

## 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 2015

### Consolidated statement of cash flows

		Current quarter \$USD'000	Year to date 3 months \$USD'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,563)	(1,563)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	147	147
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
		(1,416)	(1,416)
<b>Net Operating Cash Flows</b>			
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(41)	(41)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans (to)/from other entities*	(8,572)	(8,572)
1.11	Loans repaid by other entities	-	-
1.12	Other – costs related to sale of equity investments	-	-
		(8,613)	(8,613)
<b>Net investing cash flows</b>			
1.13	Total operating and investing cash flows (carried forward)	(10,029)	(10,029)

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1.13	Total operating and investing cash flows (brought forward)	(10,029)	(10,029)
	<b>Cash flows related to financing activities</b>		
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	Interest and other costs of finance paid	(246)	(246)
1.19	Dividends paid	-	-
1.20	Other	-	-
	<b>Net financing cash flows</b>	(246)	(246)
	<b>Net increase (decrease) in cash held</b>	(10,275)	(10,275)
1.21	Cash at beginning of quarter/year to date	34,141	34,141
1.22	Exchange rate adjustments to item 1.20	(1,436)	(1,436)
1.23	<b>Cash at end of quarter</b>	22,430	22,430

\*Note: Includes cash calls for 49% of SGE's qualifying PSC expenditure.

### 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 \$USD'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	593
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, accrued wages for CEO paid following appointment as director, consulting fees and expat expenses, including relocation costs.

### 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

N/A

## **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	\$50,000*	\$10,000
3.2 Credit standby arrangements	-	-

\*Note: Tranche B of \$40m available on satisfaction of conditions precedent (including Macquarie obtaining internal credit approvals). Refer to ASX announcement 29/08/2014.

## **Estimated cash outflows for next quarter**

	\$USD'000
4.1 Exploration and evaluation	8,820
4.2 Development	-
4.3 Production	-
4.4 Administration	1,390
<b>Total</b>	<b>10,210</b>

\*Note: Exploration and evaluation relates to cash calls for 49% of SGE's qualifying PSC expenditure. Administration contains cash calls relating to 49% of the administration expenses of PSC Operator, SGE.

## **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	22,430	34,142
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>22,430</b>	<b>34,142</b>

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### 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	See Appendix A.		
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 <b>Preference + securities</b> (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 <b>+Ordinary securities</b>	1,544,247,358	1,544,247,358		
7.4 Changes during quarter (a) Increases through issues (b) increase through conversion of performance rights	N/A	N/A	N/A	N/A
7.5 <b>+Convertible debt securities</b> (description)	N/A			

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		25,000,000	Nil	\$A0.075	15 February 2017
		30,000,000	Nil	\$A0.25	1 September 2018
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	5,000,000	Nil	\$A0.075	15 February 2017
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (totals only)	-	-		

## 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:



Managing Director

Date: 23/04/2015

Print name: Glenn Corrie

## 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

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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.

- 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.

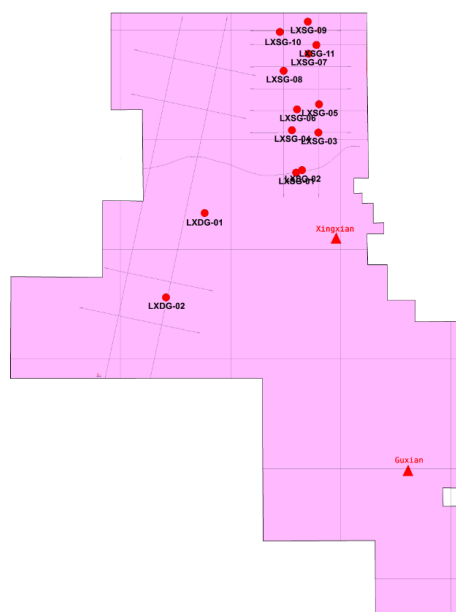
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### **Appendix A**

Sino Gas & Energy Holdings Limited holds a 49% interest in the issued share capital of Sino Gas & Energy Limited (SGE) as at 31 March 2015. SGE has interests in two blocks under Production Sharing Contracts (PSCs) with CNPC and CUCBM in Shanxi Province, People's Republic of China. Under the terms of the PSCs, SGE (as the Foreign Contractor) is required to fund all exploration, development and associated operating costs (Qualifying Expenditure) until Overall Development Plan (ODP) approval. Upon ODP approval, the PSC partners and SGE will fund their respective costs to commercialise the project. Once in commercial production, gross production is split in accordance with the cost recovery model, similar in operation to PSCs adopted in a number of international jurisdictions. First joint operating costs are recovered before SGE recovers its Qualifying Expenditure. Once the Qualifying Expenditure is recovered, the remainder is shared between the parties (Chinese Partner and Foreign Contractor) in proportion to their interests.

China United Coal-bed Methane (CUCBM) is a fully owned subsidiary of China National Offshore Oil Company (CNOOC). China National Petroleum Company (CNPC) is one of China's largest oil and gas producers with an extensive international presence and a strong focus on the development of unconventional gas in China. CNPC's interest in the Sanjiaobei PSC is managed by its subsidiary PetroChina CBM (PCCBM).

The Linxing exploration license held by SGE's PSC Partner CUCBM has been updated to reflect 88km<sup>2</sup> on the far eastern boundary of Linxing (East) on which SGE agreed to allow coal mining to be conducted. The acreage is east of the coal seam fairway where dewatering operations are currently being conducted and targets are generally considered too shallow for drilling operations. The change is expected to be formally recognised in the Production Sharing Contract in the next modification agreement, which will bring the total Linxing contract area to 1,786km<sup>2</sup>.



Linxing (East) – Updated exploration licence area

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