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The Company Announcements Platform  
ASX Limited  
SYDNEY NSW 2000

## **Liaohe Oilfield Project**

Following a review of the best current use of capital expenditure for the next twelve (12) months, the Board has approved the Company's management finalising negotiations for an investment in a trial project with Petro China in the Liaohe Oilfield in Liaoning Province, China.

This project will use new enhanced oil recovery technology to extract oil from "dead wells" in the Liaohe Oilfield where it is almost impossible to get any more oil out of these "dead wells" with conventional technology. The Company will receive as payment, at least 70% of the revenue from the sale of all oil extracted from this project. The Liaohe Oilfield (Petro China) will receive up to 30% of the oil revenue so produced.

The Federal Court, despite continuing the ASIC injunction until the next Directions Hearing on 26 November, approved initial expenditure of \$175,000 (Rmb1 million) to commence the project.

After the Federal Court approved funds for the Company to commence the Liaohe Oilfield project, progress has been made on the project.

In September, the Company hired five (5) experienced, specialist oilfields Engineers. The specialist team has presented the draft oil extraction scheme to Liaohe oilfield, and adjustments have been made to the scheme according to feedback from the oil field.

The specialist team expect that it is a high probability that their scheme shall be accepted by Liaohe Oilfield by the end of this year and the Development Contract be signed in the first quarter of next year.

**Guangbin Zhong**  
Chief Executive Officer