SINO Gas & Energy
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Annual General Meeting
May 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 10 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.

The purpose of this presentation is to provide general information about the Company. No representation or warranty, express or implied, is made by the Company that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of the Company, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

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

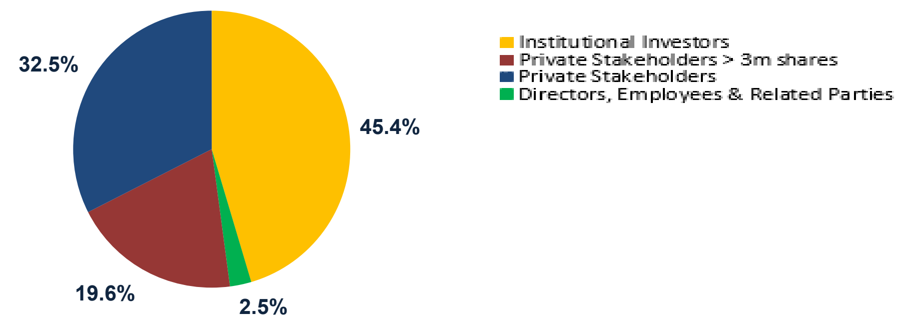
1. Based on RISC's base-case development of Reserves, Contingent & Prospective Resources. To be read in conjunction with Resource Statement on slide 3.

Company Snapshot

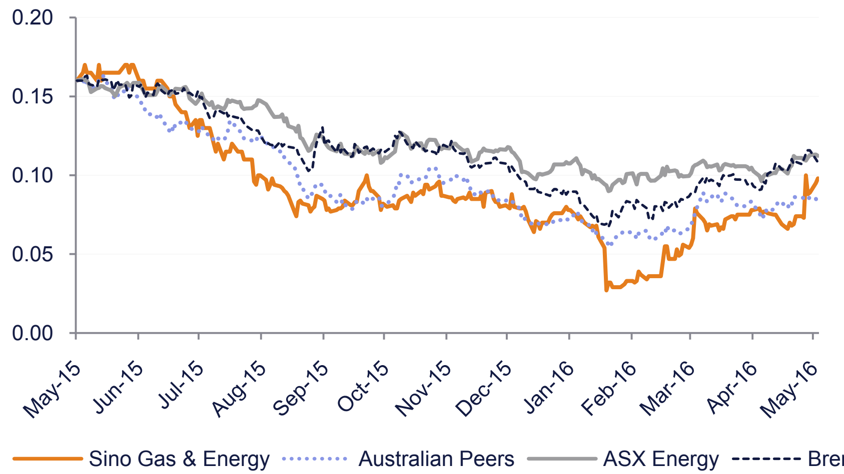
Corporate Information – as at 4 May 2016

ASX Listed (S&P ASX 300)	SEH
Share Price	A$0.098
Issued Shares	2,074m
Market Cap	US$152m
Cash Balance (31 March 2016)	US$59m
Drawn/undrawn debt facilities	US$10/40m[1]

Share Register – April 2016



12 Month Share Price Performance to 4 May 2016



Top Shareholders – April 2016	Shares (m)	%
FIL Investment Management	202.5	9.8%
Commonwealth Bank of Australia	171.9	8.3%
Kinetic Investment Partners	119.4	5.8%
SG Hiscock	106.3	5.1%
Perennial Value	75.1	3.6%

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

Strategically Positioned to Serve China's Growing Natural Gas Needs

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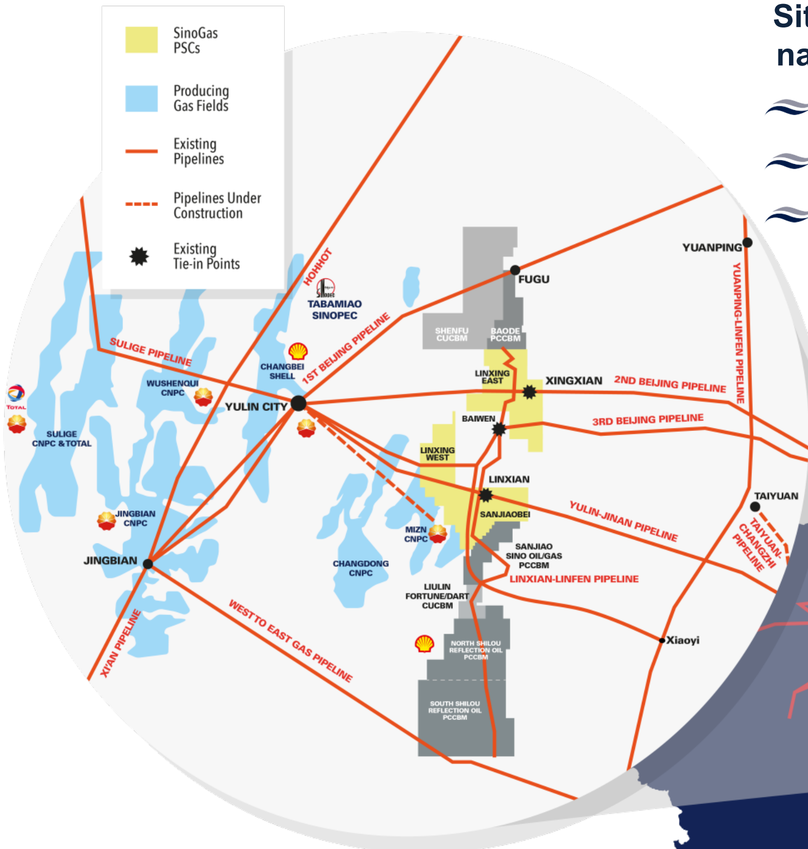
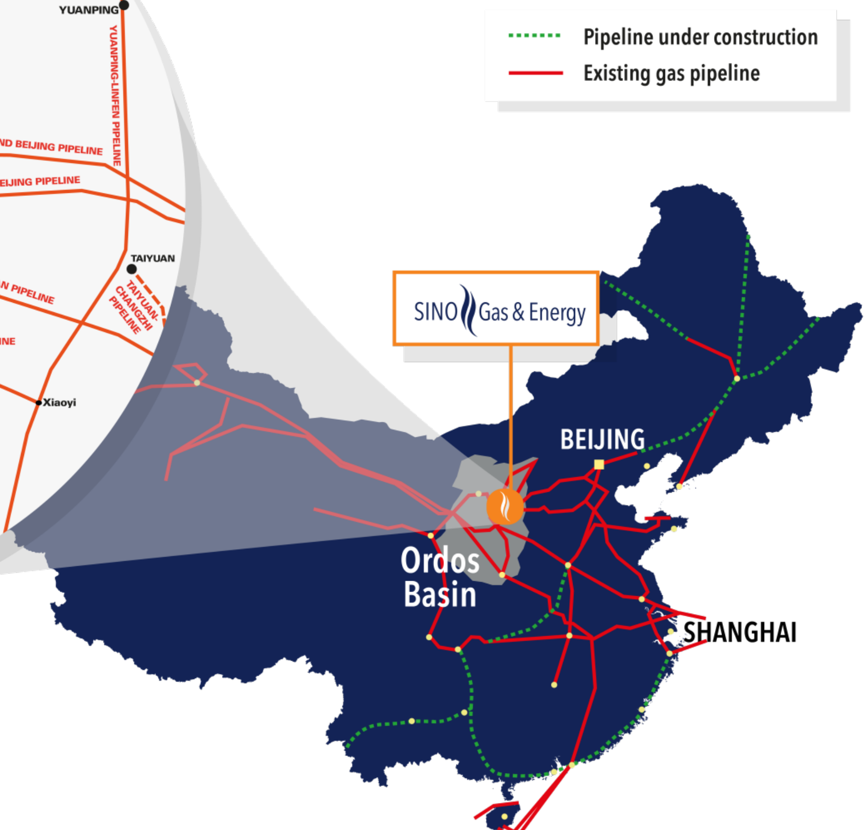


