

INVESTOR PRESENTATION  
NOVEMBER 2014

The background of the slide is a dark, blue-tinted photograph of an industrial facility, likely a gas processing plant, with complex piping and structural elements. A large, thick, light-grey curved graphic element arches across the upper half of the slide, framing the top text and logo. In the bottom left corner, a small portion of a worker wearing a hard hat is visible.

***“A Unique Opportunity to Invest in  
the China Energy Growth Story”***

# DISCLAIMER

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Sino Gas & Energy Holdings Limited (ASX:SEH, “Sino Gas”, “the Company”) holds a 49% interest in Sino Gas & Energy Limited (SGE) through a strategic partnership with MIE Holdings Corporation (“MIE” SEHK: 1555) to develop two blocks held under Production Sharing Contracts (PSCs) with CNPC and CUCBM. SGE has been established in Beijing since 2005 and is the operator of the Sanjiaobei and Linxing PSCs in Shanxi province.

Certain statements included in this release constitute forward looking information. This information is based upon a number of estimates and assumptions made on a reasonable basis by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies.

Many factors could cause the Company’s actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, gas prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this release and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.

The purpose of this presentation is to provide general information about the Company. No representation or warranty, express or implied, is made by the Company that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of the Company, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

This presentation should be read in conjunction with the Annual Financial Report as at 31 December 2013, the half year financial statements together with any ASX announcements made by the Company in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)*.

# RESOURCES STATEMENT

The statements of resources in this release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (PRMS) standards by internationally recognised oil and gas consultants RISC (announced 4 March 2014) using probabilistic estimation methods. These statements were not prepared to comply with the China Petroleum Reserves Office (PRO-2005) standards or the U.S. Securities and Exchange Commission regulations and have not been verified by SGE's PSC partners CNPC and CUCBM.

All resource figures quoted are unrisks mid-case unless otherwise noted. Sino Gas' attributable net Reserves & Resources assumes PSC partner back-in upon ODP approval, CBM Energy's option to acquire an interest of 5.25% in the Linxing PSC (by paying 7.5% of back costs) is exercised, and MIE fulfil funding obligations under the strategic partnership agreement. Reserves & Resources are net of 4% in-field fuel for field compression and field operations. Reference point is defined to be at the field gate. No material changes have occurred in the assumptions and subsequent work program exploration and appraisal results have been in line with expectations.

Information on the Resources in this release is based on an independent evaluation conducted by RISC Operations Pty Ltd (RISC), a leading independent petroleum advisory firm. The evaluation was carried out by RISC under the supervision of Mr Peter Stephenson, RISC Partner, in accordance with the SPE-PRMS guidelines. Mr Stephenson has a M.Eng in Petroleum Engineering and 30 years of experience in the oil and gas industry. RISC consents to the inclusion of this information in this release. RISC is independent with respect to Sino Gas in accordance with the Valmin Code, ASX listing rules and ASIC requirements.

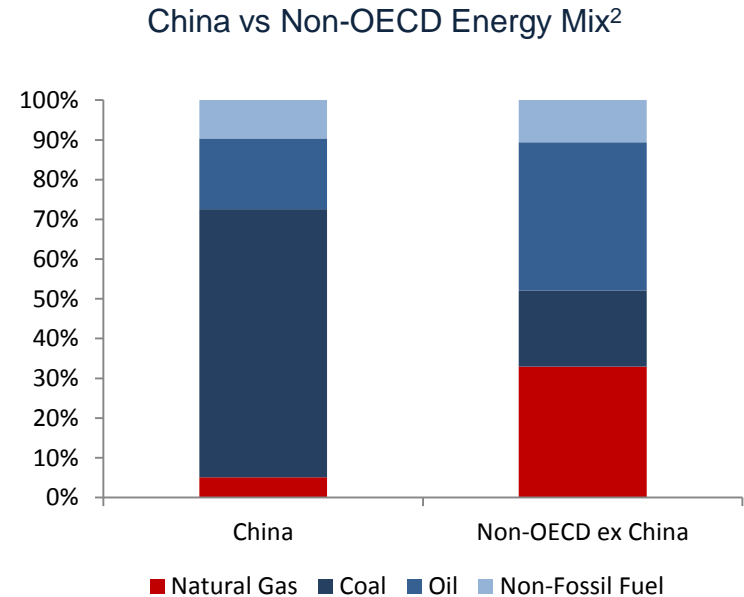
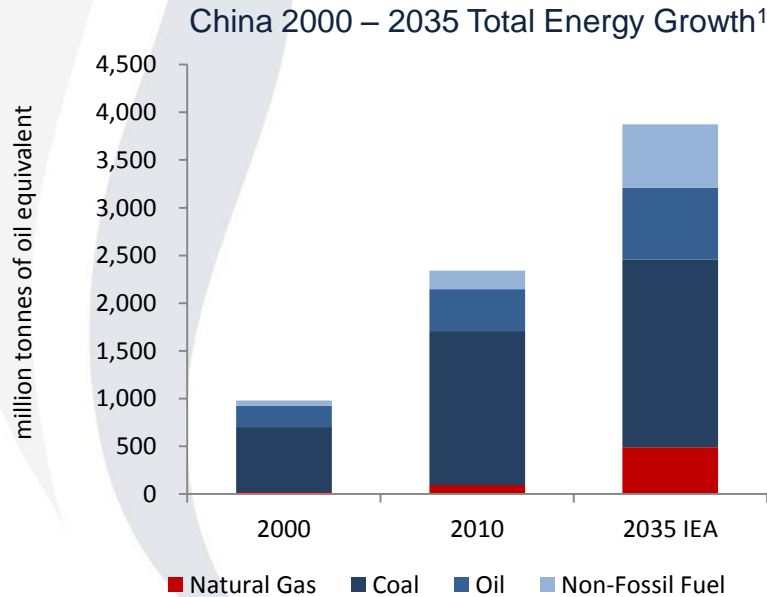
## Sino Gas' Attributable Net Reserves & Resources as at 31 December 2013

