

2015 CHINA OIL & GAS ASSEMBLY
SEPTEMBER 2015

The background of the slide is a dark, blue-tinted photograph of an industrial facility, likely an oil or gas processing plant. A large, curved, metallic structure dominates the upper half of the image. In the lower-left foreground, a worker wearing a hard hat is partially visible. The overall tone is professional and industrial.

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

DISCLAIMER

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.

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This presentation should be read in conjunction with the Annual Financial Report as at 31 December 2014, 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 3 March 2015) 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. Mr. Stephenson is a member of the SPE and MICHemE and 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 2014

SEH Attributable Net Reserves & Resources	1P Reserves (Bcf)	2P Reserves (Bcf)	3P Reserves (Bcf)	2C Contingent Resources (bcf)	P50 Prospective Resources (bcf) ¹	EMV ₁₀ (US\$m) ²
31 December 2014 (Announced 3 March 2015)	350	448	557	739	649	\$3,076
31 December 2013 (Announced 4 March 2014)	129	291	480	850	1,023	\$2,258
Total 2014 Change (+/-%)	+54% (2P)			-13%	-37%	+36%
Gross Project 31 December 2014	1,238	1,608	2,022	2,560	2,568	N/A

Note 1. 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.

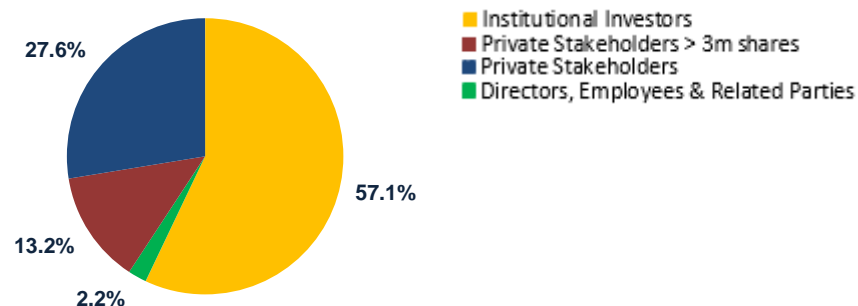
Note 2. EMV is the probability weighted net present value (NPV), including the range of project NPVs and the risk of the project not progressing. Project NPV₁₀ is based on a mid-case wellhead gas price of US\$9.76/Mscf and lifting costs (opex+capex) of ~US\$1.3/Mscf for mid-case Reserves, Contingent & Prospective Resources.

COMPANY SNAPSHOT

Corporate Information – as at 30 June 2015

ASX Listed (S&P ASX 300)	SEH
Share Price	A\$0.125
Issued Shares	2,070m
Market Cap	US\$200m
Cash Balance	US\$78m
Drawn/undrawn debt facilities	US\$10/40m

Share Register – June 2015



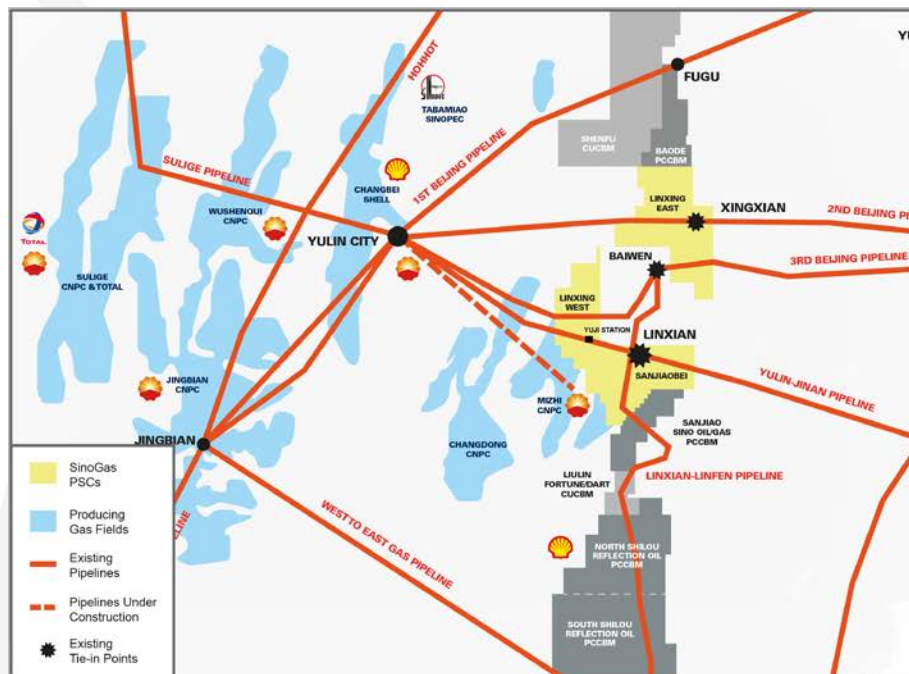
12 Month Share Price Performance to 30 June 2015



