10 March 2016

2015 Reserves and Resources Assessment Delivers Further Growth

- 22% increase in gross 2P Reserves to 1,962 Bcf, with Sino Gas' share 552 Bcf
- First Reserves bookings made on Linxing (East) of 103 Bcf gross with additional Contingent and Prospective Resources
- 2C Contingent Resources up 11% and P50 Prospective Resources up 15%,
- Net EMV decreased approximately 16% to US$2.6 billion due to 27% decrease in gas price
- Sino Gas' Net Present Value of 2P Reserves approximately US$1.3 billion
- A conference call will be held at 11:00am Sydney, 8:00am Perth/Beijing time to discuss the Reserves update with a replay facility available (see details below)

Sino Gas & Energy Holdings Limited (ASX:SEH, **Sino Gas**, **the Company**), is pleased to announce that RISC Operations Pty Ltd (**RISC**), an Australian based, internationally recognised independent petroleum advisory, evaluation and valuation group, has completed an assessment of the Reserves and Resources for Sino Gas' Production Sharing Contracts (**PSCs**) in the Ordos Basin, China as at 31 December 2015.

22% increase in 2P Reserves including First Reserves Booking at Linxing (East)
Total project Proved plus Probable (**2P**) Reserves have increased 22% to 1,962 Billion cubic feet (**Bcf**) with Sino Gas share increased 23% to 552 Bcf. The increase in Reserves is driven by a positive revision in Reserves on Linxing (West) and Sanjiaobei and new Reserves bookings in Linxing (East).

Reserves on Linxing (West) and Sanjiaobei have been revised up after incorporating the results of the 20 wells drilled in 2015, 25 well tests across 20 wells and results of the pilot production to date. Gross 2P Reserves on Linxing (West) and Sanjiaobei have been revised up 16% due to an increase in the estimated recovery factor offset by a reduction in estimated Gas Initially In Place (**GIIP**) of ~6%.

Based on the discovery of gas pay and successful demonstration of commercial flow rates in multiple zones in the Linxing (East) prospective area, the first Reserves and Contingent Resources have been assigned to this area. The Discovered Area on Linxing (East) is now 40km^2, of which 36km^2 is classified as Reserves. A further 294km^2 is classified as Prospective Resources. Gross 2P Reserves are 103 Bcf on Linxing (East) (Sino Gas' share 32 Bcf) with an additional 80 Bcf gross 2C Contingent Resources and 982 Bcf P50 Prospective Resources (Sino Gas' share 25 Bcf and 290 Bcf respectively).

Developed Producing Reserves
The commencement of the Linxing CGS has expanded the portion of Reserves classified as Developed and Producing to 52 Bcf gross from 24 Bcf at year end 2014 (Sino Gas share 16 Bcf). Total production over the year from the two central gathering stations totalled 1.5 Bcf.

Contingent and Prospective Resources
Total project 2C Contingent Resources increased 11% to 2,831 Bcf (Sino Gas share increased 10% to 814 Bcf). Total project P50 Prospective Resources increased 15% to 2,954 Bcf[1] (Sino Gas share increased 13% to 733 Bcf). Contingent and Prospective Resources have increased as a result of the model refinements to estimates of recovery factor and GIIP discussed above, partially offset by the maturation of Prospective Resources into Reserves and Contingent Resources in Linxing (East).

[1]Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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. The probability of development of the contingent area is estimated to be 90%, with the additional probability of geological success assigned to prospective resources estimated to be 75%. Refer to Resources Statement for additional disclosure.

Combined, total unrisked P50 Resources have increased 15% over year end 2015 to 7.7 Trillion cubic feet (**Tcf**) gross comprised of 2.0 Tcf 2P Reserves, 2.8 Tcf 2C Resources and 3.0 Tcf P50 Prospective Resources[1] (c.1.3 bn barrels of oil equivalent at 6:1 mcf:boe conversion) (refer above for Sino Gas' share breakdown).

Economic Evaluation

RISC's independent economic valuation of Sino Gas' share of the project's Expected Monetary Value (**EMV**) has decreased 16% compared to the year end 2014 estimate to US$2.6 billion[3] due to a 27% decrease in gas price.

The estimated EMV of our share of the project has increased 14% in the two years since year end 2013 and 65% in the three years since year end 2012 despite well head gas price assumptions decreasing c.16-19% and oil prices falling over 60% during that period.

RISC's estimate of the net present value (**NPV**) of Sino Gas' 2P Reserves is US$1.3 billion or US$13.97/2P barrel of oil equivalent.

2016 Work Program

Subject to Shareholder approval, the Joint Venture company plans to execute a US$60 million budget (US$45 million capex / US$15 million opex). Sino Gas' share of the budget is 49%. The program is designed to progress Chinese Reserve Report (**CRR**) and Overall Development Plan (**ODP**) approvals and maximise production from the two existing central gathering stations in order to fully utilise the installed capacity of 25 million standard cubic feet (**MMscf**) per day.

The agreed work program will be put forward to the respective PSC Partners' Joint Management Committees (**JMC**) for approval.

