SINO Gas & Energy
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Investor Presentation
April 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 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. See Slide 21 for detailed structure.

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 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 unrisked 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), 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 fulfill 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 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]	EMV_{10} (US$m)[2]
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
Total 2015 Change (+/-%)	+23% (2P)			+10%	+13%	-16%
Gross Project 31 December 2015	1,250	1,962	2,723	2,831	2,954	N/A

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. 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 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.

Sino Gas Unique Positioning

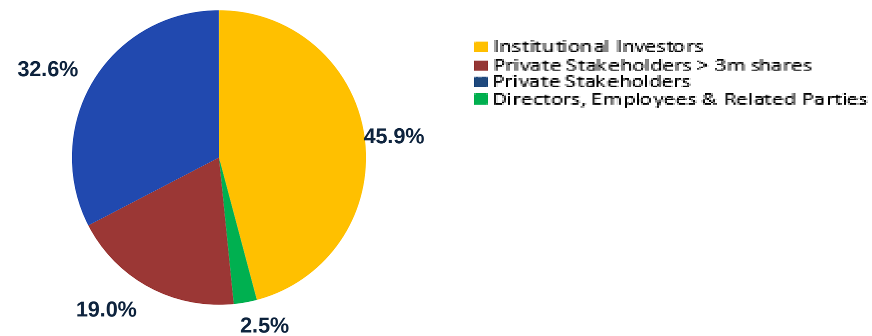
1. Based on RISC's base-case development of Reserves, Contingent & Prospective Resources. To be read in conjunction with Resource Statement on slide 3.

Company Snapshot

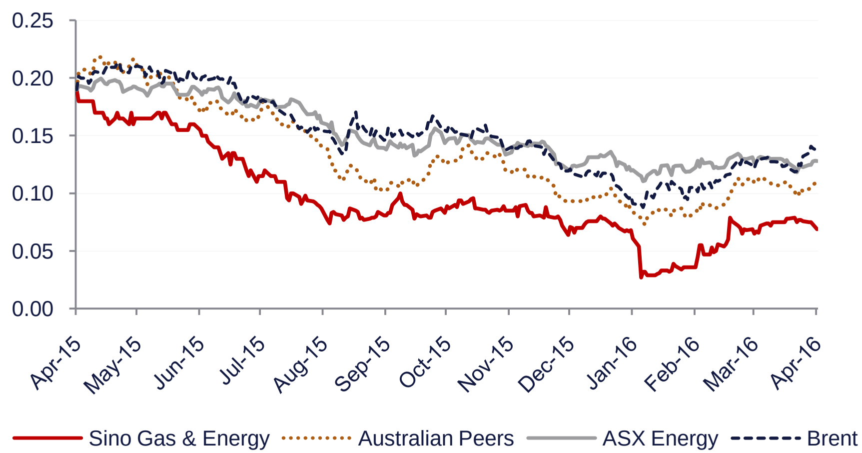
Corporate Information – as at 15 April 2016

ASX Listed (S&P ASX 300)	SEH
Share Price	A$0.069
Issued Shares	2,074m
Market Cap	US$110m
Cash Balance (31 March 2016)	US$59m
Drawn/undrawn debt facilities	US$10/40m[1]

Share Register – March 2016



12 Month Share Price Performance to 15 April 2016



Top Shareholders – March 2016

Top Shareholders – March 2016	Shares (m)	%
FIL Investment Management	202.5	9.8%
Commonwealth Bank of Australia	171.9	8.3%
Kinetic Investment Partners	129.5	6.3%
SG Hiscock	102.3	4.9%
Perennial Value	73.3	3.5%

1. Tranche B of $40m available on satisfaction of conditions precedent (including Macquarie obtaining internal credit approvals). Refer to ASX announcement 29/08/2014.