Situated in the Ordos basin, China's most productive natural gas basin

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



1. Source: IHS, China's Natural Gas Supply and Cost Outlooks, August 2015

January 2015-May 2016 Company Highlights

Operations

- Commissioned Linxing Central Gathering Station
- Drilled 20 wells in 2015 (incl 2 horizontals, 5 exploration wells)
- Reduced vertical well drilling cost ~10% in 2015 vs. 2014
- Preparing to ramp production to 25 MMscf/d

Technical

- Gathered sub-surface data from long-term production, validating geological model
- Net 2P Reserves +23%, inc. first reserves on Linxing East
- Highest ever vertical/deviated well test rate achieved on Linxing (East)
- Improved average vertical well test flow rate ~10% in 2015 vs. 2014

Commercial

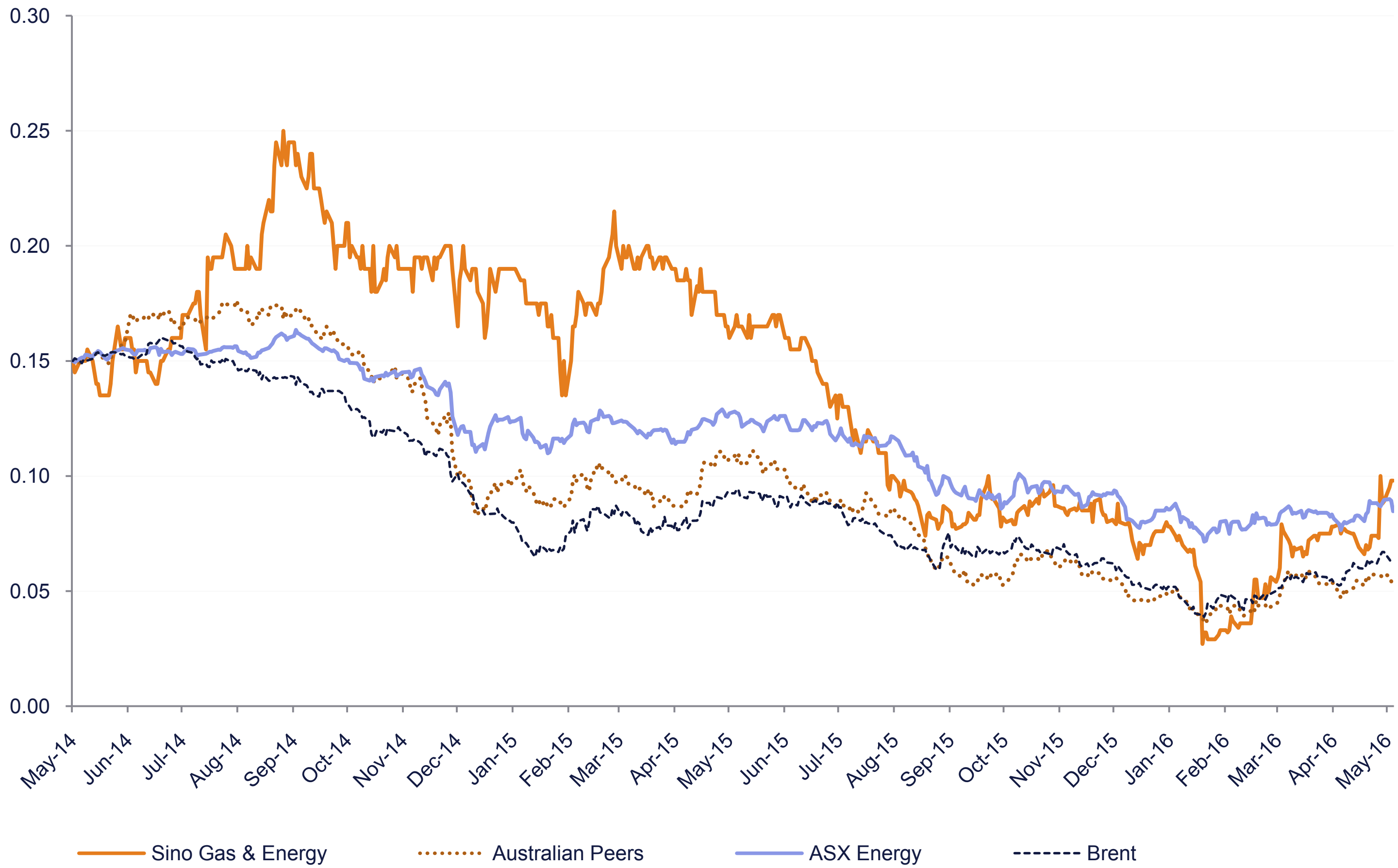
- China New Energy Mining agrees to acquire MIE's entire 51% stake in SGE for US$220 million, completion expected mid-2016
- Linxing PSC gas sales proceeds received
- Maintained robust gas prices, ~US$7.04-7.10/Mscf agreed post November 2015 NDRC price revision[1]

