

1 April 2016

To the Recipient as addressed

**Sino Australia Oil and Gas Limited (Official Liquidator Appointed) (the Company)  
ACN 159 714 397**

I refer to my appointment as Provisional Liquidator of the Company on 21 May 2015 pursuant to an Order of the Federal Court of Australia and subsequent appointment as Official Liquidator on 4 March 2016.

On 4 March 2016 Her Honour Justice Davies ruled that the Company be wound up on just and equitable grounds pursuant to Section 461(1)(k) of the Corporations Act 2001 and that I be appointed as Liquidator of the Company.

As Official Liquidator I provide the following update to shareholders.

## **1 Important information for shareholders**

### **1.1 Suspension of trading**

As shareholders are aware, trading of the Company's shares has been suspended on the ASX since 3 March 2014. The shares will remain suspended during the liquidation.

### **1.2 Capital Gains Tax**

Pursuant section 104-145(1) of the Income Tax Assessment Act 1997, a liquidator can only make a declaration that shares in a company are worthless if there is no likelihood that shareholders of the company will receive any distribution for their shares.

As it is likely that a distribution will be made to shareholders, I am unable to make this declaration for shareholders.

Shareholders should seek their own taxation advice in relation to the above.

### **1.3 Financial reporting and AGM relief**

ASIC Corporations Instrument 2015/251 provides an exemption from Pt 2M.3, financial reporting, and from the requirement to hold an AGM to companies in liquidation. Creditor and members have access to information required to be prepared and lodged with ASIC by the liquidator under Ch 5 of the Corporations Act 2001.

## **2 Legal proceedings**

The appointment of Liquidator stays a proceeding in a court against the Company. You cannot commence or continue a proceeding against the Company without my written consent or the leave of the Court.

## **3 Estimated outcome for Shareholders**

Pursuant to section 563A of the Corporations Act 2001 (the Act) shareholder claims are postponed until all other debts of a company have been paid in full.

I advise that there will be sufficient funds available to permit a distribution to shareholders after all other debts of the Company have been paid in full.

Following my investigations into the Company we have identified four classes of Shareholders, as follows:

1. Original shareholders (i.e. founding shareholders).
2. Convertible note holders (i.e. shareholders who converted their notes into shares).
3. Shareholders who subscribed to the IPO
4. Shareholders who purchased shares on the market (i.e. subsequent to the Company's listing on the ASX).

Given the findings of my investigations, I have determined that these classes of shareholders should be treated differently for distribution purposes and I intend to seek direction from the Court in this regard. I will notify shareholders of the Court's determination regarding distribution to the different classes of shareholders and the likely distribution to each class in due course.

## **4 Further information**

Updates for shareholders will be provided from time to time by the Liquidator on the Ferrier Hodgson website and on the ASX Market Announcement Platform. A copy of the Information Sheet "Insolvency – a guide for shareholders" can be downloaded from [www.asic.gov.au](http://www.asic.gov.au).

For further information concerning the liquidation process and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com). Questions regarding the liquidation should be directed to Mr Thomas Mariani of this office on (03) 9604 5126.

Yours faithfully

**Sino Australia Oil and Gas Limited**



**Peter McCluskey**  
Official Liquidator