World-Scale Proven Reserves & Resources

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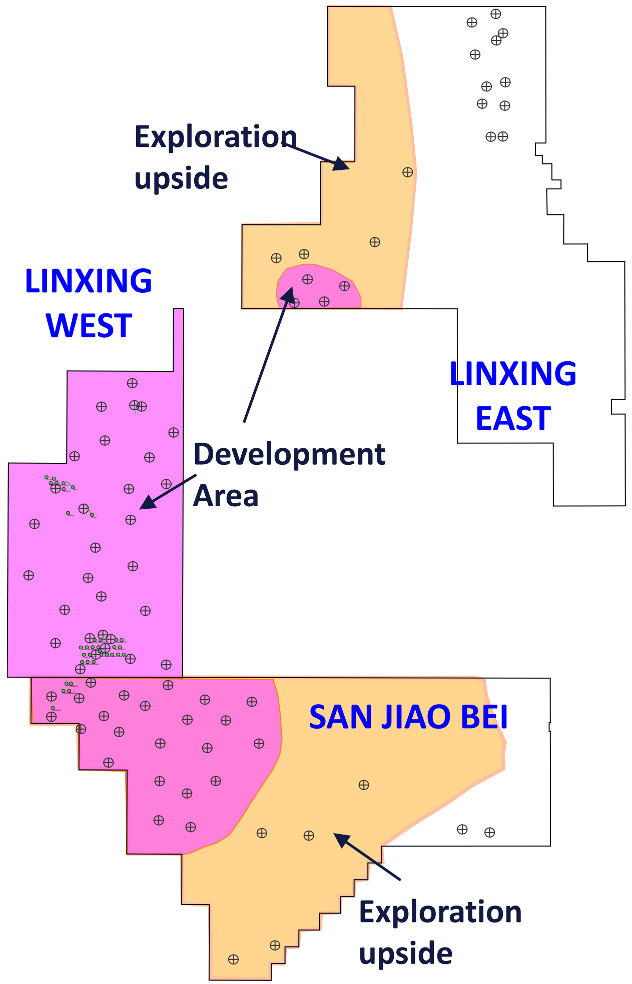
- 2P Reserves of 2.0 tcf (~325mmboe) gross[1]
- 2C Resources of 2.8 tcf (~470mmboe) gross[1]
- P50 Prospective Resources of 3.0 tcf (~490 mmboe) gross[1]
- PSCs ~3,000km^2 (740,000 acres)
- Highly delineated resource
- Analogous to major producing fields in basin
- LNG equivalent scale at c.15% of the equivalent LNG cost[2]

Project and Drilling Overview



1. Refer to slide 3 for details of the Company's net share of Reserves and Resources. To be read in conjunction with Resource Statement on slide 3. mcf to boe conversion 6:1.
2. Compared to the average per mtpa cost of Pluto, PNG, Gladstone, Wheatstone, Prelude and Darwin LNG projects

Low Risk Reservoir

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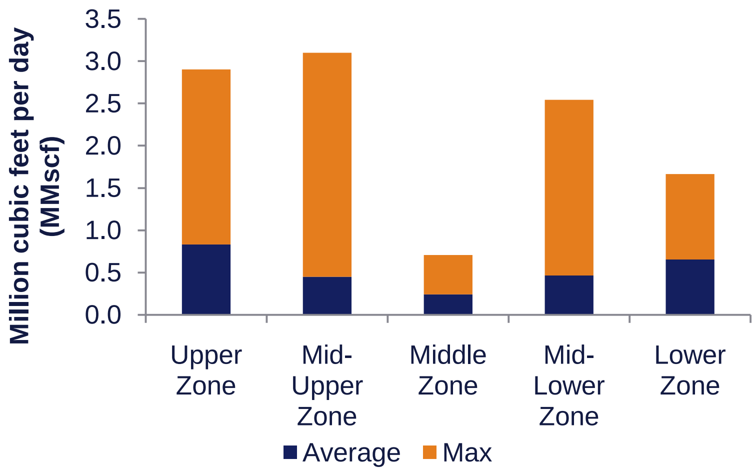
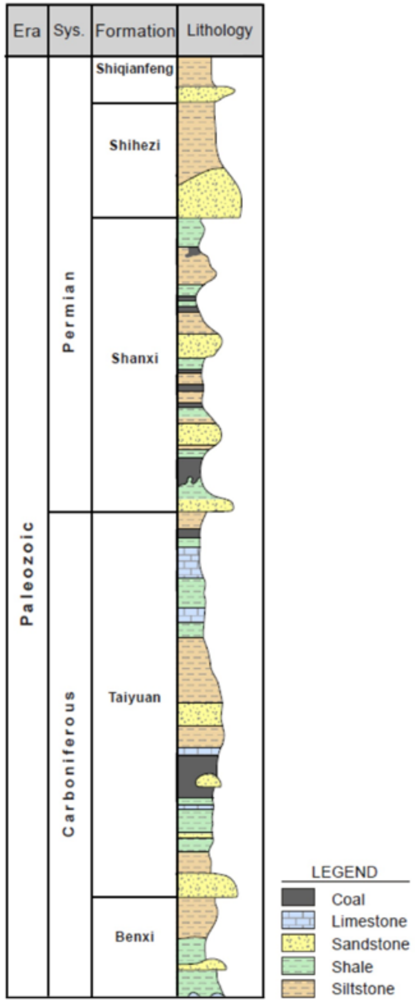
- ~1,000m gross gas bearing section
- Stacked reservoir units – up to 16 sands per well
- Analogous to other major producing fields in Ordos Basin – Changbei (Shell), Sulige (CNPC), South Sulige (Total)
- Good reservoir productivity:
  - In 2015, 25 well tests performed – 8 flowed without fracing, 6 tested over 1 MMscf/d
  - Average 2015 interval test 577 Mscf/d demonstrating continuing improvements (+12% vs. 2014, +78% vs. 2013)





