Q3

SINO Gas & Energy
www.sinogasenergy.com

QUARTERLY ACTIVITIES REPORT

Q3 Highlights

- **Significant progress towards achieving 25 MMscf/d by end of 2016**
  - Sanjiaobei CGS now commissioning in preparation for restart following repairs to station and regional pipelines affected by recent heavy rainfall.
  - Total well capacity currently tied-in to the two CGSs is ~20 MMscf/d in preparation for the startup of Sanjiaobei CGS and the second compressor at Linxing CGS during November.
  - Up to an additional 9 wells are planned to be fracced and tied-in to both CGS by year-end to support the ramp-up of production to 25 MMscf/d.
  - Q3 average uptime production rate was 6.4 MMscf/d.
- **Work program on-track and strong production test results achieved from new pilot wells during Q3**
  - Significant testing and tie-in progress achieved after field activities returned to normal following unusually high rainfall during the quarter.
  - On track to deliver over 5% reduction in well costs in 2016 vs. 2015
  - Linxing Pilot wells, TB-26-7 and TB-26-8, recorded production test rates of ~1.6 MMscf/d each from single unfracced formations and are now being tied into the Linxing CGS.
  - During October, TB-4H, the fourth horizontal well, achieved a sustained flow rate of 3.4 MMscf/d and is calculated to be capable of flowing at over 6.6 MMscf/d at operating pressures of 200psi.
- **Chinese Reserve Report approval -** PSC partner review of both the Sanjiaobei and Linxing CRR submissions is progressing well and we continue to anticipate approval of both CRRs by year end.
- **China natural gas market outlook remains strong with favourable mid-stream reforms -** Gas prices remain robust ahead of peak gas demand season. Recently announced pipeline reforms are expected to lower transmission tariffs, facilitate third party access and boost end-user demand.

FINANCIAL & CORPORATE

- **30 September 2016 Sino Gas cash balance of US$51 million**
- **Average gross production of 3.3 MMscf/d and total SGE revenue during quarter of US$1.4 million (~US$0.7 million net to Sino Gas)**
- **US$6 million (gross) capex during the quarter, US$4.6 million cash calls received from SGE during the quarter**
- **Sino Gas and Macquarie have agreed to extend the Macquarie debt facility Tranche A repayment and Tranche B availability to late 2018 with the option to extend to the end of 2019 upon an ODP approval. Formal documentation is currently being finalized.**

Sino Gas' Managing Director, Glenn Corrie said: "The necessary work to drive the current phase of our pilot production growth is largely complete with significant production volumes now tested and tied-in to our facilities. With the restart of Sanjiaobei CGS and the second compressor at Linxing CGS in November, we anticipate production from already tied-in wells to ramp-up imminently. Our target to ramp-up toward installed capacity of 25 MMscf/d by year-end remains achievable given the significant volumes already tested and tied-in, and new wells which will be tied-in during the fourth quarter. Our focus on driving down drilling costs continues to strengthen our competitive advantage as one of the lowest cost producers of natural gas in China amid a strong gas price environment."

2016 PRIORITIES

- ☑ Update reserves and resource estimates
- ☑ Finalise cash receipt for gas sold from Linxing PSC
- ☑ Remit gas sales proceeds offshore Mainland China
- ☑ Agree pilot gas sales allocation with PetroChina CBM
- ☑ Complete appraisal of Linxing (East) deep exploration area and submit CRR
- ☐ Finalise cash receipt for gas sold from Sanjiaobei PSC
- ☐ Ramp-up toward installed capacity of 25 MMscf/d
- ☐ CRR approvals
- ☐ Prepare for ODPs submission following CRR approvals

Fraccing equipment at TB-4H on Linxing PSC

WORK PROGRAM

Pilot Program

The Joint Venture Company, Sino Gas & Energy Limited (“SGE”) produced at an average uptime production rate of 6.4 Million standard cubic feet per day ("MMscf/d") from the Linxing Central Gathering Station ("CGS") for about one-half of the third quarter. As previously disclosed, production was shut-in early Q3 as a result of delays in agreeing a seasonal reduction in gas price due to the sale process by MIE Holdings Corporation. A second curtailment occurred due to the damage caused by heavy rainfall to regional pipeline infrastructure and the inability to move heavy equipment to undertake necessary repairs. As a result, gross production from the Linxing CGS averaged 3.3 MMscf/d over the third quarter.

