



Oil & Gas Council China Summit September 2016

Fuelling China's Energy Growth

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 China New Energy Mining Limited (“CNEML”) 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.

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This presentation should be read in conjunction with the Annual Financial Report as at 31 December 2015, 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 10 March 2016) using probabilistic and deterministic 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 (i.e. CUCBM take their entitlement of 30% interest in Linxing PSC and CNPC take their entitlement to 51% in the Sanjiaobei PSC) and CBM Energy's option to acquire an interest of 5.25% in the Linxing PSC (by paying 7.5% of back costs) is exercised. 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 MChemE 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 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 2015

SEH Attributable Net Reserves & Resources	1P Reserves (Bcf)	2P Reserves (Bcf)	3P Reserves (Bcf)	2C Contingent Resources (bcf)	P50 Prospective Resources (bcf) ¹
31 December 2015 (Announced 10 March 2016)	362	552	751	814	733
31 December 2014 (Announced 3 March 2015)	350	448	557	739	649
Total 2015 Change (+/-%)	+23% (2P)			+10%	+13%
Gross Project 31 December 2015	1,250	1,962	2,723	2,831	2,954

Note 1. The estimated quantities of petroleum that 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. 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%.

Note 2. Evaluation is based on a mid-case wellhead gas price of US\$7.16/Mscf escalated 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.

China Scale of Market

World's largest (% of global total 2015):

- Population – 1.4 billion (19%)
- Energy consumer – 3.0 billion toe (23%)
- CO2 emitter – 10.6 billion tons (30% 2014)
- Coal consumer – 1.9 billion toe (50%)
- Contributor to global energy demand growth since 2008
 - Coal (317/316 mtoe – 101%); Oil (4.0/8.4 mb/d – 48%); Nat Gas (11/40 bcf/d – 27%);

2nd largest:

- Economy – US\$10.9 trillion (14.8%, at official exchange rate)
- Crude oil consumption – 12 mb/d (13%)

3rd largest:

- Natural gas consumer – 19 bcf/d/197 bcm (5.7%)

Contribution to global energy demand growth in 2015:

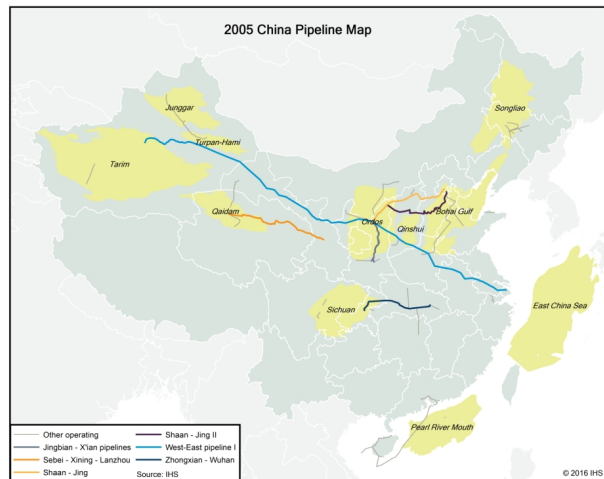
- Oil: #1 (0.7/1.9 mb/d – 40%)
- Gas: #2 (0.9/5.7 bcf/d – 15%)
- Coal: #2 largest decrease (down 29/71 mtoe – 40%)



China's Rapidly Changing Gas Market

2005

- ~ Demand/domestic supply 4.7 bcf/d, 2% of primary energy
- ~ Limited pipeline network
- ~ No imports
- ~ Average wellhead gas price ~US\$2.8/Mscf, set on a 'cost-plus' basis