Financial

- US$59 million cash as of March 31, 2016
- Strong focus on balance sheet management

1 – Agreed gas prices RMB1.615 per cubic meter and RMB1.63 per cubic meter. Conversion to US$/Mscf for presentation only at an exchange rate of 6.5 RMB/US$

2 Year SEH Share Price Performance



1. Australian mid-cap peers include Horizon, AWE, Beach, Karoon, Senex, Sundance
2. Souce: FactSet

Change in Joint Venture Partner

- China New Energy Mining Limited (CNEML) agrees to purchase MIE's entire 51% stake in SGE for US$220 million plus working capital adjustments
- Implied valuation of Sino Gas' 49% share US$211 million (A$273 million)
- Constructive discussions with CNEML held, Sino Gas assessment of key CNEML strengths include:
  - Technically and commercially strong management team
  - Strong financial backing to achieve planned speed and scale of development and production ramp-up
  - Well aligned vision with Sino Gas of work necessary to achieve the potential of the Linxing and Sanjiaobei PSCs
  - Good relationships in China with key stakeholders, including government, partners and customers
- Integration teams already established to ensure smooth transition post deal completion
- SGE management team and staff expected to remain in place

Sino Gas looks forward to welcoming CNEML as our new Joint Venture partner[1]

1. Transaction contingent on several conditions including MIE shareholder approval; See MIE Announcement 27 April 2016 for additional details;

Strong Strategic Partnerships

China New Energy Mining Ltd – Proposed new Joint Venture Partner

- Agreement to purchase MIE's entire 51% stake in SGE for US$220 million
- Well funded private Hong Kong company with strong China and international oil and gas expertise

SGE – Joint Venture Subsidiary

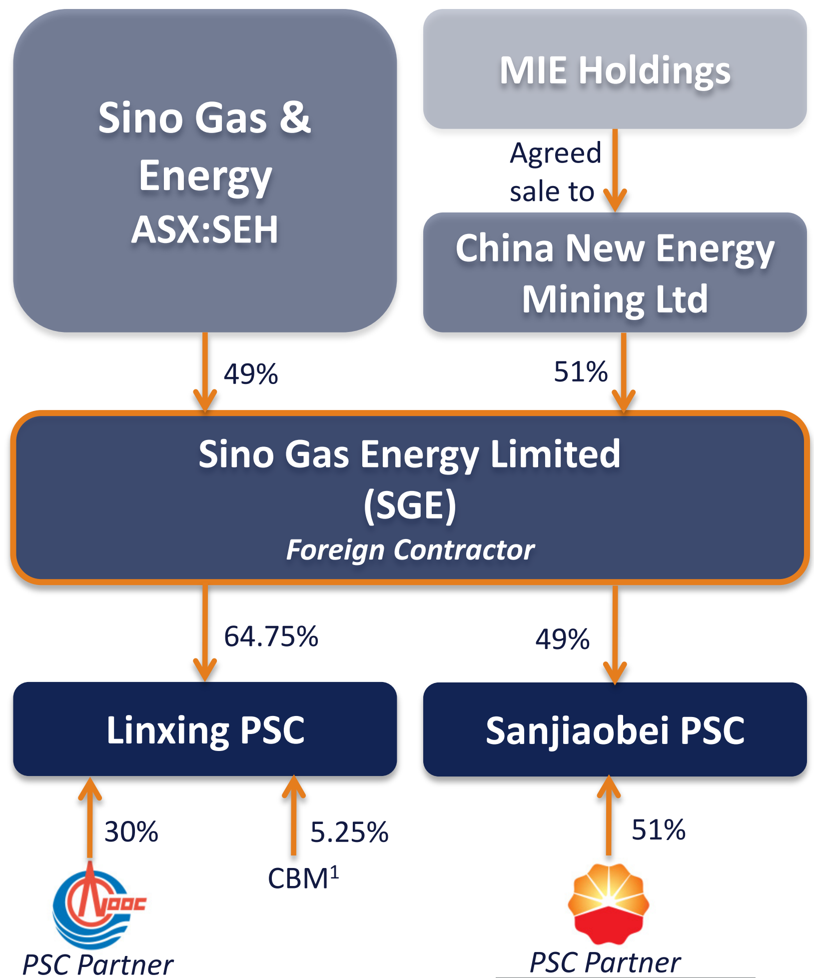
- PSC Operator partnered with major State Owned Enterprises (SOE) with extensive field development experience
- Management, staff and operations expected to be unaffected by proposed transaction