Low Cost Competitive Advantage

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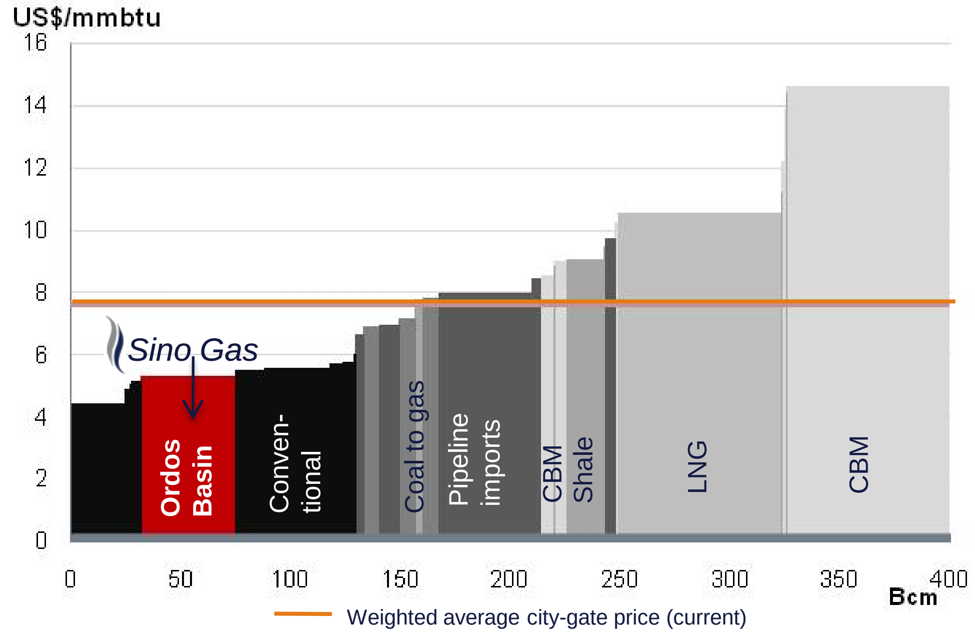
- Significant cost advantage – estimated wellhead capex + opex of ~US$1.20/mcf[2]
- Low cost drivers:
  - Simple vertical well development, limited fraccing
  - Moderate reservoir depths (~1,200-2,000m)
  - Stacked reservoirs drive high per well ultimate recoveries
  - High quality gas (~95% methane)
  - Proximity to pipeline infrastructure
  - Well developed service sector
- Pipeline and LNG imports expected to remain at the high end of the cost curve

China 2020E City-Gate Supply Cost Curve[1]



1. Source: IHS, 2015, assumes oil price in 2020 of US$80/bbl (2014 real), inclusive of transportation to city-gate
2. Based on RISC's base-case development of Reserves, Contingent & Prospective Resources at the wellhead, not including transportation to city-gate. To be read in conjunction with Resource Statement on slide 3.

Low Cost Advantage – Driving improvements

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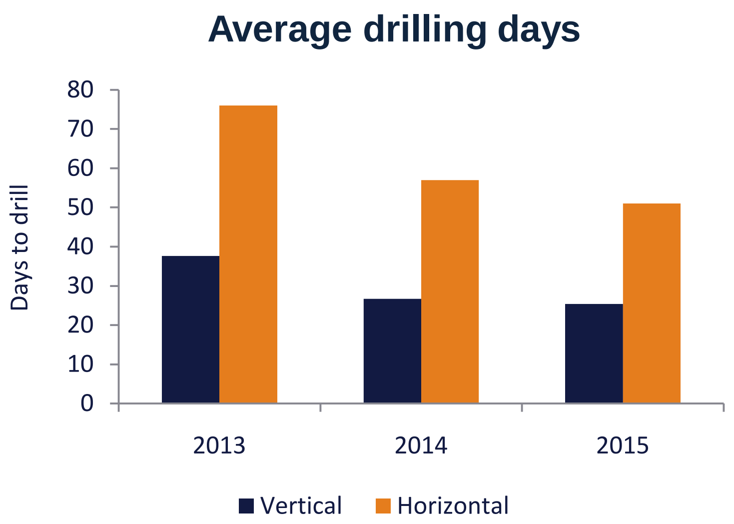
2015 Vertical development well ~US$1 million

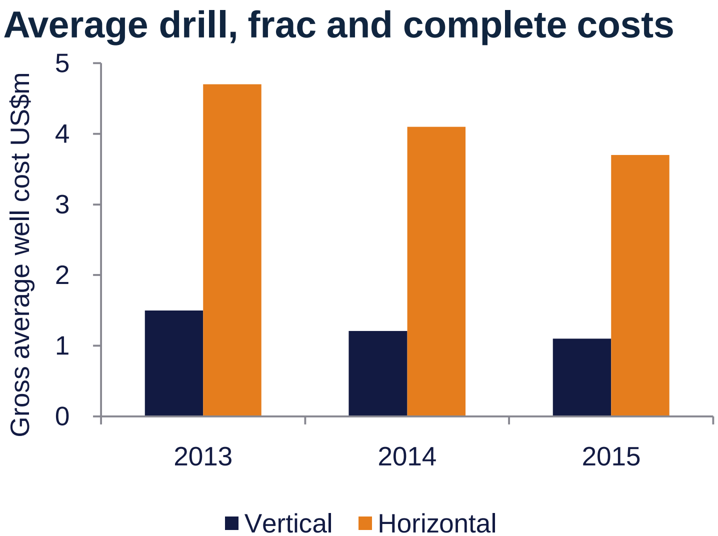
2015 vertical well cost down ~10% vs. 2014

