

SINO GAS & ENERGY HOLDINGS LIMITED BOARD CHARTER

The Board of Directors of Sino Gas & Energy Holdings Limited ("SGEH" or "Company") has approved the following charter formalising the functions and responsibilities of the Board ("Board Charter").

Objective

The Board is responsible for:

- the overall operation and stewardship of SGEH and its subsidiaries;
- charting the direction, strategies and financial objectives for SGEH;
- monitoring the implementation of those policies, strategies and financial objectives,

and is committed to protecting and enhancing shareholder values and conducting SGEH's business ethically and in accordance with the highest standards of corporate governance.

The Board acknowledges its accountability to shareholders for creating shareholder value within a framework which protects the rights and interests of shareholders and ensures the Company is properly managed.

The objective of the Board is to provide an acceptable rate of return to the Company's shareholders and takes into account the interests of its employees, customers, suppliers, lenders and the wider community.

The Board must at all times act honestly, fairly and diligently in all respects in accordance with the duties and obligations of the law applicable to SGEH. Furthermore, the Board will at all times act in accordance with all relevant SGEH policies.

Each of the Directors, when representing SGEH, must act in the best interest of the shareholders of SGEH and in the best interests of the Company as a whole.

Responsibilities

The Board is responsible for:

(a) Strategy

- Overseeing and approving the Company's strategic and operating objectives, business plans and budgets as developed by management and the Planning Committee;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures; and
- Directing, monitoring and assessing the Company's performance against the strategic and business plans, ensuring appropriate resources are available.

(b) Risk management

- Generally overseeing and ratifying the conduct and recommendations of the Audit and Compliance Committee in its review of the Company's financial reporting risk management;
- Generally overseeing and ratifying the conduct and recommendations of the Planning Committee in its review of the Company's principal business and corporate risks;
- Generally overseeing the conduct and recommendations of the Planning Committee in its approval and monitoring of internal and external financial and other reporting, including reporting to shareholders, regulatory authorities and relevant stakeholders.

(c) Management

- Appointing and removing the Managing Director/Chief Executive Officer;
- Ratifying the appointment and removal of the Chief Financial Officer and the Company Secretary;
- Ratifying the appointment and removal of senior executives and senior management;
- Establishing the balance of responsibility between the chairperson and the Managing Director/Chief Executive Officer (or equivalent);
- Ensuring that the conditions of service of senior executives are appropriate;
- Delegating authority to the Managing Director/Chief Executive Officer.

(d) Performance

- Approving criteria for assessing the performance of the Managing Director/Chief Executive Officer and senior executives, and ensuring appropriate resources are available;
- Determining the necessary and desirable competencies of Directors;
- Monitoring and undertaking annual performance evaluations of the Managing Director/Chief Executive Officer and key senior executives; and
- Undertaking an annual performance evaluation of the Board; and
- Reviewing the Board succession plans.

(e) Corporate governance

- Ensuring that the Company has an effective corporate governance system in place which includes ensuring that policies and procedures in place are consistent with the Company's objectives and corporate governance standards. The Board recognises that effective corporate governance structures encourage companies to create value, through entrepreneurialism, innovation, development and exploration, and provide accountability and control systems commensurate with the risks involved. As part of SGEH's commitment to ensuring adequate corporate governance policies and principles are in place, SGEH seeks to abide by the Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles") as established by the ASX Corporate

Governance Council. All companies listed on the ASX are required to state whether they have complied with the ASX Principles under the "if not, why not" approach. Such a policy allows transparency for shareholders in understanding how the company is managed. Fundamental to any corporate governance structure is ensuring that there is accountability and, as such, the Board of SGEH will, ultimately be responsible for ensuring that SGEH adopts, implements and complies with the ASX Principles. Until such time as the Company is listed on ASX, the Board is responsible for seeking to comply with the ASX Principles, to the extent that the Board determines is reasonable for the Company having regard to the Company's size, nature and objectives.

