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The Company Announcements Platform
ASX Limited
SYDNEY NSW 2000

ASIC Investigation and Shareholder Response

On the 13 March 2014; the Australia Securities Investment Commission (**ASIC**), obtained an injunction that has prevented Sino Australia Oil and Gas Ltd (**Sino or the Company**) from using money in its Australian bank accounts to fund its business in China.

ASIC had sought orders in the Australian Federal Court freezing the Company's Australian bank accounts while it carried on investigations into concerns it had expressed about the Company.

The Company has strenuously expressed its concerns as to the very detrimental consequences that the injunction is having on the interests of its shareholders and the Company's profit performance, growth and cash flow.

In her decision (issued following the Australian Federal Court Hearing on 28 May, 2014) Justice Davies advised that in the absence of any expressed views of the Shareholders, she made a decision to protect shareholders by maintaining the injunction while ASIC continued its investigation (despite the recognised harm to the Company).

Following Justice Davies's decision, the Company considered it was appropriate to provide all Shareholders with the opportunity to express their views on the injunction and that the most appropriate way to achieve this was to directly ask its Shareholders the following two (2) questions:

1. Do you want the Company to have full access to the money in its Australian bank accounts before ASIC completes its investigation?
☐ YES
☐ NO
2. If you answered "YES" to question 1, do you want the Company to use the money in its Australian bank accounts to fund its business operations in China?
☐ YES
☐ NO

Shareholders were invited to make their views or concerns known.

The Shareholder Questionnaire was dispatched to all Shareholders recorded on the Register as at 11 June 2014. A follow up request to complete the Shareholder Questionnaire was included in the Independent Directors Report issued after his visit to the Company's operations in China and announced to the ASX on 8 July 2014.

Shareholders Overwhelming Response

The results of the Questionnaire have been tallied on the basis of Shares held by each Shareholder to obtain a total percentage result – in the same way that shareholder voting results at Shareholder Meetings are calculated.

The responses are as follows:

67 Shareholders representing a total of 213,785,792 Shares or 97.43% of the total Issued Shares in the Company, completed and returned signed Shareholder Questionnaires to the Company.

Of these, 64 Shareholders representing 213,663,729 Shares or 99.94% (of the total of 213,785,792 Shares) answered **YES** to both Questions 1 and 2.

Only 3 Shareholders representing 122,000 Shares or 0.06% (of the total of 213,785,792 Shares) answered **NO** to one or both questions.

Shareholders have in effect overwhelmingly requested ASIC to allow the Company to have full access to the IPO funds in its Australian bank accounts immediately and that these funds are utilised for the Company's ongoing operations in China.

Shareholders are advised that the results of their views expressed in the Shareholder Questionnaire will be shared with ASIC. The results will also be provided to the Australian Federal Court in due course with a view to having the Injunction lifted if it is still necessary.



Eryn Kestel
Company Secretary