Sino Gas' Attributable Net Reserves & Resources	1P RESERVES (Bcf)	2P RESERVES (Bcf)	3P RESERVES (Bcf)	2C CONTINGENT RESOURCES <sup>3</sup> (Bcf)	P50 PROSPECTIVE RESOURCES <sup>3</sup> (Bcf)	EMV <sub>10</sub> (\$USm) <sup>2</sup>
<b>March 2014</b> (Announced 4 March 2014)	129	291	480	850	1,023	2,258
<b>March 2013</b> (Announced 20 March 2013)	32	94	199	653	885	1,556
<b>TOTAL 2013 CHANGE (+/-)%</b>	<b>+211% (2P Reserves)</b>			<b>+30%</b>	<b>+16%</b>	<b>+45%</b>
<b>Total Project March 2014</b>	466	1,068	1,786	2,941	3,978	N/A

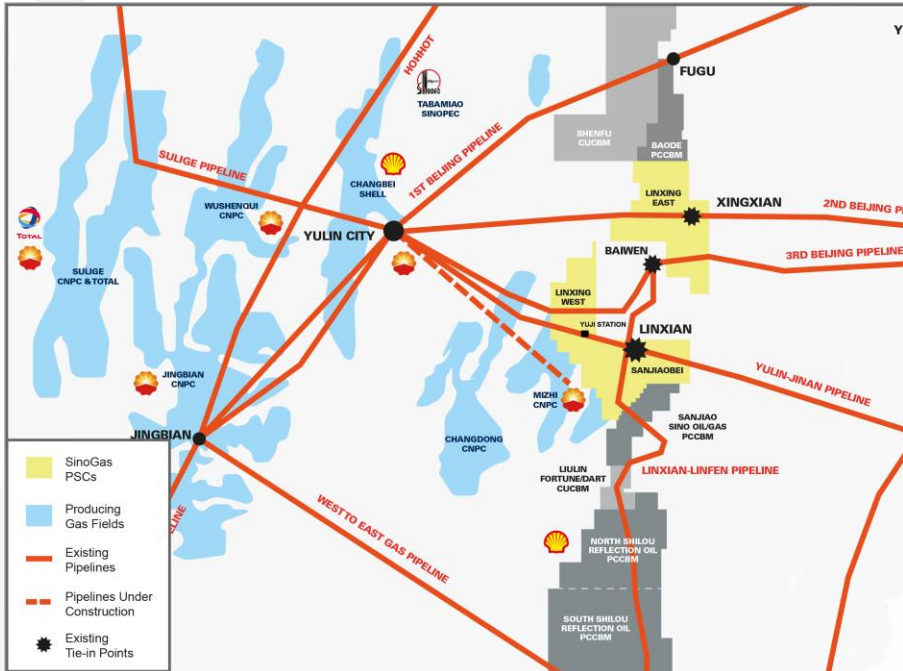
Contingent and Prospective Resources have not been risked for the risk of development and discovery. The estimated quantities of petroleum may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. EMV is the probability weighted net present value (NPV), including the range of project NPVs and the risk of the project not progressing. Project NPV<sub>10</sub> is based on a mid-case wellhead gas price of \$US8.79/Mscf and lifting costs (opex+capex) of ~ \$US1.5/Mscf for mid-case Reserves, Contingent & Prospective Resources.

# CHINA SNAPSHOT: LARGE, GROWING, CHANGING

- World's largest energy consumer
- Fastest growing energy demand
- 22% of global primary energy demand
- Only 5% of global natural gas demand due to small share in energy mix