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



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

World-Scale Proven Reserves & Resources

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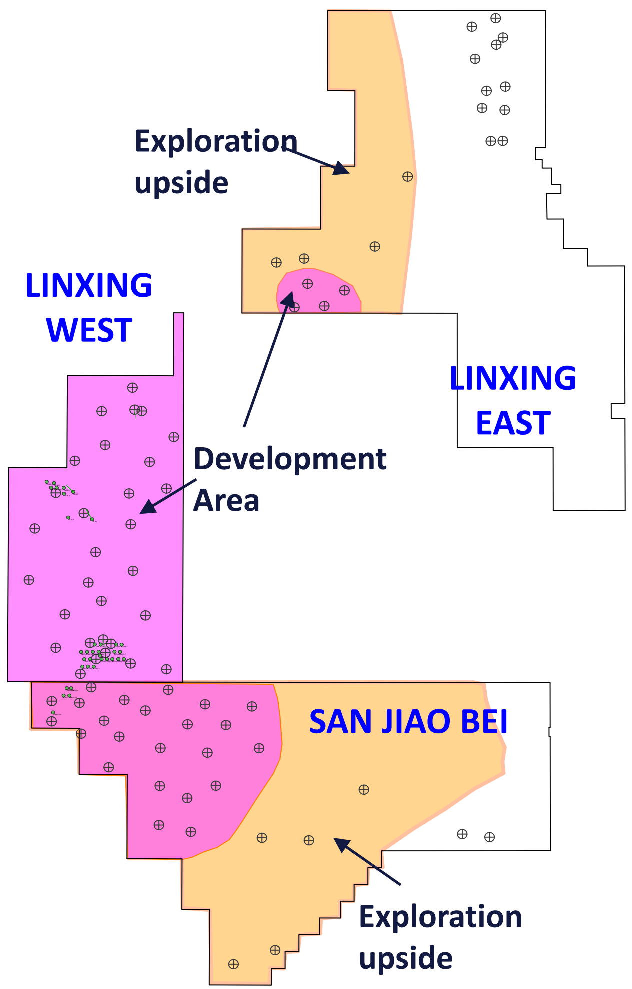
- **2P Reserves of 2.0 tcf (~325mmboe) gross[1]**
- **2C Resources of 2.8 tcf (~470mmboe) gross[1]**
- **P50 Prospective Resources of 3.0 tcf (~490 mmboe) gross[1]**
- **PSCs ~3,000km^2 (740,000 acres)**
- **Highly delineated resource**
- **Analogous to major producing fields in basin**
- **LNG equivalent scale at less than 20% of the equivalent LNG cost[2]**

Project and Drilling Overview

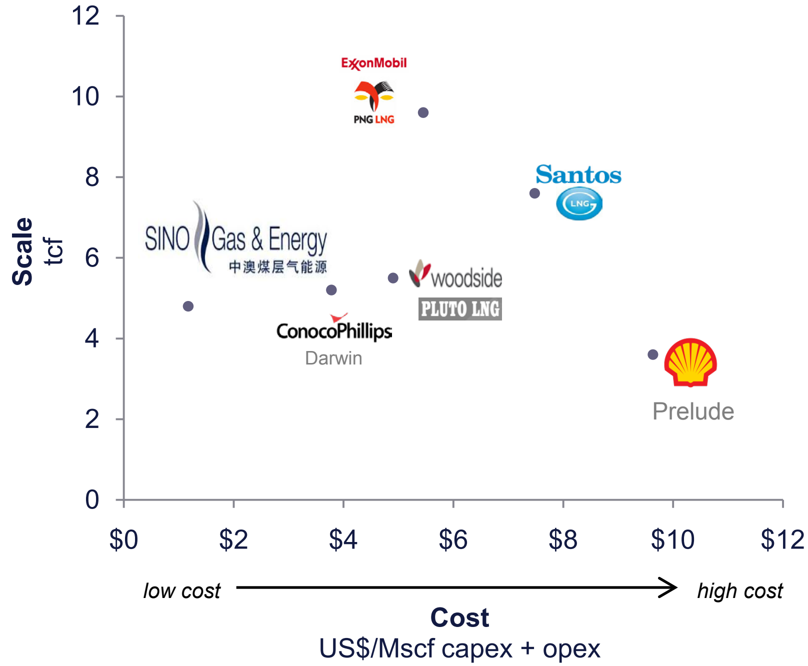


1. Refer to slide 3 for details of the Company's net share of Reserves and Resources. To be read in conjunction with Resource Statement on slide 3. mcf to boe conversion 6:1.
2. Compared to US$/mcf capex + opex of Pluto, PNG, Gladstone, Prelude and Darwin LNG projects

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 Australian and PNG LNG projects
- Total cost (capex + opex) estimated to be less than 20% the average cost of these LNG projects

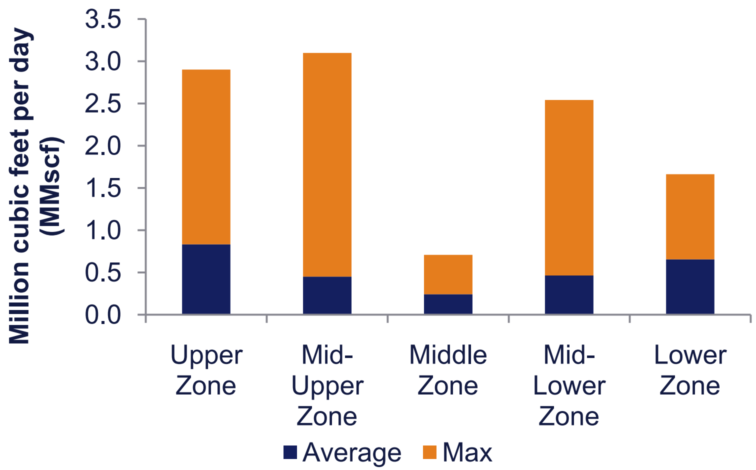
Sino Gas vs. major LNG projects[1]