Commenting on the outcomes of the Company's updated Reserves and Resources assessment for 2015, Sino Gas' Managing Director, Glenn Corrie commented, "This is our fifth annual consecutive Reserves upgrade since we first booked Reserves in 2010 and continues to reflect the large scale, high quality nature of our assets. This increase in Reserves was driven in part by our continuing refinement of our sub-surface model and in part by our successful exploration program in Linxing (East).

The Company has made significant progress in realising the value of our Reserves with the commencement of pilot production from both PSCs and the recent receipt of payments. RISC's economic evaluation continues to demonstrate the highly commercial nature of our assets, even in a lower oil price environment with an estimated NPV/2P barrel of oil equivalent of approximate $14/2P boe, substantially in excess of our market capitalisation.

Our pilot program is designed to derisk both subsurface and commercial risks ahead full field development after ODP approval, currently anticipated in 2017. The Company's focus is now on continuing to commercialise our significant Reserves, increase production and cash flow and prepare for full field development."

Sino Gas will host a conference call to discuss the Reserves update today at 11:00am Sydney time (AEDST), 8:00am Perth (AWST) and Beijing time (CST).

The following details can be used to access the call:

Australia: 1800 268 560
International: +61 2 8047 9300
Hong Kong Toll Free: 800 900 431
New Zealand: 0800 466 125
Singapore Toll Free: 800 616 2330
United Kingdom Toll Free: 0808 234 7273
US Toll Free: 1855 717 2650

Participant PIN code: 916970#

The presentation to be used will be released to the ASX and available on our website, www.sinogasenergy.com

A recording of the call will be available afterwards on our website.

Sino Gas & Energy Holdings Limited

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Details of Sino Gas' Reserves & Resources assessment

RISC has completed its independent Reserves and Resources assessment to Society of Petroleum Engineers (**SPE**) Petroleum Resource Management System (**PRMS**) standards using probabilistic and deterministic estimation methods.

Results from the 20 wells drilled in 2015 (114 cumulative wells) and the interpretation of 570 km of seismic lines (cumulative 2,790 km) were reviewed for the updated Reserves and Resources assessment as at 31 December 2015, as well as the results from the pilot production through the first central gathering stations on Sanjiaobei and Linxing PSCs. RISC believes that the reserve and resource assessment fairly represents the available data.

Sino Gas' Attributable Net Reserves & Resources	1P Reserves (Bcf)[2]	2P Reserves (Bcf)[2]	3P Reserves (Bcf)[2]	2C Contingent Resources (Bcf)	P50 Prospective Resources (Bcf)[1]	EMV_{10} (US$m)[3]
31 December 2015 (Announced 10 March 2016	362	552	751	814	733	$2,569
31 December 2014 (Announced 3 March 2015)	350	448	557	739	649	$3,076
Change (+/-)%		+23% (2P)		+10%	+13%	-16%
Gross Project 31 December 2015	1,250	1,962	2,723	2,831	2,954	N/A

Sino Gas' Attributable Net Developed Producing Reserves	1P Reserves[2] (Bcf)	2P Reserves[2] (Bcf)	3P Reserves[2] (Bcf)
Developed Producing Reserves	10	16	22
Undeveloped Reserves	352	536	729
Total Reserves	**362**	**552**	**751**

Footnotes

[1]Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.

Contingent Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) which are discovered with uncertainty in development only (no uncertainty in discovery). The probability of development of the discovered contingent area is estimated to be 90%, with the additional probability of geological success assigned to prospective resources estimated to be 75%. Refer to Resources Statement for additional disclosure.

[2] RISC has confirmed commercial producibility from extensive well tests and pilot production to date. RISC has assigned reserves based on pilot production, the commencement of the field development process, successful drilling results and the demonstration of commercial flow rates. Reserves are assigned to 96 successful wells and the adjacent well spacings in the discovered areas of both PSCs. Developed producing reserves are assigned to the 29 wells for the pilot project through the Sanjiaobei and Linxing central gathering station. 1P, 2P and 3P reserves are based on the geological and well performance uncertainty within the reserve area. Reserves have been calculated by using an average well production profile extrapolated into a full field development scenario. Single well models and type curves have been constructed to generate production and well forecasts. Standard depletion techniques are planned to extract the reserves, with no specialised processing apart from de-moisturising of production gas.

RISC has separately assessed the Reserves and Resources for each of Sino Gas' PSCs by probabilistic and deterministic 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

Sino Gas & Energy Limited (SGE), the PSC operator, has submitted Chinese Reserves Reports for PSC partner review and targets approval of Overall Development Plans (ODP) in 2017 for Linxing (West) and Sanjiaobei. Pilot production and sales are planned to be progressed in parallel. Gas Sales Agreements are in place for gas sales through both Central Gathering Stations and access to regional transportation infrastructure and an active gas market exist to justify development on Linxing (East), An environmental assessment is required to be completed as a part of the ODP approval process.

[3]Estimated Monetary Value (EMV) is based on NPV10 with a mid-case gas price of US$7.16/Mscf inflated at 3.75% per year and average lifting costs (opex+capex) inclusive of inflation of 2.5% per year of ~US$1.20/Mscf for mid-case Reserves, Contingent & Prospective Resources.

