Q1 QUARTERLY ACTIVITIES REPORT

SINO Gas & Energy

Q1 Highlights

- → Q1 2018 gross production averaged ~25 MMscf/d, with March production averaging a record ~26 MMscf/d
- → Sanjiaobei ODP has now received in-principle approval from PCCBM
- → Linxing ODP received in-principle approval from CUCBM
- → Q1 net margin[1] increased 35% q/q to US$4.8/Mscf (A$6.1/Mscf) driven by increased production and natural gas prices, and a reduction of operating costs
- → 2018 work program underway with seven rigs mobilised to drill 40 – 50 wells
- → Linxing GSA extended one year to 31 March 2019 at an increased average price of ~US$7.26/Mscf (RMB1.61/$m^3$) [2]
- → 2017 year-end Reserves and Resources unchanged except for adjustments for 2017 gas sales. Gross project 2P reserves of 2.1 Tcf and gross 2C resources of 3.2 Tcf [3]
- → Five-year senior secured US$100 million debt facility finalised following completion of due diligence and satisfaction of all conditions precedent
- → Continued discussions with Linxing SOE partner CUCBM regarding development, partnership terms and the finalisation of cost allocation principles
- → China gas market demand growth momentum continued with demand up ~18% in the first two months of the year compared to the same period in 2017

Sino Gas & Energy Holdings Limited ("Sino Gas") Managing Director, Glenn Corrie said:

"Strong operational momentum from Q4 2017 continued into 2018 with record production levels in the quarter of ~25 MMscf/d, installed nameplate processing capacity. We have seen some strong individual well performance on both PSCs and are on track to deliver our 2018 production guidance. With the recent in-principle approval of the first Linxing and Sanjiaobei ODPs, we continue to expect both ODP approvals in the first half of the year, as we prepare to ramp up production. We are focused on the execution of our 2018 work program with seven rigs currently drilling. China natural gas demand continues to grow, up ~18% in the first two months of this year compared to 2017. The strength of the market has resulted in increased Linxing gas contract pricing".

2018 Priorities

☑ Completed ☑ On-Track

- ☑ Maintain safety record
- ☑ Finalised US$100m debt funding
- ☑ Secure 2018 gas sales agreements
- ☑ Finalise Linxing cost allocation principles with CUCBM
- ☑ Finalise Linxing development & partnership terms with CUCBM
- ☑ Secure ODP approvals in 1H 2018
- ☑ Commission Linxing North CGS by Q3
- ☑ Sanction new gas processing capacity projects
- ☑ 2019+ drilling preparation
- ☑ Gross exit rate of 38 - 42 MMscf/d and average 22 - 27 MMscf/ d

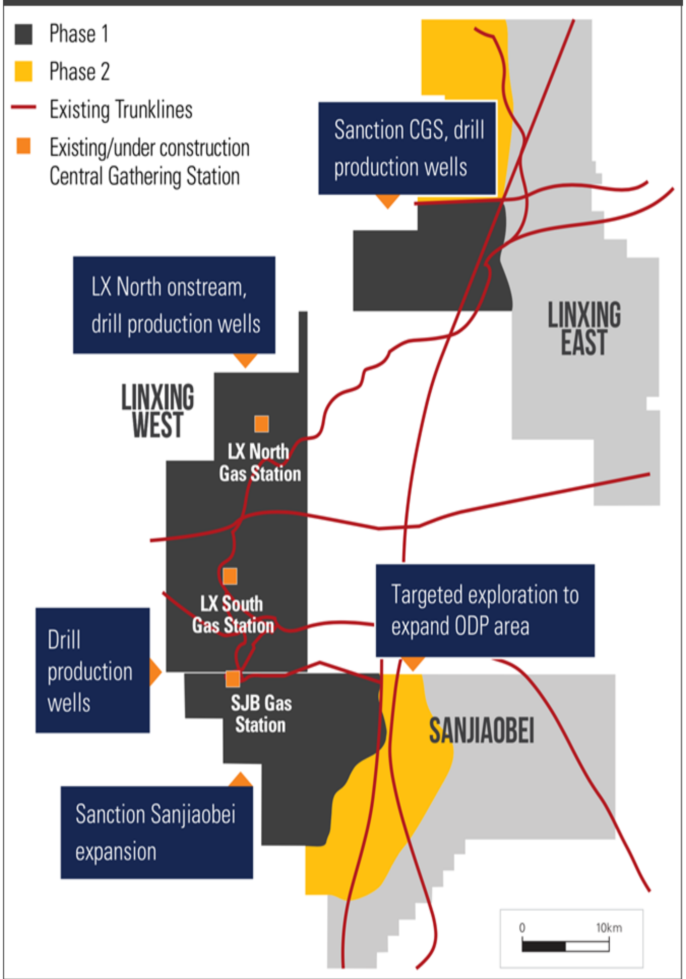
All production numbers are gross field. 1. For this reference and other references to non-IFRS financial measures throughout this report, refer to non-IFRS Financial Information note on page 6. 2. Please refer to Gas Marketing section, page 3. 3. Please refer to the 2017 Reserves and Resources Statements on page 3 and 6. 4. A$/ US$ Q1 2018 average exchange rate of 1.27.