2015

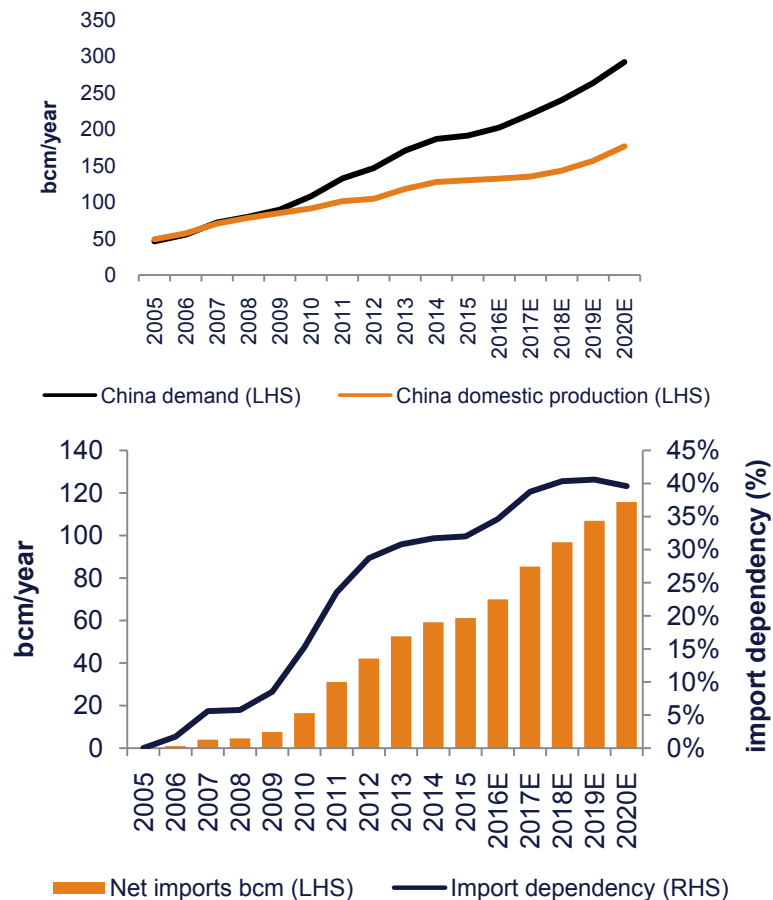
- ~ Demand 19 bcf/d, 5% of primary energy, domestic supply 13 bcf/d
- ~ Large and growing pipeline network, largely controlled by the three NOC's
- ~ 3rd largest gas net importer in the world
- ~ Average city-gate gas price ~US\$8/Mscf, netback price to wellhead



China's Gas Market Outlook

- Energy security and environmental policies drive policy support for increasing natural gas share of energy mix
- Government targets natural gas to make up 10% of energy mix from 2020
- IEA estimates 2021 gas demand of ~320 bcm (~31 bcf/d)
- Increasing import dependency despite rapid growth in domestic production
- Gas price to be increasingly market based, based on cost of supply

Increasing imports as domestic supply fails to meet demand growth¹



China's Natural Gas Supply Cost

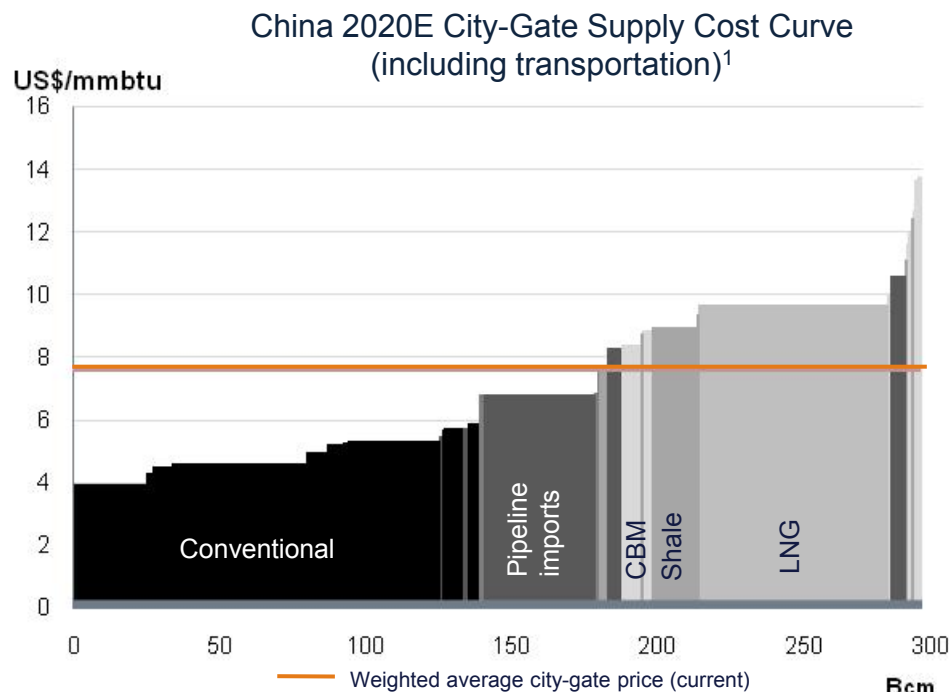
➤ Rapidly increasing demand to be met with higher cost sources of supply