Top Shareholders – Jun 2015

	Shares (m)	%
FIL Investment Management	203.2	9.8%
Kinetic Investment Partners	128.1	6.2%
Commonwealth Bank of Australia	110.8	5.3%*
SG Hiscock	72.6	3.5%
Perennial Value	60.2	2.9%

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' ~3,000km² acreage is located approx. 500km from Beijing



A UNIQUE CHINA GAS INVESTMENT OPPORTUNITY

Attractive market dynamics

- ≈ **Strong demand outlook:** Government target to double nat gas % of energy mix by 2020¹
- ≈ **Robust gas prices:** Average China city-gate ~US\$11/mcf effective 1 April 2015
- ≈ **Supportive policy:** Government policy prioritising unconventional gas production

Large scale / low cost resource

- ≈ **Substantial scale:** Project gross 1.6 tcf 2P & 2.6 tcf 2C in the prolific Ordos Basin²
- ≈ **Significant upside:** 2.6 tcf gross prospective resource² with ongoing exploration
- ≈ **Low cost supply:** Competitively positioned on the China gas supply cost curve

Pathway to commercialisation

- ≈ **Pilot Production:** >95% uptime in 1H15, material production growth targeted in 2H15
- ≈ **Gas Sales:** Initial sales at c.US\$9.50-US\$9.60/Mscf
- ≈ **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
- ≈ **Financing:** US\$78m cash³ - materially funds to ODP

CHINA: SCALE OF MARKET

World's largest (% of global total 2013):

- Population – 1.4 billion (19%)
- Energy consumer – 2.9 billion toe (22%)
- CO₂ emitter – 8.6 billion tons (26% 2012)
- Coal consumer – 1.9 billion toe (50%)
- Contributor to global energy demand growth since 2008
 - Coal (556/564 mtoe – 98.5%); Oil (2.8/5.2 mb/d – 53%); Nat Gas (8/32 bcf/d – 24%);

2nd largest:

- Economy – US\$9.2 trillion (12%, at official exchange rate)
- Crude oil consumption – 10.7 mb/d (12%)

4th largest:

- Natural gas consumer – 15.6 bcf/d/162 bcm (5%)

Contribution to global energy demand growth in 2013:

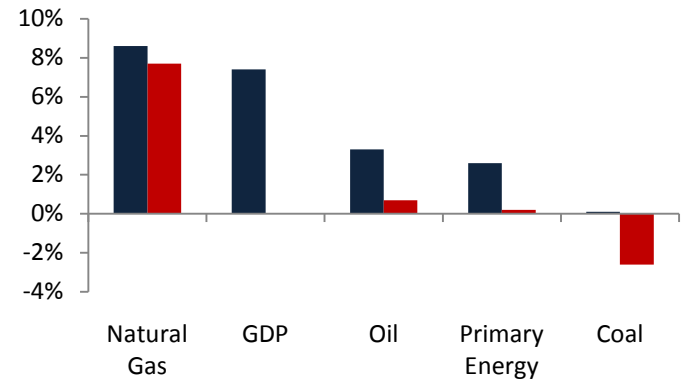
- Coal: #1 (69/103 mtoe – 67%)
- Gas: #2 (1.5/4.4 bcf/d – 34%)
- Oil: #2 (0.4/1.4 mb/d – 28%)



