



ASX Announcement  
September 29<sup>th</sup> 2009

## Joint Venture Over Prospective Victorian Coal Leases

- **Joint Venture signed over two prospective areas in Victoria,**
- **Both areas have significant potential for brown coal (lignite) for use in clean coal technologies,**
- **No cash, staged entry into future project developments,**
- **Syngas earns 70% interest in these areas on completion of a Pre-Feasibility Study (PFS) covering potential Coal-to-Liquid projects,**
- **Syngas can earn up to 100% on completion of Bankable Feasibility Study (BFS), and**
- **New projects added to Syngas's project development pipeline.**

Syngas Limited (ASX: SYS) is pleased to announce a Joint Venture (JV) Agreement covering two areas has been signed with Resolve Geo Pty Ltd (Resolve). The areas are held under granted licenses. They lie within the Moe and Alberton sub basins of the Gippsland Basin in Victoria. Both areas are well known for their prospectivity for brown coal (lignite).

The locations of the Mineral Exploration Licences (MEL) 5210 and MEL 5212 covered by this JV agreement are shown in Figure 1 below:

- MEL 5210 (shown as Yalungah) covers a 52.8 km<sup>2</sup> area within the Gippsland Basin, approximately 125 km southeast of Melbourne, west of the township of Moe; and
- MEL 5212 (shown as Agnes) covers a 26.4 km<sup>2</sup> area within the Gippsland Basin, approximately 190 km southeast of Melbourne, near the town of Port Welshpool.

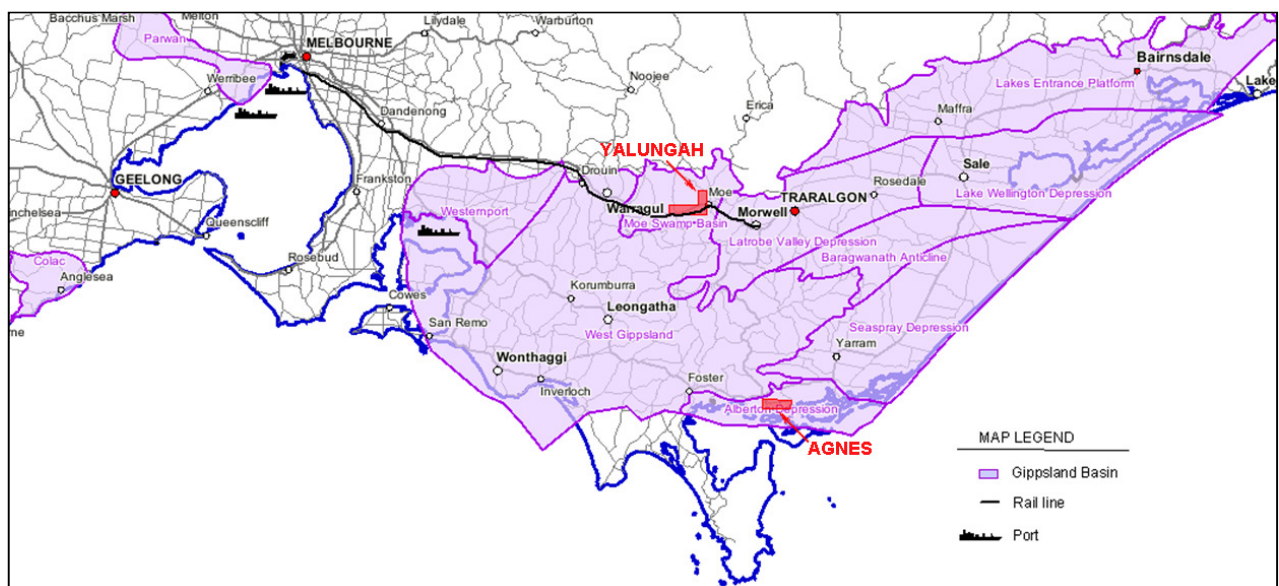


Figure 1: Yalungah and Agnes Project Areas.

## **A. CONTEXT**

### 1. Yalungah (MEL 5210)

#### i. Geology

The Gippsland Basin lies on the southeast margin of Australia's continental shelf. The onshore section of the basin contains a sedimentary succession of non-marine clastics through to marginal marine clastics, ranging from late Jurassic to Cenozoic in age. Tertiary sediments including coal (lignite) have been recorded within Gippsland Basin stratigraphy (Bernecker and Patridge, 2005<sup>1</sup>).

#### ii. Past and Future Exploration

Exploration drilling within Yalungah has been completed in the past by The Department of Primary Industry, the State Electricity Commission and Esso. All previous drilling information is currently being collated for analysis and interpretation. An exploration program will be undertaken by the Joint Venture parties based on the outcomes of this work.

