

QUARTERLY REPORT FOR THE PERIOD ENDING 30th June 2012

The Board of Syngas Limited (“Syngas” or “Company”) is pleased to present the June 2012 Quarterly Report.

HIGHLIGHTS

CORPORATE

1. Cash-in-Bank at 30th June 2012 was \$701,000. The Company has no debts.
2. On 1st June 2012, under section 708 of the Corporations Act 2001, a 5,000,000 ordinary share offer, at \$0.10 cents per share, securing a 40% share in BioSyngas Pty Ltd (BioSyngas) was launched. BioSyngas is currently a wholly owned subsidiary of Syngas. This offer is expected to raise A\$500,000 to complete work on the Bomen Project Phase 1, bringing it to construction ready stage.
3. Post the 1st July 2012 launch of the Clean Technology Innovation Program, Syngas has commenced preparation of an application for funding through the Program.
4. The Company positioned to review well funded new projects as they come to hand.

BIOMASS TO ENERGY/CLEAN RENEWABLE ENERGY

Significant progress took place during the quarter to extract value from past clean energy/renewable energy investments made by Syngas. The assets held, projects being progressed and strategies behind BioSyngas has been described for investors on the new BioSyngas website (www.biosyngas.com.au) and in the Information Memorandum supporting the capital raising which is underway.

BioSyngas’ pipeline of projects under development and their latest developments are:-

- a. The 6 MWe Bomen Power generation and supply Project in Wagga Wagga NSW. A Heads of Agreement (HoA) covering power supply to Teys Australia’s Wagga Wagga beef processing plant is being worked towards.
- b. A 3 MWe power generation and supply project proposal was presented to a Northern Territory plantation owner during the quarter. An HoA over feedstock supply, within the favourable commercial context for the project is being sought.
- c. Other projects are also under development.

ABOVE GROUND COAL TO LIQUIDS (CTL)

1. During the June 2012 quarter an engineering meeting was held with Rentech Inc. in the USA and discussions were held with Siemens, which have progressed the La Trobe CTL Project flowsheet. Syngas has prepared a commercial 3,000 bbl/d CTL project ready for progression with a partner as part of the forthcoming La Trobe Valley coal tendering process.
2. Syngas’ Clinton Project in South Australia remains on hold. Syngas’ mineral exploration licences continue to be maintained.

Activities

1. Extracting Value and Positioning for the Future

The Company’s focus in the June 2012 quarter was to identify and progress opportunities to extract value from Syngas’ past investments and position the Company as favourably as possible for the future.

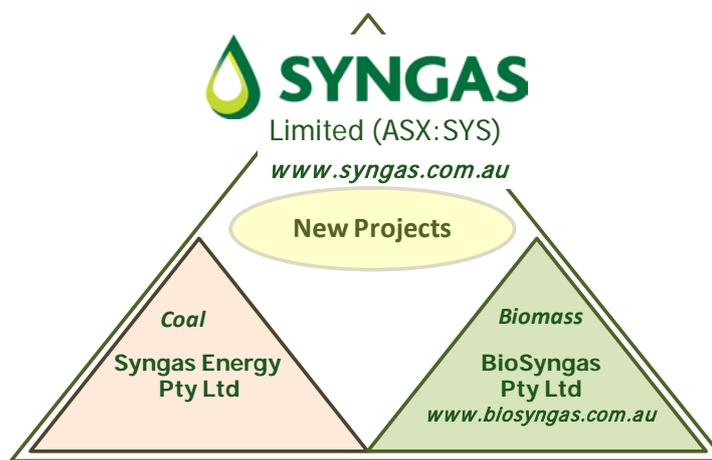
This focus was progressed in two ways:-

1. By separating the assets held within Syngas Limited, within two wholly owned businesses. That is:
 - BioSyngas Pty Ltd, and
 - Syngas Energy Pty Ltd

The former holds Biomass/Renewable/Clean Energy assets and projects and the latter is Clean coal technology and project based. This has been done to facilitate new investment into specific areas of the Company.

2. Syngas is open and well positioned to review new, well funded projects as they come to hand and to bring them into the Company's structure as shown in Figure 1 below.

Figure 1: Syngas' Overall Structure



The Company has cash reserves and no debt, which will allow suitable project reviews to take place.