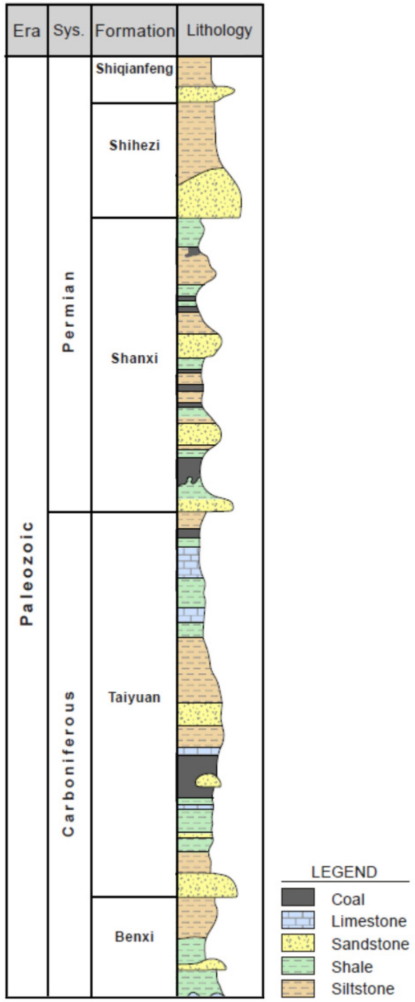


1. Source: Comparative projects: Wood Mackenzie, Company Reports; Sino Gas: RISC 2P + 2C development scenario; Nominal costs inclusive of inflation of 2.5% per annum

Low Risk Reservoir, Proven Deliverability

- ~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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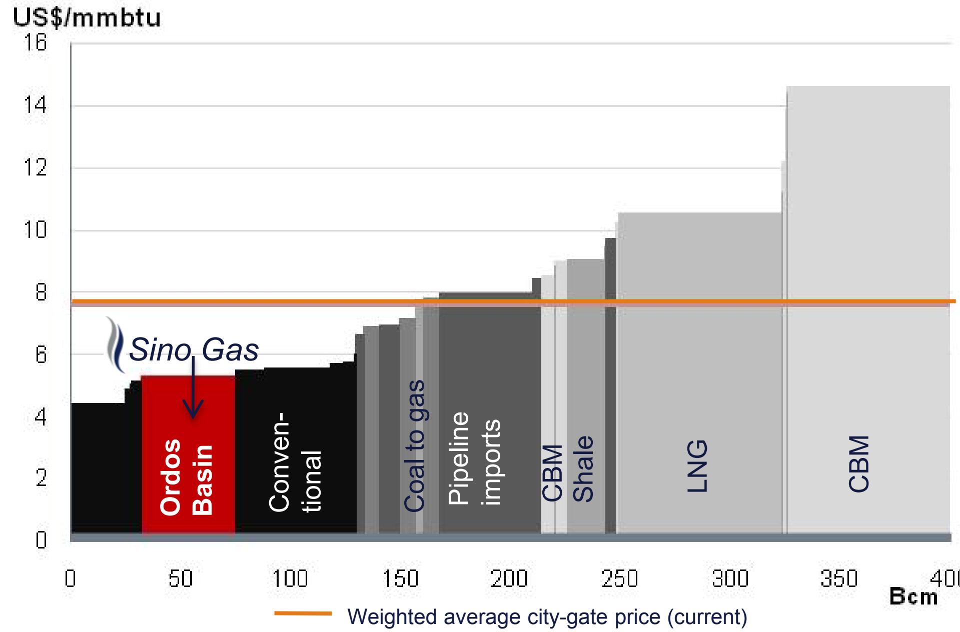
- Significant cost advantage – estimated wellhead capex + opex of ~US$1.20/mcf[2]
- Low cost drivers:
  - Simple vertical well development, limited fraccing
  - Moderate reservoir depths (~1,200-2,000m)
  - Stacked reservoirs drive high per well ultimate recoveries
  - High quality gas (~95% methane)
  - 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, China's Natural Gas Supply and Cost Outlooks, August 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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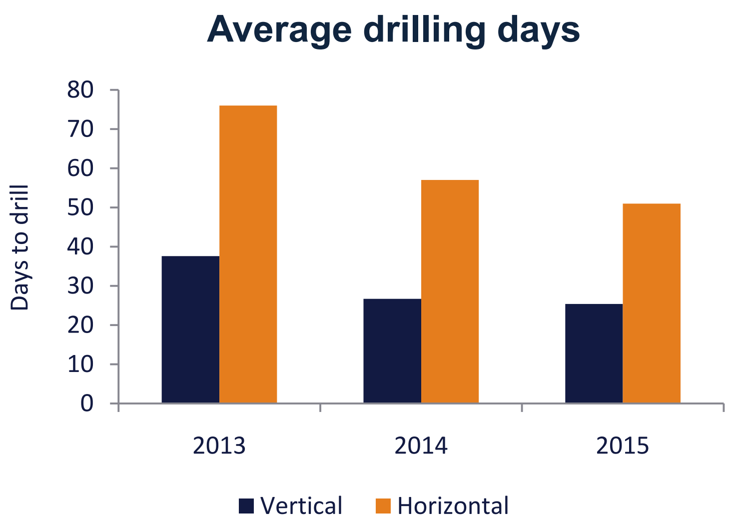
2015 Vertical development well ~US$1 million