### 2. Agnes (MEL 5212)

#### i. Geology

The Alberton Depression lies in the south of the on-shore Gippsland Basin. The depression, runs southwest to northeast along the Victorian coastline, and lies between two tectonically active regions, the Gelliondale block to the north and the Bassian rise (continental shelf block) to the south. The lower Cretaceous basement has subsequently developed a series of east west structural trends, as a result of the compression between the two tectonically active regions. During the late Cretaceous and early Tertiary, the Bassian Rise and Southern Highlands are likely to have provided the sediments deposited within the depression, through a series of transgressive and regressive successions. The basin would probably have consisted of a series of marginal forest, swamp lake and open marsh environments. Later basement movement has caused flexing and warping of these Tertiary sediments.

#### ii. Past and Future Exploration

Considerable historical drilling and evaluation work has taken place within the Alberton Trough, outside of MEL 5212.

All past drilling information is currently being accessed, compiled, analysed and interpreted. An exploration program will be undertaken by the JV partners based on the outcomes of this work.

## **B. JV AGREEMENT OBJECTIVES**

Syngas's objective in entering into this JV agreement is that, through a cost effective, staged and structured process, an evaluation of the potential for a further "Clinton CTL type" project development, fed by lignite from within MEL 5212 or 5210, be undertaken with development targeted post successful delivery of the Clinton Project in South Australia.

This JV is consistent with the Company's strategy to grow, leveraging off successful delivery of the Clinton Project. Developing the Clinton Project continues to be the Company's primary focus. Staged access to Victorian lignites through this JV provides for Syngas's potential future growth.

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<sup>1</sup> Bernecker, T. and Patridge, A.D., 2005, Approaches to paleographic reconstructions of the LaTrobe Group, Gippsland Basin, southeast Australia. The APPEA Journal, 45 (1)-99.

The expertise gained during the successful development and delivery of the Clinton Project is expected to be able to be leveraged into subsequent projects with significant cost and risk reduction benefits to be gained across the project development, technology licensing and project delivery process.

The first step in establishing the potential for the delivery of Syngas's objective will be completion of an exploration program aimed at proving a Joint Ore Resources Committee (JORC) classified lignite Resource within the areas covered by this JV agreement.

### **C. AGREEMENT TERMS AND CONDITIONS**

The terms and conditions of the JV agreement between Syngas and Resolve are as follows:

- No cash upfront;
- Syngas to earn a 25% interest with expenditure of A\$110,000 on an exploration program targeting JORC Inferred Resources of 250 million tonnes;
- Syngas earns a further 30% interest following expenditure of a further A\$250,000 on an exploration program targeting JORC Indicated Resources of 200 million tonnes;
- A further 15% interest earned by Syngas on completion of Pre-feasibility Study;
- A further 15% interest earned by Syngas on completion of Full Feasibility Study;
- Following which, Resolve must elect to contribute on a pro-rata basis to develop the project or convert to a royalty of A\$0.10 per tonne of coal mined;
- Resolve has the option to dilute or elect to contribute pro-rata at each of these stages to maintain their interest; and
- If either Party offers their interest in the JV for sale the other Party has pre-emptive rights.

### **D. SUMMARY**

Successful delivery of the Clinton Project remains Syngas's primary focus. This JV agreement has the potential to bring further, subsequent CTL projects into Syngas's portfolio, establishing a growth pathway for the Company post the Clinton Project.

Syngas looks forward to working with Resolve to create value for shareholders from the Gippsland Basin lignites covered by this JV agreement.

**Ends**

## Competent Person

*The information in this report that relates to exploration results is based on information compiled by Merrill Gray who is a Member of the Australasian Institute of Mining and Metallurgy. Merrill Gray is a full-time employee of the Company. Merrill Gray holds both a Bachelor of Science in Geology, Bachelor of Mineral Technology in Mineral Processing from Otago University and Masters in Business Administration from Melbourne Business School. She has worked in the Coal to Liquid industry in Australia since 2005.*

*Merrill Gray has sufficient experience to be responsible and to be the “competent person” as defined in the 2004 Edition of the ‘Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Merrill Gray is suitably experienced in collating and reviewing information relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person.*

*Merrill Gray consents to the inclusion in the report of the matters based on the information compiled in the form and context in which it appears.*

## About Syngas Limited

*Syngas Limited, incorporating the Clinton Project following the acquisition of Syngas Energy Limited in January 2008, is an ASX listed oil and gas business with, as a core project, a premium diesel production project located in South Australia at Bankable Feasibility Study stage of development.*

*One of Syngas’s granted mineral exploration licences covers an area of 288 km<sup>2</sup> north-west of Adelaide, over known coal deposits within the Clinton Coal Measures, located in the Northern St Vincent Basin Coalfields, north of the Gulf of Saint Vincent. Syngas also holds a granted mineral exploration licence over a 143 km<sup>2</sup> area, south-east of Adelaide, covering the known coal deposit of Moorlands. Syngas holds a petroleum exploration licence over the Moorlands deposit and surrounding area.*

### **For further information contact:**

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