THE WALL STREET TRANSCRIPT
Connecting Market Leaders with Investors

Synthesis Energy Systems, Inc. (SYMX)

ROBERT W. RIGDON is President and Chief Executive Officer of Synthesis Energy Systems, Inc. Mr. Rigdon joined Synthesis Energy Systems, Inc., in May 2008 as Senior Vice President of Operations and was responsible for overseeing the implementation and operation of the company's coal gasification projects worldwide. He was promoted to Chief Operating Officer and then in March 2009 was appointed President and Chief Executive Officer. From June 2004 until joining Synthesis Energy Systems, Inc., Mr. Rigdon worked for GE's gasification business in a variety of capacities, including Manager of Gasification Engineering, Director of IGCC Commercialization, and Director of Gasification Industrials and Chemicals Business. For the 23 years previous to this, Mr. Rigdon worked for Texaco, and later ChevronTexaco in the Worldwide Power & Gasification group, where he served as Engineering Manager, Project Director and later as Vice President of Gasification Technology for the business prior to the acquisition by GE. Mr. Rigdon is a Mechanical Engineer with a B.S. from Lamar University in Beaumont, Texas.

SECTOR — CHEMICALS

TWST: I know it's one of your key goals to restart your ZZ joint venture plant in China. What progress have you made on that front?

Mr. Rigdon: Yes, it has been a key goal to get our ZZ joint venture restarted. Over the last several months we have been negotiating a new commercial structure for that unit, and recently on July 24 we announced the completion of a new definitive agreement with Xuecheng Energy. Xuecheng Energy is the former Hai Hua Company who has been under contract to buy our syngas, which they use to make methanol in their adjacent methanol unit.

With this new agreement in place we are restructuring the plant commercially and expanding into methanol production and sales by taking over responsibility for operating the adjacent methanol unit. This will enable our ZZ joint venture to restart later this year in 2013 and at the same time expand into producing and selling methanol. The annual methanol production capacity of the expanded operation is expected to be approximately 90,000 metric tons per year. This is an important step for SES. At today's methanol pricing, the plant would generate approximately $30 million in annual revenues to the ZZ joint venture, which will be a big boost for that facility and our business in China.

TWST: Can you update us on your financing activities in China?

Mr. Rigdon: We have invested heavily in our technology, and when you think about it, we have accomplished some remarkable things for a smaller development-stage company. We have built two significant and important projects in China that demonstrate the capabilities of our technology at commercial scale. Our first project is the ZZ plant. The plant has run for three and a half years and, as I just mentioned, we will be starting it up again later this year. Then our much bigger project is the Yima joint venture, which began operating very recently and is ramping up to full production now.

With these two key accomplishments under our belt, we are now ready to leverage our success and rapidly commercialize our technology on a global basis. But when focusing on China, we have always known that we would need strong Chinese partners. This is almost a requirement in China in order to do business successfully. So because of our past successes, we are in a position now to engage potential Chinese partners, and we can point to our accomplishments in China with our ZZ plant and how well it has performed, and our Yima plant, which is doing well in its startup operation.

Combining this with the pipeline of opportunities we have developed in China and the future prospects and strategic importance our technology has to offer China, we intend to bring in a partner, and through that partnership would generate the necessary financing both to grow and accelerate our China business. The structure of such a partnership could come about in a number of ways, but for argument's sake, it may be as simple as sharing our China business such that we form a partnership working in a form of Chinese joint venture company that deploys our technology there. We like this approach because the right partner could

bring a lot of capability to open up the Chinese market and allow China to benefit from our technology while creating value for our shareholders and our partners. We have been actively working toward this goal for about six months, and we remain hopeful to get this whole process completed later this year or by early next year.

TWST: In April, you announced an agreement with GE. Tell us about that and what it could mean for Synthesis.

Mr. Rigdon: Yes, we have entered into a joint marketing agreement with GE related to the combination of our gasification technology used on low-quality, low-cost coal and renewable feedstocks with GE's aeroderivative gas turbine power generation technology. We believe there is an opportunity existing today in many regions of the world to provide smaller- to medium-scale power plants; these would be power plants that would produce somewhere between perhaps 50 megawatts to 100 megawatts, and potentially even as high as 300 megawatts. These smaller-scale power plants are needed for power generation in many regions of the world with emerging and developing economies to move their economies forward. A lot of these places don't have the power demand yet, or the infrastructure in place that can support massive centralized power plants like those that have been built in the developed world.

What we bring to the table as a technology and equipment provider is the capability to produce a clean syngas fuel from very low-cost, low-quality feedstocks, which, when you combine it with GE's aeroderivative gas turbine power generation technology, it can provide the key to clean and affordable power. These units would consume low-quality, low-cost fuels, like lignite coals and renewable materials and waste materials, to produce electricity very cleanly and affordably. This can be a compelling value proposition, because without our technology to convert the low-quality feedstocks into clean fuel, these regions are left with the option of expensive LNG-based natural gas costing in the $14 to $15 per million BTU range, expensive fuel oil or older, much less clean and more expensive coal options. To add to that, in many areas of the world there isn't easy access to LNG and other fuel sources, which further limits options.

Therefore we create an opportunity to actually make clean power from much lower-cost resources that are readily available in most of these countries. We really like this opportunity. Not only is it a potentially large value creation step for SES through sales of our technology, equipment and services into this market, but it's a great example of deploying our technology as a clean energy platform to help provide much needed energy to improve and create better living conditions in many parts of the world.

TWST: Tell us about your new green chemicals initiative.

