



Sino Australia Oil and Gas Ltd.

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27 January 2015
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The Company Announcements Platform
ASX Limited
SYDNEY NSW 2000

Profit Result for 2014 Year

Based on draft consolidated accounts subject to final audit, Sino Australia Oil and Gas Ltd (**the Company**) wishes to advise that it expects consolidated net profit for the full year ended 31 December 2014 to decline by 73.57% to A\$2,219,322 from A\$8,395,837 for the previous year.

Consolidated Operating Revenues for the full year ended 31 December 2014 is also expected to decline by 24.35% to A\$25,495,834 compared with A\$33,700,425 in the previous year.

These results have been affected by:

1. The global drop in oil prices since the second half of 2014. Oil producers in China have reduced their expenditure on high cost oil wells resulting in large scale cancellation of oil field services contracts specialising in enhancing oil production at the wells with very low production level and higher lifting.

Such was the case with the Company's sole operational entity Huaying as its EOR technology is specialised in lower production wells. Huaying's services contracts with oil producers in China that were cancelled for the second half of 2014 amounted to RMB177,500,000 with more cancellation of Huaying's services contracts to the end of 2014 amounting to RMB98,423,100. This status is likely to occur in 2015 as oil prices continue declining; and

2. The injunction imposed on the Company's IPO proceeds has severely damaged Huaying's bargaining power, competitiveness in maintaining its services contracts at hand and developing new opportunities

Zhanhua Yuan
Non-Executive Chairman