

21 December 2016

ODP PROCESSES COMMENCE FOLLOWING ENDORSEMENT OF CHINESE RESERVE REPORTS

Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") is pleased to provide the following update on Chinese Reserves Reports.

The Sanjiaobei Chinese Reserve Report ("CRR") has been endorsed by our PSC Partner, PetroChina CBM ("PCCBM") and the National Centre of Coal Bed Methane ("NCCBM"), the regulatory body that administers the CRR and ODP reports.

With this key regulatory milestone achieved, the Joint Venture Company, Sino Gas & Energy Limited ("SGE"), in conjunction with PCCBM, has formally commenced preparation of the Overall Development Plan ("ODP"). The ODP submission, which includes field development planning, environmental impact assessment and permitting, is anticipated to take approximately one year, with ODP approval anticipated in late 2017/early 2018.

Final CRR ratification by PetroChina and then the Ministry of Land and Resources ("MOLAR") will be achieved in parallel to the ODP process and is not a critical path activity.

The Linxing (West) CRR has been endorsed by our PSC Partner, CUCBM for the southern area of the PSC and the PSC partners are working to finalise the expansion of the area to also include the northern portion of the block before submission to CNOOC and MOLAR for ratification. This interim approval is sufficient to commence ODP preparation which is now underway with the full support of CUCBM.

Commenting on the Chinese Reserve Reports, Sino Gas Managing Director Mr Glenn Corrie said: *"These CRR endorsements mark a significant milestone for Sino Gas as we work towards unlocking the full value of our PSCs. Although final ratification of the CRRs is ongoing preparation of the ODP's has commenced and this is a very clear indicator of support from our PSC partners and the underlying profitability of our assets. We would like to thank SGE, PCCBM and CUCBM for their hard work and cooperation to deliver this excellent result. We are pleased to be turning our focus to ODP and full field development for both PSCs."*

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited ("Sino Gas" ASX: SEH) is an Australian energy company focused on developing natural gas assets in China. Sino Gas holds a 49% interest in Sino Gas & Energy Limited ("SGE"), a strategic partnership with China New Energy Mining Limited ("CNEML"). SGE has been established in Beijing since 2006 and is the operator of the Linxing and Sanjiaobei Production Sharing Contracts ("PSC"s) in the Ordos Basin, Shanxi province.

SGE's interest in the Linxing PSC with CUCBM is 64.75% and 49% for the Sanjiaobei PSC held with PCCBM. SGE has a 100% working interest during the exploration phase of the PSC, with SGE's PSC partners being entitled to back-in upon Overall Development Plan ("ODP") approval, by contributing development and operating costs in line with their PSC interest.

The PSCs are located in the Ordos Basin and cover an area of approximately 3,000km². The Ordos Basin is the largest onshore gas producing basin in China. The region has mature field developments with an established pipeline infrastructure to major markets. Rapid economic development is being experienced in the provinces in which Sino Gas' PSCs are located and natural gas is seen as a key component of clean energy supply in China.

Sino Gas & Energy Holdings Limited (ASX: SEH) was admitted to the Official List of ASX in 2009.

Disclaimer

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.
