



ASX Announcement
February 2nd 2010

SYNGAS LTD
("Syngas" or "the Company")
Agreement covering Carbon Credit Commercialisation with COzero

HIGHLIGHTS

- **MoU signed with COzero to assess carbon credit commercialisation from Syngas' Projects,**
- **Potential carbon credits from Syngas' Projects could add significantly to Projects' economics,**
- **Assessment forms part of joint Syngas/Rentech, Inc evaluation of commercial viability of a Rialto style Biomass to Liquid (BTL) Project in Australia.**

Syngas Limited (ASX: SYS) today announces that a Memorandum of Understanding ("MoU") has been signed between COzero and Syngas. Under the terms of the MoU the parties will review and determine the potential for carbon credit commercialisation and trading that will potentially be generated by Syngas' non food Biomass to Liquid ("BTL") project in Australia and/or the Clinton Coal and non food Biomass to Liquid ("CBTL") project and other subsequent CBTL projects developed.

Carbon credits generated from Syngas' projects are a potential source of revenue and could add significantly to the projects' economics.

Syngas and COzero will initially focus on carbon credit commercialisation as part of the "Rialto-2" BTL project assessment which Syngas and Rentech, Inc (NYSE AMEX: RTK) have announced they will complete over the coming twelve months. The BTL project assessment will determine the potential of utilising biomass sourced through established Syngas relationships and using Rentech's proven technologies. Rentech is currently developing the Rialto BTL project in California.

Clinton Project related work will follow and will draw upon the knowledge acquired during the BTL assessment.

COzero is an Australian company focused on carbon credit commercialisation from domestic and international low emissions projects. The company has a number of high profile blue chip customers that purchase carbon credits to meet their obligations under various emissions trading schemes.

Specifically, this MoU covers:

- Investigation of the potential for Certification and Commercialisation of carbon credits from Syngas' proposed BTL and/or CBTL developments; and

- Development of the basis for a binding agreement(s) between the parties over carbon credit creation, verification, offtake and the trading of these carbon credits.

Syngas is at Bankable Feasibility Study stage of development of the Clinton CBTL Project, located 120 km North West of Adelaide in South Australia. Furthermore, on 28th of January 2010, Syngas announced that it would be assessing the potential for a separate BTL development in Australia, in conjunction with Rentech. Both of these projects are anticipated to source biomass as feed which gives rise to the potential for carbon credits.

A carbon credit represents a tonne of carbon dioxide, or equivalent for other greenhouse gases, which is not emitted. There are two types of markets that these credits are typically traded on, the compliance market, which is based on governmental commitments and regulations, and the voluntary market, which is based on corporate social responsibility ("CSR").

This agreement provides Syngas with access to specialist knowledge within a business which has a well established carbon trading track record. COzero will assist Syngas, through the recommendation and commercialisation of appropriate financial instruments, to maximise project returns arising from the use of biomass by Syngas.

Carbon credits generated from Syngas' projects are a potential source of revenue and could add significantly to the projects' economics.

Syngas looks forward to growing a mutually beneficial relationship with COzero well into the future.

Merrill Gray, Managing Director of Syngas, commented: "This agreement with COzero is valuable as it brings specialist knowledge to Syngas that will enable us to better determine the commercialisation opportunities for carbon credits from our BTL, Clinton CBTL, and subsequent projects. Once the viability of deriving the financial benefits from the trading of the carbon credits is established with a high degree of certainty, Syngas will be able to factor the resultant benefits into our project financial modeling further increasing its robustness."

Ends

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 COzero

COzero provides merchant services to the Australian emissions trading markets, specifically related to Renewable Energy Certificates (RECs) and Certified Emission Reductions (CERs). Services include certificate creation and origination, trading and retirement. Current customers include a portfolio of blue-chip end users such as the City of Sydney, University of Melbourne, Deutsche Bank and Optus. COzero is also an accredited GreenPower retailer, having maintained accreditation continuously since 2007.

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