At the end of September, two additional wells, TB-3H and TB-26-3 were tied-in to the Linxing CGS and brought on production. During October, five wells previously drilled and tested on Linxing West, including TB-4H, were tied-in to the Linxing CGS. Total well capacity currently tied-in is estimated to be ~20 MMscf/d.

Construction of the gathering lines from the TB-26/TB-27 and TB-4H areas was completed during the quarter. Tie-in has now been completed and seven new wells from three pads are expected to be brought on-stream in November once fraccing operations are completed and the second compressor at Linxing CGS starts operations.

Additionally, seven wells drilled on the southern portion of Linxing West during 2015 can be tied-in to either the Sanjiaobei or Linxing CGS to support production if required.

The Sanjiaobei CGS is preparing for imminent restart. During the quarter, pressure testing on the plant and main gathering pipeline was completed and remedial work was close to being completed to restore a short section of a gathering pipeline and third-party downstream infrastructure foundations that were affected by recent heavy rains in the region. The Sanjiaobei CGS is expected to be brought back on-line at initial rates of approximately 3-4 MMscf/d. Production will then be ramped up towards installed capacity of approximately 8 MMscf/d over the fourth quarter of 2016 with the re-start of the second compressor and the tie-in of two additional wells.

In total, Sino Gas anticipates having over 45 wells tied-in to the Linxing and Sanjiaobei CGSs by the end of the year with total well capacity over 25 MMscf/d with another 10-15 recently drilled wells ready to be tied-in during 2017 for future well stock.

SGE, our PSC Partners and our gas buyers are in the process of negotiating a revised price for gas sold during the fourth quarter and beyond, following the temporary seasonal adjustment agreed for the third quarter of 2016. Sino Gas anticipates that gas prices will remain robust and may increase over the winter during the peak demand season in line with the NDRC policy announced in November 2015.

Based on costs incurred to date, Sino Gas anticipates well costs during 2016 will be reduced more than 5% compared to 2015.

Linxing (West) - Sino Gas 31.7%

During the second quarter, three pilot wells, TB-27-3, TB-23-2 and TB-23-3, were spudded and completed drilling, identifying net pay of 24.7 metres, 8.0 metres and 25.8 metres respectively.

Movement of heavy equipment, including rigs, was curtailed during the third quarter due to the impact of heavy rains on road conditions. Preparation of the final Linxing four well pad location has largely been completed and the rigs are expected to move onto location shortly to commence drilling. Two of these wells are anticipated to be completed by the end of the year with operations continuing over the winter to complete drilling and prepare them for testing and tie-in in early 2017. These wells provide future production capacity and are not expected to contribute to our near-term production ramp-up target.

Testing of pilot wells to be tied-in to the Linxing CGS have shown strong results. The TB-4H test achieved a sustained flow rate of 3.4 MMscf/d at a stable flowing tubing head pressure of 1,430psi. Based on the standard field operating pressure of 200psi, the calculated potential production rate is estimated to be over 6.6 MMscf/d. Two of the pilot wells, TB-26-7 and TB-26-8, perforated and achieved flow rates of ~1.6 MMscf/d each from a single unfracced formation. Both wells are each calculated to be capable of producing over 2 MMscf/d each at standard operating pressures of 200 psi.

During the quarter, drilling of the fifth horizontal well was planned. Analysis of net pay intersected in the pilot hole, however, indicated this location was better suited to be completed as a deviated well. As such, the drilling of the next horizontal well has been deferred. The ability to quickly change and optimise the well target, design and costs with real time information is a key advantage to the multi-zone nature of the field.