ATTRACTIVENESS OF CHINA UNCONVENTIONAL GAS

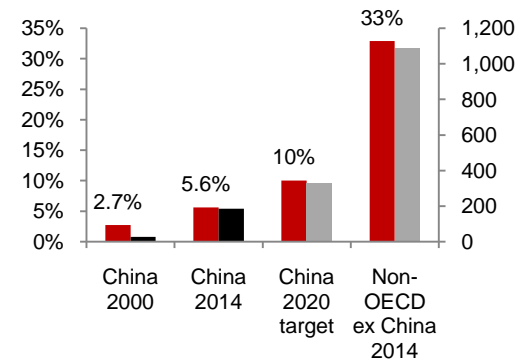
- ≈ China's gas market one of world's largest and fastest growing¹
- ≈ Robust gas prices support investment
- ≈ Government policy highly supportive of increasing natural gas' share of energy mix and domestic supply's share of supply mix
- ≈ Energy Development Strategy Action Plan (2014-2020) calls for the creation of 8 new natural gas production hubs, each capable of producing over 10 bcm/year; Many of these expected to be sourced by unconventional gas
- ≈ Globally competitive fiscal and regulatory regime
- ≈ Well developed services industry
- ≈ Potential environmental policy additional driver of upside in China gas market above base case

China 2014 Demand/Supply Growth²



■ 2014 Demand Growth ■ 2014 Domestic Supply Growth

China Policy Pushing for Increased Natural Gas Adoption²

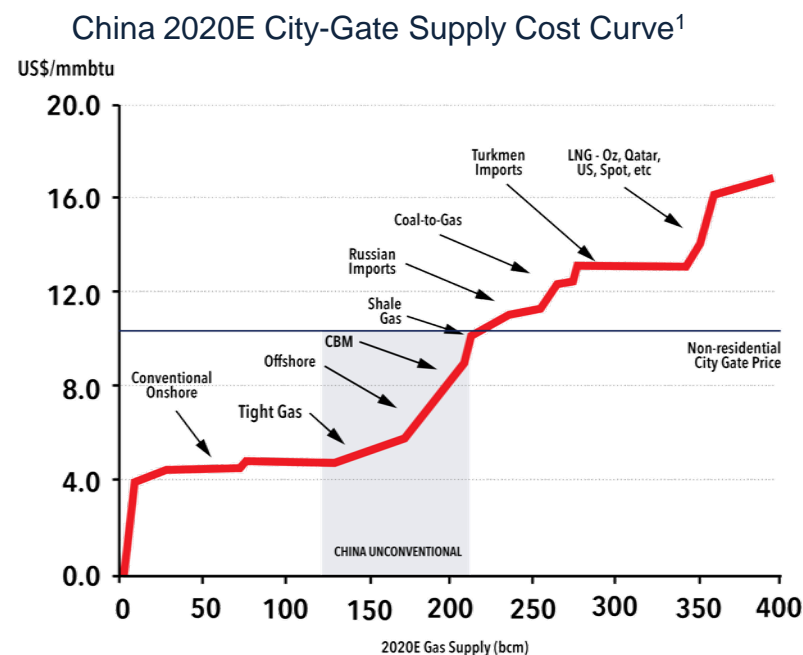


■ Nat Gas Share of energy mix (LHS)

■ Actual/Implied Nat gas demand (bcm) (RHS)

PRICING AND SINO GAS' POSITION ON COST CURVE

- As of 1 April 2015, average city gate prices in China ~US\$11/mcf, Sino Gas' contracted wellhead price US\$9.50-\$9.60/mcf
- In setting domestic gas prices, the NDRC states its objectives include:
 - Incentivizing domestic production
 - Reducing losses on imported gas
 - Keeping natural gas cost competitive vs. alternative fuels
- Imports, both pipeline and LNG, expected to remain at the high end of the cost curve, even in a lower oil price environment
- Sino Gas' assets highly cost competitive with est. capex + opex of US\$1.30/mcf²