- Imports (LNG and pipeline)
- Unconventionals (shale and CBM)

➤ Government targets 60 bcm of unconventional supply in 2020 (shale and CBM), significant uncertainties on attaining

➤ Pipeline imports, in particular from Russia, may be delayed

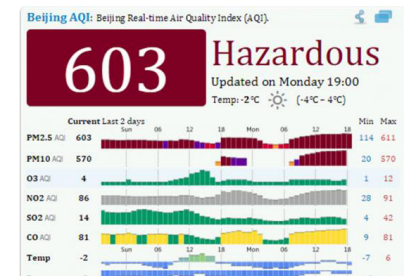
➤ LNG/demand curtailment expected to make up supply shortfall



Environmental Policy Driving Gas Adoption

We will unwaveringly pursue sustainable development and stay committed to green, low-carbon and circular development and to China's fundamental policy of conserving resources and protecting the environment – Chinese President Xi Jinping

- ≈ Target set to decrease air pollution by 10-25%
- ≈ Recently ratified Paris Climate Conference agreement – committed to reduce carbon intensity by 60-65% by 2030
- ≈ Numerous policies introduced to increase adoption of natural gas and decrease coal's share of energy mix
 - Strengthened environmental enforcement mechanisms
 - Provincial Emission Trading System with national roll-out planned
 - Moratorium on new coal fired power plants until 2018
 - Subsidies for conversion of coal fired boilers and prohibition of smaller, less efficient coal boilers
 - Shutting major coal fired plants in large cities
 - Numerous high polluting factories/firms shut down



Operating in China: A Well Established & Favourable Regime

World's 5th/6th largest oil/gas producer

>20 international private upstream companies

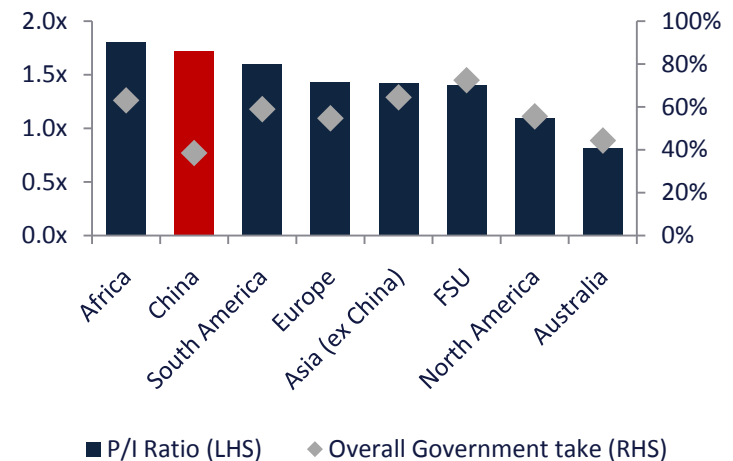
Globally attractive government take, profitability