2018 WORK PROGRAM & BUDGET

The Joint Venture approved a 2018 capital expenditure budget of US$60 - 70 million (US$30 - 35 million net to Sino Gas) focused on securing first Overall Development Plan ("ODP") approvals, maximising production and cashflows, and positioning the Joint Venture for future production growth in line with the development plan.

The work program includes the drilling of 40 – 50 wells, the commissioning of and production ramp-up from the Linxing North Central Gathering Station ("CGS") by Q3 2018 to take the number of CGSs in production to three with total installed nameplate capacity of 42 Million standard cubic feet per day ("MMscf/d"), the design and engineering to further expand processing capacity, land acquisition and engineering for drilling in 2019 and beyond.

2018 Work Program Key Activities



PRODUCTION SHARING CONTRACTS

ODP Approvals

Sino Gas continues to expect the first Linxing and Sanjiaobei ODP approvals in the first half of the year.

Sanjiaobei ODP has now received in-principle approval from PetroChina CBM ("PCCBM"). This closely follows the in-principle approval for the first Linxing ODP from SOE partner CUCBM.

Sino Gas & Energy Limited ("SGE") has received confirmation from the Shanxi Government that the Sanjiaobei and Linxing Production Sharing Contracts ("PSCs") have been named as key development projects, reinforcing the Provincial Government's strong support for the projects and the Central Government's commitment to accelerate development of key domestic supply sources to meet growing natural gas demand.

Linxing Update

Discussions with Linxing SOE partner China United Coalbed Methane ("CUCBM") regarding development, partnership terms and the finalisation of cost allocation principles as announced on 29 March 2018 continue to progress.

OPERATIONS

Health, Safety & Environment

A total of 140,261 Lost Time Injury free hours were recorded during Q1 2018 from the drilling, testing and production operations on the Linxing and Sanjiaobei PSCs. There were no recorded environmental incidents.

Pilot Program

Gross average production ramped up to ~25 MMscf/d for the first quarter of 2018, with a record average rate of ~26 MMscf/d in March. Strong individual well performance and very high facility uptimes (~100%) contributed to production rates above nameplate capacity, enabling SGE to meet strong demand through existing gas contracts. As a result of improvements in well targeting and completion methodology, Linxing deviated well TB-26-8 recorded production rates of over 6 MMscf/d from a 6m thick single reservoir zone for over one month. This is the highest deviated well rate ever recorded from a deviated or horizontal well and further analysis is underway to understand the implications for future well locations.

As of the end of the quarter, a total of 86 production wells have been drilled of which 67 have been tied into the production facilities and only 55 are currently required to produce at nameplate capacity. The 2018 work program is well underway, with seven rigs focused on development drilling and one more in the process of being mobilised.

Sino Gas is on track to meet its 2018 production guidance of a gross exit rate of 38 - 42 MMscf/d and a gross average rate of 22 - 27 MMscf/d. SGE has scheduled maintenance of approximately seven days in Q2 to service both CGS' compressors, the impact of which has been included in the annual production guidance.

Drilling and Testing

Linxing PSC — Sino Gas 31.7% [1]

The Linxing drilling program commenced in March, with the spudding of six wells.

Wells LXX48-30 and LXX46-30 were drilled in Linxing North and intersected 84m and 46m of gas pay, respectively. Fraccing and testing of these wells will commence once the remaining wells on the pad have been drilled.

Horizontal well TB-6H was drilled to total depth during the quarter and encountered high quality reservoir in the Shanxi formation which will be the kick-off point for a ~1,000m lateral section. A further horizontal well (TB-7H) is scheduled to be drilled from the same pad targeting the same reservoir. Both horizontal wells will be tested once drilling is completed and then prepared for tie-in to the new Linxing North CGS.

The testing program commenced in March, with eleven pilot production wells drilled in 2017 to be tested and tied into the Linxing South CGS as future production well stock in Q2.