Sanjiaobei station preparing for imminent restart

Linxing (West) - continued

The TB-3H well that was drilled in 2015 was fracced and tested at a commercial rate of 440 thousand standard cubic feet per day ("Mscf/d") intersected lower gas saturation in the target formation than in the other horizontal wells drilled to date (TB-1H initial test rate of ~5 MMscf/d and TB-2H initial test rate of ~4 MMscf/d). A review of the geological, drilling and completions for this well is being undertaken.

The results of our horizontal well program during the pilot program are a valuable input to the field development plan and ODP preparation. The knowledge gained to date will assist in assessing future horizontal locations.

Refer to Page 6 Additional Exploration Disclosure for details of TB-3H and TB-4H testing results.

Linxing (East) - Sino Gas 31.7%

During the quarter, the 2016 Linxing (East) exploration program was completed with the testing of four previously drilled exploration wells, LXDG-06, LXDG-11, LXDG-12 and LXDG-13. All wells intersected and flowed gas with LXDG-11 testing at 332 Mscf/d from a fracced zone and LXDG-06 testing at 128 Mscf/d from an unstimulated zone. LXDG-12 flowed at marginal rates from a shallower zone after testing ~120 Mscf/d from a deeper zone during Q2. LXDG-13 intersected 23 metres of net pay and results are being analysed after flowing at marginal rates after hydraulic fraccing. Both LXDG-12 and LXDG-13 were drilled on the edge of the prospective area in Linxing (East).

The 2016 drilling and testing program on Linxing (East) is now complete. The successful program, with all wells encountering net pay, has further expanded the discovered area beyond the year end 2015 assessment and proved commercial flow rates in 8 out of 9 wells tested. This includes the previously disclosed LXDG-08 well which recorded Sino Gas' highest ever vertical/deviated well test rate.

The Linxing (East) Chinese Reserve Report ("CRR"), the Company's third deep gas CRR, has been compiled and submitted. Approval is expected during 2017.

Refer to Page 7 Additional Exploration Disclosure for details of wells drilled and tested during the quarter.

Sanjiaobei PSC - Sino Gas 24%

Activity during the third quarter focused on the remedial work necessary to restart the CGS which is in the process of being commissioned ahead of an imminent re-start.

Three Sanjiaobei wells drilled in 2015 are currently testing and are expected to be tied into the Sanjiaobei CGS during November to support the current producing well stock. Including wells tied-in from the Linxing PSC, by year-end, 23 wells are expected to be tied-in to the Sanjiaobei CGS to support a production rate of 8 MMscf/d, the full capacity of the CGS.

Given delays in pad construction in Linxing due to weather conditions, the planned drilling program on Sanjiaobei has increased from three wells to five. This drilling program has commenced with two rigs currently operating and wells will be tested and tied-in during 2017.

The fully termed agreement related to the Sanjiaobei PSC pilot revenue allocation has now been approved by PetroChina and signatures are now being procured and invoices prepared to enable payment of outstanding gas proceeds (refer to announcement 25 July 2016 for additional details). Once completed, SGE will receive approximately US$2 million (approximately US$1 million net to Sino Gas). This is anticipated shortly.

Overall Development Plan Progression

The review by SOE partners of both the Linxing West and Sanjiaobei Chinese Reserve Reports submissions are progressing well and we continue to anticipate approval of both CRRs by year end. Approval will mark a significant milestone in the Overall Development Plan (ODP) process, after which the focus will be on the ODP submission and approval in as timely manner as possible.

Health, Safety and the Environment

A total of 112,320 Lost Time Injury free hours were recorded during the third quarter 2016 from the drilling, testing and operations on the Linxing PSC and maintenance on the Sanjiaobei PSC (YTD 343,152 hours).

TB-4H testing flare

FINANCIAL

Financial Position

The Company held US$51.4 million and the Joint Venture held US$3.2 million (US$1.6 million Sino Gas share) in cash at the end of the quarter.

To preserve financial flexibility as the Company moves toward ODP approval and full field development, Sino Gas has agreed with Macquarie Bank Limited ("Macquarie") to amend the outstanding US$50 million debt facility. The revised terms have been approved by Macquarie's credit committee and the formal documents are in the process of being finalised. The debt facility is expected to be extended from the end of 2016 to the end of 2018. Upon receiving ODP approval for either Linxing or Sanjiaobei, Sino Gas would have the option to further extend the facility to the end of 2019. Repayment of the currently drawn Tranche A of US$10 million would be deferred until late 2018 or in the event of a further extension of the facility to the end of 2019, repayment of the outstanding amount would be made over such extended term. The uncommitted US$40 million Tranche B would remain accessible subject to Macquarie credit committee approval.