- Ensuring ethical behaviour and compliance with the Company's own governing documents, including any Company Code of Conduct as adopted or amended from time to time, and ensuring that the Company and its officers act legally, ethically and responsibly in all matters.

(f) Board Committees

- Establishing the Audit and Compliance Committee, the Nomination and Remuneration Committee and the Planning Committee and other Board committees, as required.
- Adopting Charters setting out the membership, responsibilities and reporting obligations of each Board committee and evaluating the performance of the Board committees.
- Ensuring that the Board committees are of sufficient size, independence and technical expertise and have the necessary power and resources to discharge their mandates effectively.

In performing the responsibilities set out above, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the Company's Constitution and by law.

Composition/Structure

The Board shall be comprised of a majority of independent directors and shall be structured so as to take account of the ASX Principles or other such principles and guidance as the Board may consider appropriate from time to time. It is noted that, if applicable, for a reasonable period, the Board may be comprised of less than a majority of independent directors provided that the Board considers such composition to be appropriate in the circumstances.

The Board has developed a questionnaire, required to be completed by each Director annually, to determine the independence of each Director. If a Director gives an affirmative answer to any question, the Board shall consider whether such an interest is material and whether the Director is to be classed as an independent director. Directors should provide to the Board all information required for the Board to assess whether the Director is independent.

If the status of an independent director changes so as to become a non-independent director, this fact will, as soon as practicable, be disclosed to the market.

In accordance with the Company's constitution the minimum number of Directors is three.

The appointment and removal of the Company Secretary shall be determined by a majority decision of the whole Board.

Board Meetings

Board meetings are to be held at least every two months and the Secretary will be required to give reasonable notice of a meeting and to provide the Board agenda and briefing materials in a timely manner.

The Secretary shall ensure that the Board receives all of the information the Board requires to discharge its responsibilities effectively. Directors are entitled to request further information if they determine it is necessary to allow them to carry out their duties and to make informed decisions. All Directors will have adequate access to the Company Secretary.

Other meetings may be held provided that sufficient notice is given to all Directors.

The Chairman will call a meeting of the Board if so requested by any Director.

Chairman

The Chairman of the Board shall be an independent Director, except where the Board has appointed an Executive Chairman and considers such composition to be appropriate in the circumstances. The Chairman shall utilise their experience, skills and leadership abilities to lead the Board of Directors.

The Chairman shall:

- Ensure that relevant issues are on the agenda and, together with the Secretary, that Directors receive timely, relevant information to enable Directors to be effective members;
- Be responsible for leadership of the Board, for the efficient organisation and conduct of the Board's functions, and for the briefing of all Directors in relation to issues arising at Board meetings;
- Facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between the Board and management;
- Monitor the efficient organisation and conduct of the Board's functions;
- Chair Board and shareholder meetings;
- Provide mentoring for the Managing Director/Chief Executive Officer and regularly review with the Managing Director/Chief Executive Officer and such other senior officers as the Managing Director/Chief Executive Officer recommends, progress on important initiatives and significant issues facing SGEH;
- Oversee Board membership to ensure it is skilled and appropriate to SGEH's needs;
- In the absence of the Managing Director/Chief Executive Officer or Company Secretary, receiving any matters regarding disclosure issues;
- Act as an authorised spokesperson for the Company;
- Commence the annual process of Board, Board Committee and Director evaluation; and
- Promote the interests of SGEH as a whole in relation to shareholders, governments, other public organisations, other companies and the public generally.

Managing Director/Chief Executive Officer

The Managing Director/Chief Executive Officer is responsible for the day-to-day management, operation and administration of the Company in accordance with the strategy and policies approved by the Board.

