

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

SINO GAS & ENERGY HOLDINGS LIMITED

ABN

16 124 242 422

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

		Current quarter \$USD'000	Year to date 3 months \$USD'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,202)	(1,202)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	324	324
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
		(878)	(878)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans (to) / from other entities	(19)	(19)
1.11	Loans repaid by other entities	-	-
1.12	Other – costs related to sale of equity investments	-	-
		(22)	(22)
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(900)	(900)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(900)	(900)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other –Share issue costs	(6)	(6)
	Net financing cash flows	(6)	(6)
	Net increase (decrease) in cash held	(906)	(906)
1.20	Cash at beginning of quarter/year to date	57,270	57,270
1.21	Exchange rate adjustments to item 1.20	1,505	1,505
1.22	Cash at end of quarter	57,869	57,869

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$USD'000
1.23	Aggregate amount of payments to the parties included in item 1.2	336
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amount shown in item 1.23 above represents directors' remuneration, consulting fees and expat expenses.

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

N/A

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

On 6 July 2012, the Company completed a strategic partnership agreement with MIE Holdings Corporate (MIE). MIE acquired 39 million ordinary shares in Sino Gas & Energy Limited (SGE) from Sino Gas & Energy Holdings Limited (Sino Gas) for a consideration of \$10 million. In addition, MIE will progressively invest a further \$90 million of qualifying expenditure into SGE to secure an interest of 51% in the issued capital of SGE. Refer to *Note 23 Interests in joint ventures* of the notes to the consolidated financial statements of the 31 December 2013 year end accounts for more information.

As at 31 March 2014, US\$55.35 million dollars had been cash called relating to qualifying expenditure, representing US\$14.55 million in loan notes and US\$40.80 million towards cumulative redeemable preference shared (CRPS) to be converted into ordinary shares. Sino Gas' economic interest in SGE as at 31 March was 71.71%, pending conversion of US\$9.2 million CRPS, which will bring Sino Gas' economic interest to 58.68%.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$USD'000	Amount used \$USD'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$USD'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	1,844*
Total	1,844

*Note: Includes US\$450,000 relating to Sino Gas's 49% share of the SGE joint venture's general & administration head office expenses (non-qualifying PSC expenditure).

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 \$USD'000	Previous quarter \$USD'000
5.1 Cash on hand and at bank	57,869	57,270
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	57,869	57,270

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Refer to section 2.2		
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

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)	Amount paid up per security (see note 3)
7.1 Preference securities (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 +Ordinary securities	1,530,457,040	1,530,457,040		
7.4 Changes during quarter (a) Increases through issues (b) increase through conversion of performance rights	75,438,600 ^a 1,714,286	75,438,600 1,714,286	\$A0.20 Issue of fully paid ordinary shares following exercise of Performance Rights	\$A0.20 Issue of fully paid ordinary shares following exercise of Performance Rights
7.5 +Convertible debt securities (description)	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			Exercise price	Expiry date

^a See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

	<i>(description and conversion factor)</i>	30,000,000	Nil	\$A0.075	15 February 2017
7.8	Issued during quarter	Nil	Nil	N/A	N/A
7.9	Exercised during quarter	Nil	Nil	N/A	N/A
7.10	Expired during quarter	Nil	Nil	N/A	N/A
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Note a: These shares represent Tranche 2 of the placement announced on 27 November 2013. The related proceeds were received upon settlement on 31 December 2013, however ordinary shares were not issued until 2 January 2014.

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Robert Bearden 29 April 2014

Managing Director & CEO

Print name:



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 and petroleum 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 or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

== == == == ==

+ See chapter 19 for defined terms.