



Media Release

23rd October 2013

BioSyngas disappointed with decision on Bomen Project - Focus is now on the Company's other projects.

Teys Australia Pty Ltd on behalf of Teys Australia Southern Pty Ltd (**Teys**) has advised BioSyngas Limited (**BioSyngas** or the Company) that Teys is terminating all negotiations in relation to the Bomen power and hot water co-generation Project (the **Bomen Project**). Teys operate the Wagga Wagga Beef Processing Facility located in the Bomen Industrial Park on the outskirts of Wagga Wagga in New South Wales.

The Bomen Project had the potential to supply 4 MW_e of power/electricity as well as up to 4.8 MW_{th} of hot water to the Wagga Wagga Facility. Utilising a blend of biogas produced from Tey's effluent ponds' blended with natural gas supplied from the Young to Wagga Wagga gas pipeline to fuel dual gas engines producing power and thermal energy, recovered using heat exchangers as hot water for supply to Teys.

This decision has come as both a surprise and disappointment for BioSyngas given the investment that has been made in this project.

The reasons provided by Teys for the Bomen Project not proceeding through into Construction and on into Operation were:

1. Concerns about the future rate of increase of natural gas prices in New South Wales and the impact this could have on the Bomen Project power prices, and
2. Discomfort in relation to power supply risks, as the proposed dual gas engine co-generation of power and subsequent heat recovery was seen by Teys as innovative technology in the meat processing sector.

BioSyngas' team does encompass engineers who have successfully designed, constructed and commissioned co-generation plants meeting clients' specifications at numerous locations in Australia, including in the livestock processing and food industries. With these plants handed over to clients to operate or in some instances successfully operated on behalf of clients under long term performance based contracts.

Since BioSyngas demerged from Syngas Limited (ASX:SYS) on May 31st 2013 the Company has continued to grow its project portfolio which includes other gas co-generation projects as well as woody biomass feedstock based co-generation projects. These projects have the potential to deliver substantially lower energy costs to a number of offtakers/customers in South Australia, Victoria and the Northern Territory.

These projects will now become the Company's focus, particularly those where the engineering design and insights gained from the work completed for the Bomen Project can be leveraged.

Information relating to these projects is available from the BioSyngas office. With further details on each project expected to be released shortly.

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The Bomen Project

BioSyngas progressed the Bomen Project through Scoping, Pre-feasibility and Definitive feasibility study over the past three years under Teys in-principle support for the Project as set out under a Letter of Intent signed in April 2011 and then a Heads of Agreement signed in February of this year/2013.

In May 2013 BioSyngas completed the design and development approval elements of work of the Definitive feasibility study for the Bomen Project, matched to Teys Wagga Wagga Beef Processing Facilities' energy requirements. This work included engagement with on-site personnel and stakeholder engagement encompassing the local community and nearby residents. This work involved expenditures of in excess of A\$0.5 million.

The Bomen Project design incorporated continuous connection as well as supply to Teys through the national electricity grid and the installation of dual gas engines to mitigate supply disruption risks.

Biosyngas' business model is highly focussed on delivering substantially lower power and overall energy costs for its offtakers/customers than available from national electricity grid and other energy sources.

Detailed Binding Commercial Agreement negotiations over power and hot water offtake commenced between Teys and BioSyngas in May 2013 in accordance with the signed Heads of Agreement.

Independent gas and electricity market information commissioned and sourced by BioSyngas was provided by BioSyngas to Teys as part of these negotiations and information was separately sourced by each party. The use of biogas combined with natural gas as plant feedstock did provide partial mitigation against natural gas market fluctuations.

It is unfortunate that this potentially highly beneficial project will not proceed. However, design work completed and all of the experience gained by BioSyngas progressing the Bomen Project will now be utilised to develop BioSyngas' other projects.

The Board and management of BioSyngas takes this opportunity to thank those who provided their wide ranging support for the Bomen Project since it commenced.

Further Information

Please contact Merrill Gray, Managing Director, BioSyngas Limited at BioSyngas' Melbourne head office (details below) for information on any of BioSyngas projects or in relation to other opportunities.

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