



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE:
30th January 2012

QUARTERLY REPORT FOR THE PERIOD ENDING 31st December 2011

The Board of Syngas Limited ("Syngas" or "Company") is pleased to present the December 2011 Quarterly Report.

HIGHLIGHTS

CORPORATE

1. An \$800,000 placement was approved by shareholders on December 22nd 2011 at Syngas's 2011 Annual General Meeting (which was rescheduled from 17th November 2011 with ASIC approval).
2. Post Placement, the Company's Strategic Plan and shorter term plans and budgets have been reviewed and are currently being updated.
3. At 31st December 2011 Syngas had \$981,000 cash-in-bank.
4. An R&D Tax Incentive claim totalling \$262,000 has been prepared and will shortly be lodged with the Australian Taxation Office, accompanying Syngas' 2010/2011 Tax return.
5. A final reimbursement of \$133,393 was received during the quarter from RenewablesSA covering expenses relating to the Logistics Management Field Trials project. This project has now been closed out, with all accounts settled and final reporting requirements met. Negotiations are underway with parties potentially interested in taking the project findings forward.
6. The inquiry received from RevenueSA was closed out in December 2011. A "Nil Assessment" was made based on legal advice the Company received documents the Company provided, and follow up discussions held between the parties.
7. In late November, five representatives from Kailuan Energy Chemical Co. Ltd visited with Syngas and toured the Company's current and potential project sites. Syngas' Coal to Liquid project development strategy is based on the securing of a long term relationship with, and funding from, a strategic development partner. Securing a partnership remains a key focus for the Company.

ABOVE GROUND COAL TO LIQUIDS (CTL)

1. The Victorian, La Trobe Valley CTL Plant (designed to produce around 3,500 barrels per day of Syncrude and 100 MW of excess power) Scoping Study was presented to potential partners during the quarter and negotiations are continuing.
2. Discussions with a Queensland coal mine in relation to a similar CTL project have commenced.

BIOMASS TO ENERGY

1. The Bomen 5 MW Clean Power project continues to be progressed.
2. Interest has continued in relation to Syngas' Biomass to Power projects/approach. Syngas' input, through various commercial arrangements, leveraging off design work for Bomen into other Biomass to Power projects, is being sought.

Activities

1. Funding

The Company's focus throughout the December 2011 quarter was on securing Working Capital to allow continued progress of the Company's portfolio of above ground Coal to Liquid (CTL) and Biomass to Power projects.

An \$800,000 cash injection through a placement was approved by shareholders on December 22nd 2011, at Syngas' 2011 Annual General Meeting (which had been rescheduled from 17th November 2011 with ASIC approval).

This cash injection was made by Frid Energy Pty Limited (Frid Energy) and Iron Mountain Entertainment Pty Ltd (IME) and led to:-

- 210,214,286 ordinary shares being issued to Frid Energy, and
- 75,500,000 ordinary shares being issued to IME.

These shares were issued on 5th January 2012.

This has resulted in a total shareholding across both Frid Energy and IME, including related party shares, of 311,384,445 or 53.55% of the Company's issued capital.

The number of ordinary Syngas shares on issue post placement is: 581,439,988.

Subsequent to the placement being completed, the Company's strategic plan and shorter term plans and budgets have been reviewed and are currently in the process of being updated.

In late November, five representatives from Kailuan Energy Chemical Co. Ltd visited with Syngas and toured the Company's current and potential project sites. Syngas' Coal to Liquid project development strategy is based on a long term relationship with, and funding from, a strategic development partner being secured. Syngas will seek to work with facilitators including Frid Energy and IME, who are experienced in attracting partners to projects of this nature, to raise further funds to take the Company forward.

2. Project Updates

From a Syngas project portfolio perspective, during the December 2011 quarter the following progress was made:

A. In terms of **Coal to Liquid projects**:

- a) The scoping study for a Victorian La Trobe Valley based CTL Plant (designed to produce around 3,500 barrels per day of Syncrude and 100 MW of excess power) was presented to potential development and feedstock partners.
- b) In Queensland, similar discussions were progressed.
- c) The Clinton CTL project is currently under review in terms of next steps.

B. In terms of **Biomass to Energy** the Company made progress over the December 2011 quarter as follows:

a) ***The Bomen Clean Power project in Wagga Wagga, New South Wales***

A specialist, suitably qualified and experienced, energy project engineering company has been appointed to progress a basis of design program of work on Phase 1 of the project. Further commercial and technical discussions will take place in January 2012 with Teys Australia Wagga during a site visit. Phases 2 and 3 will be progressed based on a number of commercial and technical principles established between the parties for Phase 1.

b) ***The Large Scale Logistics Management Field Trials***

A final reimbursement of \$133,393 was received during the quarter from RenewablesSA covering expenses relating to the Logistics Management Field Trials project. This project has now been closed out, with all accounts settled and final reporting requirements met. Negotiations are underway with parties potentially interested in taking the project findings forward.

c) Other Projects

Interest has continued in relation to Syngas' Biomass to Power projects/approach. Syngas' input, through various commercial arrangements, leveraging off design work for Bomen into other Biomass to Power projects. is being sought.

C. Other:

Copper exploration rights over the Pine Point fault (Pine Point Copper Belt) areas covered by Syngas' wholly owned MEL 3896 have been presented to parties. MEL 3896 lies directly north of Rex Minerals Ltd's MEL 3874 where the Hillside Copper-Gold Project is being developed.