2. Project Updates

In terms of Syngas' projects, during the June 2012 quarter, the following progress was made:

A. Clean Energy/Renewable Energy Projects:

a) *The Bomen 6 MWe Clean Power generation and supply project in Wagga Wagga, New South Wales*

Solid progress was made on key aspects of the Bomen Project during the June quarter, including on:-

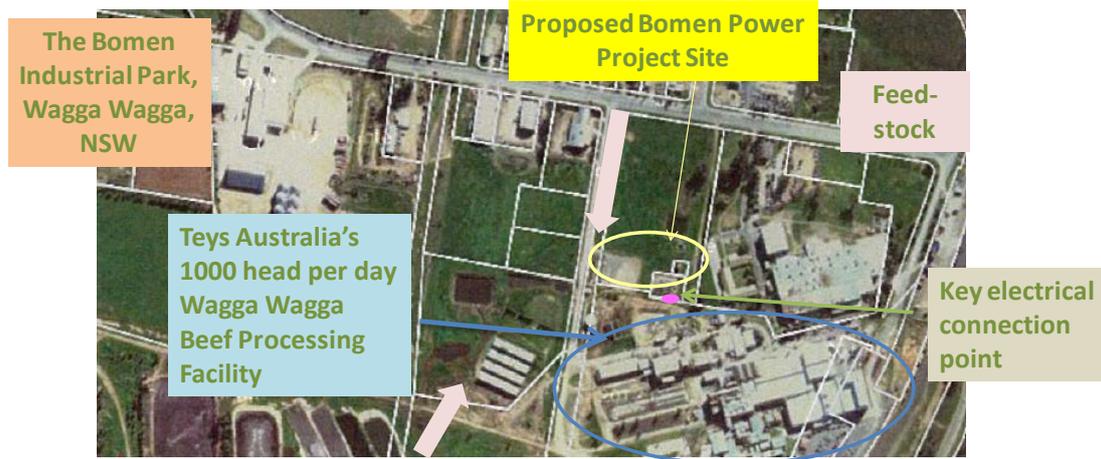
1. The plant site/location options and layout requirements,
2. Customer supply/connection requirements,
3. Plant equipment supplier pre-qualifications particularly in relation to Phase 2, and
4. Feedstock supply options.

An initial informal meeting was held with representatives of the Bomen Action Group, one of the project's stakeholder groups, during the quarter.

A range of other aspects of the project are being planned for progression further to the success of the currently underway BioSyngas capital raise.

Figure 2 below sets out the potential Bomen Project plant location and relevant key aspects of the Project.

Figure 2: Overview of the proposed embedded Bomen Power plant set up including the envisaged 'across the fence' power supply arrangement.



Syngas has commenced the preparation of an application for funding through the Clean Technology Innovation Program in relation to the Bomen Project. The Company is well positioned, in the Board's opinion, to address the program's funding criteria and has successfully secured government funding to progress renewable projects in the past. Syngas' work in conjunction with the Yorke Peninsula Alkaline Soils Group is profiled as a case study on the following website:

renewables.sa.gov.au/investor-information/case-studies.

This new application is expected to be lodged during the September 2012 quarter.

b) The 3 MWe Northern Territory Project

A 3 MWe power generation and supply project proposal was presented to a Northern Territory plantation owner during the quarter. An HoA over feedstock supply, within the favourable commercial context for the project, is being sought.

c) Other Projects

The Company is in the process of preparing a project proposal for a crop residue based project in South Australia.

B. CTL Projects:

1. During the June 2012 quarter an engineering meeting was held with Rentech Inc. in the USA and discussions were held with Siemens, which have progressed the La Trobe CTL Project flowsheet. Syngas has prepared a commercial 3,000 bbl/d CTL project ready for progression with a partner as part of the forthcoming La Trobe Valley coal tendering process.
2. Syngas' Clinton Project in South Australia remains on hold. Syngas' mineral exploration licences continue to be maintained. A program of salt management related work with one of Syngas' technology providers is currently being scoped as is some student project work through the University of Adelaide's Engineering School.

C. New Projects and Options for the Company

The Company is well positioned to review well funded new projects as they come to hand, with no debt and cash on hand to undertake the necessary evaluations.

Corporate

During the June 2012 quarter exploration and evaluation expenditure by the Company totalled \$19,000 (Year-to-Date \$189,000). The expenditure for the quarter related to costs associated with submission of the 3 MWe Northern Territory Biomass to Power Project proposal and technical work on the La Trobe Valley CTL project flowsheet.