2015 vertical well drilling time down ~5% y/y

Third horizontal drilled ~33% faster than first

Further improvements expected in 2016

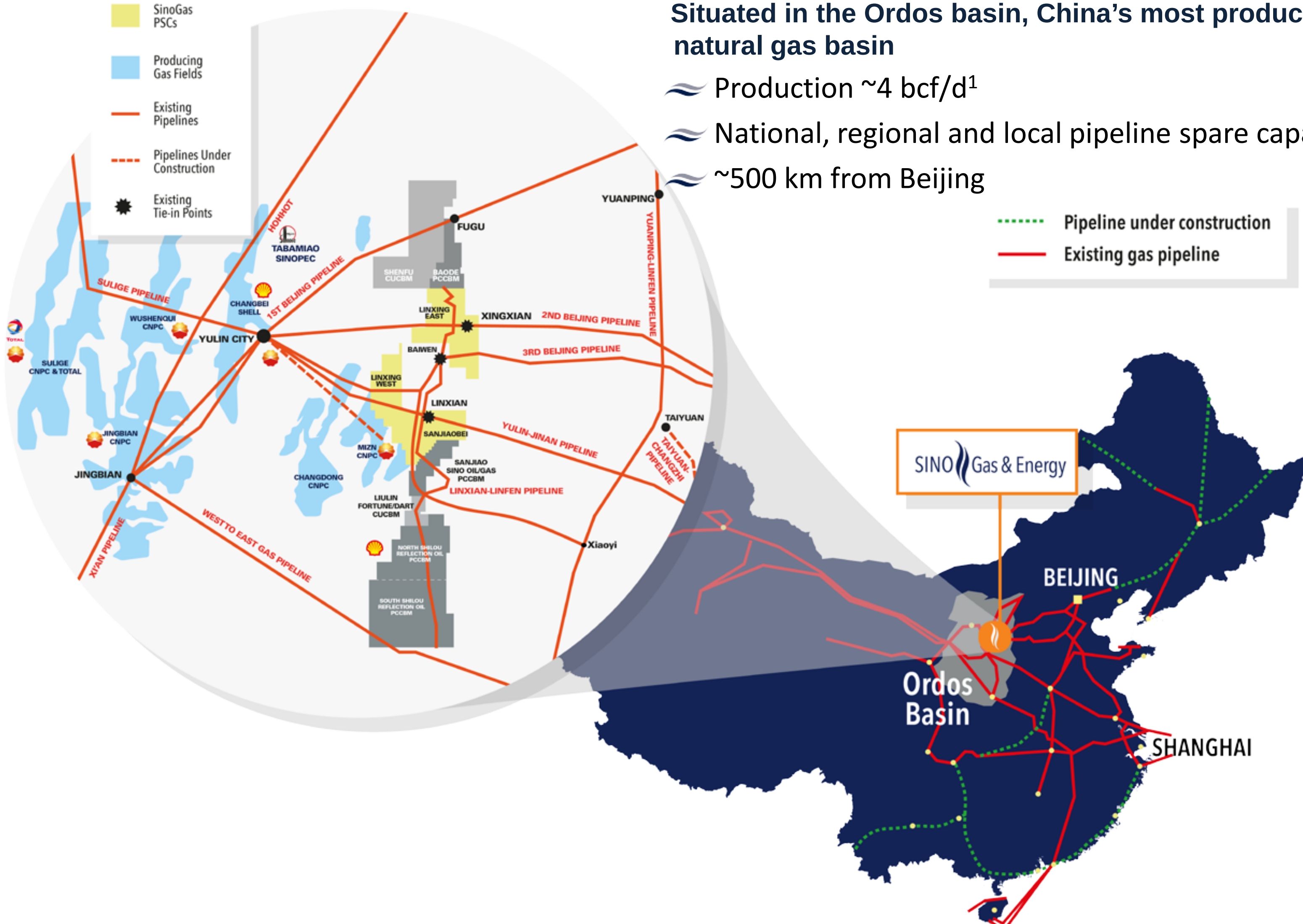




Ready Access to Key Demand Centres

Situated in the Ordos basin, China's most productive natural gas basin

- Production ~4 bcf/d[1]
- National, regional and local pipeline spare capacity
- ~500 km from Beijing