Project Funding

Total capital expenditures incurred by the joint venture were US$6 million (unaudited) for the third quarter of 2016. Sino Gas was cash called US$4.6 million in relation to its 49% share of PSC and administrative expenditures of Sino Gas & Energy Limited (SGE).

Pilot Project Revenue

Sino Gas' 49% share of estimated gas sales in the third quarter was US$0.7 million (unaudited), all attributable to the Linxing PSC.

Final signature of the approved fully termed agreement related to the Sanjiaobei PSC pilot revenue allocation is being processed and invoices are being prepared. Once finalised, SGE will receive approximately US$2 million (approximately US$1 million net to Sino Gas). This is anticipated shortly.

CORPORATE

Investor Relations and Marketing

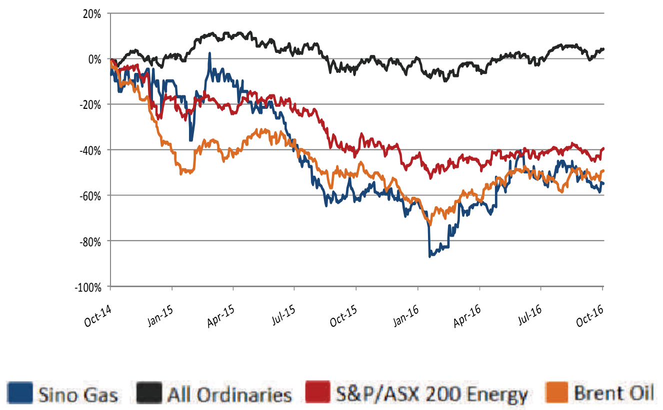
Sino Gas continued its commitment to meet regularly with the investment community. Management met with investors in Australia and Asia during the quarter. In addition, the company participated in the Oil & Gas Council China Oil & Gas Assembly and the Citi Group Energy Tour, both in Beijing. Sino Gas also welcomed a number of investors and analysts to tour the assets.

Copies of our recent presentations can be found on our website at www.sinogasenergy.com, along with announcements and other investor materials.

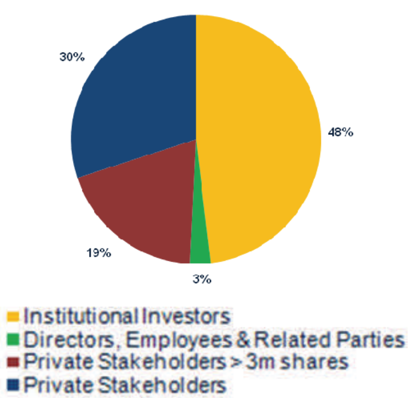
Share Register

During the quarter, the proportion of the register owned by institutional shareholders increased from approximately 45% at the end of June 2016 to approximately 48% at the end of September 2016.

Sino Gas Share Price Performance (ASX:SEH)



Share Register Composition



CHINA GAS MARKET UPDATE

The China natural gas market remains robust ahead of the peak demand season and city-gate prices remain unchanged. Recent increases in the price of competing fuel sources, including thermal coal and oil, are expected to result in improved cost competiveness of natural gas.

The National Reform and Development Commission ("NDRC") recently published two new regulations relating to setting tariffs on inter-provincial natural gas pipelines which are to be implemented in January 2017. The policy sets a maximum regulatory return of 8% on allowable costs assuming utilization of 75%. If utilization is less than 75%, yields will be less than 8%. This compares to the previous estimated allowed return of up to 12%. In addition, the allowed annual capital cost component of the tariff will decrease due to extending the capital cost depreciation period from 14-20 years to 30 years under the new policy.

Independent third party analysis states this is expected to not only decrease transmission tariffs but also facilitate improved third-party access to the inter-provincial natural gas pipeline network.