The Company's share of project's success case NPV and risk weighted EMV are summarised below:

Sino Gas' Attributable Economic Value	NPV_{10} Mid-case (US$m)	EMV_{10} (US$m)[3]
Reserves	$1,284	$1,285
Contingent	$763	$689
Prospective	$1,022	$595
Total		**$2,569**

Land Area & Well Count

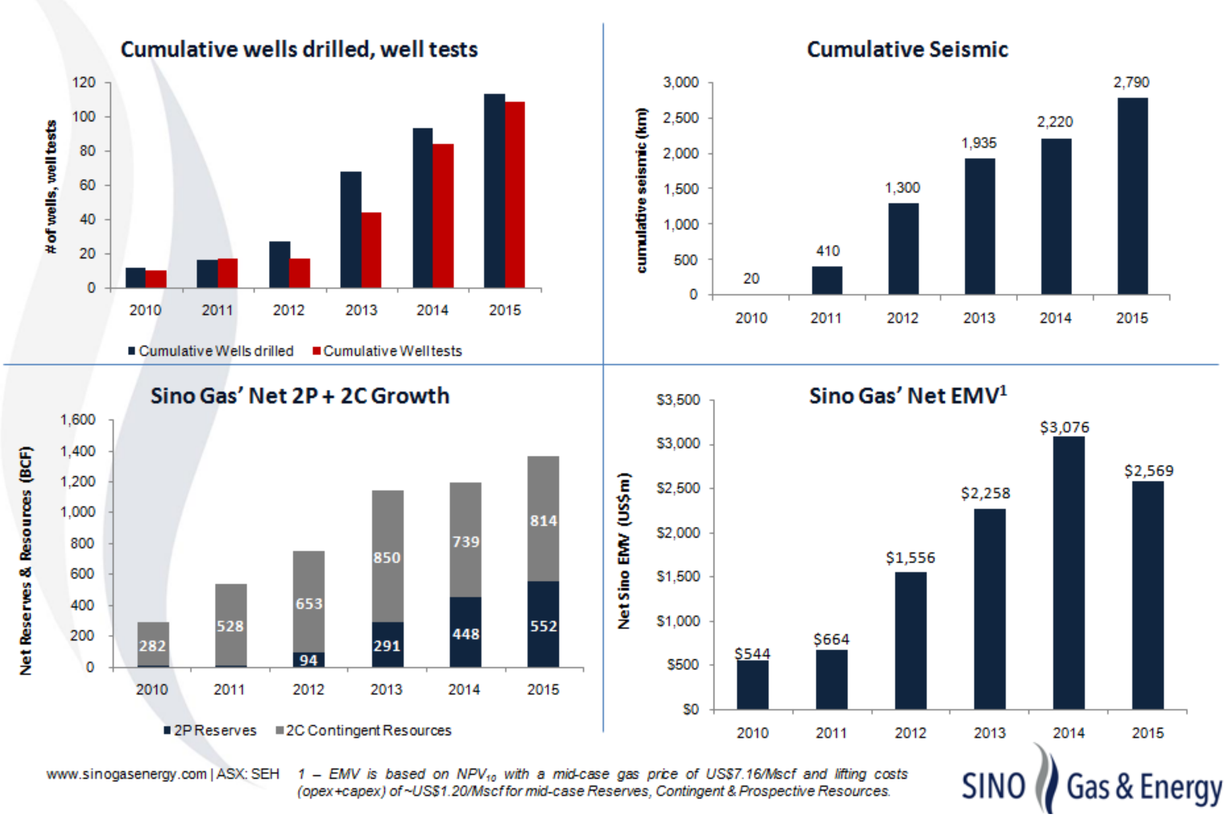
The mid-case Reserves and Resources estimates for the development of the unconventional resources is based on the following land area and well counts.

Mid-Case Unconventional Reserves & Resources	Area (km^2)	No. of Wells
2P Reserves	631	910
2C Contingent	352	509
P50 Prospective	889	1,284

A further contingent resource area of 256km^2 attributed to the shallow wells in Linxing (East) has been excluded from the above pending further evaluation of this region.

Refer to About Sino Gas & Energy Holdings Limited and Resources Statement for additional disclosure.

Project & Company Growth



About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited (**Sino Gas** ASX: SEH) is an Australian energy company focused on developing Chinese natural gas assets. Sino Gas holds a 49% interest in Sino Gas & Energy Limited (**SGE**) through a strategic partnership completed with MIE Holdings Corporation (**MIE** SEHK: 1555) in July 2012. SGE has been established in Beijing since 2006 and is the operator of the Linxing and Sanjiaobei Production Sharing Contracts (**PSCs**) 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 3,000km^2. The Ordos Basin is the second largest onshore oil and 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.

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 recognized oil and gas consultants 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. 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_{10} is based on a mid-case gas price of US$7.16/Mscf inflated at 3.75% per year and average lifting costs (opex+capex) inclusive of inflation of 2.5% per year of ~ US$1.2/Mscf for mid-case Reserves, Contingent & Prospective Resources. 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, 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.

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 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.

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.