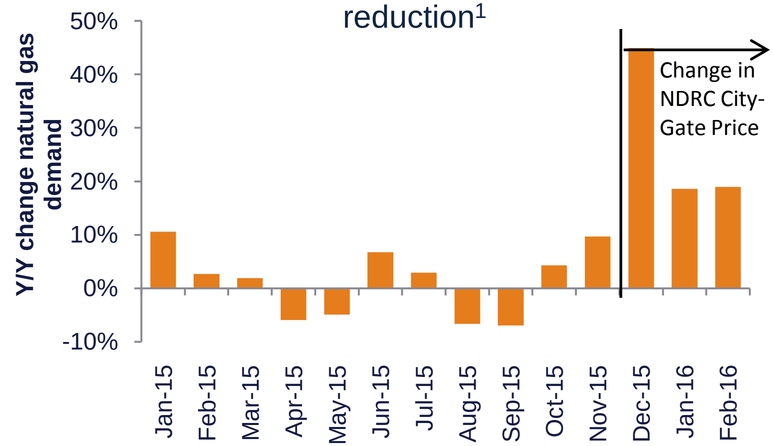


1. Source: IHS

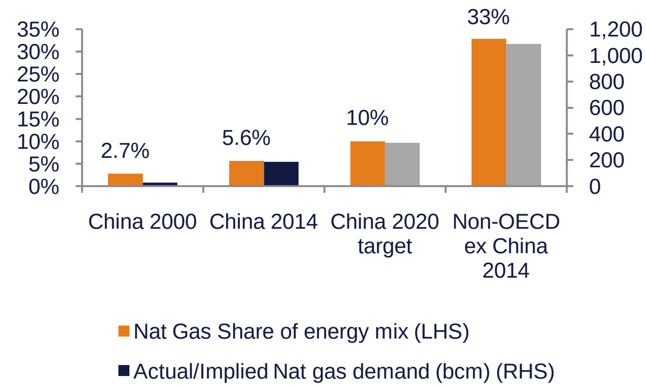
China Natural Gas Market Outlook

- Since NDRC city-gate gas price reduction in November 2015, significant demand acceleration – up 18-44% y/y in following months
- 13th Five Year Plan Approved in March 2016
  - Targets over 6.5% annual growth (2016 target 6.5-7%), doubling GDP and GDP per capita by 2020 compared to 2010 levels
  - Strong measures against air pollution
  - Liberalise power, oil and natural gas pricing
  - Increase natural gas' share of primary energy consumption from ~6% to 10% by 2020
  - Promote development of domestic conventional, shale and CBM resources
  - Remove barriers to private investment in upstream sector
  - Increase Third Party Access to infrastructure including LNG terminals, further investment in pipelines

Significant acceleration of China natural gas demand growth since price reduction[1]



China Policy Pushing for Increased Natural Gas Adoption[2]



1. Source: NDRC
2. Source: NDRC, BP Statistical Review July 2015

Operating in China: A Well Established & Favourable Regime

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

>20 international private upstream companies

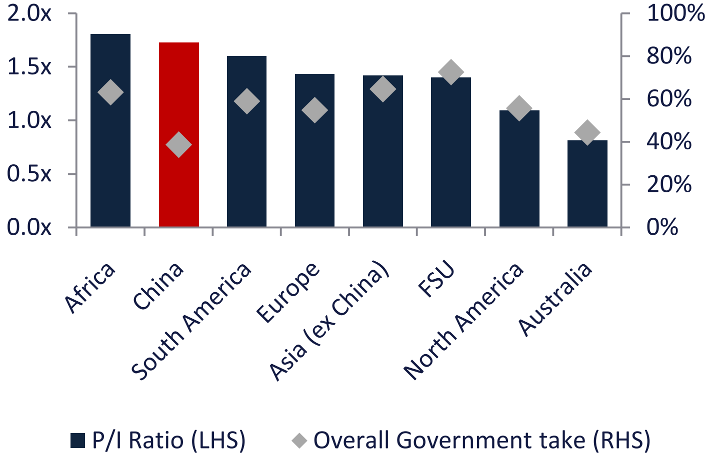
Globally attractive government take, profitability

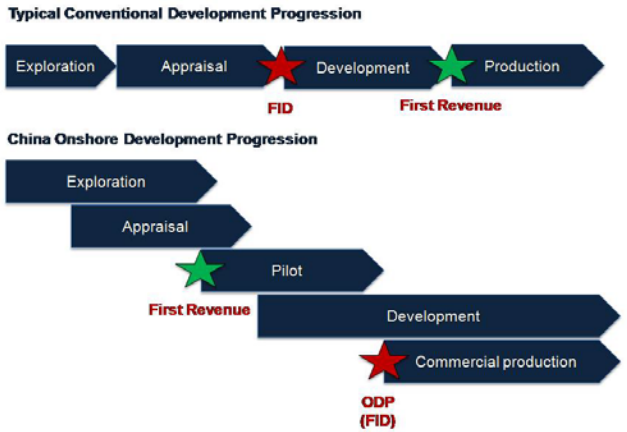
Long-term government plans and policies

Well developed, competitive service industry

ChAFTA[2] highlights importance of trade relationship

China ranks favorably on government take, Profit/Investment ratio[1]