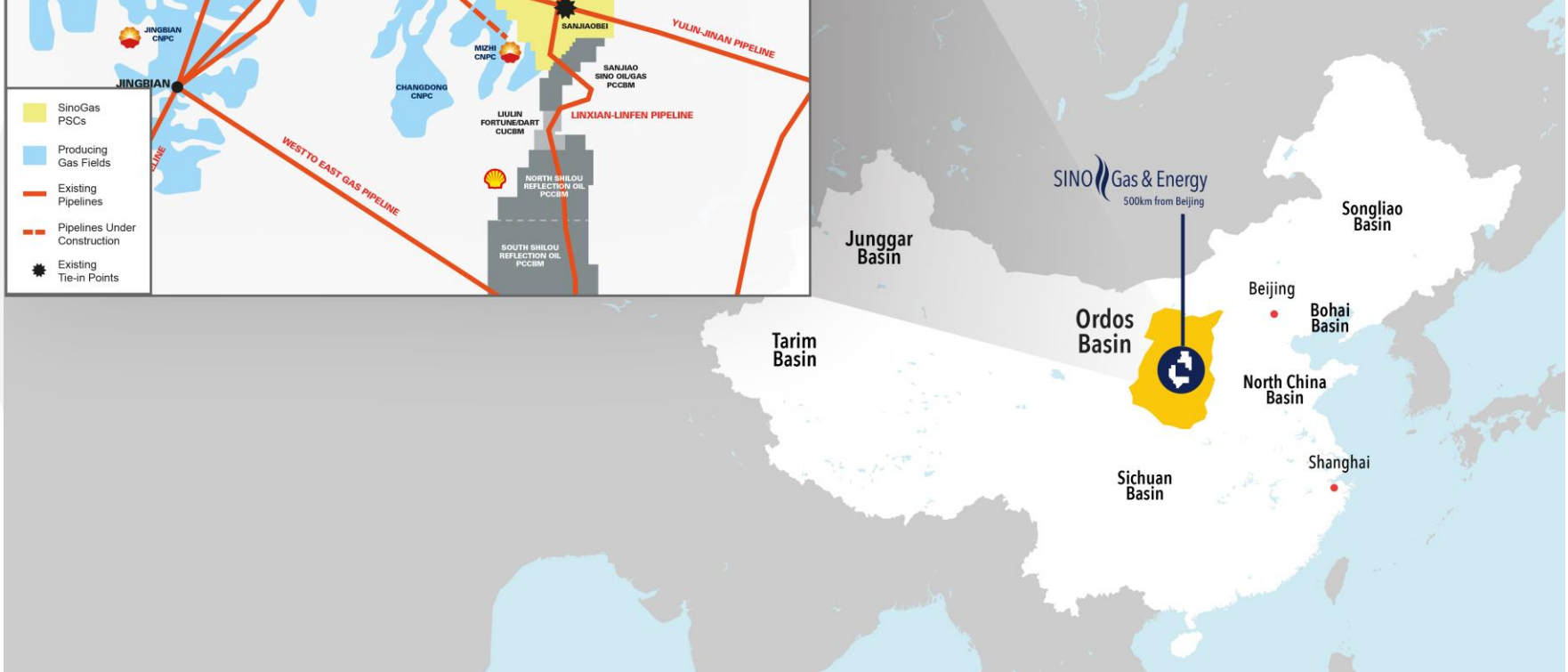


## SIGNIFICANT ASSETS IN THE PROLIFIC ORDOS BASIN



***The most productive natural gas basin in China:***

- Unconventional gas production of over 3bcf/day
- Ready access to key demand centres with multiple tie-in points
- Sino Gas' ~3,000km<sup>2</sup> acreage is located approx. 500km from Beijing

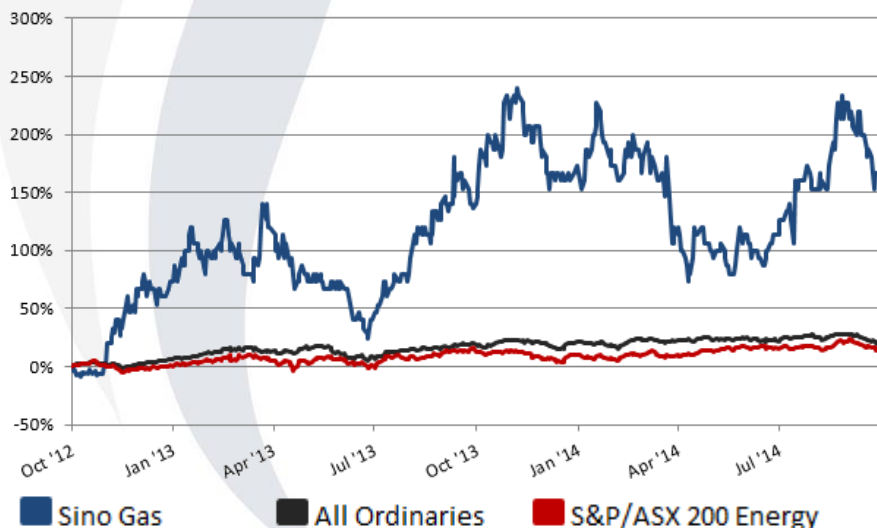


# COMPANY SNAPSHOT

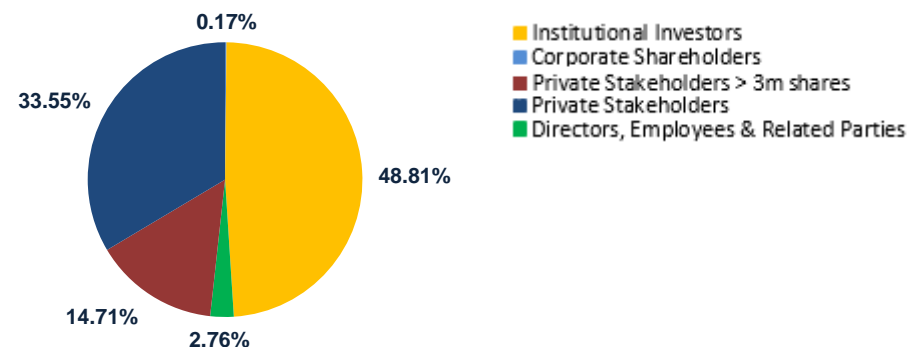
## Corporate Information - as at 30 Sept 2014

ASX Listed (S&P ASX 300)	SEH
Share Price	A\$0.21
Issued Shares	1,542m
Market Cap	US\$283m
Cash Balance	US\$57.7m
<i>Headquarters in Beijing</i>	

## Two Year Share Price History



## Share Register – September 2014



## Top Shareholders – Sept 2014

	Shares (m)	%
FIL Investment Management	153.2	9.9%
Commonwealth Bank of Australia	118.4	7.7%
Kinetic Investment Partners	88.6	5.7%
Perennial Value Management	53.0	3.4%
JP Morgan Asset Management	51.7	3.4%



# A UNIQUE CHINA GAS INVESTMENT OPPORTUNITY

## Attractive market dynamics

- ≈ **Strong demand outlook:** Gas demand forecast to double by 2020<sup>1</sup>
- ≈ **Strengthening prices:** City-gate price set to US\$10.80/Mscf following NDRC increase
- ≈ **Supportive policy:** Government policy prioritising unconventional gas production

