2 June 2016

ADDITIONAL LINXING GAS SALES AGREEMENT SIGNED

- GSA executed with Huasheng, a large Shanxi gas distribution company with a significant gas infrastructure network and customer base in the vicinity of the Linxing and Sanjiaobei PSCs.
- Agreed price of ~US$7/mcf for a daily quantity of up to 10.5 MMscf/d on a best endeavours basis with options to increase volumes delivered under the contract.
- Pipeline with capacity of over 100 MMscf/d currently being laid by Huasheng and expected to be completed in time to receive gas in the third quarter of 2016.
- Gas sold will initially be supplied to a large alumina plant located in the Linxing PSC area owned by China Aluminium Corporation (Chinalco). Chinalco is a State Owned Enterprise and the world's second largest alumina producer.

Sino Gas & Energy Holdings Limited (ASX: SEH, "**Sino Gas**" or the "**Company**") is pleased to announce an additional gas sales agreement ("**GSA**") has been signed for gas produced from the Linxing Central Gathering Station ("**CGS**").

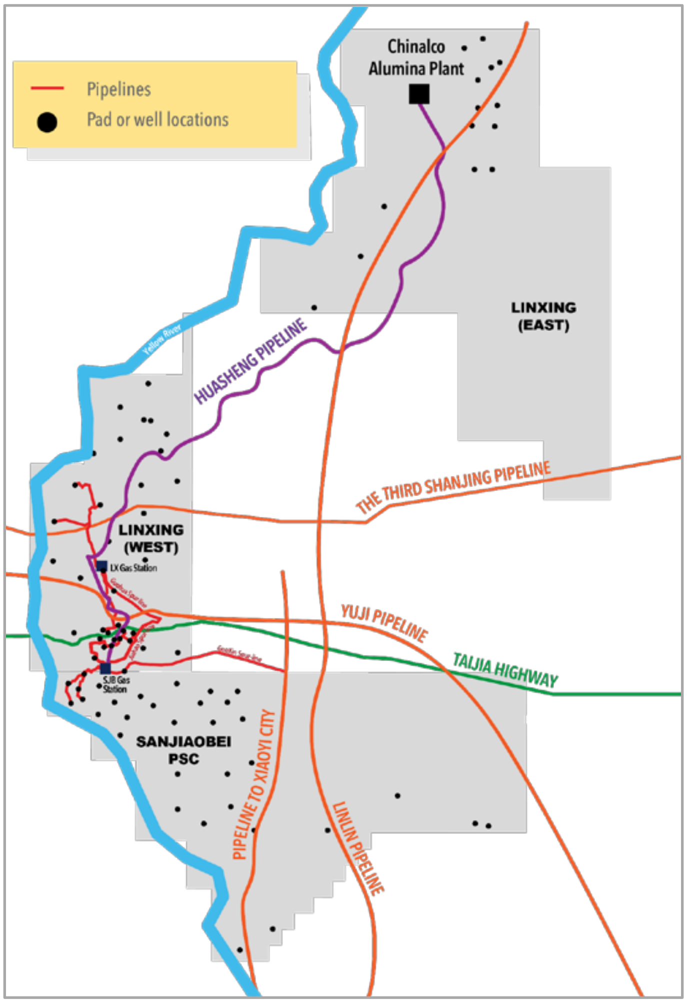
A GSA has been signed by China United Coal Bed Methane Co., Ltd ("**CUCBM**") with Xing Xian Huasheng ("**Huasheng**") on behalf of the PSC operator, Sino Gas & Energy Limited ("**SGE**") for gas supply of up to 10.5 million standard cubic feet per day ("**MMscf/d**") from the Linxing CGS at a price of RMB1.61 per cubic meter (equivalent to ~US$7 per thousand cubic foot ("**Mscf**") at current exchange rates) on a best endeavours basis. The initial term of the supply agreement is two years, which can be extended by mutual agreement. The contracted gas price is effective until the end of 2016 and is adjustable to take into account changes in local market conditions and Government policies as they are implemented.

Huasheng is a large Shanxi gas distribution company with a significant gas infrastructure network and distribution business in the region. Huasheng's parent company, the Huasheng Group, is a wholly owned subsidiary of Top Resource Conservation & Environment Corp (listed on the Shenzhen Stock Exchange, Ticker: 300332, Enterprise Value ~US$1.1 billion). Huasheng is a major regional distributor, and has received the "four gas qualification" (CBM, natural gas, coke oven gas, synthetic natural gas) from Shanxi Development and Reform Commission. Its distribution network includes city gas sales and supply via pipeline, liquefied natural gas (LNG) and compressed natural gas and LNG filling stations.

The first major customer to be supplied gas by Huasheng is expected to be a large alumina plant located in the Linxing PSC area owned by China Aluminium Corporation (Chinalco). The gas is expected to principally be utilised in the conversion of existing coal fired power to gas-fired generation, in-line with the Chinese Government's 5 year plan objectives of substituting coal with natural gas. Chinalco is a State Owned Enterprise, listed in New York and Hong Kong and is the world's second largest alumina producer with a current Enterprise Value of ~US$20 billion.

Huasheng plans to increase the number of plants in the vicinity of the Linxing and Sanjiaobei CGS' connected to its pipeline network in the near future. Several of these, including Chinalco, have material expansion projects underway or planned, creating the potential for further significant growth in gas demand from this customer.

Construction of Huasheng's Ling Xin Gas Resources Integration project has been approved by Lvliang Development and Reform Commission and is well underway, including 160 km pipeline and relevant supporting facilities. Total investment is expected to be c.RMB 830 million (~US$125 million). Huasheng is currently laying the pipeline to transport gas from the Linxing CGS to its facilities. Construction is expected to be completed to allow sales from the Linxing CGS to Huasheng to commence in the third quarter of 2016. The pipeline diameter is 32 inches and is expected to have a capacity of over 100 MMscf/d. As shown in the map below, a spur-line will also be installed from the Sanjioabei facility, providing an additional offtake route for the Sanjiaobei CGS in the future.



SINO GAS PSC'S AND REGIONAL PIPELINES

This GSA with Huasheng is in addition to the existing GSA in place for gas sold from the Linxing CGS via the Yuji pipeline (see announcement 10 March 2015 for additional details). This GSA increases the number and diversity of our customer base and off-take routes.

Commenting on the additional gas sales agreement for the Linxing CGS, Sino Gas Managing Director Mr Glenn Corrie said: *"In-line with our gas marketing strategy, we continue to increase the number and diversity of our gas off-take options as we continue to ramp-up production from our existing facilities and plan for the expansion of gas processing capacity above 25MMscf/d. This contract underscores the depth, robustness and diversity of the Chinese gas market, in particular the provincial demand. Huasheng is a strong, local group and with their extensive gas distribution network and customer base, provide opportunity for a long-term, scalable alternative for both the Linxing and Sanjiaobei gas. We look forward to continuing to work with Huasheng and other natural gas buyers as production from Linxing and Sanjiaobei increases in the near-term."*

Sino Gas & Energy Holdings Limited

Investor Relations
+86 10 8458 3001
1300 746 642 (local call within Australia)
ir@sinogasenergy.com

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”) through a strategic partnership completed with MIE Holdings Corporation (“MIE” SEHK: 1555) in July 2012 (refer to Announcement on 27 April 2016 regarding MIE's intended sale to China New Energy Mining Limited). 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 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.