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Proposed Acquisition of Quarrying & Civil Engineering Business by Syngas Ltd

The directors of Syngas Ltd are pleased to announce that Syngas has entered into a Heads of Agreement with CEAL Ltd and Multiquip Aggregates Pty Ltd which will result in Syngas acquiring a Sand and Aggregate quarry owned by CEAL Ltd and the Civil Engineering business operated by Multiquip Aggregates.

The acquisition includes all necessary equipment and qualified staffing required to operate those businesses presently owned or employed by the vendors.

CEAL Ltd is the owner of the "Ardmore Park" property and subject to certain conditions holds a development approval to extract and transport 400,000 tonnes of extractive material from the "Ardmore Park" property.

Multiquip Aggregates Pty Ltd and All Plant Earthworks is a transport, earthmoving and civil contracting business which owns numbers of trucks, items of earthmoving machinery, including substantial crushing and screening plant and employs experienced personnel. The company holds current contracts to hire this plant and personnel on various civil engineering construction sites in Sydney, Canberra and regional NSW.

Acquisition of the above companies and businesses will allow Syngas to quickly move into an operations mode where Multiquip Aggregates has mobile plant and experienced personnel and CEAL Ltd a granted development approval for extraction of aggregate, road base and construction sand from resources on its "Ardmore Park" property.

The Environmental Assessment document "***Modified Ardmore Park Quarry Project***" stated in the summary "***The sand Resources targeted for extraction has been estimated as 6.3 million tonnes and the basalt (hard rock) resource estimated as 9 million tonnes (92% of which would be suitable for production of quality construction or road building materials).***"

The general conditions covering this quarry are normal conditions expected under current social and environmental responsibility requirements for any development covering extractive industries in NSW.

Schedule 2 Condition 5 should be noted "***Extraction and processing operations may take place until 30th July 2039***".

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In Schedule 3 of the development approval under the heading “Transport Route Upgrades” Condition 25 requires a three stage upgrade of the transport route which includes construction of a by-pass around the village of Bungonia (Stage 1) and to upgrade the Oallen Ford Road and Jerrara Road (Stages 2 & 3).

Stage 1 (Bungonia by-pass) is currently under construction. Some transport of extracted material can commence as each stage is completed but full production (400,000 tonnes) cannot commence until the complete upgrade to the Hume Highway has been done. The Heads of Agreement is conditional on Syngas being able to raise the funds required to satisfy conditions 2 and 3.

As part of the Heads of Agreement between Syngas and the vendors of the assets being acquired the transaction is conditional on:

Syngas shareholders’ agreement:

1. Consolidation of existing capital of Syngas in the ratio of 1 new share for 200 existing shares.
2. Issue of 22,000,000 new shares to CEAL Ltd and Multiquip Aggregates Pty Ltd shareholders (in proportion determined by the Board of CEAL and Multiquip Aggregates) and the sum of \$5 million dollars from the capital raising will be used to pay out existing liabilities and monies lent to the project.
3. Capital raising of up to \$20,000,000 by the issue 20,000,000 new shares at \$1.00 each, with a condition that at least a minimum of \$7.5 million is raised.

Use of the Funds:

The additional capital raised will be used to complete the access roads upgrades, the constructing of crushing and screening plant for the basalt resource (currently mobile plant is producing material for the by-pass road construction) and the construction of a washing plant for the production of fine aggregates (sand).

The opportunity envisaged by the management of Syngas with the purchase of both quarry and civil engineering assets is:

- Experienced management and personnel allowing a smooth transition into a resource based industry.
- A resource that is capable of supplying from the one site, a variety of aggregate products for both the building and civil engineering industries.
- The resource is high quality and there exists potential to upgrade production levels subject to environmental approval.
- Location is such that the quarry can supply to both southern Sydney markets and Canberra without relying on growth in a local market.

The transaction is conditional on all relevant Government, regulatory and shareholder approvals being obtained.

For Further information Contact

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