Separately, a number of provinces, such as Zhejiang and Shaanxi, have also proposed or implemented cuts to city gas distribution margins as a mechanism to reduce the cost of natural gas for end-users.

Sino Gas expects that once these proposals are implemented they should spur natural gas demand growth by lowering the cost of transportation to the end user while providing support to, or potentially opportunities to increase, city-gate prices to incentivise upstream investment in domestic natural gas production. Sino Gas welcomes these ongoing reforms in the mid-stream sector in China.

SUPPLEMENTARY INFORMATION

Historical testing results by zone (2006—Q3 2016)

Zone	Well Tests	Average Thickness (m)	Average Test Length (Days)	Average Flow Rate (Mscf/d)	Max Flow Rate (Mscf/d)
Upper Zone	22	6	9	871	2919
Mid-Upper Zone	32	7	11	412	3099
Middle Zone	13	6	23	242	708
Mid-Lower Zone	9	5	19	464	2542
Lower Zone	11	5	8	616	1663
Comingled	29	19	15	796	2569
Horizontal Wells (Middle Zone)	3	1132	3	5117	9775

Note: Results have been standardised to a standard field pressure of 200psi.

Linxing (West) — Additional Exploration Disclosure (Horizontal wells)

Exploration Disclosure	Testing Result	Testing Result
(a) The name and type of well.	TB-3H (Horizontal Well)	TB-4H (Horizontal Well)
(b) The location of the well and the details of the permit or lease in which the well is located.	Linxing Production Sharing Contract (PSC).	
(c) The entity's working interest in the well.	31.70%	
(d) If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness.	Electric wireline logs identified 16.0m of TVD net pay.	Electric wireline logs identified 25.5m of TVD net pay.
(e) The geological rock type of the formation drilled.	Coal bearing formations from the Permian to Carboniferous System.	
(f) The depth of the zones tested.	Test target payzone at a depth of 2050~3127m, horizontal length 1077m, NTG 92.7%	Test target payzone at a depth of 2226~3410m, horizontal length 1184m, NTG 62%
(g) The types of test(s) undertaken and the duration of the test(s).	Fracked and gas flow tested for 3.5 days	Fracked and gas flow tested for 1 days
(h) The hydrocarbon phases recovered in the test(s).	Natural Gas	Natural Gas
(i) Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions.	None	None
(j) The choke size used, the flow rates and, if measured, the volumes of the hydrocarbon phases measured.	Choke size 6mm. Post-frac test gas rate was 437,000scf/d with well head pressure of ~508psi.	Choke size 8mm. Post-frac test gas rate was 3412,000scf/d with well head pressure of ~1435psi.
(k) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied.	7 stages	8 stages
(l) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur.	gas sample from tested pay zone shows CH_4 93.486%, C2~C6 4.418%, CO_2 0.257% and N_2 1.839%.	gas sample from tested pay zone shows CH_4 91.91%, C2~C6 5.18%, CO_2 2.28% and N_2 0.63%.
(m) Any other information that is material to understanding the reported results.	None	None

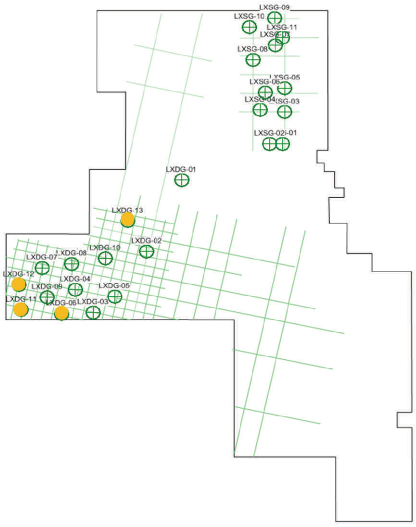
Linxing (East) — Additional Exploration Disclosure