Sanjiaobei PSC — Sino Gas 24%

Five wells drilled and fracced in 2H 2017 were brought onto production in Q1 2018 enabling Sanjiaobei production to ramp-up to over nameplate capacity during the quarter. Four of these wells located on the SJB3-12 pad came online in March and averaged ~4 MMscf/d in aggregate, highlighting the well productivity gains resulting from adjustments to the fraccing and completion philosophy as well as improved reservoir understanding.

Pilot well SJB6-16, partially drilled in December 2017, resumed drilling in March and identified 29m of net gas pay.

Linxing North Facility

Preparation of the new site for the Linxing North CGS resumed in March, with commissioning still expected by Q3 2018. Once installed, gross processing capacity in Linxing will double to 34 MMscf/d, increasing total capacity across both PSCs to 42 MMscf/d. The 2018 work program and budget include the drilling of ten wells in Linxing North to complement the existing eight wells, including two horizontal wells already drilled in the region. Gas marketing discussions with potential buyers are ongoing.

Gas Marketing

SGE, in conjunction with its Linxing PSC Partner CUCBM, agreed to extend a Gas Sales Agreement ("GSA") expiring at the end of March 2018 by one year to 31 March 2019 at an increased average price of ~US$7.26 per Thousand Cubic Feet ("Mscf") (RMB1.61 per cubic metre) [2].

Discussions are ongoing with a second gas buyer to provide continued Linxing production offtake flexibility.

2017 Reserves and Resources Update

RISC Advisory Pty Ltd ("RISC") has completed an assessment of the Reserves and Resources for Sino Gas' Linxing and Sanjiaobei PSCs.

Gross project Reserves and Resources estimates are unchanged from 2016 except for adjustments for 2017 gas sales. As a result, RISC has certified that the total project Proved plus Probable Reserves ("2P") and 2C Resources remain at 2.1 Trillion cubic feet ("Tcf") and 3.2 Tcf, respectively. Sino Gas' net attributable Reserves and Resources at 31 December 2017 remained unchanged aside from principally gas sales related adjustments during the year, with 1P and 2P Reserves at 384 Billion cubic feet ("Bcf") and 578 Bcf, respectively, and 2C Resources at 899 Bcf.

Please refer to full details in the 2017 Annual Report.

ONSHORE BLOCKS JOINT STUDY AGREEMENT ("JSA")

The three-month extendable studies continue on the two onshore exploration blocks under the JSA that Sino Gas agreed with partner CUCBM as announced in the Q4 Quarterly Activities Report. The blocks are located in the Ordos and Qinshui basins and are close to natural gas infrastructure and have existing seismic and well data. Initial studies indicate natural gas potential and Sino Gas will provide an update when the studies have been completed.

CHINA GAS MARKET UPDATE

Natural gas demand growth in China surged in 2017, increasing by over 15% from the previous year as the coal-to-gas transition accelerated. Total demand in 2017 reached a record 237 billion cubic metres ("bcm") and is expected to grow at a similar rate in 2018 as China focuses on increasing gas in the primary energy mix to 10% in 2020 and 15% by 2030.

For January and February 2018, reported aggregate demand per the National Development & Reform Commission ("NDRC") had reached 45.8bcm, an 18% year-on-year increase.

1. For the purposes of determining Sino Gas' 31.7% beneficial percentage interest in Linxing, consistent with the presentation of Reserves and Resources in its 2017 annual report, Sino Gas has taken into account 49% of SGE's 64.75% interest in the Linxing PSC (assuming the Linxing Option to acquire an additional 7.5% in the PSC (prior to partner back-in) was exercised), but has not included any additional Sino Gas interest resulting from the Linxing Option. 2. GSA denominated in RMB, assuming RMB/US$ exchange rate of 6.28 (as of 17 April 2018).

KEY FINANCIAL RESULTS

Increased production and gross realised natural gas prices drove record SGE gross sales revenue and net margins in Q1 2018. The gross Q1 realised natural gas price of US$7.1/Mscf was up 8% over Q4 2017 principally due to the new 2018 Sanjiaobei GSA which includes higher Q1 2018 winter gas prices. SGE Q1 2018 gross sales revenue of US$15.6 million was up 25% over Q4 2017 and 69% over Q1 2017.

SGE net margin increased to US$4.8/Mscf (~A$6.1/Mscf) in Q1 2018 from US$3.5/Mscf (A$4.6/Mscf)[1] in Q4 2017, principally as the result of increased production and natural gas prices, and a reduction in operating costs as activity levels are typically lower in the first quarter due to winter conditions.

