSATION FOR EXECUTIVES				
TOTAL PRIMARY COMPENSATION	**220,500**	**-**	**-**	**220,500**

[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 – 2016 (CONTINUED)

Total Compensation 2016

	Primary Compensation	Equity Compensation	Total	Proportion of remuneration performance based	Value of options as proportion of remuneration
	$	$	$	%	%
DIRECTORS					
Richard Ong	40,000	-	40,000	-	-
David Low	32,000		32,000		
Drago Panich	40,000	-	40,000	-	-
Datuk Siak Wei Low	40,000	-	40,000	-	-
Peter Ng	40,000	-	40,000	-	-
Michael Cox	16,500	-	16,500	-	-
				-	-
TOTAL COMPENSATION FOR DIRECTORS	**208,500**	**-**	**208,500**	**-**	**-**
EXECUTIVES					
Ian Gregory	12,000	-	12,000	-	-
TOTAL COMPENSATION FOR EXECUTIVES	**12,000**	**-**	**12,000**	-	-
TOTAL	**220,500**	**-**	**220,500**	**-**	**-**

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	-	-	45,000
Drago Panich	40,000	-	-	40,000
Anne Cox	10,000	-	-	10,000
Datuk Siak Wei Low	31,667	-	-	31,667
Richard Ong	23,333	-	-	23,333
Peter Ng	30,000	-	-	30,000
TOTAL PRIMARY COMPENSATION FOR DIRECTORS	**180,000**	**-**	**-**	**180,000**
EXECUTIVES				
Ian Gregory	12,000	-	-	12,000
TOTAL PRIMARY COMPENSATION FOR EXECUTIVES	**12,000**	**-**	**-**	**12,000**
TOTAL PRIMARY COMPENSATION	**192,000**	**-**	**-**	**192,000**

REMUNERATION REPORT – AUDITED (CONTINUED)

[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 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**	-	-
EXECUTIVES					
Ian Gregory	12,000	-	12,000	-	-
TOTAL COMPENSATION FOR EXECUTIVES	**12,000**	**-**	**12,000**	-	-
TOTAL	**192,000**	**-**	**192,000**	-	-

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

YEAR ENDED 30 JUNE 2016

	Number of ordinary shares			
	1 July 2015	**Issued as consideration**	**net change trading**	**30 June 2016**
Datuk Siak Wei Low	113,192,923	-	-	113,192,923
	113,192,923	**-**	**-**	**113,192,923**

REMUNERATION REPORT – AUDITED (CONTINUED)

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**

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 2016 by virtue of the exercise of options (2015: 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*.

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 (2015: $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

Moore Stephens Audit (Vic)is the appointed auditor that remains in office in accordance with section 327B of the *Corporations Act 2001.*

AUDIT SERVICES

During the financial year, $20,150 (2015: $19,000) was paid or is payable for audit services provided by the auditor.

NON-AUDIT SERVICES

During the financial year $7,000 (2015: $7,000) was paid to the auditor for tax advisory 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, Moore Stephens Audit (Vic), have provided a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2016. This declaration has been included on page 15 and forms part of this report.

Signed in accordance with a resolution of the directors.

Richard Ong
29 September 2016
Sydney, NSW

MOORE STEPHENS

Moore Stephens Audit (Vic)

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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 2016, 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.

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257

GEORGE S. DAKIS
Partner
Audit & Assurance Services

Melbourne, Victoria

29 September 2016

SYNGAS LIMITED - CORPORATE GOVERANCE STATEMENT

ASX Listing Rule 4.10.3 requires a company to include a statement in its annual report that outlines the extent to which it has followed the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (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 and Recommendations published on 27 March 2014. As per ASX Listing Rule 4.7.3 Syngas lodges an Appendix 4G: Key Disclosures – Corporate Governance Council Principles and Recommendations 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	**Lay solid foundations for management and oversight**
Recommendation 1.1	**A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (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. The Chairman currently holds a non-executive role and is not involved in day to day operations of the Company.
Recommendation 1.2	**A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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. 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. 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.**
Syngas Response	The Company Secretary reports to the Chairman of the Board.