LARGE SCALE ASSETS WITH SIGNIFICANT UPSIDE

Size & Scale: 1.6 tcf 2P and 2.6 tcf 2C gross¹

SEH net: 448 bcf 2P + 739 bcf 2C¹

2014 1P Reserves +166%, 2P Reserves +54%

Attractive Geology with Stacked Multiple Pay-Zones

Surrounded by Substantial Existing Production

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

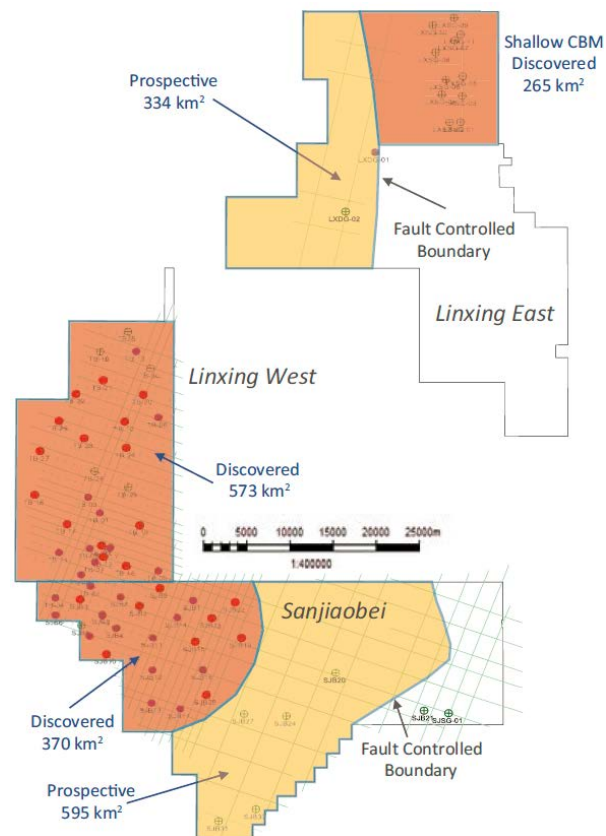
Commercialisation

First pilot pipeline sales achieved, continuing to ramp up production

Cost Competitive Resource base

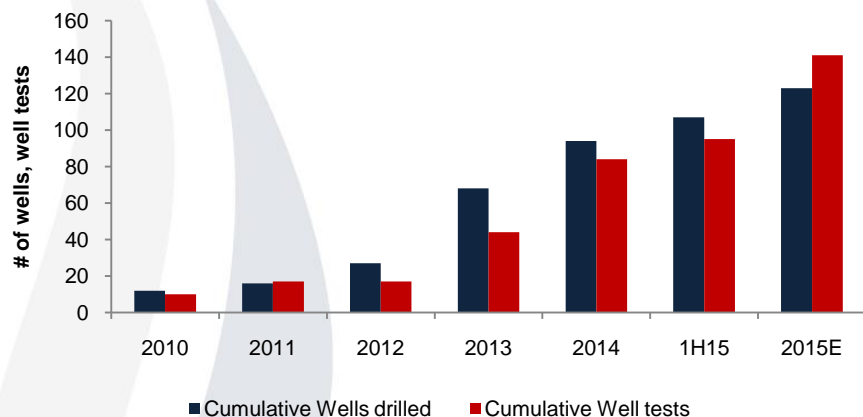
Capex + Opex estimated to be c.US\$1.30/Mscf²

