



ASX Announcement
27th October 2010

SYNGAS LIMITED
("Syngas" or "the Company")

China National Electric Equipment Corporation (CNEEC) MoU relating to the Clinton Coal to Liquid (CTL) Project development and beyond

Highlights:

- **Exclusive 18 month period for signing of binding agreement over Engineering, Procurement and Construction (EPC) for Clinton.**
- **After EPC contract signed, CNEEC will assist Syngas to identify Chinese financial sources to fund, at most, 85% of Clinton Project capital, by way of buyers credit, subject to at least 15% funds contribution by Syngas and its provision of certain guarantees.**
- **Relationship development potential to co-operate on other projects in Australia, China and elsewhere.**
- **Discussions on short-term funding underway.**

The Board of Directors of Syngas Limited (ASX: SYS) is pleased to announce that Syngas and China National Electric Equipment Corporation (CNEEC) have identified the Clinton Project as an opportunity to work together.

A Memorandum of Understanding (MoU) was signed today between CNEEC, headquartered in Beijing in the People's Republic of China, and Syngas foreshadowing a long-term strategic partnership in relation to the development of the Clinton Project.

Syngas and CNEEC will work towards establishing a binding agreement for CNEEC's provision of engineering, procurement and construction (EPC) services to the Project under a commercial arrangement consistent with the prevailing market conditions.

In addition, after a binding EPC agreement is reached between CNEEC and Syngas, based on certain guarantees being met by Syngas, including the securing of 15% of the funds needed for the Project, CNEEC will add its local advantages to the efforts of Syngas to obtain the remaining (up to 85% of the required total) funds by way of buyers credit for the Clinton Project from appropriate financial institutions in China.

This is a very significant step forward for Syngas and the Clinton Project. It establishes a clear pathway of development and a project capital funding option to enable the Project to

move forward. Syngas is also in discussions with a number of private equity funds/potential investors who are interested in working with the Company in the shorter term.

The Syngas team is looking forward to working with CNEEC and achieving great success. Syngas will seek to develop and extend this strategic relationship with CNEEC to encompass in the future additional projects in Australia, in China and elsewhere around the world.

Background

Syngas is the owner of the Clinton Project. In April 2009 the Clinton Project Pre-Feasibility Study was completed and announced to the market. The Bankable Feasibility Study for the Clinton Project, located approximately 120 km north-west of Adelaide in South Australia, is currently under way. In August 2010 the results were announced of preliminary engineering work covering the entire proposed Clinton Plant. The Plant is expected to produce 14,600 barrels per day of mainly ultra clean diesel for over thirty years after commencing production in 2015/2016. This preliminary engineering activity on behalf of Syngas was completed over approximately twelve months, with input from Siemens, UOP LLC (part of Honeywell), Rentech Inc, GE and other established coal to liquid and associated technology providers.

CNEEC is an Engineering, Procurement and Construction (EPC) company, which undertakes thermal and hydro-power transmission and distribution projects, as well as environmental, municipal and public utility, industrial and commercial construction projects. CNEEC has received many engineering and technology awards for work completed on its numerous projects, including multi-billion dollar contracts both in China and abroad.

Moving Forward

An expert working group has been established within CNEEC to work towards binding agreements with Syngas. Syngas will provide resources to facilitate the agreement process, including a tender team and specialist consultants to assist in Australian government relations and other specialist matters.

The MoU which has been signed today between CNEEC and Syngas marks the start of a strategic project development relationship combining many positive elements. It is expected to deliver wide-ranging 'win-win' outcomes for both companies.

About Syngas Limited

Syngas Limited (www.syngas.com.au), 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 liquid transportation fuel production project located in South Australia which is at Bankable Feasibility Study stage of development. One of Syngas' granted mineral exploration licences covers an area of 288 km² 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 St Vincent. Syngas also holds a granted mineral exploration licence over a 143 km² area, south-east of Adelaide, covering the known coal deposit of Moorlands.

In September 2009 Syngas entered into a Joint Venture with Resolve Geo Pty Ltd over two mineral exploration licences covering a total area of 79km² within the Gippsland Basin, a producing coal area, in Victoria, and potential further project area for Syngas.

In January 2010 Syngas announced that a viability review over a 100% non-food biomass fed ultra-clean diesel production facility, modelled on Rentech Inc's (NYSE AMEX: RTK) Rialto Project in California, USA, would take place over the following 12 months. This viability review will leverage off the potential supply of excess residual straw from cropping biomass the area around the Clinton Project and Syngas' growing gasification expertise base. In August 2010 \$300,000 was granted by RenewablesSA to support large scale cereal crop by-product collection and transportation trials with farmers.

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Syngas ... fuelling a cleaner, more secure transportation future