A Joint Venture/Farm-in arrangement is being sought by Syngas with an experienced copper exploration company and/or copper project developer.

Corporate

During the December quarter exploration and evaluation expenditure by the Company totalled \$73,000 (Year-to-Date \$113,000). This expenditure largely comprised of costs relating to completion of the Scoping Study for the Victorian La Trobe Valley CTL project.

Administration costs for the quarter were comprised primarily of costs associated with the Frid Energy/IME placement, including production of an Independent Experts Report which required both coal and biomass technical experts' input, as well as legal advice regarding the RevenueSA inquiry and costs associated with the Kailuan visit to Australia.

The inquiry received from RevenueSA was closed out in December 2011. A "Nil Assessment" was made based on legal advice received, documents the Company provided and follow up discussions held between the parties.

An R&D Tax Incentive claim totalling \$262,000 has been prepared and will shortly be lodged with the Australian Taxation Office accompanying Syngas' 2010/2011 Tax return.

A final reimbursement of \$133,393 was received from RenewablesSA for the Logistics Management Field Trials project during the quarter. This project has now been closed out, with all accounts settled and final reporting requirements met.

At 31st December 2011 Syngas had \$981,000 cash-in-bank.

Over the past quarter work has taken place to tidy-up the Company's share structure with documentation relating to the redemption and removal from the share register of the B and C Class Performance shares, which have expired and will never be issued, as well as the Discovery shares, which have also expired.

Exploration and evaluation expenditure for the March quarter is forecast to be \$45,000 comprising primarily of costs associated with further development of the Bomen Clean Power Project and with the securing of access to coal feed stock for the Victorian CTL project, subject to Strategy finalisation, currently underway.

Media coverage of Syngas' activities during the quarter included the following:

- *Partner stops Syngas Going Under – The Advertiser, 23rd December 2011*

ASX Announcements during the quarter included the following:

- *Release of 2011 Annual Report – 19th October 2011*
- *Extension of time to hold Annual General Meeting – 24th October 2011*

- *Syngas' September 2011 Quarterly Report – 28th October 2011*
- *Syngas Independent Experts' Report – 23rd November 2011*
- *Syngas 2011 Notice of Annual General Meeting – 23rd November 2011*
- *Appointment of Joint Company Secretary – 1st December 2011*
- *2011 Annual General Meeting Chairman's Address – 22nd December 2011*
- *Managing Director's Presentation – 22nd December 2011*
- *Results of 2011 Annual General Meeting – 22nd December 2011*

March 2012 Quarter

During the March 2012 quarter the following is targeted for progression by Syngas, in order of priority and subject to both Strategy finalisation and funding:-

- Securing of a strategic Coal to Liquid project development partnership to support the progression of the Victorian La Trobe Valley CTL project, working with Syngas,
- Detailed plan completion (budgets, timeframes and deliverables),
- Further Bomen Clean Power project development, based on certain commercial and technical principles being established between the parties,
- Progress towards securing an option over a further CTL project in Queensland.
- Clinton CTL Project plan finalisation, and
- Maintenance of other Biomass project opportunities.

Summary and Outlook

The Company's short term future has been secured as a result of the Frid Energy/IME injection of cash/placement.

Syngas' Strategic Plan and shorter term plans and budgets have been reviewed and are currently being updated.

Syngas' Coal to Liquid project development strategy is based on a long term relationship with, and funding from, a strategic development partner being secured. This remains a key focus for the Company.

Ends

For further information contact:

Merrill Gray

Managing Director

Syngas Limited

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

SYNGAS LIMITED

ABN

41 062 284 084

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(73)	(131)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(172)	(391)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – R&D Grant, Renewables SA Grant	133	338
Net Operating Cash Flows		(109)	(174)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(1)	(1)
1.13	Total operating and investing cash flows (carried forward)	(110)	(175)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(110)	(175)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	800	800
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Return of Bond	-	-
1.19	Other – Share issue expenses	-	(19)
Net financing cash flows		800	781
Net increase (decrease) in cash held		690	606
1.20	Cash at beginning of quarter/year to date	291	375
1.21	Exchange rate adjustments to item 1.20		-
1.22	Cash at end of quarter	981	981

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	5
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, salaries and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	45
4.2 Development	-
4.3 Production	-
4.4 Administration	95
Total	140

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	130	75
5.2 Deposits at call	851	291
5.3 Bank overdraft	-	(75)
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	981	291

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	295,725,702	295,725,702	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Discovery Shares	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 +B Class Performance Shares (note 6)	17,000,000	Nil		
7.8 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.9 +C Class Performance Shares (note 6)	30,000,000	Nil		
7.10 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.11 Options (description and conversion factor)	Nil	Nil		
7.12 Issued during quarter				
7.13 Exercised during quarter				
7.14 Expired during quarter	51,275,000	Nil	<i>Exercise price</i> 8 cents	<i>Expiry date</i> 31-Dec-2011
	1,250,000	Nil	<i>Exercise price</i> 7 cents	<i>Expiry date</i> 31-Dec-2011
7.15 Debentures (totals only)				
7.16 Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 30 January 2012
 (Managing Director)
 Print name: Merrill Gray

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 Class B and Class C Performance Shares disclosed have expired and are currently being cancelled

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Rule 5.3

+ See chapter 19 for defined terms.