Project and Drilling Overview

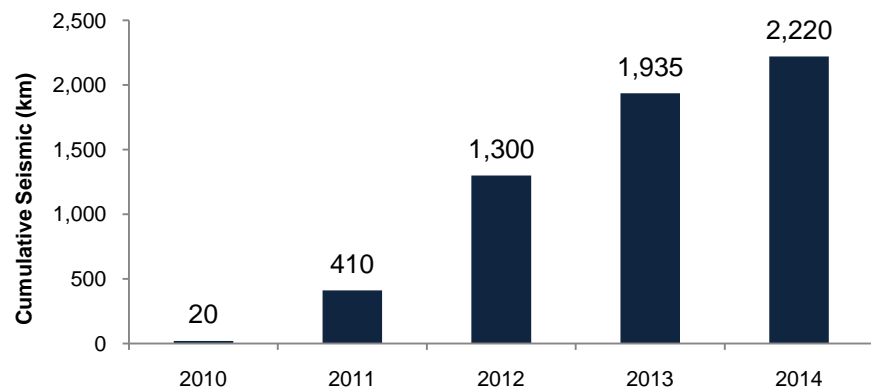


COMPANY GROWTH

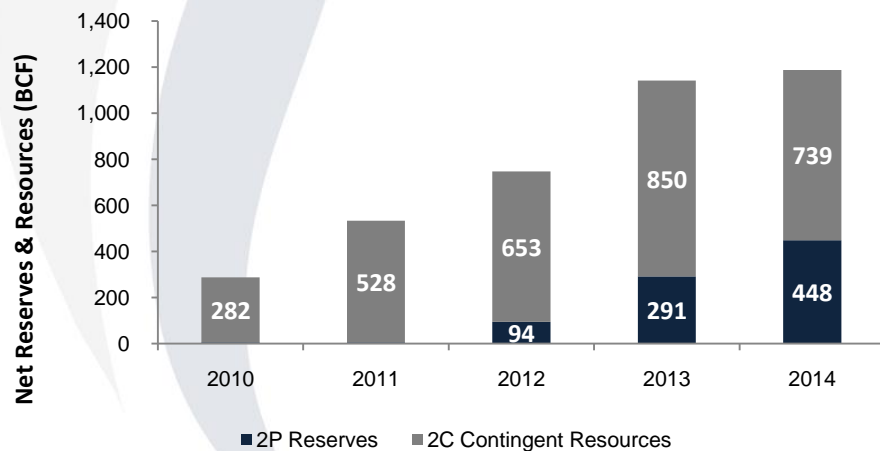
Cumulative wells drilled, well tests



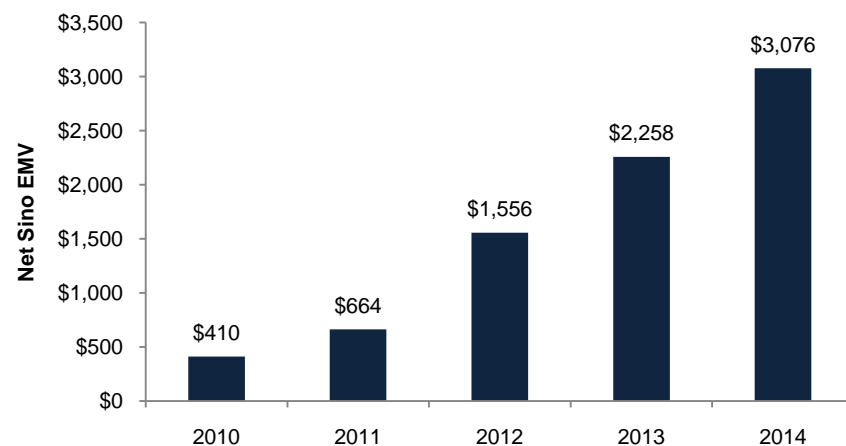
Cumulative Seismic



Sino Gas' Net 2P + 2C Growth¹

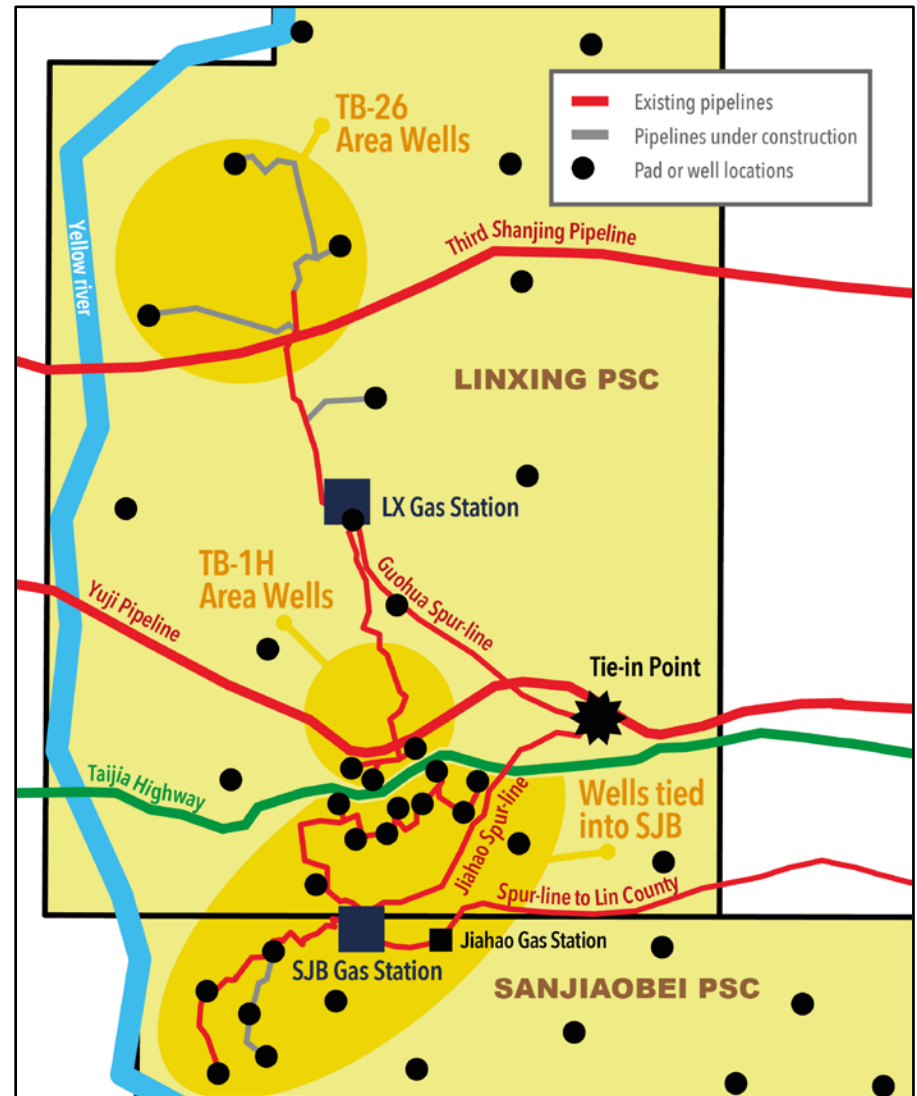


Sino Gas' Net EMV²



2015 WORK PROGRAM PROGRESS

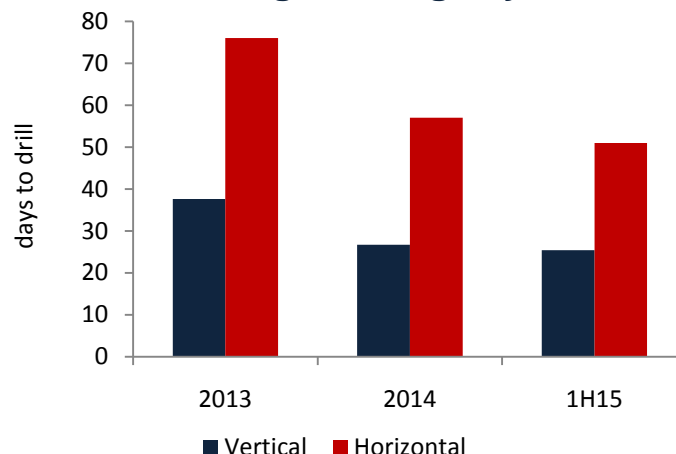
- ~30 wells to be drilled in 2015, of which ~20 are development wells (including 3 horizontals) and 8 exploration wells