1. Source: Goldman Sachs Global Investment Research, May 2015; P/I ratio defined as NPV_{10} generated per dollar of invested capital
2. China-Australia Free Trade Agreement

2016 Work Program

Key Objectives: Advance Chinese Regulatory Approvals, Generate cash flow, increase production

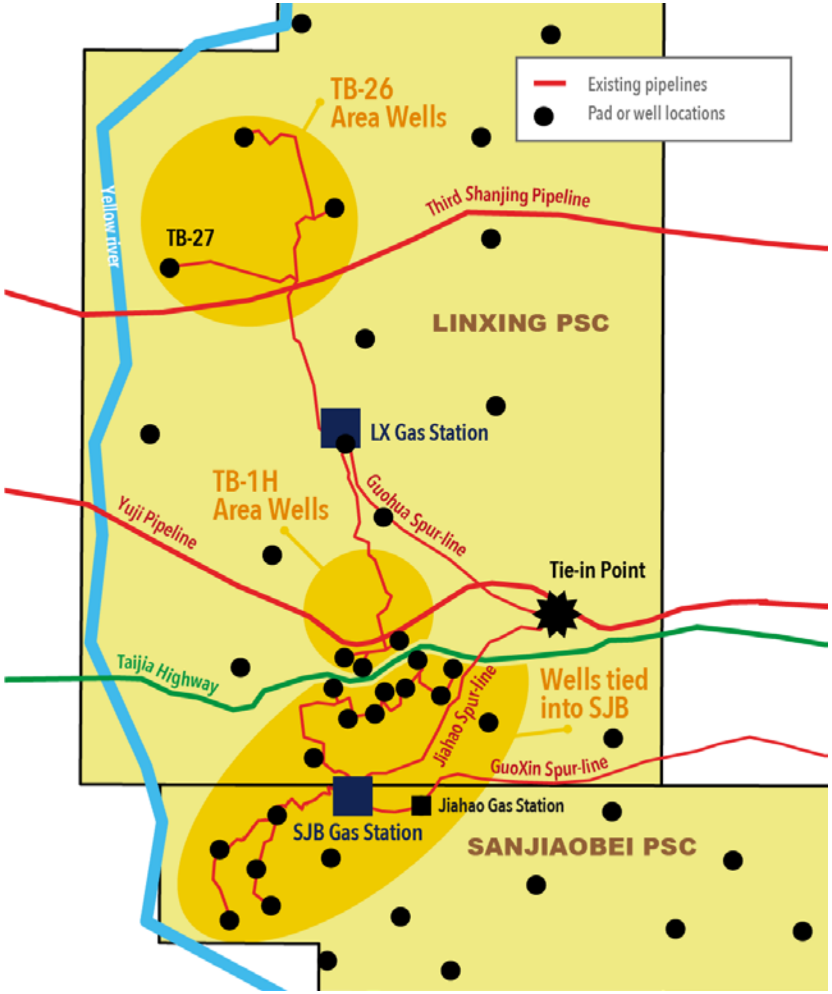
US$45 million (gross) capex budget

Ramp-up production to 25 MMscf/d (gross)

