



ASX Announcement
January 17th 2011

Positive 3MW Biomass to Power Project Pre-Feasibility Study Completed

Highlights:

- **Board approves Bankable Feasibility Study progression for a**
 - **3MW gasification based Power Project**
 - **NPV(15%) of A\$5 million over the first 10 years and 24% IRR**
 - **Cashflow generation potential within 18 months**
 - **A\$13 million Capex**
- **This Project, and others based on its success, has the potential to generate cashflow and returns to the Company in the short term.**
- **Woody Biomass supply feedstock (municipal and industrial waste) channels and available options identified and progressed.**
- **Project development partnership discussions progressing well.**
- **Offtake power agreement in discussion.**

The Board of Directors of Syngas Limited (ASX: SYS) is pleased to announce positive outcomes from the Pre-Feasibility Study for a 3MW Biomass gasification to power project located in Wagga Wagga, New South Wales. This Study has provided a solid basis for further work to proceed.

Based on an around A\$13 million capital investment (as invested on similar installations outside of Australia) and a further A\$2 million investment in project development, a Net Present Value (NPV) for the project, at a discount rate of 15%, has been modelled as A\$5 million over the first 10 years of the project. An Internal Rate of Return (IRR) of 24% over the same period has been estimated as achievable. The project will be designed to operate for 20 years.

Syngas has signed a Letter of Intent with SITA Environmental Solutions (SITA) Riverina/Murray Valley operations in relation to access to Wagga Wagga city green waste collection material, as a basis for moving to a binding agreement. This material will make up a proportion of the feedstock to the power plant. Negotiations are underway relating to access to other similar material in neighbouring areas. Other commercial options exist for Syngas to access industrial wood waste locally, to secure the required ongoing feedstock tonnages for the plant.

Syngas will bring its growing gasification expertise to this clean energy project, which will generate revenue from power sales (green power) and renewable energy certificate sales.

This project is strongly underpinned by expected power price increases relating to the nationwide "20% Renewables generated power by 2020" Federal targets that are in place.

Further announcements relating to project development partnerships and offtake negotiations, which are currently underway, are being progressed. Details on the outcomes of these negotiations will be released as soon as they are completed.

Merrill Gray, Syngas' Managing Director, has said, "This is a very positive step forward for Syngas. Syngas has assessed a number of biomass opportunities in relation to its Biomass Business Plan over the past eighteen months and this project meets the Company's criteria in this area. This project will firmly establish Syngas as a clean energy company focused on the use of proven commercial scale technology modules, integration engineering and successful project executions, in biomass and coal.

We have uniquely brought renewable energy (biomass) and new clean coal technologies into the Company in response to market expectations around future carbon management regulatory requirements.

This Syngas developed project, and other similar developments, has the potential to generate solid short term cashflow and returns for the business while, in parallel, using a dedicated team, we continue to develop our large, long term above ground proven technology liquid fuel projects."

Ends

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 and energy 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 which are located in the Northern St Vincent Basin Coalfields, north of the Gulf of St Vincent. Syngas holds 558 million tonnes of JORC Coal Resources (273 million tonnes indicated and 285 million tonnes inferred) over this area. 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 (Yalungah and Agnes) covering a total area of 79 km² within the Gippsland Basin, a producing coal area in Victoria, and potential further project area for Syngas. In June 2010, 289 million tonnes of JORC inferred coal Resources were established at Yalungah.

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 included a review of the potential for supply of excess residual straw from cropping biomass from the area around the Clinton Project. In August 2010 \$300,000 was granted by RenewablesSA to support joint large scale cereal crop by-product collection and transportation trials with the Yorke Peninsula Alkaline Soils Group farmers during the 2010 harvest and variety selection trials.

For further information contact:

Merrill Gray
Managing Director
Syngas Limited
B.Sc, B.Min.Tech, M.B.A., MAusIMM, AFAIM
Phone: (08) 8232 8455
Email: enquiries@syngas.com.au

Syngas ... fuelling a cleaner, more secure Energy Future