## Large scale / low cost resource

- ≈ **Substantial scale:** 1 tcf gross 2P & 3 tcf unrisked 2C in the prolific Ordos Basin<sup>2</sup>
- ≈ **Significant upside:** 4 tcf gross prospective resource<sup>2</sup> – 30% acreage under-explored
- ≈ **Low cost supply:** Competitively positioned on the China gas supply cost curve

## Pathway to commercialisation

- ≈ **Near-term production:** Well advanced with pilot pipeline production starting in 2014
- ≈ **Gas Sales:** Significant progress with gas sales agreements
- ≈ **Market Access:** Adjacent to existing infrastructure with ready access to key markets

## Strong partners

- ≈ **SOEs:** Tier 1 PSC partners (CNPC & CNOOC) with established unconventional operations in the Ordos Basin
- ≈ **MIE:** Strategic JV partner with proven track record of operating PSCs in China

## Experienced team / well financed

- ≈ **Strong board and management:** Experienced team with strong technical and commercial expertise
- ≈ **Financed for development:** US\$57.1<sup>3</sup> cash plus a further US\$40 debt facility in place

# STRONG DEMAND & PRICING OUTLOOK

## Gas demand continuing to outstrip domestic supply

- Annual gas demand forecast to almost double by 2020

## Conventional gas supply in structural decline

- Unconventional gas production expected to fill the shortfall
- Government targets increase in natural gas consumption from 5% to 8% of total primary energy mix by 2015

## Prices strengthening

- NDRC increases price for non-residential use to ~US\$10.8/Mscf

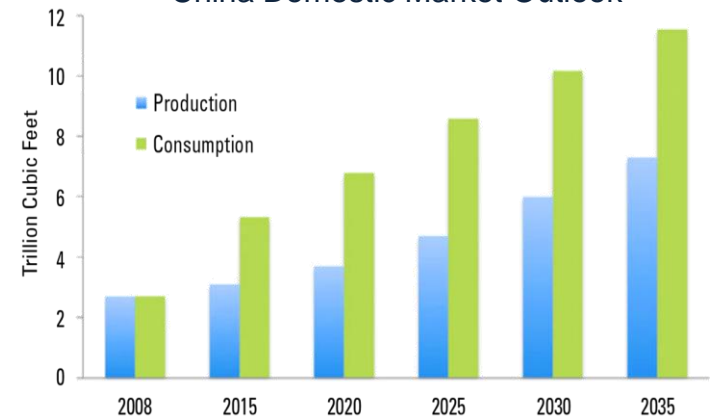
## Cost competitive

- Assets attractively positioned on the lower end of the China gas supply cost curve

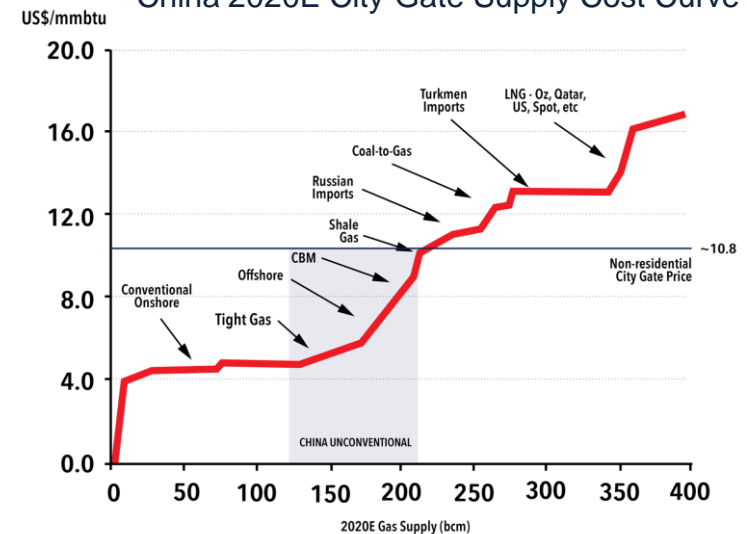
## Supportive Government Policy

- China's 12th Five Year Plan names Linxing PSC as a priority project
- Draft 13th Five-Year plan continues to support unconventional gas development
- Comprehensive "Clean Air" action plan being implemented to combat air pollution problems

China Domestic Market Outlook<sup>1</sup>



China 2020E City-Gate Supply Cost Curve<sup>2</sup>





# LARGE SCALE ASSETS WITH SIGNIFICANT UPSIDE

## Size & Scale

- Sino Gas' PSCs are approximately 3,000km<sup>2</sup> or 741,000 acres
- 1 Tcf gross 2P (184 Mmboe) & 3 Tcf unrisked 2C<sup>1</sup> (507 Mmboe)

## Exploration Upside

- c.4 Tcf Prospective resources<sup>1</sup>, with ~30% acreage under-explored

## Attractive Geology with Stacked Multiple Pay-Zones

- Primary reservoir is sandstone with gas sourced from coal
- Fluvio-deltaic depositional environment - up to 16 pay-zones

## Surrounded by Substantial Existing Production

- Ordos Basin currently produces over 3Bcf/day from conventional and tight gas reservoirs