Principle	Compliance/Response
Recommendation 1.5	**A listed entity should:** **(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;** **(b) disclose that policy or a summary of it; and** **(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:** **(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** **(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 Response	The Company has adopted a diversity policy and recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the policy does not include requirements for the Board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires employees, the Company will review this policy and amend as appropriate. At this point in time Syngas has no employees and there are no women on the Board. Syngas Limited is not defined as a relevant employer under the workplace Gender Equality Act.
Recommendation 1.6	**A listed entity should:** **(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and** **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**
Syngas Response	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. 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.
Recommendation 1.7	**A listed entity should:** **(a) have and disclose a process for periodically evaluating the performance of its senior executives; and** **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

Principle	Compliance/Response
Syngas Response	A performance evaluation was not under taken of senior executives as no senior executives are presently employed.
Principle 2 **Recommendation 2.1**	**Structure the board to add value** **The board of a listed entity should:** **(a) have a nomination committee which:** **(1) has at least three members, a majority of whom are independent directors; and** **(2) is chaired by an independent director,** **and disclose:** **(3) the charter of the committee;** **(4) the members of the committee; and** **(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** **(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 Board has established a Remuneration & Nomination Committee but it is currently inactive. Given the Company's size and the complexity of its affairs, it is not considered necessary to have a separate Nomination Committee. The full Board undertakes the duties of a nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for screening and appointing new directors. 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 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:** **(a) the names of the directors considered by the board to be independent directors;** **(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** **(c) the length of service of each director.**
Syngas Response	The Syngas Board consists of five directors.

Principle	Compliance/Response
	Applying the independence test outlined in the Guidelines, Syngas considers that the independent directors are Peter Ng, Richard Ong and Drago Panich. Thus, there is a majority of directors that are independent. 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. These documents require that: (a) new directors inform the Board of any perceived bias or conflicts of interest before their appointment, (b) serving directors bring any potential conflicts of interests to the notice of the Board prior to the commencement of each meeting, (c) any conflicted director will absent himself or herself from voting on that particular matter; and (d) Non-executive Directors can hold independent meetings before scheduled full board meetings in the absence of management. The length of service of each Director is set out in the Directors' Report on page 3.
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 Guidelines, Syngas considers that the independent directors are Peter Ng, Richard Ong and Drago Panich. Thus, there is a majority of directors that are independent.
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	The Chairman of Syngas is an independent non-executive director.
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 3 **Recommendation 3.1**	**Act ethically and responsibly.** **A listed entity should:** **(a) have a code of conduct for its directors, senior executives and employees; and** **(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. The Syngas Code of Ethics and Conduct requires that all directors and employees uphold high standards of honesty, fairness and equity in all aspects of their employment and or association with Syngas.

Principle	Compliance/Response
	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. The Procedures also place prohibitions on employees and directors in dealing with Syngas shares at certain times of the year. Each individual must abide by these policies and procedures in order to contribute to the high standard of integrity expected by Syngas.
Principle 4 **Recommendation 4.1**	**Safeguard integrity in corporate reporting** **The board of a listed entity should:** **(a) have an audit committee which:** **(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and** **(2) is chaired by an independent director, who is not the chair of the board,** **and disclose:** **(3) the charter of the committee;** **(4) the relevant qualifications and experience of the members of the committee; and** **(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** **(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. 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 reports. The Board has established an Audit & Risk Committee but it is currently inactive. The Board overseas this function. 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. The integrity of Syngas financial reporting is promoted by the following: 1. That at least one director has significant accounting experience and expertise; 2. Syngas is not so large as to warrant resources beyond that of the existing board being utilised; 3. Syngas Board engages with its auditors on a regular basis; 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. 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 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. The Company's Executive Director has provided the Board with the appropriate declarations in relation to the full year, half year, and quarterly financial reports during the reporting period.
Recommendation 4.3	**A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**
Syngas Response	The Company's external auditor is invited to, and attends the Annual General Meeting. The auditor's presence is made known to shareholders during the meeting, and shareholders are provided with the opportunity to address questions to the auditor.
Principle 5 **Recommendation 5.1**	**Make timely and balanced disclosure** **A listed entity should:** **(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and** **(b) disclose that policy or a summary of it.**
Syngas Response	The Compliance Plan is designed to ensure that company announcements are made in a 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 **Recommendation 6.1**	**Respect the rights of security holders** **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. The Syngas Website is currently being updated. The website directs shareholders to the ASX announcements platform for copies of releases made by Syngas to the ASX.
Recommendation 6.2	**A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**
Syngas Response	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.**