Sanjiaobei, Linxing West CRR Approvals

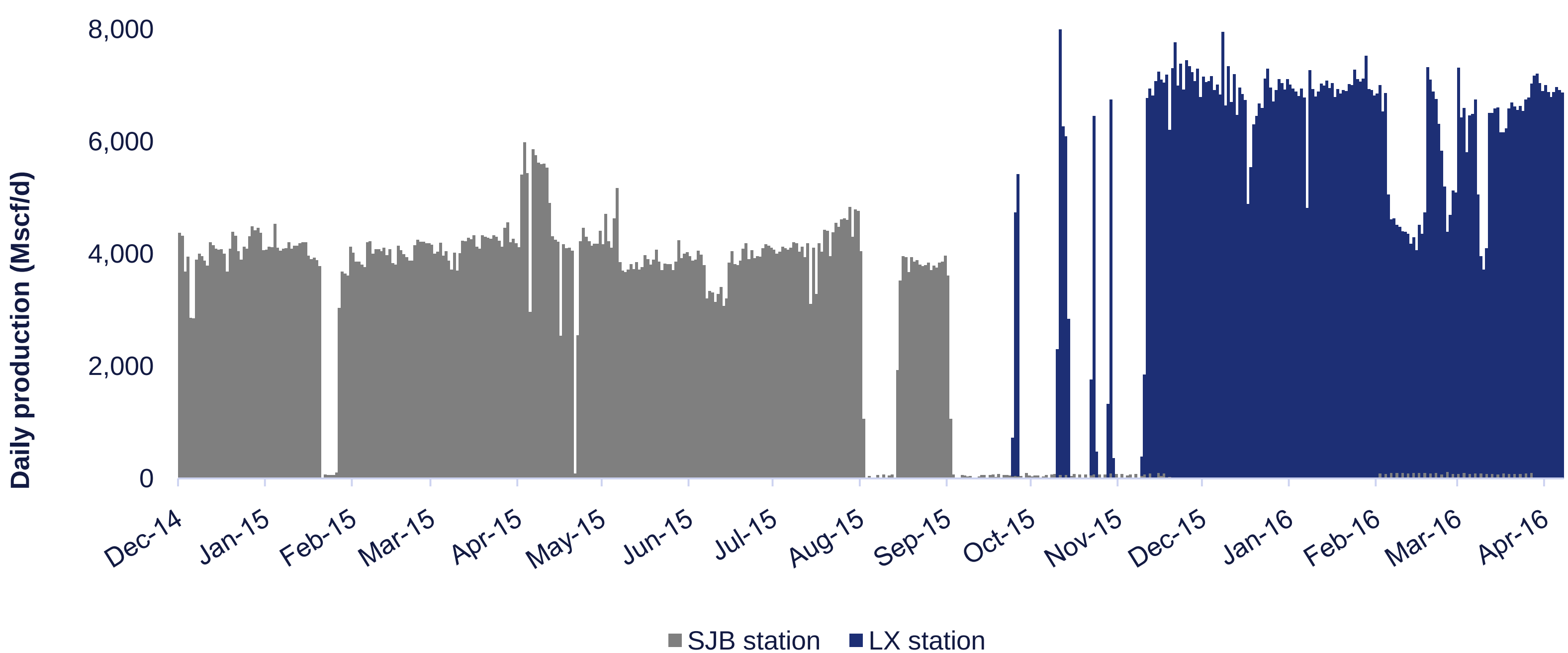
Linxing East: 5 exploration wells, submit CRR

Finalise gas sales receipts for gas sold from Sanjiaobei PSC



Pilot Program Results

- Successfully demonstrated commercial flow rates
- Linxing Central Gathering Station 99.7% uptime in Q1 2016, the first full quarter of operation
- Additional sweet spots identified during 2015 testing
- Targeting further well productivity improvements



Full Field Development

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

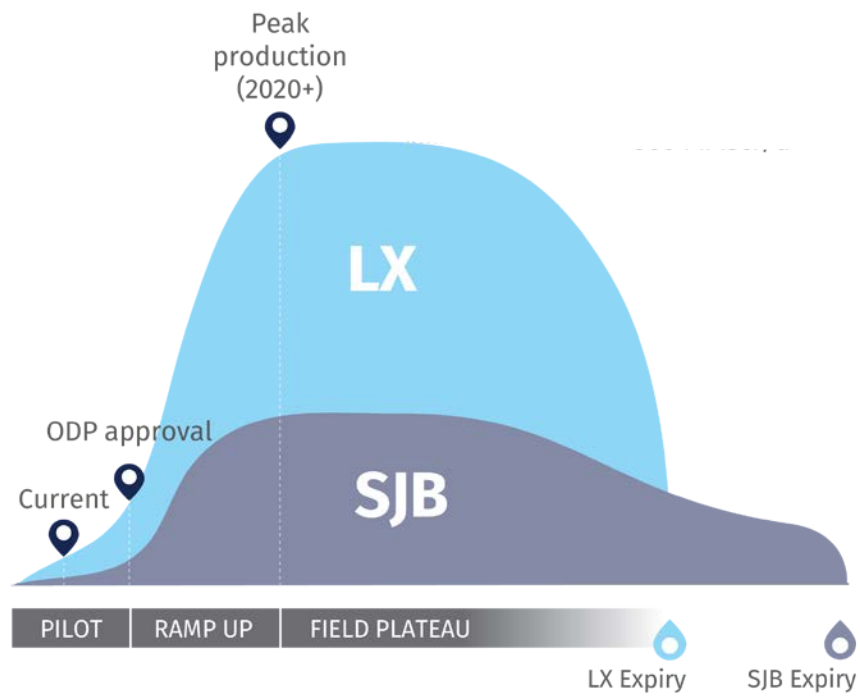
ODP in 2017 with plateau in 2020+

Multiple low-cost central gathering stations

Utilise existing natural gas trunklines

Long term gas sales agreements

Linxing and Sanjiaobei production profile[1]



1 – Based on RISC's 2P Reserves estimates, may be subject to change, refer to Disclaimer on Slide 2.