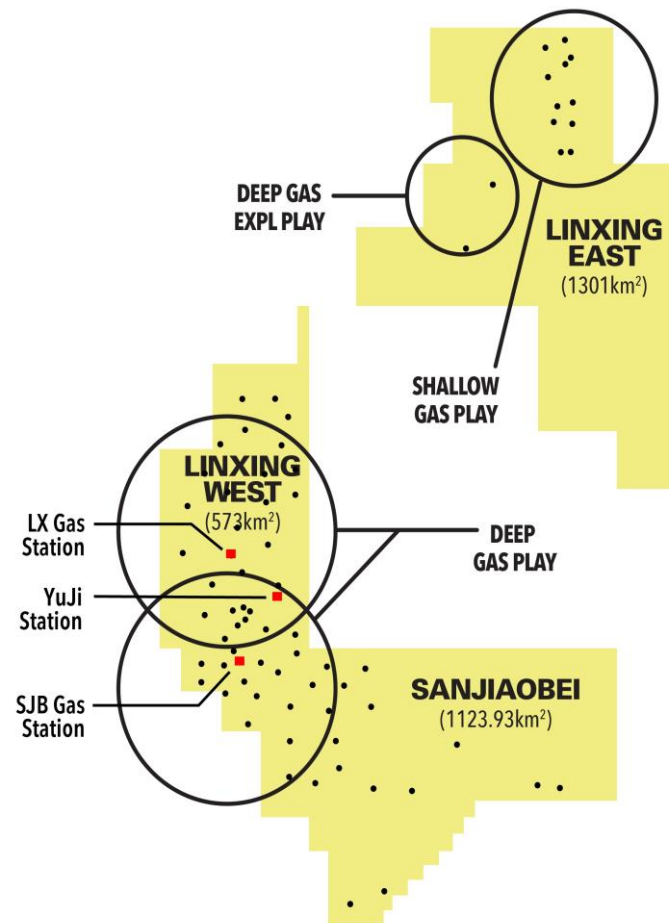
## Commercialisation

- On track to commence pilot pipeline production and sales in 2014

## Cost Competitive Resource base

- Cost of development estimated to be c.US\$1.50/Mscf<sup>2</sup>

## Project and Drilling Overview



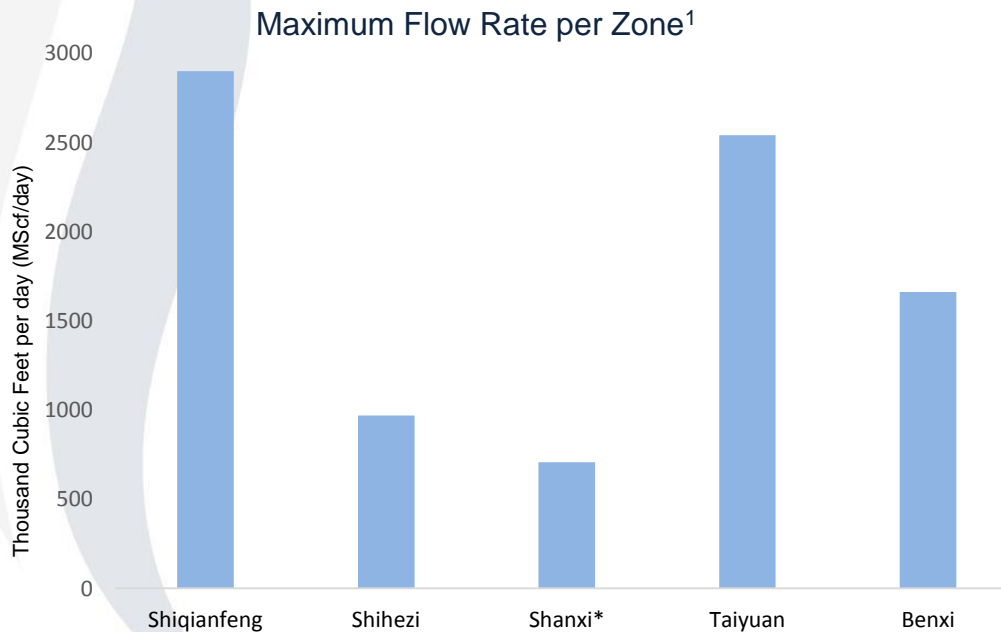
# ATTRACTIVE GEOLOGY

## Proven gas deliverability

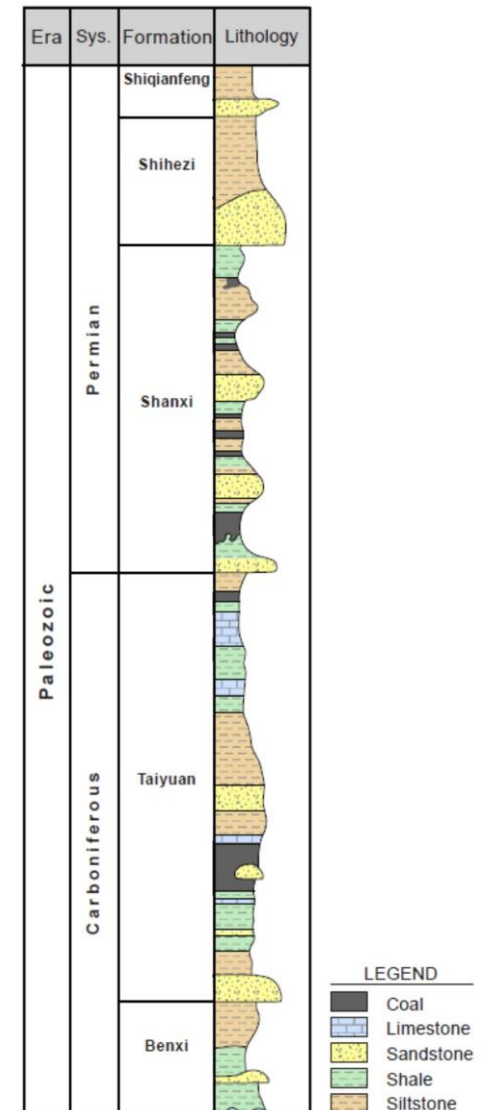
- Ongoing testing program, including the recent horizontal wells, demonstrates strong commercial gas deliverability

