



ASX Announcement
28th January 2010

SYNGAS LTD

("Syngas" or "the Company")

MoU signed with Rentech, Inc. for a Biomass-to-Liquid Project, Australia

Highlights:

- **MoU signed with Rentech to jointly assess the development of a Biomass-to-Liquid ("BTL") project in Australia:**
 - **Builds on existing relationship with Rentech,**
 - **Incorporates the Rentech-SilvaGas gasification process for converting biomass to syngas,**
 - **Incorporates the Rentech-Fischer-Tropsch process, for the production of ultraclean, renewable transportation fuels, potentially to be used for the Clinton Project**
 - **Leverages Rentech's design and experience gained from its Rialto, California BTL project currently under development.**
- **Syngas to continue to develop existing biomass feedstock relationships and partnerships to secure the sustainable, long term supply of feedstock for the Project.**
- **Potential lower cost, nearer term cashflow opportunity for the Company.**

The Board of Directors of Syngas Limited (ASX: SYS) is pleased to announce that a Memorandum of Understanding ("MoU") has been signed with Rentech (NYSE AMEX: RTK). The MoU covers a twelve month joint assessment period over the potential development of a non-food based biomass fed synthetic fuels ("synfuels") BTL project in Australia. The assessment will evaluate the viability of Syngas' local biomass supply relationships being developed into commercial, sustainable, long term agreements and the potential for the project to utilise this biomass for processing using proprietary gasification and Fischer-Tropsch (FT) technologies owned by Rentech. Syngas will complete this assessment in parallel with the development of the Clinton coal/biomass to liquids project in South Australia. The Clinton Project remains the Company's primary and long term focus, however this MoU presents an opportunity for lower capital expenditure, nearer term cash flow project development by the Company.

Rentech is currently developing a biomass to energy project in Rialto, California, designed to utilise its proprietary gasification and FT technologies. This facility, which is targeted to be commissioned in late 2012, is designed to produce approximately 640 barrels per day of pure renewable synthetic fuels and export approximately 35 megawatts of renewable electric power. The design of the Rialto Project is expected to serve as the design basis for Syngas' potential BTL project in Australia.

The MoU builds on an existing relationship with Rentech which was announced in the ASX release of November 23rd 2009 regarding the engagement of Rentech for preliminary engineering services for Syngas' Clinton Project. This work has the potential to lead to licensing of Rentech's technologies for producing synfuels at the Clinton Project.

Furthermore, Rentech has a marketing alliance with UOP LLC (a division of Honeywell) for UOP's proprietary technologies for synthesis gas ("syngas") clean-up and to upgrade and convert liquid hydrocarbons into ultra-clean fuels (diesel, jet and naphtha). UOP's proprietary technologies are an option for use by Syngas in the gas conditioning and liquid clean-up sections of the Clinton Project synfuels plant.

Rentech owns the Rentech-SilvaGas gasification process which converts biomass to a medium heat content synthesis gas. Rentech also owns proprietary technology for the treatment of the syngas produced from the Rentech-SilvaGas process to make it suitable for subsequent conversion into synfuels and/or for electricity generation. In addition, Rentech has developed and owns a proprietary technology based on Fischer-Tropsch chemistry that utilizes a unique iron based catalyst in a slurry reactor system to convert syngas produced from fossil and biomass resources into hydrocarbons that can be subsequently processed and upgraded into ultra-clean synthetic fuels and specialty waxes and chemicals.

Potential for Sustainable Biomass Feed

Over the past 18 months Syngas has been working with a local crop farmers group, the Yorke Peninsula Alkaline Soils Group (YPASG), under a MoU which was signed on May 1st 2009. The work has centered on establishing the sustainable potential of biomass for use as a supplementary feed for the Clinton synfuels Project. It has included assessing the overall non-food biomass (specifically chaff and excess residual straw) produced on an annual sustainable basis as a by-product in wheat and barley production in the surrounding area of the Clinton Project. The work has also assessed options for cost effectively collecting and transporting large quantities of this biomass to a central location/facility.

Syngas has completed an independent review of the potential sustainable biomass availability in the Yorke Peninsula and Mid North crop reporting districts. The results showed that at levels of 50 percent participation from the local crop farmers, approximately 1.3 million tonnes per annum of biomass could be available within a 100 kilometre radius of the Clinton Project. Syngas plans to work with local crop farmers towards securing firm supply arrangement of the approximately 400,000 t.p.a. required for a potential BTL biomass feed under suitable commercial terms, as part of progressing this agreement.