 - By mid-year, 11 development wells and 2 exploration wells completed
- Linxing central gathering station expected to be brought online in September, bringing total installed capacity to ~25 MMscf/d
- Additional wells to be tied in over 2H15
 - TB-26 area wells tie-in expected by early 4Q
- Ramping up production toward full installed capacity by year end
- Engineering and Design work currently underway for capacity expansion installation end 2015 for next phase of production growth



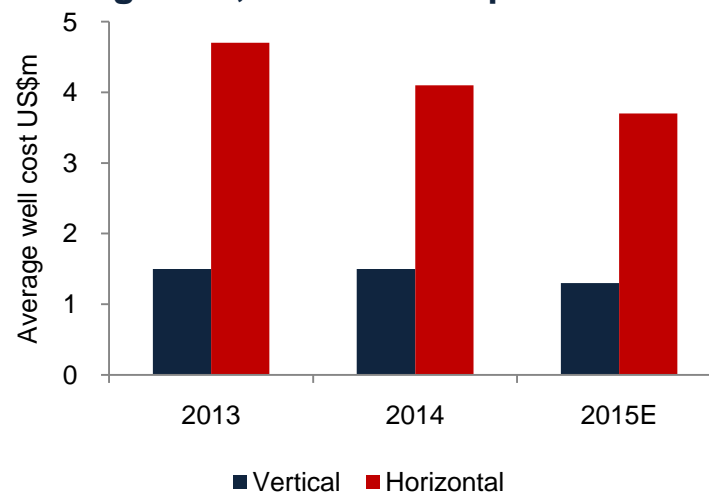
EFFICIENCY IMPROVEMENTS AND COST SAVINGS