Long-term government plans and policies

Well developed, competitive service industry

ChAFTA² highlights importance of trade relationship

China ranks favorably on government take, Profit/Investment ratio¹



Typical Conventional Development Progression



China Onshore Development Progression



Sino Gas Unique Positioning



Linxing and Sanjiaobei PSC Photos



Linxing Central Gathering Station



Sanjiaobei Central Gathering Station



Third Party Drilling Rig



Linxing East testing

World-Scale Proven Reserves & Resources

2P Reserves of 2.0 tcf (~325mmboe) gross¹

2C Resources of 2.8 tcf (~470mmboe) gross¹

P50 Prospective Resources of 3.0 tcf
(~490 mmboe) gross¹

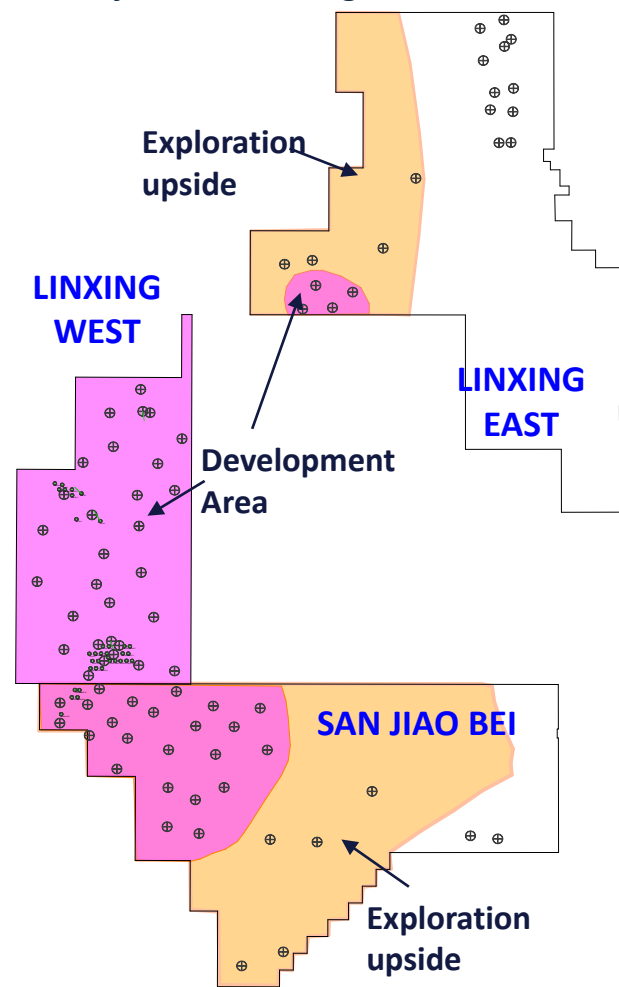
PSCs ~3,000km² (740,000 acres)

Highly delineated resource

Analogous to major producing fields in basin

LNG equivalent scale at less than 20% of the
equivalent LNG cost²

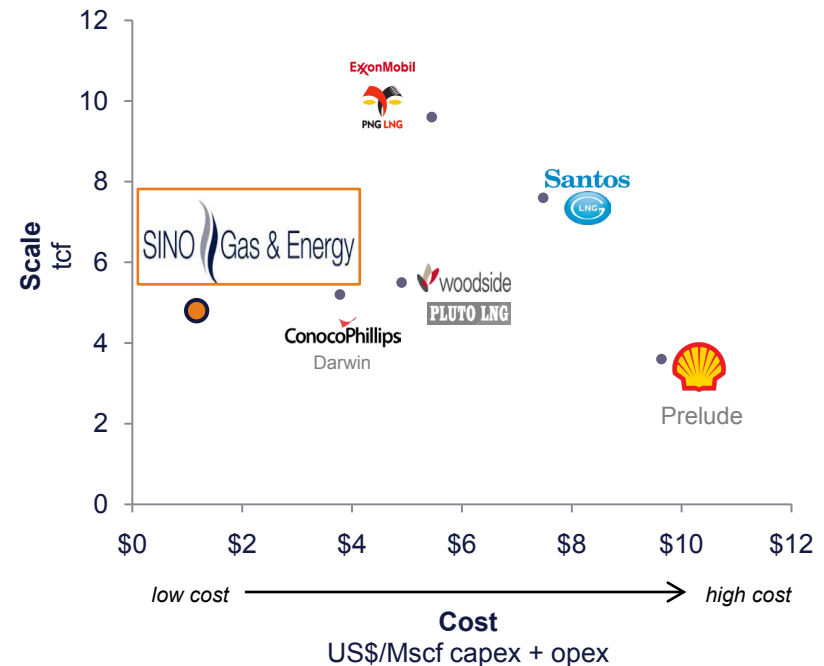
Project and Drilling Overview



LNG Equivalent Scale at a Fraction of the Cost

- ~ Sino Gas' Ordos basin projects expected to supply natural gas into China at similar scale to total output of major LNG projects
- ~ Total cost (capex + opex) estimated to be less than 20% the average cost of these LNG projects