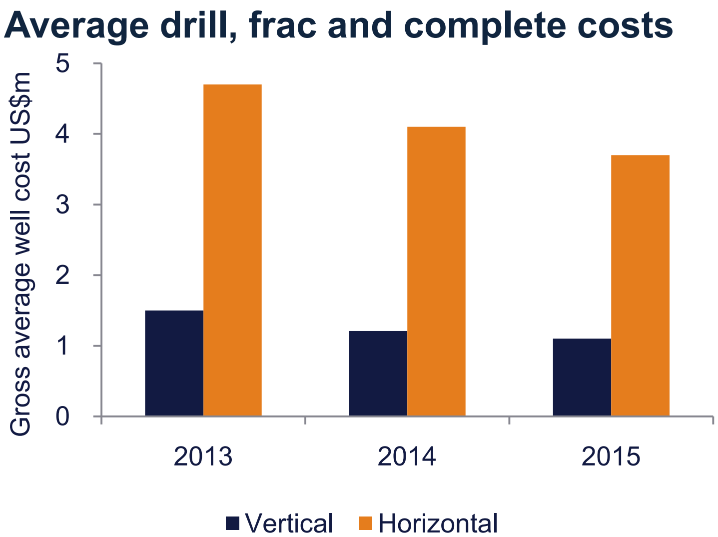
2015 vertical well cost down ~10% vs. 2014

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

Third horizontal drilled ~33% faster than first

Further improvements expected in 2016





China Natural Gas Market Outlook

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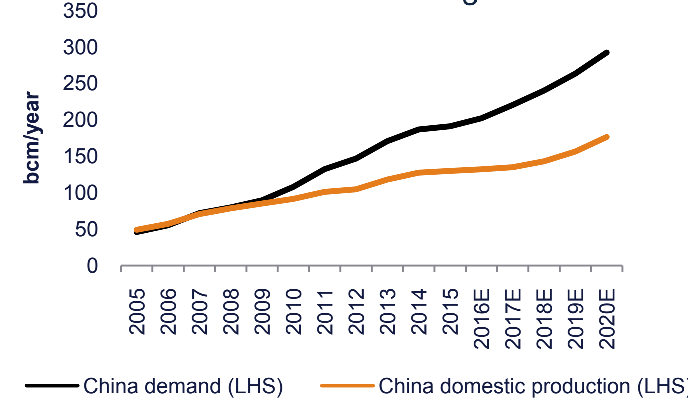
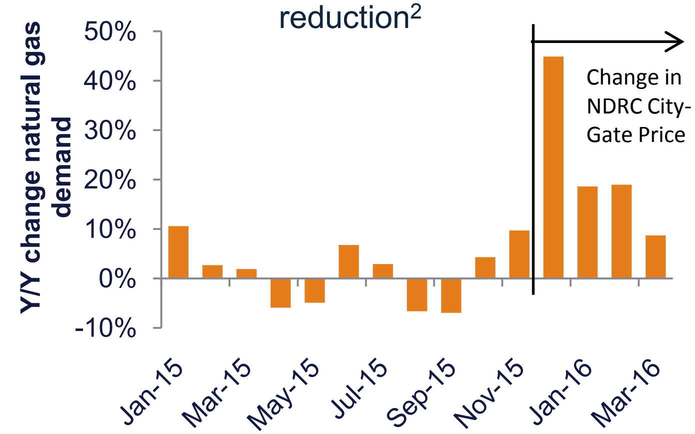
- Since NDRC city-gate gas price reduction in November 2015, significant demand acceleration – up 15% in the first quarter of 2016
- 13th Five Year Plan Approved in March 2016
  - Targets over 6.5% annual growth (2016 target 6.5-7%), doubling GDP and GDP per capita by 2020 compared to 2010 levels
  - 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

Increasing imports as domestic supply fails to meet demand growth[1]



Significant acceleration of China natural gas demand growth since price reduction[2]



1. Source: IHS, April 2016
2. Source: NDRC

Operating in China: A Well Established & Favourable Regime

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

>20 international private upstream companies

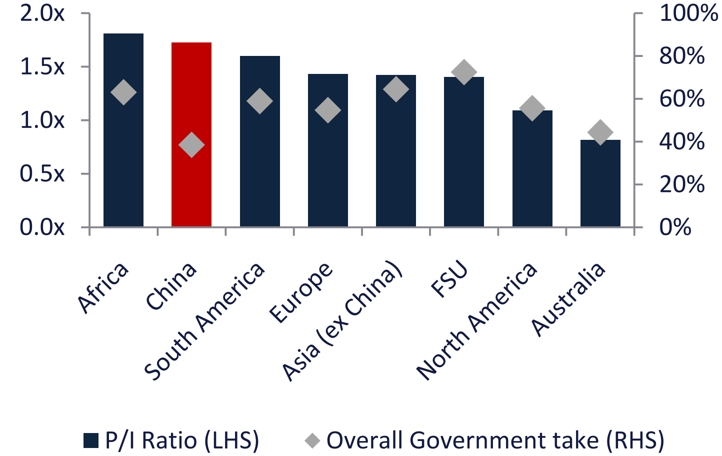
Globally attractive government take, profitability

