

28 December 2016

FURTHER PRODUCTION AND PRICING INCREASES

Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") is pleased to announce a further increase in agreed pricing for gas sold from Sanjiaobei PSC and to provide an update on production from the Linxing and Sanjiaobei Central Gathering Stations ("CGS").

The agreed natural gas price for gas sold from Sanjiaobei PSC has increased to RMB1.79/cubic meter (~US\$7.30/mcf). The price increase represents an additional 7% from the 20% increase announced on 16 December 2016 as a result of PetroChina's final winter natural gas price adjustment in the region. The new price is effective from November 20, 2016 and is expected to apply until end of the winter period (March 2017).

Gross production from the two facilities has increased to approximately 21 Million standard cubic feet per day ("MMscf/d"). Current production is as a result of drilling and tying-in new pilot wells, the restart of the Sanjiaobei CGS and commencement of production from the second Linxing compressor.

Sino Gas anticipates production facilities to operate within the range 20-25 MMscf/d as facilities and individual wells are optimised and sub-surface data gathered to assess individual well productivity, pressure declines and reservoir drainage.

Commenting on the further increase in agreed gas price and the significant ramp-up towards total installed capacity, Sino Gas Managing Director Mr Glenn Corrie said:

"The previously announced Sanjiaobei natural gas price has been adjusted in light of PetroChina's final winter price in the region in which we operate. We see this price increase as a further sign of the strength of the natural gas market in China."

"I am pleased we have achieved this ramp up in production in a safe manner, overcoming the challenges of heavy rain delays during the third quarter and partner transition. We will continue to optimise the production. I would like to thank the team for their hard work and we look forward to advancing Overall Development Plans to deliver the full value of our Ordos Basin PSCs".

Sino Gas & Energy Holdings Limited

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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.
