



ACN: 062 284 084
ASX Code: SYS

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE

30 January 2014

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2013

The Board of Syngas Limited ("Syngas" or "Company") is pleased to present the December 2013 Quarterly Report.

Tenements

Syngas continues to hold a 100% interest in each of MEL 4185 (north-west of Adelaide in the Northern St Vincent Basin Coalfields) and MEL 4785 (south-east of Adelaide covering the known coal deposit of Moorlands) both located in South Australia. The Company is continuing to review its options in respect of these projects and for the past quarter no further field work was conducted. At present no exploration work has been scheduled for the next quarter although the existing data available is being reviewed.

Corporate and Future Projects

The Board announced on 24 January 2014 that it had entered into a Heads of Agreement with Ceal Ltd and Multiquip Aggregates Pty Ltd.

The outcome of the transaction will see the business activities of Ceal Ltd ("CEAL"), together with other assets within Multiquip Aggregates Pty Ltd, a private company, being acquired by Syngas in a share transaction with an additional cash component being made available to pay out existing liabilities associated with the development of the CEAL quarrying assets.

As part of the transactions, Syngas will be raising between \$7.5 million and \$20.0 million in new capital to fund the development and equipment acquisition and meet the previously mentioned debt repayment.

Existing capital of Syngas will be consolidated on the basis of 1:200 reducing the issued shares of Syngas from the present 581 million to some 2.9 million, followed by the issue of 22 million shares to acquire the business concerned. Should the full \$20 million at an issue price of \$1.00 per share be raised the issued capital following the above will approximately be 45 million shares.

The existing assets of Syngas will be reviewed with the intent of either as a trade sale or Joint Venture/Farm-In, as the Company will focus on the growth and potential of what it sees as an attractive infrastructure business, with strong long term growth potential and attractive industry fundamentals.

Whilst for Syngas this is an exciting development and a new start, for CEAL's shareholders this transaction will allow for the speeding up of the development of those assets that have been nurtured over the past several years. By accessing the capital markets whilst in the current phase of development CEAL can obtain the funding it needs to expand its production to the approved 400,000 tonnes. In addition the assets acquired by virtue of the Multiquip Aggregate business will enable Syngas to enhance that revenue stream of the quarrying assets by expanding the material logistics

Syngas Limited

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business and Civil Engineering business. Both of these are complementary to the quarrying assets being acquired by the purchase of CEAL.

The acquisition includes all necessary equipment and qualified staff currently required to operate those businesses.

CEAL 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.

The transaction is complex, because it does involve separate, even though related vendors and effectively two operating businesses, employing staff and equipment and the transaction will need to be structured in a manner that benefits all parties.

Syngas has engaged both a legal advisor and accounting firm to assist in the structuring and in drafting the necessary documents and whilst we will speed up this process as much as we can, I am cognisant of the old adage "decide in haste, repent at leisure".

There are several conditions that are important to the transaction, including a consolidation of the existing Syngas capital, the raising of \$7.5 million and whilst not a condition of the transaction it is envisaged that the Company will be changing its name. All of these conditions require Syngas shareholder approvals. A meeting of shareholders will be called as soon as we have finalised the relevant documents and obtained regulatory approvals for such meetings.

We are working towards having the documentation ready by the end of February with the necessary shareholders' meetings in early April.

The Board believes that the growth potential of the new business and the synergies of combining the civil engineering business, the logistic business and the quarrying assets, makes an attractive offering and is a great building block to build a significant sized company.

The Board is seeking to structure the capital raising such that both Syngas shareholders and CEAL Shareholders can participate. This desire will complicate the documentation and whilst a key intention of the Board this aspects will be revisited as the documents are being finalised.

In the interim the Company will continue to draw down on the facility provided by one of its directors (current facility is for \$250,000 drawn down as at 31 December 2013 to the amount of \$192,548). This facility is interest free and will be repaid out of the proceeds of the capital raising by the Company.

For Further Information contact:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Syngas Limited

ABN

41 062 284 064

Quarter ended ("current quarter")

31 December 2013

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 & evaluation	(2)	(6)
	(b) development	---	---
	(c) production	---	---
	(d) administration	(14)	(37)
1.3	Dividends received	---	---
1.4	Interest and other items of a similar nature received	---	---
1.5	Interest and other costs of finance paid	---	---
1.6	Income taxes paid	---	---
1.7	Other – reduction in Trade Creditors	(9)	(9)
	Net Operating Cash Flows	(25)	(52)
Cash flows related to investing activities			
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)	---	---
	Net investing cash flows	Nil	Nil
1.13	Total operating and investing cash flows (carried forward)	(25)	(52)

1.13	Total operating and investing cash flows (brought forward)	(25)	(52)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	---	---
1.15	Proceeds from sale of forfeited shares	---	---
1.16	Proceeds from borrowings	28	46
1.17	Repayment of borrowings	---	---
1.18	Dividends paid	---	---
1.19	Other (provide details if material)	---	---
	Net financing cash flows	28	46
	Net increase (decrease) in cash held	3	(6)
1.20	Cash at beginning of quarter/year to date	10	19
1.21	Exchange rate adjustments to item 1.20	---	---
1.22	Cash at end of quarter	13	13

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

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

1.25 Explanation necessary for an understanding of the transactions

Directors have agreed to defer their fees until the financial position improves.

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

Directors have agreed to defer their fees. These fees are currently being accrued and the balance of the Directors' Accrued and Service Fees as at 31 December 2013 is approximately \$62,500 in total.

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

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	250	192
3.2 Credit standby arrangements	250	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	---
4.3 Production	---
4.4 Administration (expected legal and accounting costs due to the CEAL acquisition)	150
Total	160

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	13	10
5.2 Deposits at call	---	---
5.3 Bank overdraft	---	---
5.4 Other (provide details)	---	---
Total: cash at end of quarter (item 1.22)	13	10

Changes in interests in mining tenements and petroleum tenements

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

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>	Nil	Nil	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	581,440,288	581,440,288	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities <i>(description)</i>	Nil	Nil	

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	Nil	Nil	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

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 5).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:


 (Director)

Date: 30 January 2014

Print name: Michael Cox

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

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