The work completed to date by Syngas with YPASG seeks to strike a balance between soil productivity and soil health through biomass retention and securing additional cashflow for farmers from the sale of excess material or unwanted biomass removal from their properties.

The potential for dedicated crops grown in otherwise marginal areas and the diversion of household waste biomass from a nearby Adelaide city landfill will also be assessed.

Managing Director of Syngas, Merrill Gray, commented: "This agreement with Rentech is a very positive step forward. There is a clear strategic fit for Syngas with a potential BTL project and the opportunity to establish a near term cash flow project for the Company. The agreement with Rentech will potentially allow us the opportunity of securing a further BTL project development pipeline leveraging off the effort and experience gained from Rentech's Rialto Project.

Syngas brings location, relationships, resources and company structure while Rentech brings technology and technical support.

The Clinton Project will continue to be developed in parallel with a BTL project. We look forward to updating the market on the progress with both over the coming months. "

Ends

Notes to Editors

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 business with, as a core project, an ultra-clean diesel production project located in South Australia which is at Bankable Feasibility Study stage of development.

One of Syngas's granted mineral exploration licences covers an area of 288 km² north-west of Adelaide, over known coal deposits within the Clinton Coal Measures, located in the Northern St Vincent Basin Coalfields, north of the Gulf of St Vincent. Syngas also holds a granted mineral exploration licence over a 143 km² area, south-east of Adelaide, covering the known coal deposit of Moorlands. Syngas holds a petroleum exploration licence over the Moorlands deposit and surrounding area. In September 2009 Syngas entered into a Joint Venture with Resolve Geo Pty Ltd over two mineral exploration licences covering a total area of 79km² within the Gippsland Basin, a prospective coal area, in Victoria.

About Rentech Inc

Rentech, Inc. (rentechinc.com), incorporated in 1981, provides clean energy solutions. The Company's Rentech-SilvaGas biomass gasification process can convert multiple biomass feedstocks into synthesis gas (syngas) for production of renewable fuels and power. Combining the gasification process with Rentech's unique application of syngas conditioning and clean-up technology and the patented Rentech Process based on Fischer-Tropsch chemistry, Rentech offers an integrated solution for production of synthetic fuels from biomass. The Rentech Process can also convert syngas from fossil resources into ultra-clean synthetic jet and diesel fuels, specialty waxes and chemicals. Final product upgrading is provided under an alliance with UOP, a Honeywell company. Rentech develops projects and licenses these technologies for application in synthetic fuels and power facilities worldwide. Rentech Energy Midwest Corporation, the Company's wholly-owned subsidiary, manufactures and sells nitrogen fertilizer products including ammonia, urea ammonia nitrate, urea granule, and urea solution in the corn-belt region of the central United States.

In May 2009, Rentech announced its intention to develop, construct and operate a biomass-to-liquids and power plant in Rialto, CA (USA) which will utilise a combination of the Rentech-SilvaGas gasification system, Rentech's syngas conditioning technology and the Rentech Fischer-Tropsch Process. Rentech has initiated engineering design work for this plant. The Rialto Project is expected to produce approximately 640 barrels per day of renewable synfuels and 35 MWatts of renewable electric power. Front End Engineering Design (FEED) for the project is expected to be completed in 2010 and construction expected to begin in mid 2011. The Rialto Project is expected to come onstream in late 2012, creating approximately 70 full time jobs. Rentech has signed an unprecedented multi-year agreement to supply eight (8) airlines with up to 1.5 million gallons per year of renewable high quality synthetic fuel from the Rialto Project. Rentech has recently been recognized by Biofuels Digest as one of the 50 Hottest Companies in Bio-energy for its recent innovations and achievements, particularly in aviation biofuels and has been named as one of the Biofuels Digest Companies of the Year.

Biomass

By way of definition, Biomass is typically defined as organic material and is available from a variety of sources. Non-food biomass is organic material which does not compete with human food production (i.e. is a by-product in food production or a waste product).

Biomass is commonly referred to as a renewable energy source because it is 'renewed' on a seasonal basis. Emissions from the gasification of biomass, subsequent processing and end use are considered to be 'carbon neutral', on the basis that the emissions that are released into the atmosphere during processing and use are carbon dioxide (CO₂) that was absorbed from the atmosphere by the biomass during its growth cycle. Accordingly, the overall balance of CO₂ in the atmosphere from production and use of BTL liquid fuel is unchanged. Only relatively minor related emissions associated with biomass collection and end use transportation must be considered in addition.

This makes a BTL plant synfuel product highly sought after in terms of its "green" credentials, being an essentially zero carbon footprint fuel.

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