SGE EBITDA in Q1 2018 of US$8.5 million was up ~140% from Q4 2017 due to increased production and strong net margins.

Total SGE capital expenditures in the first quarter were $3.3 million, with activity starting to ramp up towards the end of March with the end of winter.

At 31 March 2018, Sino Gas' cash and its share of SGE cash was approximately US$23 million. During the quarter, after completion of due diligence and satisfaction of all conditions precedent, the Company finalised its five-year senior secured US$100 million bank facility of which US$68 million is fully committed. Please refer to the 23 January 2018 announcement for further details. US$11.5 million of the facility was drawn at the end of Q1 2018, mainly to replace the previous facility. The debt facility, along with cash on hand and anticipated cash flow from operations is currently expected to fully fund Sino Gas' share of the previously announced development plan of Linxing and Sanjiaobei and the potential exercise of the Linxing option.

Discussions on the development phase cost allocation principles with CUCBM are progressing. Linxing gas sales account receivables are expected to be paid upon conclusion of these discussions. Please refer to the 29 March 2018 announcement.

Financial Results (Unaudited)	Units	Q1 18	Q4 17	Q1 17	Q/Q %	Y/Y % change
SGE Gross Sales Revenue	US$ Million	15.6	12.5	9.2	25%	69%
SGE Net Sales Revenue	US$ Million	13.0	10.2	7.2	27%	80%
Gross Realised Price	US$/Mscf	7.1	6.5	6.6	8%	7%
Net Realised Price (post VAT and PSC allocation)	US$/Mscf	5.9	5.3	5.2	10%	14%
Operating Costs	US$/Mscf	1.1	1.8	0.9	(39%)	18%
Net Margin [2]	US$/Mscf	4.8	3.5	4.2	35%	13%

Sino Gas Cash	US$ Million	22.2	28.0	40.8
SGE Cash	US$ Million	1.7	3.3	2.9
Sino Gas Debt	US$ Million	11.5	10.0	10.0

CORPORATE

Investor Relations & Marketing

The company regularly engaged the investment community in the first quarter of the year, meeting with potential and existing investors as well as research analysts, research sales, investment advisors across Australia, Asia and Europe through roadshows and investor conferences. The Company notably participated in the Euroz High Net Worth Breakfast at the University of Western Australia, the Citi energy tour in Beijing, the Euroz Rottnest conference and was a gold sponsor of the SIA Energy Gas Energy Conference in Beijing.

Copies of presentations are available on our website at www.sinogasenergy.com

Annual General Meeting

The Annual General Meeting is scheduled to take place on 10 May 2018 in Sydney, New South Wales. The Notice of Meeting and Proxy forms have been distributed to shareholders.

1.A$/US$ Q4 2017 average exchange rate of 1.30.
2.Net margin is calculated as the SGE sales revenue after VAT and partner share less operating expenses per Mscf of sales. Please refer to non-IFRS Financial Information note.

SUPPLEMENTARY INFORMATION

Historical testing results by zone (2006— 2018)

Zone	Well Tests	Average Thickness (m)	Average Test Length	Average Flow Rate (Mscf/d)	Max Flow Rate (Mscf/d)
Upper Zone	26	7	9	808	2,919
Mid-Upper Zone	35	7	11	388	3,099
Middle Zone	14	6	22	226	708
Mid-Lower Zone	9	5	19	463	2,534
Lower Zone	13	5	8	686	1,663
Comingled	48	18	12	737	2,569
Horizontal Wells (Middle Zone)	4	1,145	3	5,493	9,775

Note: Results have been standardised to a standard field pressure of 200psi.

No new test results in Q1 2018.

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"), the operator of the Linxing and Sanjiaobei Production Sharing Contracts ("PSCs") in the Ordos Basin, China's largest gas producing basin. SGE has been established in Beijing since 2005 and is jointly owned with and China New Energy Mining Limited ("CNEML") via a strategic partnership.

SGE's current interest in the Linxing PSC with CUCBM (a CNOOC wholly-owned subsidiary) is 70% and 49% for the Sanjiaobei PSC held with PCCBM (a PetroChina wholly-owned subsidiary). SGE has a 100% working interest during the exploration phase of the PSCs, and SGE's PSC partners are entitled to participate up to their PSC working interest by contributing their future share of costs.

Sino Gas also holds an option to acquire a 7.5% interest of SGE's participating interest in the Linxing PSC by contributing 7.5% of historical back costs to SGE.

