

## **QUARTERLY REPORT FOR THE PERIOD ENDING 31<sup>st</sup> March 2013**

The Board of Syngas Limited (“Syngas” or “Company”) is pleased to present the March 2013 Quarterly Report.

### **HIGHLIGHTS**

#### **CORPORATE**

1. Cash-in-Bank at 31<sup>st</sup> March 2013 was \$328,000.
2. A reduction in Syngas’ share capital through a pro-rata ‘in specie’ distribution by Syngas of BioSyngas Limited shares at a rate of 1 BioSyngas share for every 77 Syngas shares was approved by shareholders on 23<sup>rd</sup> April 2013. The Notice of Meeting and Explanatory Memorandum in relation to this meeting was circulated to shareholders during the quarter.
3. Conversion of BioSyngas Pty Ltd to a public unlisted company is expected to be completed by 30<sup>th</sup> May 2013, allowing the BioSyngas share issue to take place on 31<sup>st</sup> May 2013, to complete the demerger process.
4. The Managing Director of Syngas, Merrill Gray, stepped down on 23<sup>rd</sup> April 2013 and the Chairman, Michael Cox assumed the role of Executive Director to effect the Syngas head office move to Sydney as part of the demerger.

#### **BIOMASS TO ENERGY - CLEANER AND RENEWABLE ENERGY (BIOSYNGAS)**

1. Progress was made by BioSyngas during the quarter with the Bomen Project, Phase 1. An Engineering Study was completed and various commercial negotiations were progressed along with social and environmental impact studies. This provided the basis for the Statement of Environmental Effects document to be completed as well as the Development Application Form. Further stakeholder engagement will take place prior to application lodgement.
2. A heads of agreement over plantation trimmings feedstock for a potential power plant located in the Douglas Daly area in the Northern Territory was announced during the quarter. A program of work to progress this project is planned by BioSyngas over the coming quarter.

#### **ABOVE GROUND COAL TO LIQUIDS (CTL)**

1. As part of the demerger, all Coal to Liquid Intellectual Property rights have been transferred to BioSyngas. Syngas has retained the right to use this IP for Clinton over the next 5 years.
2. Syngas’ proposal to progress a CTL project working with an established coal mining company was not progressed during the quarter.
3. A subsequent licence was granted during the March quarter over the area previously covered by Mineral Exploration Licence (MEL) 3896 in South Australia. This new licence is MEL 5196. Syngas also continues to hold MEL 4185 (previously MEL 3595) maintaining the basis for the Clinton Project.

## Activities

By specific company the following progress was made over the quarter:-

### 1. BioSyngas

Progression of the Final/Definitive Feasibility Study for the Bomen Project, Phase 1, continued to be the company's focus throughout the quarter along with the corporate activities relating to the demerger.

Project-by-project activities included:

#### a) Bomen

	Work Module	Status	Comments
1.	Plant Site Options/Alternatives identified and priorities established	Complete	<ul style="list-style-type: none"> <li>- Negotiations in relation to a preferred plant site are underway.</li> <li>- An alternative site is also being progressed.</li> </ul>
2.	Site Development, potential impact assessments and regulatory requirement assessments, supporting development application preparation for lodgement:- <ul style="list-style-type: none"> <li>- Social impact assessment</li> <li>- Various potential environmental impact studies</li> <li>- Statement of Environmental Effects document preparation</li> <li>- Development Application Form completion</li> </ul>	Complete Complete  Pending completion  Pending completion	
3.	Engineering Study	Draft completed Pending completion	<ul style="list-style-type: none"> <li>- Working with site (Teys) personnel.</li> <li>- Basis of Design checks and clarifications underway.</li> </ul>
4.	Electrical Connection	Pending Completion	
5.	Feedstock <ul style="list-style-type: none"> <li>- Biogas</li> <li>- Natural gas</li> </ul>	In progress In progress	Various negotiations are underway.
6.	Offtaker (Power and Hot water) Agreement negotiations	Underway	
7.	Financial Modelling	In progress	
8.	Fundraising to support Project Development	Dependent on key aspects of all of above	
9.	Progression to Design and Construction Stage for the Bomen Project, Phase 1	Pending completion of all above	

The focus for the Bomen Project, Phase 1 over the June quarter will be securing a binding commercial offtake agreement, development application lodgement and fund raising to construct the project.

**b) The 3 MWe Northern Territory Biomass to Power Project**

A Heads of Agreement over Biomass Supply (plantation trimmings) between BioSyngas and African Mahogany (Australia) Pty Ltd was announced during the quarter. Power offtake discussions and preliminary engineering design work is planned for the June quarter.

**c) Other Projects**

BioSyngas remains focussed on delivering Bomen, Phase 1, however, based on certain partnering arrangements being established upfront, the Company has the capacity to engage on other projects at this time.