## Stacked multiple pay-zones

- Production from multiple pay-zone expected in a full field development scenario



\* Excludes horizontal well result of 4.93 million standard cubic feet per day (over 8 MMscf/day calculated at standard field pressure of 200 psi)

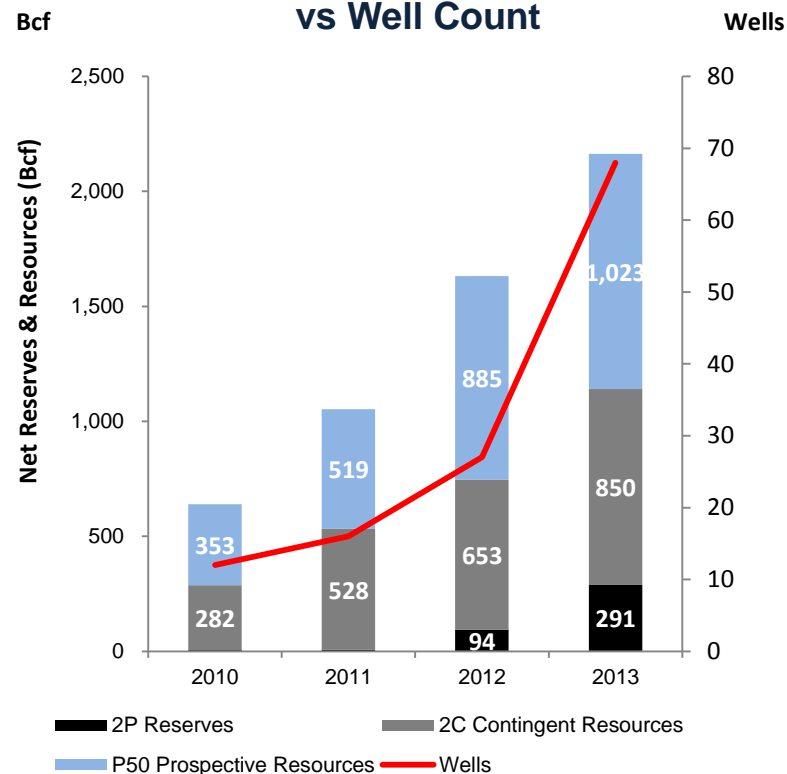


# RESERVE AND RESOURCE GROWTH

## E&A programme drives substantial Reserves and Resource growth:

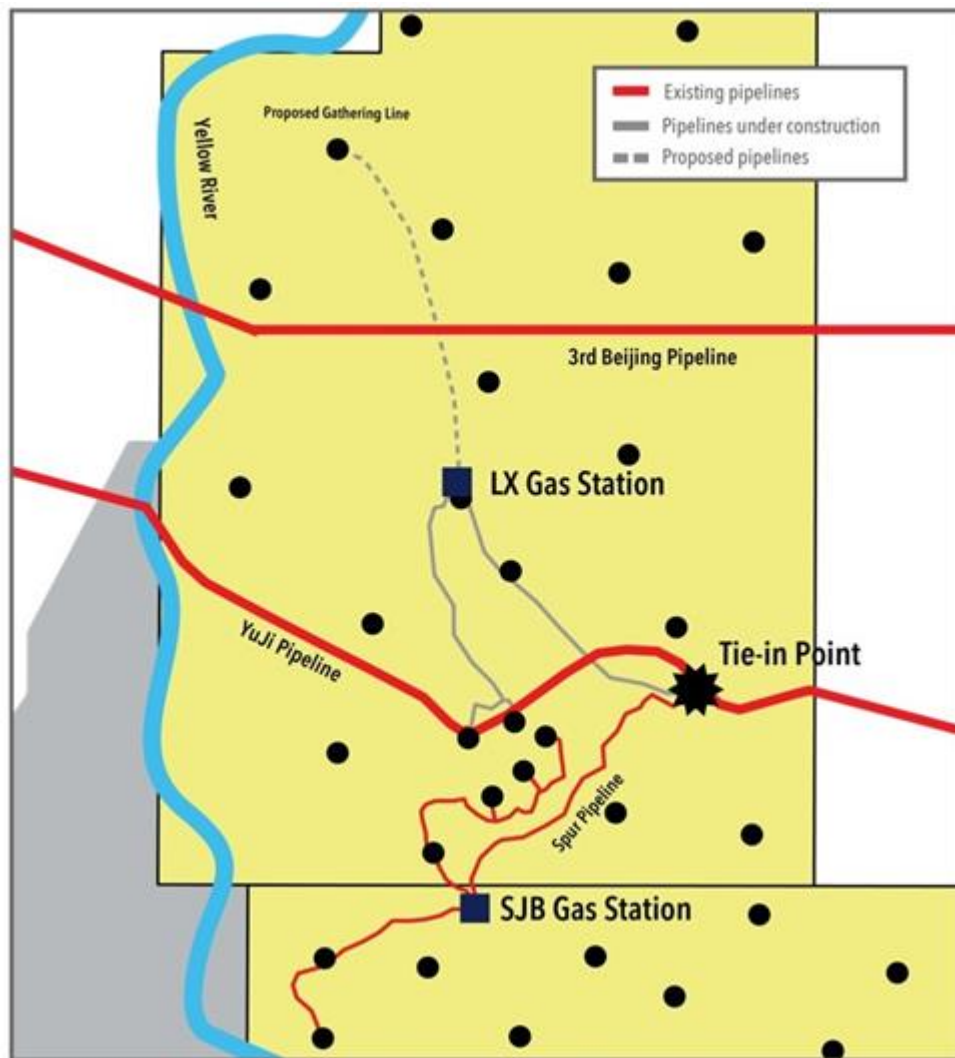
- 2P Reserves: **1,068 bcf** gross (+227% y/y), Sino Gas' share 291 bcf<sup>1</sup>
- 2C Resources: c. **3 tcf** gross (+54% y/y), Sino Gas' share 850 bcf<sup>1</sup>
- Prospective Resources: c. **4.0 tcf gross** (+25% y/y), Sino Gas' share 1.0 tcf<sup>1</sup>
- 30% of acreage under-explored, exploration continuing
- RISC's independent valuation of Sino Gas' share of **2P + 2C EMV US\$1.4 bn** (+52% y/y)<sup>2</sup>
- An updated reserves and resource assessment to be completed in Q1 2015
- Data from pilot and exploration programs to expected contribute to the maturation of resources and further expand the reserves area