Chinese Regulatory Approval Milestones

Chinese Reserve Report (CRR)

- ✓ Acquire drilling and seismic data
- ✓ Approved Chinese Reserve Auditor
- ✓ SGE Review and Approval
- ✓ Joint Management Committee Review (JMC) (SGE & PSC partner) approval[1]
- ❑ **PSC Partner audit and approval (in progress)[1]**
- ❑ State Reserves Committee Audit and Approval/MOLAR filing

Pilot gas production sales

Overall Development Plan (ODP)

- ✓ Geological and reservoir engineering assessment
- ❑ **Drilling, surface engineering and economic evaluation assessments, environmental baseline and impact assessments (in progress)**
- ❑ SGE Review and Approval
- ❑ JMC Review and Approval
- ❑ PSC Partner audit and approval
- ❑ Permit (land use, environmental impact assessment etc) application (in parallel to overall ODP submission)
- ❑ NDRC approval

Full field development commences

1 –JMC approval Sanjiaobei only to date

Sino Gas vs. Peers

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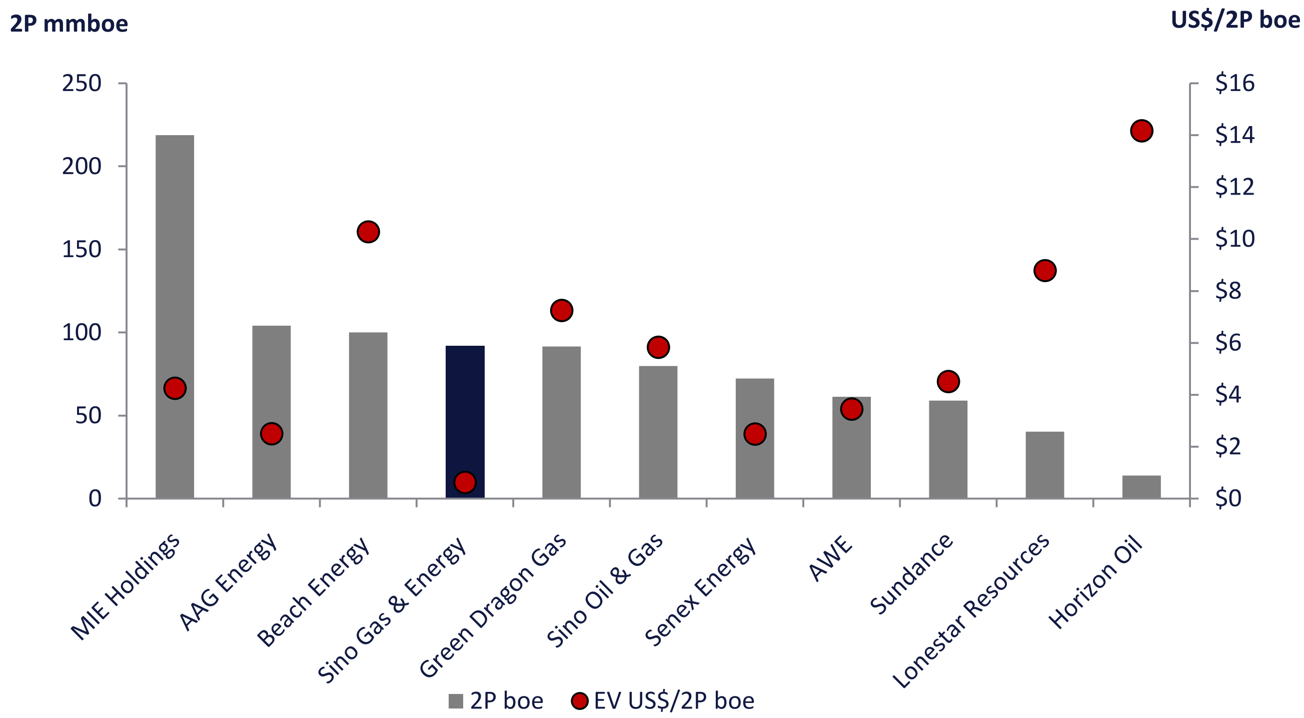
Current trading metrics[1,2]			
US$/boe	SEH	China peers	Aus List peers
US$/2P	0.62	4.96	7.66
US$/2P + 2C	0.25	3.77	1.15



1. Source: FactSet, company filings
2. As of 15 April 2016; Reserves, net debt/cash as of last reported. Beach pro-forma Drillsearch merger using combined last reported standalone cash, debt and reserves; Mcf to boe conversion 6:1

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
- Operations in Kazakhstan, USA & China
- 400+ wells drilled per year in China

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
- 100% owned subsidiary of CNOOC

CNPC
- China's largest oil and gas producer with an extensive international presence
- Strong focus on the development of natural gas in China

1 – CBM Energy has an option to acquire 5.25% of Linxing by paying 7.5% of back costs

2016 Priorities

Commercial

- Complete value chain by finalising gas sales proceeds payment (Linxing accomplished, Sanjiaobei discussions ongoing)
- Demonstrate repatriation of funds

Regulatory

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

Operational

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

Technical

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

Pilot Program Pictures – Linxing Central Gathering Station

First gas from Linxing Central Gathering Station in October

Pilot Program Photos

Sanjiaobei Central Gathering facilities commissioned

Pad Drilling Christmas Trees

Third Party Drilling Rig

Linxing East testing

Thank You

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