

SINO GAS & ENERGY HOLDINGS LIMITED NOMINATION & REMUNERATION COMMITTEE CHARTER

The Nomination & Remuneration Committee ("Committee") was established by the Board of Directors of Sino Gas & Energy Holdings Limited ("SGEH" or "Company") on 7 July 2009.

These terms of reference establish the accountability, purpose and responsibility conferred on the Remuneration Committee by the board of SGEH ("Board").

1. Objectives

This Nomination & Remuneration Committee Charter sets out the role, composition, authority, responsibilities and operations of the Nomination & Remuneration Committee. The purpose of the Committee is to assist the Board in establishing policies and practices which:

- (a) enable the Company to attract and retain executives and directors (executive and non-executive) who will create sustainable value for members and other stakeholders;
- (b) assist the Board to maintain a Board that has an appropriate mix of skills and experience which can continue to the successful management of the Company and create sustainable value for Shareholders;
- (c) assist the Board to fairly and responsibly reward executives and directors having regard to the performance of the Company, the performance of the executive and the external compensation environment; and
- (d) assist the Board to comply with all relevant legislation and regulations including the ASX Listing Rules and Corporations Act 2001 (Cth).

However, ultimate responsibility for the Company's remuneration policies remains with the Board.

2. Composition

2.1 Structure

- (a) The Committee will consist of at least three members, each of whom will be appointed or removed by the Board in consultation with the chair of the Committee (other than in the respect of the chair's own appointment or removal).
- (b) A majority of the members of the Committee must be independent non-executive directors of the Company, as determined by the Board.
- (c) The chair of the Committee:
 - (i) will be elected by the Board; and
 - (ii) must be an independent non-executive director who is not the Chairman of the Board.

2.2 Expertise

- (a) At least one member of the Committee must have an understanding of remuneration policies and practices.

- (b) At least one member of the Committee must have been a director of the Company for not less than two years.

3. Company Secretary

The Company Secretary will act as Secretary to the Committee, unless otherwise determined by the Committee.

4. Proceedings

4.1 Frequency

- (a) The Committee will meet as often as it considers necessary.
- (b) Any member may call a meeting of the Committee.

4.2 Notice

The dates, times and venues of each meeting of the Committee will be notified by the Secretary to all members of the committee as far in advance as possible.

4.3 Supporting Papers

Supporting papers for each meeting of the Committee will be distributed by the Secretary to all members of the Committee as far in advance as possible and where possible by the last working day of the week preceding the meeting.

4.4 Attendance

- (a) Only members of the Committee are entitled to be present at the Committee meeting.
- (b) The committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate. In particular, the Committee may meet with:
 - (i) external advisers;
 - (ii) any executive or other employee including any executive director; or
 - (iii) any other non-executive director,and may do so with or without executive management being present.

4.5 Quorum

A quorum for a meeting of the Committee is two members. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in, or exercisable by, the Committee.

4.6 Constitution

Proceedings of the Committee will be governed by the provisions of the Company's Constitution, in so far as it may be applicable.

4.7 Minutes

Minutes of meetings of the Committee, signed by the Chairman, will be distributed to members as soon as practicable following the meeting and tabled for discussion at the next Committee and Board meetings.

5. Authorities

5.1 Access

The Committee has unrestricted access to executive management, all employees and all Company records and to financial and legal advisers.

5.2 Independent advice

The Committee or any member of the Committee is authorised to obtain (at the cost of the Company) outside legal or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary for the proper performance of the Committee's functions under this Charter. The member should first contact the Chair of the Committee and the Secretary who will, if required by the Chairman or by the member, assist in procuring that professional advice.

6. Duties and Responsibilities

Without limiting its role, the specific duties and responsibilities of the Committee include the following:

6.1 Remuneration Policy

The Committee will:

- (a) determine and agree with the Board the board policy for the remuneration of the Chair, the Managing Director, the Chief Executive Officer and key executives and officers ("Remuneration Policy");
- (b) review the on-going appropriateness and relevance of the Remuneration Policy; and
- (c) ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with.

6.2 Executive directors and senior management

The remuneration of the Managing Director/Chief Executive Officer will be determined by the Board. The Board may request that the Committee, management or external advisers provide any information required to assist the Board in making its decision.