The PSCs cover an area of approximately 3,000km^2 in the Ordos basin in Shanxi, a rapidly developing province. The region has mature field developments with an established pipeline infrastructure to major markets. Natural gas is a key component of clean energy supply in China, with the 13th Five-Year Plan identifying the Ordos basin as a strategic natural gas source.

Sino Gas & Energy Holdings Limited

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DISCLAIMERS

Reserves and Resources

Sino Gas' Attributable Net Reserves & Resources are summarised below:

SINO GAS' ATTRIBUTABLE NET RESERVES AND RESOURCES	1P RESERVES (Bcf) [1]	2P RESERVES (Bcf) [1]	3P RESERVES (Bcf) [1]	2C CONTINGENT RESOURCES (Bcf)	P50 PROSPECTIVE RESOURCES[1](Bcf) [2]
31 December 2017 (Announced 29 March 2018)	384	578	776	899	821
31 December 2016 (Announced 5 March 2017)	385	579	778	899	821
Total Project 31 December 2017	**1,371**	**2,136**	**2,945**	**3,171**	**3,499**

Note 1. RISC has separately assessed the Reserves and Resources for each of the PSCs by probabilistic methods and added the resultant estimates arithmetically. RISC and Sino Gas caution that the aggregate 1P estimate may be conservative and the aggregate 3P estimate may be optimistic as a result of the portfolio effects of arithmetic addition.

Note 2. Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Note 3: For the purposes of determining SGE's Reserves and Resources, RISC assumes the Linxing Option has been exercised resulting in SGE having a 64.75% interest in the Linxing PSC. SGE's interest in the Sanjiaobei PSC is 49%. Sino Gas owns 49% of the issued capital of SGE and CNEML owns the remaining 51%. SGE has a 100% working interest during the exploration phase of the PSCs. The impact of the Linxing Option has not been included in Sino Gas Reserves and Resources.

Resource 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 recognized oil and gas consultants RISC Advisory Pty Ltd ("RISC"). 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. Reserves are based on a mid-case gas price of US$6.98/Mscf inflated at 2.5% per year and average lifting costs (opex+capex) inclusive of inflation of 2.5% per year of ~US$1.20/Mscf for 2P Reserves. All resource figures quoted are unrisked mid-case unless otherwise noted. Sino Gas' attributable net Reserves & Resources assumes PSC partner back-in upon ODP approval but not Sino Gas' potential exercise of its Linxing Option to acquire an interest of 7.5% in the Linxing PSC from SGE (by paying 7.5% of back costs). 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.

Information on the Resources in this release is based on an independent evaluation conducted by 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 is a member of the SPE and MIChemE and is a qualified petroleum reserves and resources evaluator ("QPPRE") as defined by ASX listing rules. Mr Stephenson consents to the form and context in which the estimated reserves and resources and the supporting information are presented in this announcement.

RISC is an independent advisory firm that evaluates resources and projects in the oil and gas industry. RISC offers the highest level of technical, commercial and strategic advice to clients around the world. RISC services include the preparation of independent reports for listed companies in accordance with regulatory requirements. RISC is independent with respect to Sino Gas in accordance with the Valmin Code, ASX listing rules and ASIC requirements.

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. Whilst the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove correct or that the outcomes indicated in the announcement will be achieved. Production profile, plateau rates and other development plan parameters are indicative only and not guidance, and remain subject to any necessary regulatory approvals and applicable investment decisions.

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 gas prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability, potential title disputes and additional funding requirements as further detailed in the Company's annual report. Further, despite the Company having attempted to identify all material factors that may cause actual results to differ, there may be other factors that cause results not to be as anticipated, estimated or intended. 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 (or as otherwise specified) 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.

Non-IFRS Financial Terms

This announcement contains terms commonly used in the oil and gas industry which are not defined by or calculated in accordance with International Financial Reporting Standards ("IFRS"), such as margin and EBITDA, which are non-IFRS measures. These terms should not be considered an alternative to, or more meaningful than the comparable measures determined in accordance with IFRS. The measures provide additional information to evaluate SGE's financial performance per unit of production and before shareholder financing costs. The margin for the first quarter is calculated by dividing net revenue of US$13.0 million less operating expenses of US$2.4 million by total gross production of ~25 MMscf/d. SGE EBITDA is calculated by adding interest expense, income tax, depreciation and amortisation to net income. The non-IFRS measures have not been subject to audit or review by Sino Gas' external auditors. Sino Gas' determination of these measures may not be comparable to that reported by other companies.