Principle	Compliance/Response
Syngas Response	The Board encourages the attendance of Shareholders at Shareholders' meetings and sets the time and place of each meeting to promote maximum attendance by shareholders. 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.**
Syngas Response	This option is provided by the Syngas share registry service. The Company also encourages electronic communication from its shareholders via its email address (reception@syngas.com.au).
Principle 7 **Recommendation 7.1**	**Recognise and manage risk** **The board of a listed entity should:** **(a) have a committee or committees to oversee risk, each of which:** **(1) has at least three members, a majority of whom are independent directors; and** **(2) is chaired by an independent director,** **and disclose:** **(3) the charter of the committee;** **(4) the members of the committee; and** **(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** **(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	The Board has established an Audit & Risk Committee but it is currently inactive. The Board overseas this function. As stated in the Syngas Corporate Governance Statement, The Board of Syngas has responsibility for reviewing the compliance framework and policies within Syngas, as well as assessing risk policies and framework associated with the Syngas. 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 7.2	**The board or a committee of the board should:** **(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and** **(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:** **(a) if it has an internal audit function, how the function is structured and what role it performs; or** **(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

Principle	Compliance/Response
Syngas Response	Syngas does not have a dedicated internal audit function. However, through a mixture of Board and management oversight the Board is able to monitor the effectiveness of its risk management framework. 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 risks 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:** **(a) have a remuneration committee which:** **(1) has at least three members, a majority of whom are independent directors; and** **(2) is chaired by an independent director,** **and disclose:** **(3) the charter of the committee;** **(4) the members of the committee; and** **(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** **(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 & Nomination Committee but it is currently inactive. The Board has decided that there are no efficiencies to be gained by, and it is not practicable to form, a separate remuneration committee. The Board considers that it is more appropriate to set aside time at board meetings to specifically address matters that would ordinarily fall to a remuneration committee. The Board specifically acknowledges the relationship between remuneration and performance and its importance in aligning directors' interests to those of all security holders, while ensuring the appropriateness of the value of such remuneration. 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 executives with 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:**

Principle	Compliance/Response
	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and **(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 AND 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

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.

SYNGAS LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity 2016 $	2015 $
Revenue	2	297	2
Other income	2	77	-
Impairment of exploration licences		-	-
Interest expense		(81,082)	(49,734)
Other financing costs		-	(59,000)
Other expenses	2	(307,332)	(305,567)
LOSS BEFORE INCOME TAX (EXPENSE)/BENEFIT		(388,040)	(414,299)
Income tax (expense)/benefit	3	-	-
LOSS AFTER INCOME TAX (EXPENSE)/BENEFIT		**(388,040)**	**(414,299)**
Other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(388,040)**	**(414,299)**
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS			
BASIC AND DILUTED LOSS PER SHARE (CENTS PER SHARE)	5	(0.07)	(0.07)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated Entity 2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents		76,384	115,659
Trade and other receivables	6	-	1,387
TOTAL CURRENT ASSETS		76,384	117,046
NON-CURRENT ASSETS			
Plant and equipment	7	587	634
TOTAL NON-CURRENT ASSETS		587	634
TOTAL ASSETS		**76,971**	**116,680**
CURRENT LIABILITIES			
Trade and other payables	8	202,427	136,177
Borrowings	8(a)	1,030,815	749,734
TOTAL CURRENT LIABILITIES		1,233,242	885,911
TOTAL LIABILITIES		**1,233,242**	**885,911**
NET ASSETS		**(1,156,271)**	**(768,231)**
EQUITY			
Contributed equity	9	35,016,571	35,016,571
Accumulated losses	4	(37,172,842)	(35,784,802)
TOTAL EQUITY		**(1,156,271)**	**(768,231)**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		(238,912)	(314,858)
Interest received		297	2
Insurance premium refund		77	-
NET CASH USED IN OPERATING ACTIVITIES	11	**(238,538)**	**(314,856)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(737)	-
NET CASH USED IN INVESTING ACTIVITIES		**(737)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		200,000	721,315
Financing Costs		-	(65,410)
Repayments of Borrowings		-	(226,118)
NET CASH FROM FINANCING ACTIVITIES		**200,000**	**429,787**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS HELD		**(39,275)**	**114,931**
Cash and cash equivalents at beginning of year		115,659	728
CASH AND CASH EQUIVALENTS AT END OF YEAR		**76,384**	**115,659**