- Efficiencies and improved rig rates drove ~10% decrease in average well costs in 1H15 vs. 2014
- Vertical wells drilled ~5% faster than 2014, which was ~30% faster than 2013
- TB-3H drilled in 2015 ~33% faster than TB-1H drilled in 2013.
- Chinese National Oil Companies have cut capex budgets in response to lower oil prices, resulting in lower rig utilization and decreased rig rates
- During 2014, average well test rate increased 70% vs 2013

Average drilling days



Average drill, frac and complete costs



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

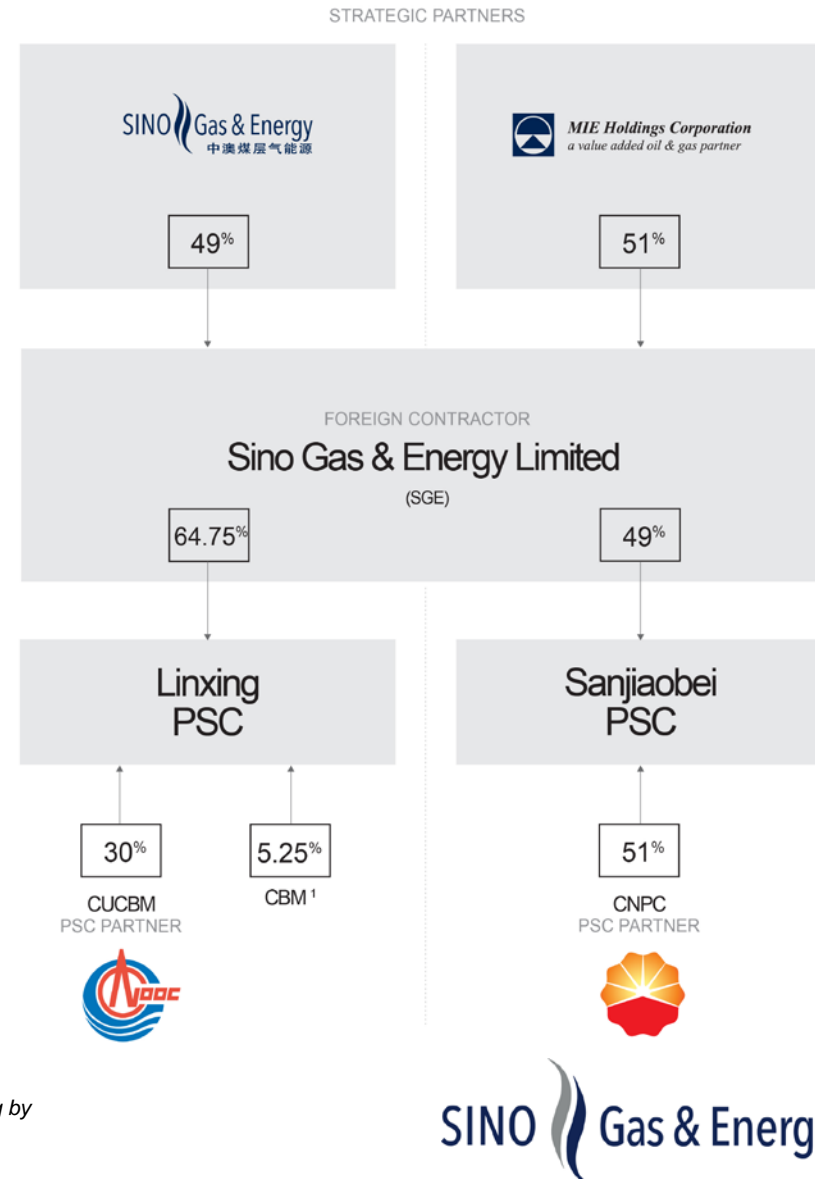
- PSC Operator partnered with major State Owned Enterprises (SOE) with extensive field development experience

~ 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



PILOT PROGRAM PHOTOS



Sanjiaobei Central Gathering facilities commissioned



Pad Drilling Christmas Trees



SGE gathering lines being installed



Third party Linxing Spur Line >100 MMscf/d capacity

PILOT PROGRAM PHOTOS – LINXING CENTRAL GATHERING STATION



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