## Resource & Reserve Growth vs Well Count



# PATHWAY TO COMMERCIALISATION

- Pilot programme will complete the value chain and prove sustainable reservoir productivity
- First gas from Sanjiaobei in 2014 with Linxing (West) in mid-2015
- Initially 29 wells are planned to be tied-in for the first phase of the pilot pipeline production program
- Initial installed capacity of ~25 MMscf/day with space for expansion
- Gas to be exported to market via the Yuji pipeline to the eastern province of Shandong
- Further pipeline gas sales agreements being finalised at attractive pricing
- Multiple gas pipelines with existing tie-in points provide optionality for direct market access



# STRONG STRATEGIC PARTNERSHIPS

## ~ MIE (MIE Holdings Corporation)

- Strategic Partner with a proven track record of working under Chinese regulatory system
- Successful execution of three ODP approvals in China
- Other operations in Kazakhstan, USA & China
- 400+ wells drilled per year in China for the last two years

## ~ SGE

- PSC Operator partnered with major State Owned Enterprises (SOE) with extensive field development experience

## ~ CUCBM

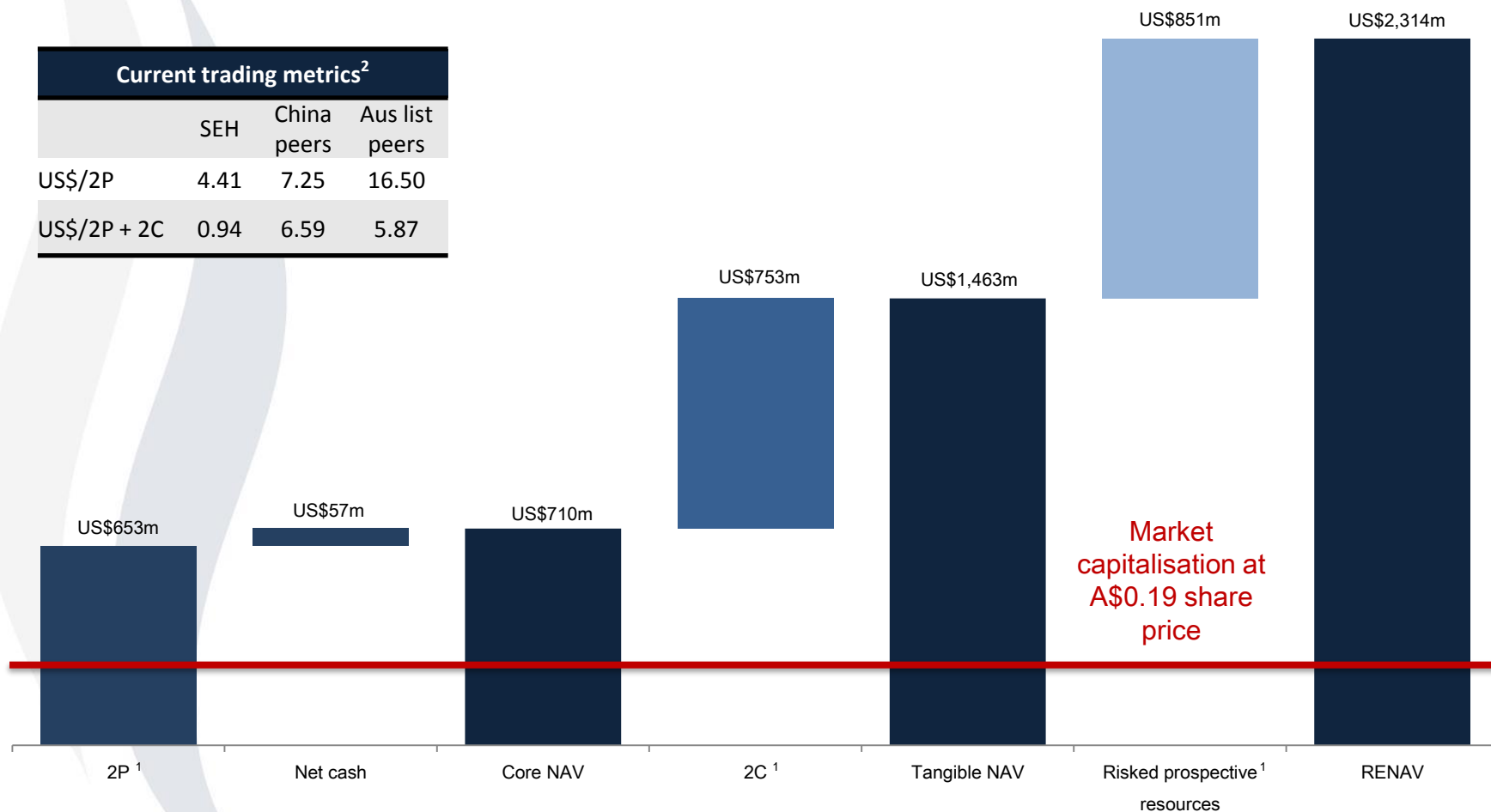
- The original SOE formed to develop the CBM industry in China
- Now 70% owned by CNOOC