**2. Syngas**

**A. Above Ground CTL Projects:**

1. Syngas' proposal to progress a CTL project working with an established coal mining company was not progressed during the quarter.
2. Ownership of Syngas' CTL IP was transferred to BioSyngas during the quarter, for BioSyngas to continue to progress. Syngas has retained the rights to use this IP for Clinton over the coming 5 years.
3. In terms of the Clinton Project, the subsequent licence for MEL 3896, that is MEL 5186, was granted during the quarter.
4. In terms of the Latrobe Valley CTL Project, no further progress was made during the quarter.

**B. New Projects, Options and Strategies for the Company**

Post completion of the BioSyngas demerger, Syngas' strategy and activities moving forward will be communicated to shareholders.

**Corporate**

The March 2013 quarter exploration and evaluation expenditure by the Company totalled \$137,000 (Year-to-Date \$284,000). Expenditure for the quarter related mainly to the Bomen Project, Phase 1, Feasibility Study work.

A total of seven discrete work packages were progressed during the reporting period. Costs for legal and accounting advice received in relation to the demerger of BioSyngas from Syngas were also incurred.

Exploration and evaluation expenditure for the June 2013 quarter is forecast to be \$53,000. Administration costs will include final demerger costs and ongoing corporate costs.

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

- *Timeline for energy plant extended – The Daily Advertiser 3<sup>rd</sup> April 2013*
- *Syngas Supports Local Youth - Country Times Article 13<sup>th</sup> April 2013*
- *Application in works for energy project – The Daily Advertiser 24<sup>th</sup> April 2013*

ASX Announcements during the quarter included the following:

- *Syngas' December 2012 Quarterly Report – 31<sup>st</sup> January 2013*
- *Heads of Agreement Power Off-Take Signed by Teys – 14<sup>th</sup> February 2013*
- *Heads of Agreement over Plantation Trimmings Supply Signed by AMA – 6<sup>th</sup> March 2013*
- *Half-Year Financial Report – 12<sup>th</sup> March 2013*
- *Notice of Meeting and Explanatory Memorandum – 22<sup>nd</sup> March 2013*
- *Company Update post 23<sup>rd</sup> April General Meeting – 23<sup>rd</sup> April 2013*
- *General Meeting Results – 23<sup>rd</sup> April 2013*

### **June 2013 Quarter**

During the June 2013 Quarter the Company will finalise the demerger of BioSyngas and progress with the recapitalisation of Syngas is expected such that Syngas can proceed to develop opportunities that are identified.

Management is in discussion with major shareholders to determine the appropriate capital requirements and the future direction that the Company should take. Further details will be made available to shareholders in due course.

### **Summary and Outlook**

The Board of directors would like to thank Merrill Gray for her work as Managing Director within a challenging economic environment. In particular, recent work on the development of the Bomen Project, other BioSyngas projects and the associated intellectual property and on progressing the integrated CTL project intellectual property (now fully transferred to BioSyngas), providing upside to shareholders through the pro-rata 'in specie' distribution.

Syngas will be evaluating opportunities during the June Quarter and determining the most suitable re-financing strategy for the Company and will advise shareholders of progress in due course.

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*and*

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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 March 2013**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(137)	(284)
(b) development	-	-
(c) production	-	-
(d) administration	(226)	(696)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D tax concession rebate	99	99
<b>Net Operating Cash Flows</b>	<b>(261)</b>	<b>(869)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(261)</b>	<b>(873)</b>

+ See chapter 19 for defined terms.

30/9/2001

1.13	Total operating and investing cash flows (brought forward)	(261)	(873)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	500
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	-	-
	<b>Net financing cash flows</b>	-	500
	<b>Net increase (decrease) in cash held</b>	(261)	(373)
1.20	Cash at beginning of quarter/year to date	589	701
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	328	328

**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	61
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

Nil

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

Nil

+ See chapter 19 for defined terms.

### 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	53
4.2 Development	-
4.3 Production	-
4.4 Administration	75
<b>Total</b>	128

### 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	37	47
5.2 Deposits at call	291	542
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	328	589

### 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	MEL3896	100%	0%
6.2 Interests in mining tenements acquired or increased	Nil	MEL5186 (application for a subsequent licence to MEL 3896 was approved and new licence issued)	0%	100%

+ See chapter 19 for defined terms.

### 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 <b>Preference +securities</b> <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	581,440,288	581,440,288	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Discovery Shares</b>	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>+B Class Performance Shares</b> (note 6)	Nil	Nil		
7.8 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				

+ See chapter 19 for defined terms.



	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.9 <b>+C Class Performance Shares</b> (note 6)	Nil	Nil		
7.10 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.11 <b>Options</b> <i>(description and conversion factor)</i>	50,000,000	Nil	<i>Exercise price</i> 6 cents	<i>Expiry date</i> 28-June-2013
7.12 Issued during quarter				
7.13 Exercised during quarter				
7.14 Expired during quarter				
7.15 <b>Debentures</b> <i>(totals only)</i>				
7.16 <b>Unsecured notes</b> <i>(totals only)</i>				

## 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 ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2013

Print name: Michael Cox

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+ 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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