The accompanying notes form part of these financial statements

SYNGAS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
AT 1 JULY 2015	35,016,571	-	(35,784,802)	(768,231)
Loss for the year			(388,040)	(388,040)
Total comprehensive income for the year			(388,040)	(388,040)
AT 30 JUNE 2016	35,016,571	-	(37,172,842)	(1,156,271)
AT 1 JULY 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)

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 2016 was authorised for issue in accordance with a resolution of the directors dated 29 September 2016.

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 $388,040 for the year ended 30 June 2016, net cash operating outflows of $238,538 and has net liabilities of $1,156,271 as at 30 June 2016. The Consolidated Entity’s cash flow forecasts show that it will require additional funding to enable it to meet ongoing expenditure commitments for at least twelve months from the date of signing these financial statements.

The financial report has been prepared on the basis that the Consolidated Entity can continue to meet its commitments as and when they fall due and can therefore continue normal activities, including the settlement of liabilities and the realisation of assets in the ordinary course of business. In arriving at this position the directors have had regard to the fact that they are actively pursuing further funding initiatives to provide additional working capital, including additional equity issues.

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 with the Consolidated Entity’s strategic objectives beyond the currently committed expenditure. In addition, Syngas has received a letter of financial support from a Director, also a Lender to the Company confirming financial support of the group.

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: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Syngas Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

b. **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(m) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. **Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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 or loss 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 capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant,

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

f. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

g. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(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 and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

i. **Investments in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

j. **Intangibles Other than Goodwill**

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives ranging from 10 to 20 years.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

j. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

l. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

m. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks.

o. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

p. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(l) for further discussion on the determination of impairment losses.

q. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

r. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

z. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

s. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

t. **Key estimates**

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.

Share based payment transactions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

u. **New Accounting Standards for Application in Future Periods**

Accounting Standards 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 to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined 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 that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, 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 the Standard, 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 beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

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.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements 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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact 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 2016 $	2015 $
REVENUE		
Interest revenue	297	2
TOTAL REVENUE	297	2
OTHER INCOME		
Sundry	77	-
TOTAL OTHER INCOME	77	-
OTHER EXPENSES		
Rental expense on office	1,386	-
Depreciation of plant and equipment	784	697
Listed company costs	23,914	27,479
Consulting Fees		-
Employment expenses:		
Fees, wages and salaries	217,000	180,000
Superannuation	-	-
Legal costs	-	-
Impairment Tenement value	-	-
Financing Costs	81,082	108,734
Other	64,248	97,392
TOTAL OTHER EXPENSES	388,414	414,302

NOTE 3. INCOME TAX

The major components of income tax expense are:

	2016	2015
INCOME STATEMENT		
Current tax expense / (revenue)	(121,271)	(132,771)
Deferred tax expense / (revenue) relating to the origination and reversal of temporary differences	4,975	8,526
Tax Losses not recognised	116,296	124,245
INCOME TAX BENEFIT REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2016	2015
PROFIT / (LOSS) FROM OPERATIONS	(388,040)	(414,299)
Income tax expense (revenue) calculated at 30% (2015: 30%)	(116,412)	(124,290)
Tax Effect of Non-Deductible Expenses	116	44
Tax Losses Not Recognised	116,296	124,246
	-	-

NOTE 3. INCOME TAX (CONTINUED)	Consolidated Entity 2016 $	2015 $
(a) Assets		
Current		
	-	-
Non-current		
Deferred tax asset comprises:		
Accruals & Payables	607	-
Black Hole Expenditure	2,003	7,562
Property Plant & Equipment	-	23
Amount not Recognised	(2,610)	(7,585)
Tax Offsets	-	-
Tax Losses	-	-
	-	-
(b) Liabilities		
Current		
Income tax payable	-	-
Non-current		
	-	-
Net Deferred Tax Asset /Deferred Tax Liability	-	-

(i) Gross Movements

The overall movement in the deferred tax balances is as follows:

	2016 $	2015 $
Opening balance	7,585	16,111
Under/Over provision in prior years	-	-
Credited / (charge) to the retained profit	-	-
Credited / (charge) to the income statement	(4,975)	(8,526)
Current year losses	(2,610)	(7,585)
Closing balance	-	-

(ii) Deferred tax assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

	2016 $	2015 $
Accruals and payables		
Opening balance	-	-
Under/Over provision in prior years	-	-
Business acquisition	-	-
Credited / (charge) to the income statement	607	-
Amount not recognised	(607)	
Closing balance	-	-
Property Plant & Equipment		
Opening balance	23	37
Under/Overprovision in prior year	-	-
Business acquisition	-	(14)
Credited / (charge) to the income statement	(23)	(23)
Closing balance	-	-

NOTE 3. INCOME TAX (CONTINUED)

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Black Hole Expenditure		
Opening balance	7,562	16,074
Under/Overprovision in prior year	-	-
Business acquisition	-	-
Credited / (charge) to the income statement	(5,559)	(8,512)
Amount not recognised	(2,003)	(7,562)
Closing balance	-	-

Income Tax Rate
The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by the Australian corporate entities on taxable profits under the Australian tax law. There has been no change in the corporate tax rate when compared with the previous year.

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.

NOTE 4. ACCUMULATED LOSSES

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Accumulated losses at the beginning of the financial year	35,784,802	35,370,503
Net loss for the financial year	388,040	414,299
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	36,172,842	35,784,802

NOTE 5. LOSS PER SHARE

	2016	2015
Loss from continuing operations used in the calculation of basic and diluted loss per share	(388,040)	(414,299)
Loss used in the calculation of basic and diluted loss per share	(388,040)	(414,299)
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 2016 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)

	2016	2015
Other	-	1,387
TOTAL TRADE AND OTHER RECEIVABLES	-	1,387

NOTE 7. PLANT AND EQUIPMENT

	Consolidated Entity 2016 $	2015 $
At cost	2,850	2,113
Accumulated depreciation	(2,263)	(1,479)
TOTAL PLANT AND EQUIPMENT	587	634

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

	2016 $	2015 $
PLANT AND EQUIPMENT		
Carrying amount at the beginning of the financial year	634	2,113
Additions	737	-
Disposals	-	-
Depreciation expense	(784)	(1,479)
AT THE END OF THE FINANCIAL YEAR	587	634

NOTE 8. TRADE AND OTHER PAYABLES (CURRENT)

	2016 $	2015 $
Creditors and accrued expenses	202,427	136,177
AT THE END OF THE FINANCIAL YEAR	242,427	136,177

NOTE 8(a).BORROWINGS

	2016 $	2015 $
Loan from Director and Director related entity	1,030,815	749,734
AT THE END OF THE FINANCIAL YEAR	1,030,815	749,734

Borrowings totalling $1,030,815 are interests associated with Datuk Siak Wei Low, a director of the Company and his related entity. The loans are non-secured and carry annual interests of 10.25% and 9.25% per annum. As at the date of this report, the borrowings comprises 2 facilities amounting to $700,000 (fully utilised) and $350,000 ($200,000 utilised as at 30 June 2016) and the accumulated interest as at the 30 June 2016 amounted to $130,815. The maturity dates for these loans are 17 September 2017 and 22 December 2016 respectively, subject to the Company having the financial resources available to repay the loans.