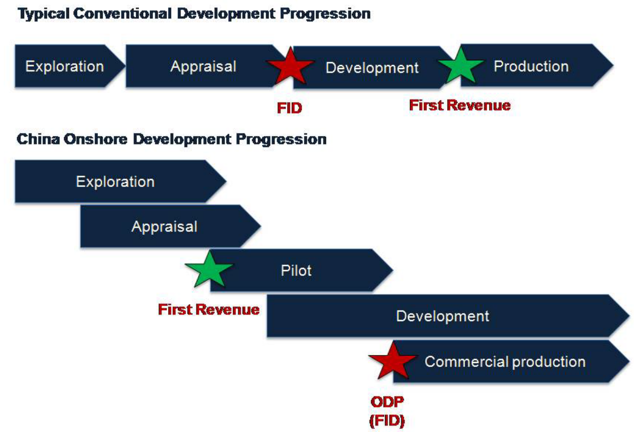
Long-term government plans and policies

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

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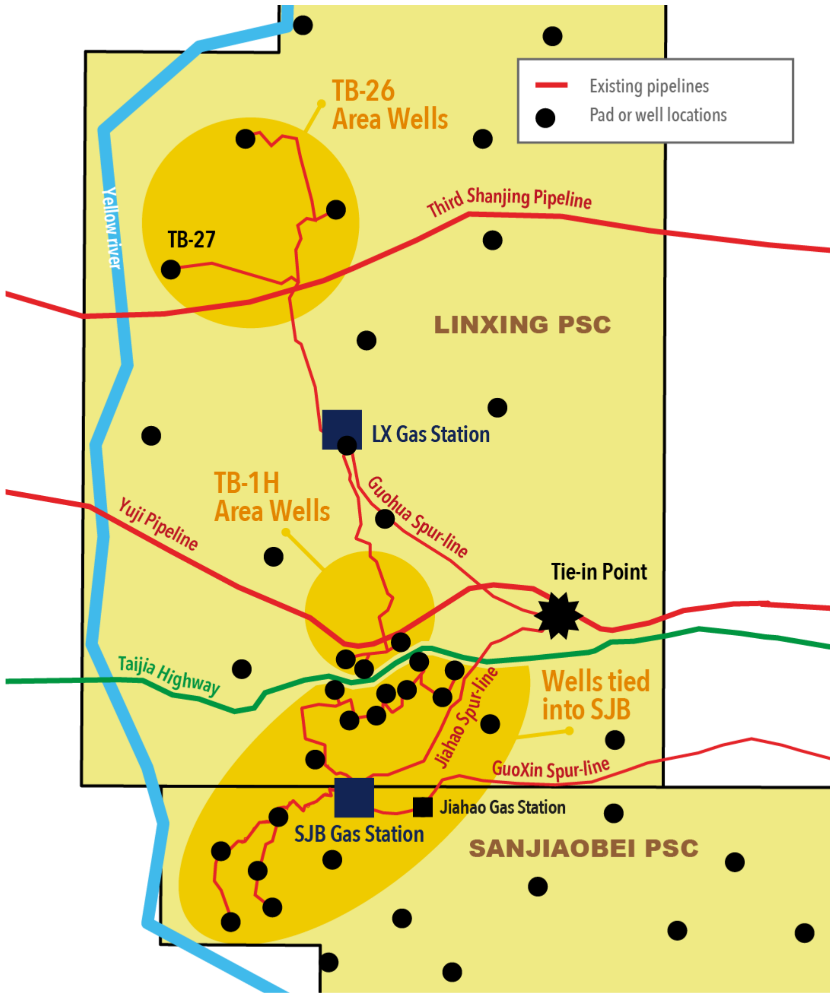
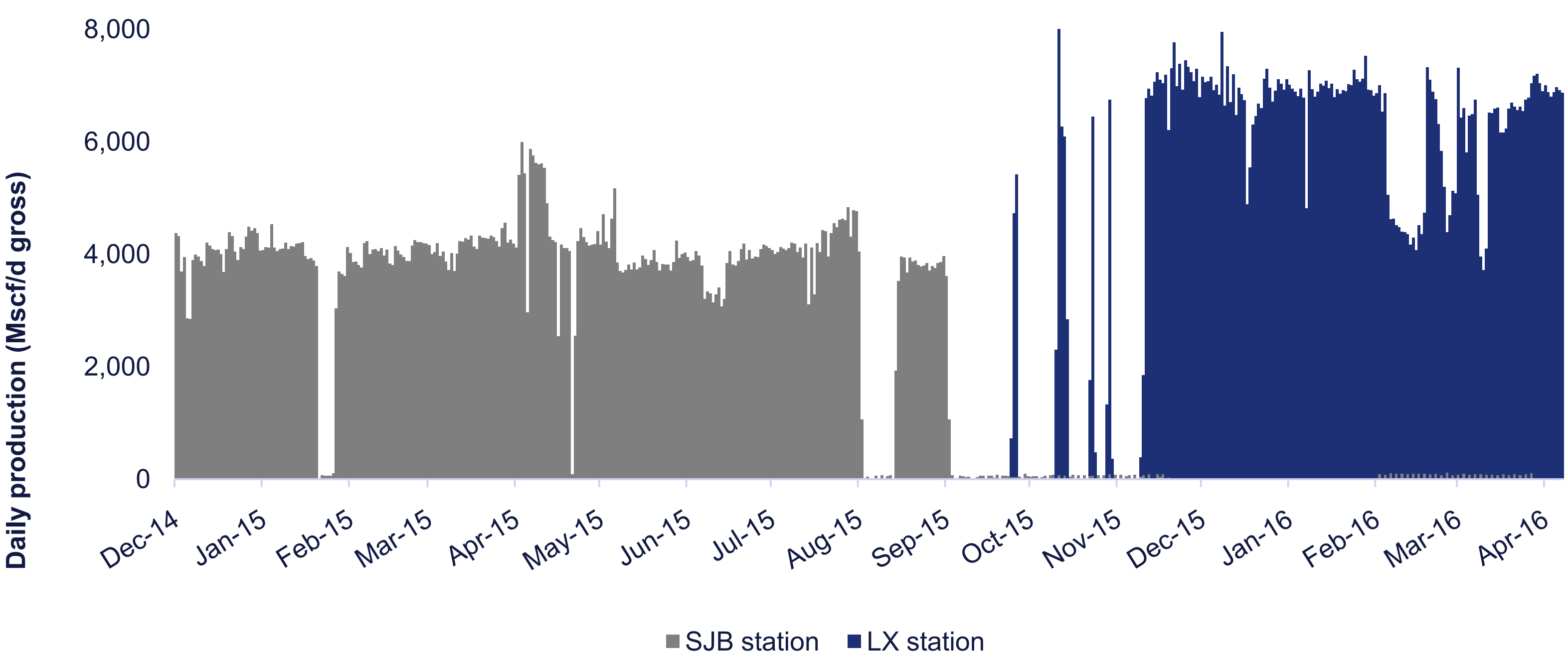
Key Objectives: Generate cash flow, increase production, advance Chinese Regulatory Approvals