Sino Gas vs. major LNG projects¹

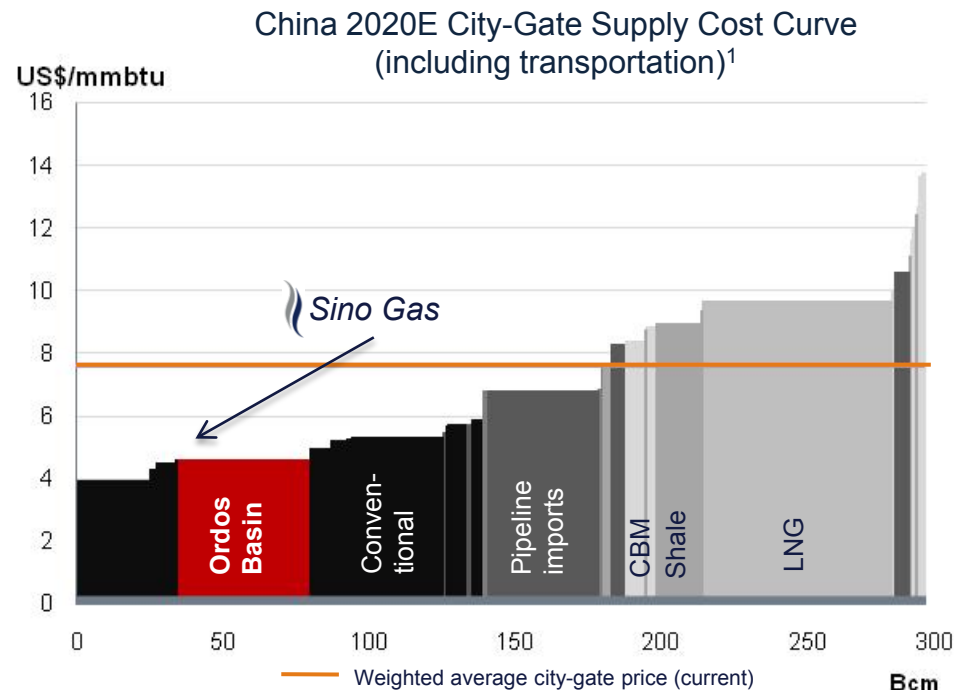


Low Cost Competitive Advantage

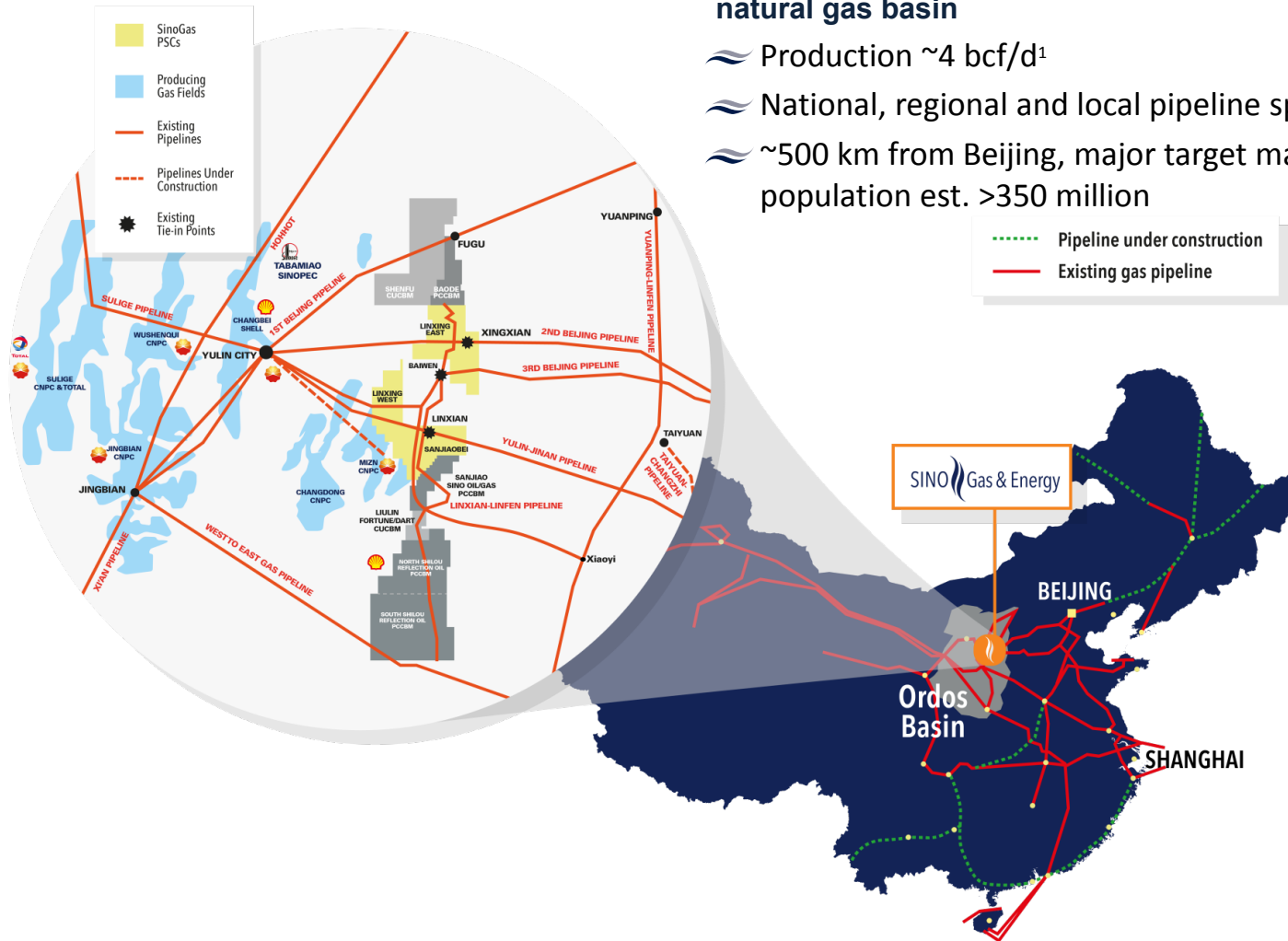
Significant cost advantage – estimated wellhead (excluding transportation) capex + opex of ~US\$1.20/mcf²

Low cost drivers:

- Simple vertical well development, limited fracking
- Moderate reservoir depths (~1,200-2,000m)
- Stacked reservoirs drive high per well ultimate recoveries
- High quality gas (~95% methane)
- Proximity to pipeline infrastructure
- Well developed service sector