The Managing Director/Chief Executive Officer shall:

- Develop with the Board, or the Planning Committee as appropriate, the Company's strategy, policies and business plans;
- Be responsible for the day to day activities of the Company and such responsibilities as delegated by the Board;
- Establish with the Company's management team programs to implement the Company's strategy and business plans;
- Ensure, as far as practicable, that the conduct of employees complies with the Code of Conduct;
- Together with the Secretary, determine which employees, senior managers and directors are "Restricted Persons" for the purposes of the Share Trading Policy;
- Confirm to the Board annually that the Company's financial reports presents a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- Confirm to the Board annually that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects;
- Annually assess the performance of the key executives within the Company;
- Together with the Secretary, administer the Company's Disclosure Policy and act as the Company's disclosure officers;
- Collate, review and, if required, draft any communication to the market to ensure that it is full and accurate and complies with the Company's obligations;
- Act as an authorised spokesperson for the Company;
- Together with the Chairman, have primary responsibility for communications with shareholders; and
- Keep the Board informed, at an appropriate level, of all the activities of the Company.

Secretary

The Secretary is responsible for ensuring all administrative and legislative requirements of the Board are complied with. The Secretary holds primary responsibility for ensuring that the Board processes and procedures run effectively and efficiently.

The Secretary shall:

- Give directors reasonable notice of Board meetings and provide the Board agenda and briefing materials in a timely manner;
- Ensure that the Board receives all information the Board requires to discharge its responsibilities effectively;
- Record, maintain and distribute the minutes of all Board or Board Committee meetings;
- Prepare for and attending all general meetings of the Company and ensure the correct procedures are followed;
- Record, maintain and distribute the minutes of all annual and extraordinary general meetings of the Company;
- Receive reports concerning any breaches of the Code of Conduct, report the breach to the appropriate senior manager or the Board and advise the employee of the outcome and actions implemented;
- Review any breaches of the code of Conduct that have occurred and report annually on the Company's compliance with the Code of Conduct to the Board of Directors;
- Ensure each Director completes a Director's Independence Questionnaire and inform the Board of any conflict which is disclosed;
- Together with the Managing Director/Chief Executive Officer, determine which employees, senior managers and Directors are "Restricted Persons" for the purposes of the Share Trading Policy;
- Receive any advice from the Directors and senior management of their or their associate's participation in any trading of the Company's securities and advise the Board of all such trades;
- Answer any employee query concerning the Share Trading Policy;
- Together with the Managing Director/Chief Executive Officer, administer the Company's Disclosure Policy and be the Company's disclosure officers;
- Review all communications prior to release to the market to ensure that they are full and accurate and comply with the Company's obligations;
- Act as an authorised spokesperson for the Company;
- Act as the secretary to any Board Committees established; and
- Ensure that the Company complies with all legislative and regulatory requirements.

Division of responsibility between the Board and Senior Management

Under the leadership of the Chairperson, the Board is responsible for setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals.

The Managing Director/Chief Executive Officer is responsible to the Board for the day-to-day management, operation and administration of the Company in accordance with the strategy and policies approved by the Board. In turn, the senior management team is responsible to the Managing Director/Chief Executive Officer and the Board relative to their particular areas of responsibility.

The roles of Chairman and Managing Director/Chief Executive Officer are not combined. The Managing Director/Chief Executive Officer is accountable to the Board for all authority delegated to the position.

Measurement of the Board's performance

The Board shall undertake an annual performance evaluation of itself that:

- Compares the performance of the Board with the requirements of this Charter;
- Sets forth the goals and objectives of the Board for the upcoming year;
- Effects any improvements to the Board Charter deemed necessary or desirable; and
- Performs such other functions as prescribed by law.

The performance evaluation shall be conducted in such manner as the Board deems appropriate.

Directors

Each Director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonable withheld.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.

In accordance with the constitution of the Company, Directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every three years. Any Director initially appointed by the Board must stand for election at the next general meeting of shareholders. The Board does not specify a maximum term for which a director may hold office.

Review of Charter

This Charter will be reviewed by the Board from time to time, to ensure that it continues to reflect the letter and spirit of all applicable laws and regulations and SGEH's commitment to its staff and the community.

Policy history

Established:	July 2009
Last review:	December 2011
Review frequency:	Annually or as required