



For immediate release

Sino Oil and Gas Holdings Limited
Signs MOU for possible acquisition of oil field in Canada

30 June 2014, Hong Kong – Oil and gas company Sino Oil and Gas Holdings Limited (“Sino Oil and Gas Holdings”, the “Company”, HKEx: 702) announces the signing of a non-legally binding memorandum of understanding on 30 June 2014 in relation to a possible acquisition of an oil field in Canada. The MOU was signed between Total Orient Global Limited, a wholly-owned subsidiary of the Company, and the vendor, or the target group, Jade Million Co Ltd.

The target group is the registered owner of, and is principally engaged in the exploration, exploitation and production of petroleum in the Canada Oil Field. The Canada Oil Field is located about 800 kilometers north of Calgary city in Alberta Province and covers an area of approximately 200 square kilometers. The field is situated along the highway with well established ground infrastructure to facilitate transportation and operations.

The consideration for the acquisition of the entire equity interest in the target group shall not exceed CAD60 million (equivalent to approximately HK\$435.6 million) and shall be settled by way of a combination of cash and/or new shares in the Company and/or promissory notes to be issued by the Company.

The field has four oil reservoirs from top to bottom, the oil reserves of which are mainly Keg River Reefs oil reserve (泥盆紀油層), at a depth of about 1,400 meters, which belongs to carbonate oil pool (生物礁油藏). It is characterized as porous dolomite and a draping structure overlaid on the reefs. The increased dolomitization (白雲石化) has enhanced the secondary porosity. In general, oil is trapped in the porous carbonate with top-sealing mudstones and shales. Exploration and development of carbonate oil pool are the dominant practice in Canadian conventional oil sector because of the relatively low exploration cost and high oil production as well as the concentrated surface infrastructures and development.

The vendor has completed the (i) exploration and interpretation of three-dimensional seismic data covering approximately 38 square kilometers of the field; and (ii) interpretation of two-dimensional seismic data covering approximately 200-kilometers of the field. If the possible acquisition materialises, the Company shall own 100% of the working interest in the field.

Commenting on the possible acquisition, Sino Oil and Gas Holdings Chairman Dr. Dai Xiaobing said: “According to data from the vendor and initial technical review conducted by internal experts, the Company is confident about the oil reserves due to the satisfactory formation of the carbonate oil pool. The possible acquisition, if materialises, represents a good opportunity for the Group to expand its gas and oil exploration and exploitation business and to maximise shareholders’ return.”

The consideration for the possible acquisition shall be subject to further negotiation between the parties to the MOU with reference to, among other things, a technical and a valuation reports relating to the working interest in the Canada Oil Field and the results of the well exploration and the three-dimensional seismic data.

Subject to the terms of the MOU and the results of exploration on the Canada Oil Field, the Company shall pay a refundable deposit of CAD30 million (equivalent to approximately



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HK\$217.8 million to the vendor on or before 18 July 2014. The deposit shall only be used for expenses in connection with the exploration, exploitation and related work on the Canada Oil Field.

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About Sino Oil and Gas Holdings

Sino Oil and Gas Holdings Limited (HKEx: 702) is an energy company with a key focus on oil, coalbed methane (CBM) and conventional natural gas. The Group is committed to building a portfolio of oil and gas assets and operations with the aim of developing into one of the leading independent oil and gas companies in Greater China. The Group currently operates oil and gas fields in Shaanxi and a CBM project in Sanjiao Block in Shanxi, China. For more information, please visit <http://www.sino-oilgas.hk/>.

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