## ~ CNPC

- China's largest oil and gas producer with an extensive international presence
- Strong focus on the development of unconventional gas in China

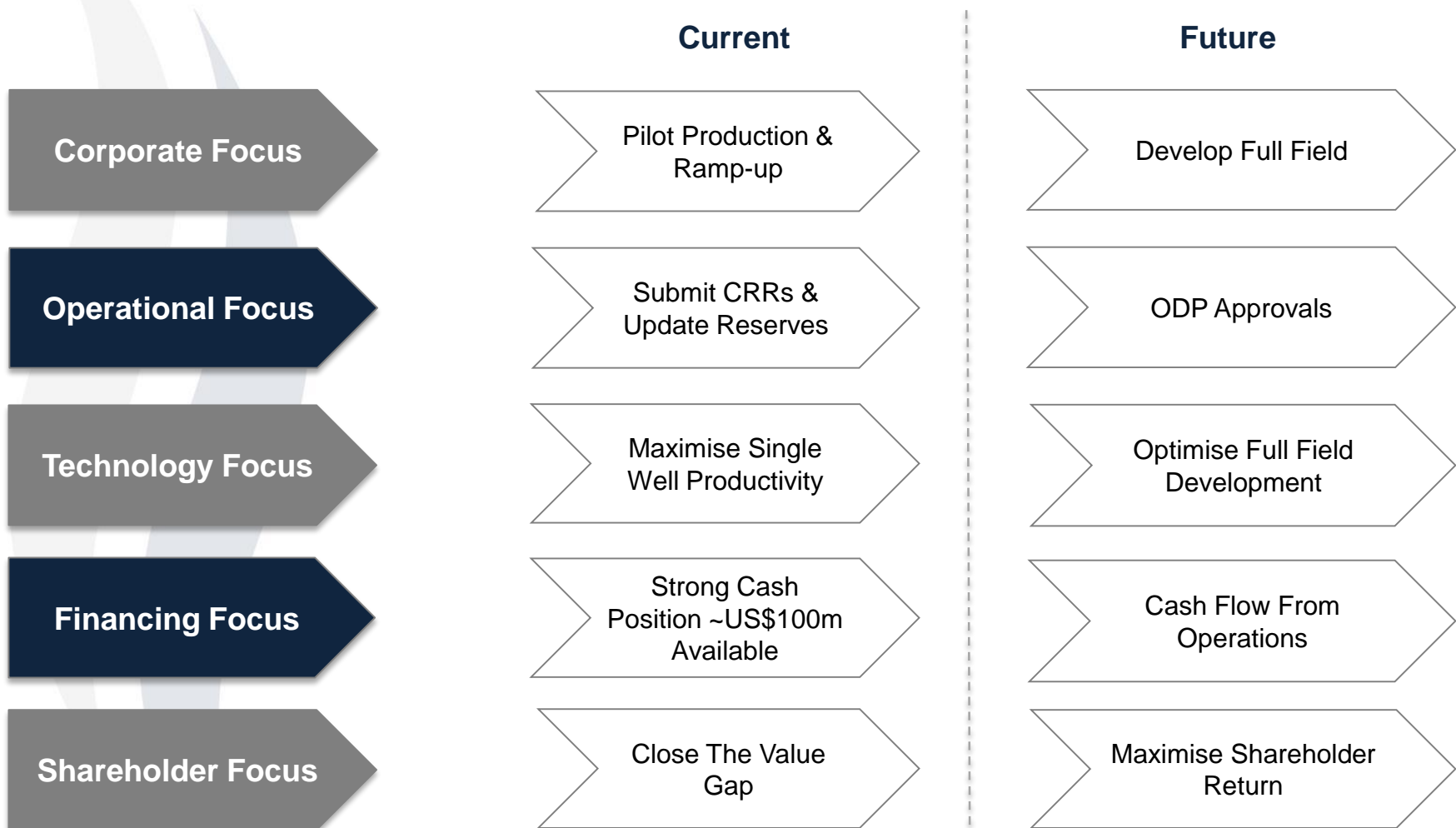


# CLOSING THE VALUATION GAP





# STRATEGIC FOCUS



# 2014 - 2015 PRIORITIES

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## ≈ Q4 2014

- Second horizontal well test results  
October
- Sanjiaobei gas sales agreement  
November
- **First gas from Sanjiaobei project**  
**November**
- Submit CRRs for Sanjiaobei and Linxing West  
December
- Linxing East seismic and exploration drilling  
October - December

## ≈ Q1 2015

- Independent Reserve & Resource update  
March
- Infield development drilling and testing  
Ongoing
- Connection of additional pilot wells  
Ongoing

## ≈ Q2 2015

- **First gas from Linxing project**  
**June - July**

## ≈ Q3/Q4 2015

- Submission of ODP on Linxing East  
August
- CRR approvals expected  
August - December

# CONTACTS

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