- 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
- Continued application of technology



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

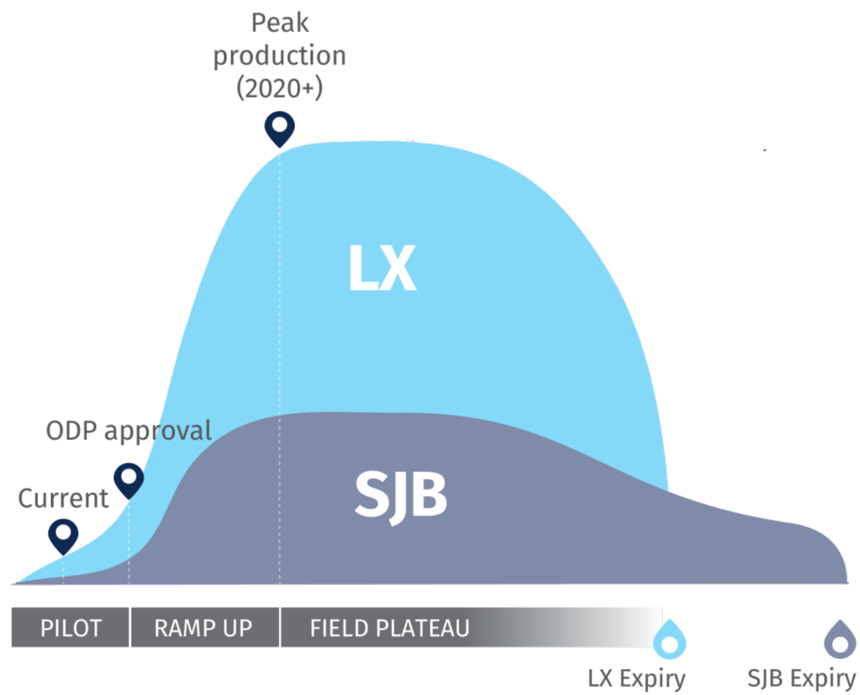
ODP in 2017 with plateau in 2020+

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 3.

Chinese Regulatory Approval Milestones

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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 Valuation vs. Peers

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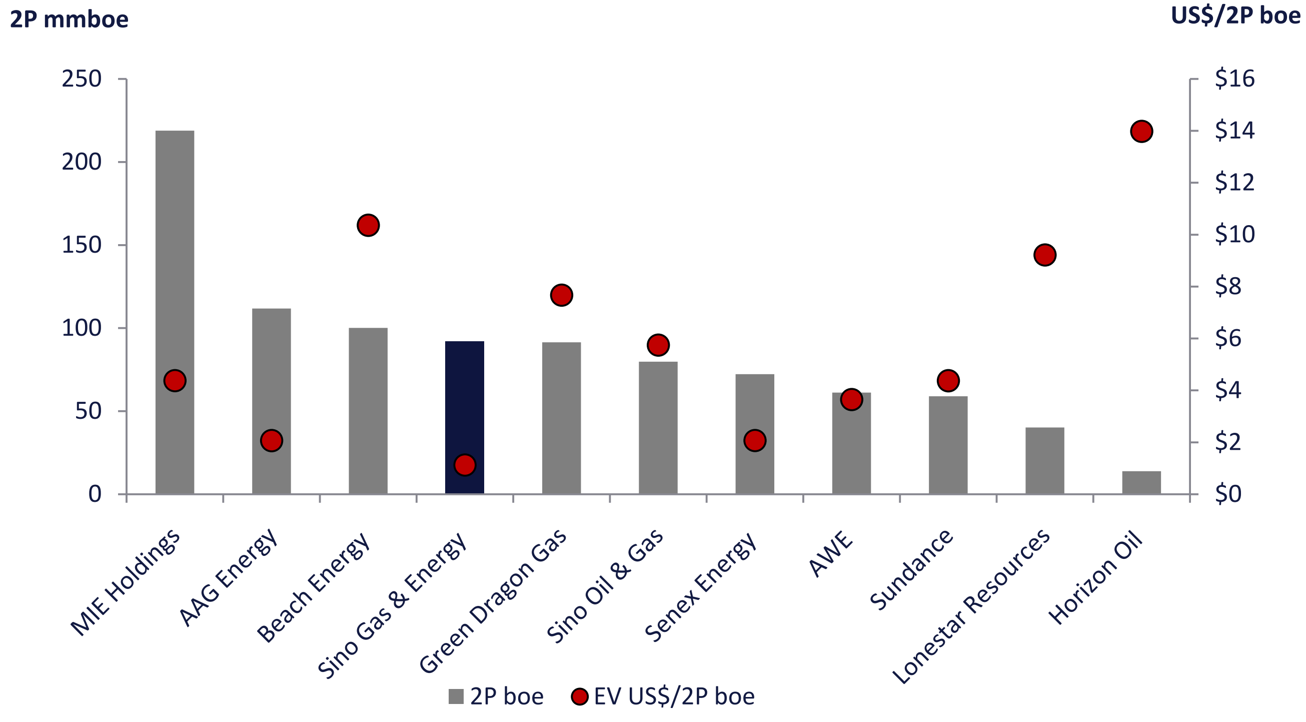
Current trading metrics[1,2]			
EV US$/boe	SEH	China peers	Aus List peers
EV US$/2P	1.13	4.96	8.09
EV US$/2P + 2C	0.45	3.86	1.21



1. Source: FactSet, company filings
2. EV = Enterprise Value (Market cap plus/minus net debt/cash. As of 5 May 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

2016 Priorities

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Commercial

- ✓ Complete value chain by finalising gas sales proceeds payment from Linxing
- Finalise Sanjiaobei gas sales proceeds

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

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Sanjiaobei Central Gathering facilities commissioned

Pad Drilling Christmas Trees

Third Party Drilling Rig

Linxing East testing

Thank You

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