NOTE 9. CONTRIBUTED EQUITY

	2016 $	2015 $
581,440,288 (2015: 581,440,288) fully paid ordinary shares	29,146,271	29,146,271
Nil (2015: 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 2015 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 2016, there were no unissued ordinary shares for which performance shares were outstanding (2015: nil). However the value attributed to the original shares issued is retained in Contributed Equity.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

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

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

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

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

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

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

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

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

NOTE 10. RESERVES

	Consolidated Entity 2016 $	2015 $
Option premium reserve	-	-
	-	**-**

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

At 30 June 2016 there were Nil (2015: Nil) unissued ordinary shares for which options were outstanding.

NOTE 11. CASH FLOW INFORMATION

	Consolidated Entity 2016 $	2015 $
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX		
Loss after tax	(388,040)	(414,299)
Non-cash flows in loss		
Impairment of exploration licences	-	-
Depreciation of property, plant and equipment	784	697
Loan interest accrued	81,082	-
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	1,386	111,625
Increase/(decrease) in trade and other payables	66,250	(12,879)
NET CASH USED IN OPERATING ACTIVITIES	**(238,538)**	**(314,856)**

Credit Standby Arrangement with Banks

Credit facility	Nil	Nil
Amount Utilised	-	-

NOTE 12. 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

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

David Chee Cheong Low (appointed on 2 November 2015 and continues in office)

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

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

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

Michael Cox (appointed 27 April 2012 and retired on 2 November 2015)

EXECUTIVES

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

A) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
COMPENSATION BY CATEGORY		
Short term	220,500	192,000
Post employment	-	-
Share based payments	-	-
TOTAL	**220,500**	**192,000**

B) LOANS TO/FROM KEY MANAGEMENT PERSONNEL

		Consolidated Entity 2016 $	Consolidated Entity 2015 $
Director Fees Accrued	(i)	169,667	95,000
Director Related Entity Loans	NOTE 8(a)	1,030,816	749,734
TOTAL		**1,200,483**	**844,734**

(i) included in trade creditors and accruals NOTE 8

C) 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 2016 (2015: Nil). Other than that Solidus Financial Services an entity associated with Mr Michael Cox which has provided administration services at a cost of $5,000 per month during the year and JCL Capital Pty Ltd, an entity associated with Mr David Low which has provided administration services at a cost of $1,000 per month during the year.

NOTE 13. SEGMENT INFORMATION

During the financial years ended 30 June 2016 and 30 June 2015, 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 14. INVESTMENTS IN CONTROLLED ENTITIES

	% Owned		Book value of shares held		Contribution to consolidated profit/(loss)	
	2016	2015	2016 $	2015 $	2016 $	2015 $
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 15. 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 16. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans from director and related entity.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Entity	
		2016 $	2015 $
Financial assets			
Cash and cash equivalents		76,384	115,659
Trade and other receivables	6	-	1,387
Total financial assets		76,384	117,046
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	8	202,427	136,177
– borrowings	8(a)	1,030,815	749,734
Total financial liabilities		1,233,242	885,911

Financial Risk Management Policies

Management has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. Management monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, liquidity risk, and interest rate risk. Management reports to the Board half yearly on the financial risk management of the Group.

