



CLEAN ENERGY COMPANY MAKES REAL PROGRESS WITH ULTRA CLEAN DIESEL AND BIO-ENERGY PROJECTS

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Energy project company Syngas is well positioned to capitalise on the post global financial crisis growth in demand for liquid fuel and power in 2011 and beyond, Managing Director Merrill Gray said today.

Releasing the Adelaide-based listed clean energy company's 2010 annual report, Ms Gray said that during the last year Syngas progressed engineering design work with a number of established technology providers from Germany, the USA and Australia for the Clinton Project. A shorter term return renewable power project is close to scoping study completion.

Work with farmers on large scale cereal crop by-product collection, storage and transportation trials is underway. Syngas received a support grant from RenewablesSA in August 2010, and has secured access to council green waste underpinning Syngas' expansion into biomass energy.

She said the Company was confident of delivering on both its short-term and long-term projects, including its key Clinton coal-to-liquid project located 120km north of Adelaide, slated to produce 14,600 barrels a day of mainly ultra clean diesel over 30 years.

There are two key factors that the Company expects to capitalise on in the future –

- 1) increased demand for liquid fuel, and diesel in particular, as the global and Australian economy returns to strong growth, and
- 2) the potential impacts on Australian power prices of the 2010 federal government's 20% renewable target.

"This year has seen the Company transition the Clinton Project from concept to engineering and development stage. We completed preliminary engineering across four of the six primary sections of the Clinton Project, as well as a number supporting sections."

Syngas has over the past couple of years been building strong relationships with global technology suppliers who have the appropriate expertise and experience in coal and biomass gasification and associated technologies. These include Siemens, UOP LLC (part of Honeywell), GE, Rentech Inc and Air Liquide.

Ms Gray said another key component in progressing the Clinton Project was engaging local stakeholders. "We are committed to addressing concerns from stakeholders and are dedicating time, energy and resources to do this," she said.

During the year the Company also secured rights to significant coal deposits in Victoria, doubling its potential to produce ultra-clean diesel to 30,000 barrels a day.

A key priority in the year was identifying strategic partners and this process is progressing well. "We have received interest for engineering and design services delivery (e.g. EPC or

EPCM) for liquid fuel offtake and trading and from companies with coal deposits of their own.”

“Negotiations in relation to smaller biomass projects are continuing and we are confident of further progress being made. Details will be released shortly,” Ms Gray said.

Syngas had come through a challenging period and is well placed to move forward, she said.

“In the past year we have proven our ability to make significant progress in challenging circumstances, while containing costs and growing value for shareholders. We are confident this value will grow further with renewed growth in demand for fuel and power in the coming years.”

“Syngas has established an expertise base in Australia and is working to develop and bring on line bio-power operations in the short term, whilst continuing to develop Clinton. The Company is very well placed to move forward.”

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