The remuneration packages for senior executives will be determined by the Managing Director/Chief Executive Officer in accordance with the Remuneration Policy. To assist the Managing Director/Chief Executive Officer to determine executives' remuneration and to allow the Board to adequately review any executive remuneration policy, the Committee will:

- (a) report to the Board regarding the remuneration for each executive director (including base pay, incentive payments, equity awards and retirement or severance rights), having regard to the Remuneration Policy and whether respect of any elements of remuneration any shareholder approvals are required;

- (b) review the proposed remuneration (including incentive awards, equity awards and service contracts) for senior executives, to ensure that it is consistent with the Remuneration Policy;
- (c) review contractual rights of senior executives on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances; and
- (d) review the depth of senior executives and the appropriateness of succession planning policies which are in place.

6.3 Non-executive directors' remuneration

The remuneration of the non-executive directors will be determined by the Board, excluding in each case, any director or directors with an immediate conflict of interest. The Board may request that the Committee, management or external advisers provide any information required to assist the Board in making its decision.

The maximum remuneration of non-executive directors is to be determined by the Shareholders in general meeting in accordance with the Company's Constitution, the ASX Listing rules and the Corporations Act 2001 (Cth). The apportionment of non-executive director remuneration within the allowed maximum will be made by the Board having regard to each individual director's contribution to the Board.

The Committee shall cooperate and consult with the Board in determining the remuneration for any new directors to be appointed prior to such amounts being disclosed to potential Board candidates.

The practice of granting options to non-executive directors as a part of their remuneration package is not in accordance with the ASX Corporate Governance Council's, Principles of Good Corporate Governance and Best Practice Recommendations (second edition). However, the Committee will from time to time consider whether equity participation by way of the grant of Options to members of the Board is appropriate. In such circumstances the meeting materials for the shareholder approval relating to the issue of options will disclose that the practice is contrary to the ASX Corporate Governance Council's, Principles of Good Corporate Governance and Best Practice Recommendations (second edition).

6.4 Cash-based executive incentive plans

Insofar as they impact on the executive directors, the Committee will:

- (a) review and approve the underlying principles of, and determine targets for, all such executive incentive plans; and
- (b) review and approve the total proposed payments from all such executive incentive plans.

6.5 Equity-based incentive plans

The Committee will monitor and review:

- (a) the underlying principles of all equity-based plans for approval by the Board;
- (b) all equity based plans in light of legislative, regulatory, taxation and market developments and any thresholds set in plans approved by shareholders;

- (c) for each equity-based plan, all awards which are proposed under that plan with a view to ensuring compliance with the rules of the relevant plan and the policies of the Committee and the Board in respect of that plan;
- (d) the total proposed awards under each plan;
- (e) the life of each grant of award;
- (f) the conditions of grant applicable to each equity-based incentive plan;
- (g) amendments to the rules which are proposed for approval, as permitted under the rules of the plans; and
- (h) the proposed exercise of any discretion under a plan and make such determinations as required to be made under the rules of each plan.

6.6 Board Composition

The Committee shall review the composition of the Board on a regular basis, and make recommendations to the Board on these matters. The Committee will also review any candidates for Board positions. The Committee is responsible for making recommendations on the procedure for the selection and appointment of new directors and documenting that procedure. The Committee will assist the Board as required in the evaluation of the performance of the Board.

6.7 Board approvals

The Board must approve the following (subject to recommendation by the Committee where required under this Charter):

- (a) the appointment of a new director;
- (b) the executive remuneration policy;
- (c) the remuneration report to be included in the annual report and accounts;
- (d) the design of all equity-based incentive plans; and
- (e) the remuneration of the non-executive directors.

6.8 Committee approvals

The Committee must approve the following prior to implementation:

- (a) changes to the remuneration or contract terms of executive directors;
- (b) the design of new executive equity or cash-based incentive plans and any amendments to current plans;
- (c) the total level of award proposed from equity-based plans or executive cash-based incentive plans; and
- (d) termination payments to executive directors and other members of the senior executive team.

6.9 Special Projects

The Committee may undertake any special projects or investigations which the Committee considers necessary, or as may be requested by the Board.

7. Reporting to the Board

The chair of the Committee (or a person nominated by the chair of the Committee for that purpose) must report to the Board at its next meeting regarding all material matters relevant to the Committee's duties and responsibilities. Where any Committee member has a contrary view to a Committee decision, that view is to be reported to the Board.

8. Review of this Charter

The Remuneration Committee Charter is reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities with significant changes recommended for approval by the Board.

Policy history

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