Management's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, and other price risk (equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Consolidated Entity has no significant concentration of credit risk as its financial assets comprises mainly cash which is held with two financial institutions. Surplus cash is invested with Westpac Banking Corporation and ANZ Banking Group Limited to mitigate any credit risk in regard to the Consolidated Entity's cash reserves.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to Australia given the substantial operations in Australia.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Consolidated Entity	
	2016	**2015**
	$	**$**
Cash and cash equivalents:		
– AA rated	76,384	115,659
– A rated	-	-
	76,384	115,659

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- obtaining financial support undertaking from Lender for continued support of the Company;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions;

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Consolidated Entity	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other creditors	34,760	41,177	-	-	-	-	34,760	41,177
Amounts payable to related parties	167,667	95,000	-	-	-	-	167,667	95,000
Borrowings due to related parties	1,030,816	749,734	-	-	-	-	1,030,816	749,734
Total contractual outflows	1,233,242	885,911	-	-	-	-	1,233,242	885,911
Total expected outflows	1,233,242	885,911	-	-	-	-	1,233,242	885,911
Financial assets – cash flows realisable								
Cash and cash equivalents	76,384	115,659	-	-	-	-	76,384	115,659
Trade and other receivable	-	1,387	-	-	-	-	-	1,387
Total anticipated inflows	76,384	117,046	-	-	-	-	76,384	117,046
Net (outflow)/ inflow on financial instruments	76,384	117,046	-	-	-	-	76,384	117,046

The Company does not have any interest rate swaps or hedging.

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents.

Interest rate risk can be managed using a mix of fixed and floating rate debt. At 30 June 2016, 100% of group debt is on fixed rate. Current borrowings interest rates are fixed at [insert percentage] and 10.25% per annum.

At the end of the reporting period, the details of outstanding loan contracts, all of which are to receive fixed interest rate, are as follows:

Consolidated Entity	Effective Average Fixed Interest Rate Payable		Notional Principal	
Maturity of notional amounts	2016	2015	2016	2015
	%	%	$	$
Less than 1 year	9.25	-	200,000	-
1 to 2 years	10.25	9.25	700,000	700,000
2 to 5 years			-	-
			900,000	700,000

NOTE 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Since the interest rate of the Group's borrowings are fixed, it does not expose the Group to interest rate risk, which will impact future cash flows and interest charges.

The details of the interest bearing financial assets of the Group are as follows:-

	Notional Principal	
	2016	**2015**
	$	**$**
Cash at bank	76,384	115,659

Cash flow sensitivity analysis for variable rate instruments
A change of 50 basis points in interest rates at reporting date would have increased/(decreased) the Group's equity and profit or loss by $382 (2015: $578). The Board assessed a 50 basis point movement as being reasonably possible based on short term historical movements. This analysis assumes that all other variables remain constant

(i) *Other market price risk*

The Group is involved in the exploration and development of mining tenements for minerals. Should the Group successfully progress to a producer, revenues associated with mineral sales, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices.

(ii) *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which are other than the AUD functional currency of the Group.

As at 30 June 2016, the Consolidated Entity has no assets or liabilities denominated in foreign currencies (2015: Nil).

(iii) *Other market price risk*

The Group is currently seeking out opportunities in the energy sector and does not yet generate any revenue. Should the Group successfully progress to an energy producer, revenues associated with energy generation, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices.

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 17. RELATED PARTY TRANSACTIONS

The Company is not controlled by any other entity.

The directors in office at 30 June 2016, and their related entities, held directly, indirectly or beneficially 113,192,923 ordinary shares in the Company (2015: 121,154,761).

Amounts payable to related parties

		Consolidated Entity 2016 $	Consolidated Entity 2015 $
Director Fees Accrued	Note 8	169,667	95,000
Director Related Entity Loans	Note 8(a)	1,030,816	749,734
TOTAL		**1,200,483**	**844,734**

NOTE 18. DIVIDENDS

No dividends have been paid or proposed during the year (2015: Nil).

NOTE 19. SHARE BASED PAYMENTS

Year ended 30 June 2016

No shares were issued during the year ended 30 June 2016.