Ready Access to Key Demand Centres



Full Field Development

~2-3% China's domestic production at plateau

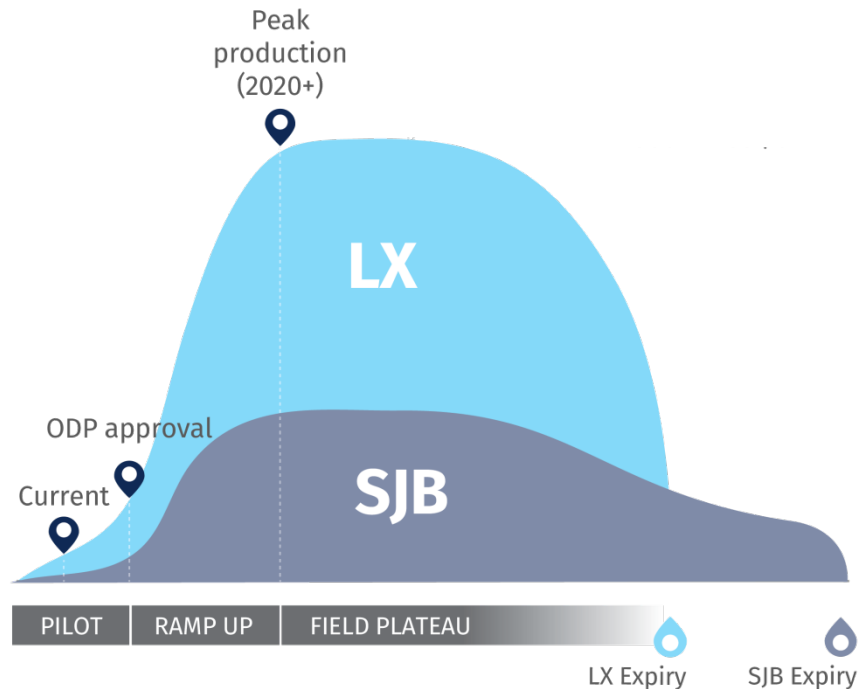
ODP in 2017 with plateau in 2020+

Multiple low-cost central gathering stations

Utilise existing natural gas trunklines

Long term gas sales agreements

Linxing and Sanjiaobei production profile¹



Strong Strategic Partnerships

China New Energy Mining Ltd

- Acquired 51% stake in SGE for US\$220 million in July 2016
- Well funded private Hong Kong company with strong China and international oil and gas expertise

SGE – Joint Venture Subsidiary

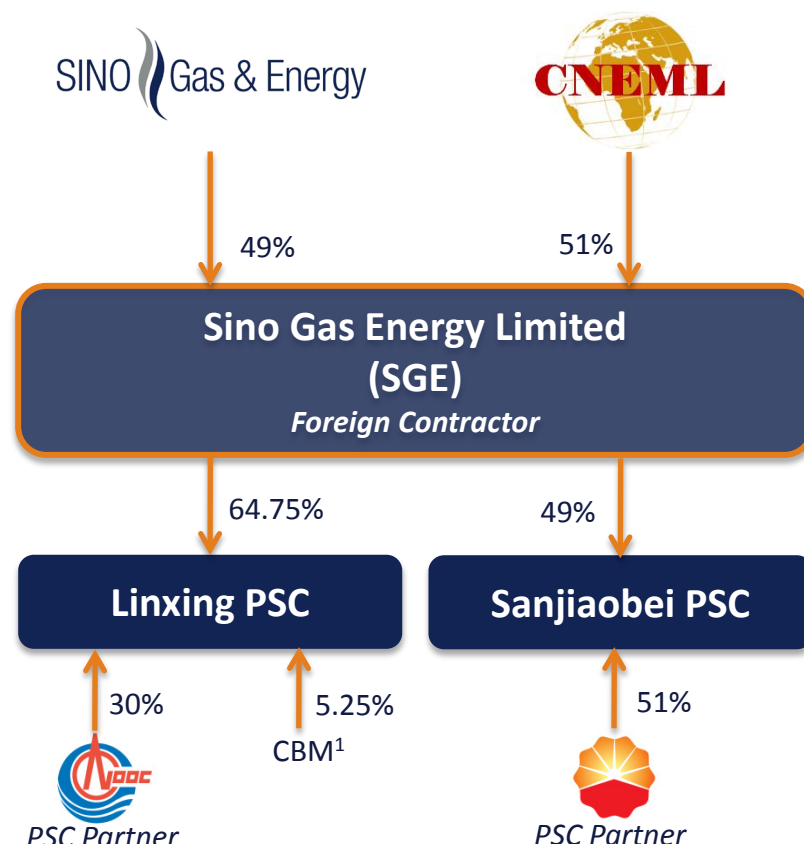
- PSC Operator partnered with major State Owned Enterprises (SOE) with extensive field development experience
- Extensive post-integration planning to ensure smooth transition

CUCBM - Linxing PSC Partner

- The original SOE formed to develop the CBM industry in China, now 100% owned subsidiary of CNOOC

CNPC – Sanjiaobei PSC Partner

- China's largest oil and gas producer with an extensive international presence



2016 Priorities

Commercial

- ✓ Finalise gas sales proceeds payment from Linxing
- ✓ Remit gas sales proceeds offshore China
- ✓ Agree Sanjiaobei pilot revenue allocation
- ✓ Sign additional gas sales agreements

Operational

- Ramp-up production to installed capacity of 25 MMscf/d
 - Test and connect 3rd/4th/5th horizontal wells
 - Drill and tie-in additional wells at Linxing
 - Restart Sanjiaobei Central Gathering Station

Regulatory

- Sanjiaobei and Linxing (West) CRR approvals
- Linxing (East) CRR submission
- Continue preparation of ODPs

Technical

- ✓ Update reserve and resource estimates
- ✓ Linxing (East) appraisal drilling
- Linxing (East) CRR submission
- Ongoing technical optimisation

Thank You



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