Mr. Rigdon: Green chemicals is a term that is associated with producing chemicals from renewable waste feedstocks. Our technology's ability to convert feedstocks like refuse-derived fuels, municipal solid wastes, auto-shred residue, and these types of renewable fuels along with agricultural waste materials and biomass at a reasonably large enough scale, can be very attractive in places like the U.S. and Europe, for example, which are keenly interested in moving forward with clean energy and clean products. So in the chemical industry, some of the companies that buy chemical feedstocks like methanol or propylene, for example, want to see as much of those chemical feedstocks derived from clean renewable sources versus being all derived from the traditional oil or gas. These feedstock chemicals are used as building-block chemicals to make many of the products that we have in our daily lives.

We were hired to conduct a feasibility assessment and technical study based on an opportunity that exists here in the U.S. in the Houston area for producing methanol and derivative chemicals of methanol from the refuse-derived fuels. Through that work, which we did in combination with Fluor, a major EPC global contractor based in the U.S., we came up with a very interesting application and integration of our technology with existing technologies to make what we call green chemicals. The end result of all of this was that we were able to demonstrate through this technical feasibility assessment that we could generate a compelling economic proposition for production of chemicals like methanol. This is accomplished by some novel ways we integrated our technology with conventional chemical production technology, such that a significant portion of the chemicals that are produced are actually produced from renewable waste materials.

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Now that the first step of technical work is completed, our customer is planning their next steps to go forward and develop a first project. We believe that this is an important opportunity for us to deploy our technology and our equipment into such a project, and we see potential for more than just one project in the future. Assuming we are successful on the first project building a unit in the Houston area, then we think this could be replicable in other major municipalities in the U.S. and potentially in Europe.

TWST: What is your partnership strategy, and what kinds of partnerships would make the most sense for the company at this stage?

Mr. Rigdon: We spend considerable time identifying the right partners. As a small company, we need to work with partners that bring greater resources to bear than we are able to do ourselves. We've completed the initial heavy lifting to commercialize our technology.

Let me give you some background. The early development of our technology dates back to the 1970s. During the time before SES obtained the rights to the technology from the Gas Technology Institute in Chicago, GTI, on the order of $200 million was expended over about three decades to develop the technology to the point where it was before we got involved. Since SES took it over in 2004, we have spent another roughly $200 million directly in commercializing the technology, and then indirectly through our projects at Yima, where we've raised another roughly $125 million of debt in commercializing that particular project. So when you step back and look at it, somewhere between $400 million

and $600 million has been invested in getting this technology ready for full-scale global implementation. That sounds like a lot of money, and it is, but in the context of bringing a new technology into the energy space, it's actually not unusual since the barriers to entry are very high.

Now that we've completed our first two projects in China and developed a robust global pipeline, we are now clearing the high barrier to entry. We are now ready to move forward and accelerate our technology commercialization globally. The way we look at commercializing the technology is through partnering, and the way we look at that is via key market applications in the world where our technology can have the most immediate positive impact. For example, a business vertical like the power business I just mentioned, where we're working with companies like GE to deploy the technology to bring affordable power to needed parts of the world.

Partnering can take many forms. It can be cooperative arrangements where we work together, alliances or outright joint venture companies. The end result is the deployment of our technology, equipment and services in cooperation with those partners who have very specific interests aligned with ours. Our approach to commercializing through partnering is to target the market leaders in key market segments where our technology offers a compelling value proposition. We target those who have the operational experience, technology advantages or financial strength so that together we can provide a clean, low-cost approach using our technology to make high-value clean energy products like power, steel, chemicals and transportation fuels.

We are also working to partner within high-growth regions such as China or India. China, for example, is very much a coal-based economy in terms of energy, and it is a region that has deployed gasification technologies widely over the last 20 to 30 years. China has a need now to shift its previous approach to deployment of gasification technology toward technologies like ours that would allow them to unlock the energy that's in their lower-quality coals. This is a vast and untapped resource, which has not been widely used in the past because there have not been adequate technologies available to be able to convert those lower-quality coals into products.

This technology capability is what we bring to the table. China can use our technology to unlock the value in their lower-quality resources for manufacturing many products: chemicals, fuels, power, fertilizers, substitute natural gas — it's the whole gamut of high value products that are made from syngas. In areas like China, we target partnering with companies that have specific capabilities to tap into all of those markets in that region.

Coming up behind China, we believe the next most strategic region for gasification is India. India has very different business dynamics than China, but at the macro level it is similar in the sense that it's got high GDP growth, it's a big consumer of energy, it has a big need for cleanly and economically using its local coal to make the products derived from syngas using a technology such as ours. So that's how we're approaching it. We believe that based on our accomplishments to date commercializing our technology, now is the time for us to go put these partnerships in place and create the value that will take SES to the next level.

TWST: What are the most compelling reasons for investors to take a closer look at Synthesis in 2013?

Mr. Rigdon: I think when an investor looks at our company, one of the most important things to keep in mind is that our technology is positively differentiated when compared with alternatives. There are always new ideas and emerging technologies in the energy and chemical industry attempting to offer a better way, but the barriers to entry are very high.

What's important to keep in mind about us is what I mentioned earlier, which is that between $400 million and $600 million has been invested in developing and commercially deploying our technology and clearing those commercialization hurdles. This level of accomplishment and success is actually not so common, in my opinion, from a smaller development-stage company like ours. In my career I have usually seen that kind of effort and money handled by much larger corporations moving forward with technology innovations of their own. So based on our accomplishments, we've taken a huge amount of the technology development and deployment risks off the table.

We have built two significant projects, and they work. We believe that we have brought the company to a place where the early and most risky commercialization steps are now behind us, and I believe we're at that inflection point where we can now move ahead to form the important partnerships that are going to grow the real value for our shareholders in the future. So it's an important time from an investor's point of view to step back and consider what has been accomplished by SES. We believe that the company has derisked its business significantly through deploying its technology and is now poised to create value with an important technology with global applicability.

TWST: Thank you. (MES)

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