Exploration Disclosure	Testing Result	Testing Result	Testing Result	Testing Result
(a) The name and type of well.	LXDG-06 (Vertical Well)	LXDG-11 (Vertical Well)	LXDG-12 (Vertical Well)	LXDG-13 (Vertical Well)
(b) The location of the well and the details of the permit or lease in which the well is located.	Linxing Production Sharing Contract (PSC). Refer to map below.			
(c) The entity's working interest in the well.	31.70%			
(d) If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness.	Electric wireline logs identified 57.8m of net pay.	Electric wireline logs identified 31.8m of net pay.	Electric wireline logs identified 39.3m of net pay.	Electric wireline logs identified 23.3m of net pay.
(e) The geological rock type of the formation drilled.	Coal bearing formations from the Permian to Carboniferous System.			
(f) The depth of the zones tested.	test target payzone at a depth of 1259~1320m	test target payzone at a depth of 1188~1192m	test target payzone at a depth of 1372~1378m	test target payzone at a depth of 1266.6~1561.0m
(g) The types of test(s) undertaken and the duration of the test(s).	Perforated and gas flow tested for 3 days	Fracked and gas flow tested for 6 days	Fracked and gas flow tested for 2days	Fracked and gas flow tested for 12days
(h) The hydrocarbon phases recovered in the test(s).	Natural gas	Natural gas	Natural gas	Natural gas
(i) Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions.	None	None	None	None
(j) The choke size used, the flow rates and, if measured, the volumes of the hydrocarbon phases measured.	Choke size 6mm. Post-frac test gas rate was 128,000scf/d with well head pressure of ~29psi.	Choke size 8mm. Post-frac test gas rate was 332,000scf/d with well head pressure of ~188psi.	Choke size 5mm. Post-frack test gas rate was 30,000scf/d with well head pressure of ~0psi.	Choke size 5mm. Post-frack test gas rate was 96,000scf/d with well head pressure of ~15psi.
(k) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied.	None	1 stage	1 stage	2 stages
(l) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur.	gas sample from tested pay zone shows CH_4 86.295%, C2~C6 9.2221%, CO_2 2.56% and N_2 1.923%.	gas sample from tested pay zone shows CH_4 87.853%, C2~C6 8.801%, CO_2 1.778% and N_2 1.568%.	gas sample from adjacent well in tested pay zone shows CH_4 87.853%, C2~C6 8.801%, CO_2 1.778% and N_2 1.568%.	gas sample from tested pay zone shows CH_4 89.138%, C2~C6 3.395%, CO_2 1.375% and N_2 6.092%.
(m) Any other information that is material to understanding the reported results.	None	None	None	None

Key

Testing results

Existing wells



Linxing (East) - Testing Locations

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% joint venture interest in Sino Gas & Energy Limited (SGE) through a strategic partnership with China New Energy Mining Limited (CNEML). 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 has a 64.75% interest in the Linxing PSC, partnered with CUCBM, a subsidiary of CNOOC, and a 49% interest in the Sanjiaobei PSC, partnered with PetroChina CBM, a subsidiary of CNPC. 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 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 province 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.

Sino Gas & Energy Holdings Limited

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Our latest announcements and presentations can be found on our website:

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RESERVES AND RESOURCES

Sino Gas' Attributable Net Reserves & Resources are summarised below:

SINO GAS' ATTRIBUTABLE NET RESERVES AND RESOURCES	1P RESERVES (Bcf)	2P RESERVES (Bcf)	3P RESERVES (Bcf)	2C CONTINGENT RESOURCES (Bcf)	P50 PROSPECTIVE RESOURCES[1] (Bcf)
31 December 2015 (Announced 10 March 2016)	362	552	751	814	733
31 December 2014 (Announced 3 March 2015)	350	448	557	739	649
CHANGE (+/-)%	+23% (2P Reserves)			+10%	+13%
Total Project 31 December 2015	**1,250**	**1,962**	**2,723**	**2,831**	**2,954**

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

Resources Statement & Disclaimer

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 escalated 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. No material changes have occurred in the assumptions and subsequent work program exploration and appraisal results have been in line with expectations.

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.

Competent Persons Statement

Information on the Reserves and Resources in this annual report 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 inclusion of this information in this release. RISC believes that the reserve and resource assessment fairly represents the available data. 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.