Administration costs for the quarter comprised of costs associated with preparing the BioSyngas Pty Ltd Information Memorandum setting out the details of the currently underway capital raise and the development of the new BioSyngas website. Costs were also incurred in preparation for the progression of the HoA over power supply for the Bomen Project.

The R&D Tax Incentive claim rebate totalling \$263,205 which was received from the Australian Taxation Office in April 2012, is accounted for in the June quarter figures. This contributed to the June quarter end Cash in Bank position of \$701,000 which is \$40,000 more than the March 2012 quarter end figure.

Exploration and evaluation expenditure for the September 2012 quarter is forecast to be \$220,000, subject to capital raise completion, comprising of costs associated with the further development of the Bomen Project, depending on receipt of any new opportunities for evaluation by Syngas.

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

- *Syngas Limited Launches BioSyngas Pty Ltd as Separate Entity – Reuters 4th June 2012*

ASX Announcements during the quarter included the following:

- *Clean Power Company, BioSyngas Pty Ltd, launched – 4th June 2012*

September 2012 Quarter

During the September 2012 quarter the following is expected to be progressed by Syngas, subject to funding being secured for BioSyngas through the current capital raise, the timing of opportunities being identified for review by Syngas, and a range of commercial negotiation considerations:-

- For the Bomen 6 MWe Power Project:-
 - Signing of a Heads of Agreement providing the basis for a Binding Commercial Agreement over power supply and offtake for Bomen by BioSyngas and Teys Australia.
 - Detailed Bomen Project Phase 1 technical/engineering study progression.
 - Development application preparation for submission to regulatory authorities including a social impact assessment and the development of an ongoing stakeholder relations management program.
 - Progression of plant site and feedstock commercial arrangements.
 - Lodgement of an application for funding through the Clean Technology Innovation Program.
- Progression of a Heads of Agreement over feedstock supply for the Northern Territory 3 MWe Biomass Power Project and commercial power offtake discussions.
- Progress with the straw residue project proposal.

iv. In terms of CTL:-

- During the September quarter, further engagement with Siemens and Rentech Inc. on the La Trobe CTL Project flowsheet will take place finalising the flowsheet update. Syngas continues to search for a suitable partner to work with/participate with on the forthcoming La Trobe Valley coal tender process.
- Syngas' Clinton Project in South Australia will remain on hold. Scoping of a program of salt management related work will be completed as will student project work through the University of Adelaide's Engineering School.

v. New Opportunities and Options:-

- A process of identification, review and engagement on well funded new projects/opportunities with parties will continue in the September quarter.

Summary and Outlook

Syngas' current position and future outlook can be summarised as follows:-

1. Syngas is now implementing a number of strategies to extract value from Syngas' past investments and position the Company as favourably as possible for the future
2. As part of this, Syngas is progressing the separate development of BioSyngas through a capital raise under section 708 of the Corporations Act 2001, expected to raise A\$500,000 to complete work on the Bomen Project Phase 1 to bring it to construction ready stage.
3. Identification, review and engagement with parties regarding well funded projects suitable for introduction into the listed entity is another strategy being pursued.

Ends

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www.syngas.com.au

and

www.biosyngas.com.au

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")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(19)	(189)
(b) development	-	-
(c) production	-	-
(d) administration	(205)	(888)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D Grant, Renewables SA Grant	264	601
Net Operating Cash Flows	49	(446)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1)
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	-	(1)
1.13 Total operating and investing cash flows (carried forward)	49	(447)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	49	(447)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	800
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	-	(27)
	Net financing cash flows	-	773
	Net increase (decrease) in cash held	49	326
1.20	Cash at beginning of quarter/year to date	652	375
1.21	Exchange rate adjustments to item 1.20		-
1.22	Cash at end of quarter	701	701

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	82
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

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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

-

+ 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 (subject to capital raise completion)	220
4.2 Development	-
4.3 Production	-
4.4 Administration	175
Total (subject to capital raise completion)	395

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	30	33
5.2 Deposits at call	671	619
5.3 Bank overdraft	-	-
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	701	652

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			

+ See chapter 19 for defined terms.

6.2 Interests in mining tenements acquired or increased	Nil			
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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>				
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	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Discovery Shares	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 +B Class Performance Shares (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 +C Class Performance Shares (note 6)	Nil	Nil		
7.10 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.11 Options <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 Debentures <i>(totals only)</i>				
7.16 Unsecured notes <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 ~~not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:


(Managing Director)

Date: 31 July 2012

Print name: Merrill Gray

+ 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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