Year ended 30 June 2015

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

NOTE 20. EVENTS SUBSEQUENT TO BALANCE DATE

On 22 January 2016, the Company entered into a memorandum of understanding to investigate participating in a 10 MW mini-hydro run-of-river power plant (the “Project”) located in the Island of Sumatra, Republic of Indonesia. Syngas is currently undertaking a due diligence and feasibility study on the Project. Subsequent to year end, the Company obtained an extension of time up to 30 September 2016 to complete the due diligence on the Project. The Company intends to seek further extension of time to complete the due diligence on the Project. 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 21. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2016 (2015: Nil).

NOTE 22. PARENT COMPANY DISCLOSURES

Financial position	**2016**	**2015**
	$	**$**
Assets		
Current assets	76,384	117,046
Non-current assets	587	634
Total assets	**76,971**	**117,046**
Liabilities		
Current liabilities	1,233,242	885,911
Non-current liabilities	-	-
Total liabilities	**1,233,242**	**885,911**
Equity		
Issued capital	35,016,571	35,016,571
Retained earnings	(36,172,842)	(35,784,802)
Total equity	**(1,156,271)**	**(768,231)**

Financial performance	**Year ended 30 June 2016 $**	**Year ended 30 June 2015 $**
Loss for the year	(388,040)	(414,299)
Other comprehensive income		
Total comprehensive income	**(388,040)**	**(414,299)**

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

For details on commitments, see Note 15.

NOTE 23. REMUNERATION OF AUDITOR

	Consolidated	
	2016	**2015**
	$	**$**

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 (Moore Stephens Audit (Vic))	20,150	19,000
Non-audit services – tax compliance	7,000	7,000
Total remuneration	**27,150**	**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 2016 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 2016.

On behalf of the board of directors.

Richard Ong

Richard Ong
Chairman

29 September 2016
Sydney, NSW

MOORE STEPHENS

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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 and its controlled entity (**the company**), which comprises the consolidated statement of financial position as at 30 June 2016, 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.

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.

MOORE STEPHENS

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 2016 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 $388,040 during the year ended 30 June 2016, a net operating cash outflow of $238,538 and, as of that date, the company's total liabilities exceeded its total assets by $1,156,271. 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 8 to 12 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s300A 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 2016 complies with s300A of the *Corporations Act 2001*.

Moore Stephens

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne, Victoria

29 September 2016

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 16, 2016

(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 Ltd	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	14,875	54
1,001 – 5,000	498,279	163
5,001 – 10,000	1,072,621	126
10,001 – 100,000	22,087,629	511
100,001 and over	557,766,884	297
Total	**581,440,288**	**1,151**

There were 875 holders of less than a marketable parcel of ordinary shares.

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 Ltd	37,478,637	6.45%
Ms Sihol Marito Gultom	18,130,000	3.12%
Roebeach Pty Ltd <Corundum Superfund A/C>	9,570,859	1.65%
Citicorp Nominees Pty Limited	8,100,000	1.39%
Mrs Sandhiya Pathik	5,060,004	0.87%
Ata Trading Pty Ltd	4,963,635	0.85%
Mr Keith Raymond Kahler	4,645,385	0.80%
Kangsav Pty Limited	4,590,340	0.79%
Cappafield Pty Ltd <Cappafield Super A/C>	4,000,000	0.69%
Mr Andrew Spanos + Mrs Constandina Spanos <A & C Spanos Super Fund A/C>	3,867,222	0.67%
Mr John Malcolm Burrell + Mrs Judith Maree Burrell <Burrell Family S/F A/C>	3,857,670	0.66%
Mrs Smaro Makris + Mr Dimitrios Makris <Makris Super Fund A/C>	3,294,084	0.57%
Mr Feng Jiang	2,607,000	0.45%
Mr Maethee Ieamprapai	2,500,000	0.43%
Mrs Marie Takla Glavas	2,000,000	0.34%
Zenco Limited	1,980,000	0.34%
Sub-Total Twenty Largest Holders	441,909,122	76.00%
Remaining Holders	139,531,166	24.00%
Total	**581,440,288**	**100.00**

INTERESTS IN TENEMENTS

Nil