

July 2012

“Size, Scale, Market, Pricing,
and Fully Funded”



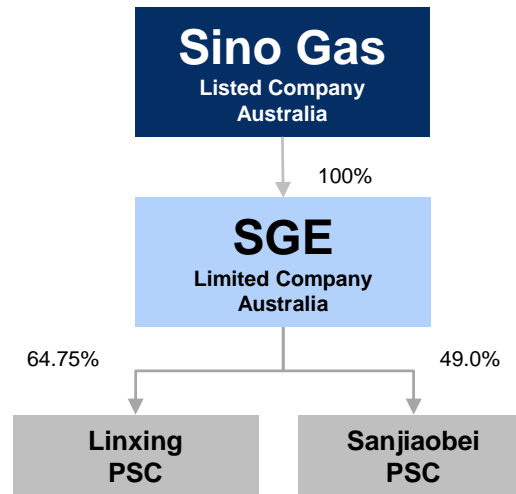
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Sino Gas & Energy

- Sino Gas & Energy Holdings Limited (Sino Gas) is an ASX listed (ASX: SEH) gas exploration company focused on two PSCs, Linxing and Sanjiaobei, in the Ordos Basin, China
- Established and operating in Beijing since 2005. Staff of 30 people, majority of sub-surface and operations team ex Conoco Philips, Schlumberger and CNPC
- Gas assets acquired from Chevron in 2006, after Chevron acquired Texaco China
- Admitted to the Official List of the ASX on 9th September 2009, and began trading as SEH on 15th September 2009



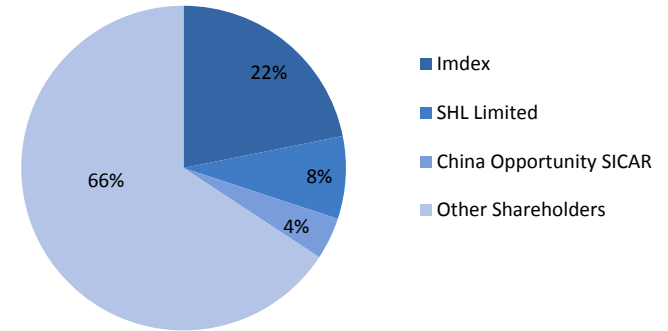
Company Snapshot

Corporate Information

As at 29 June 2012

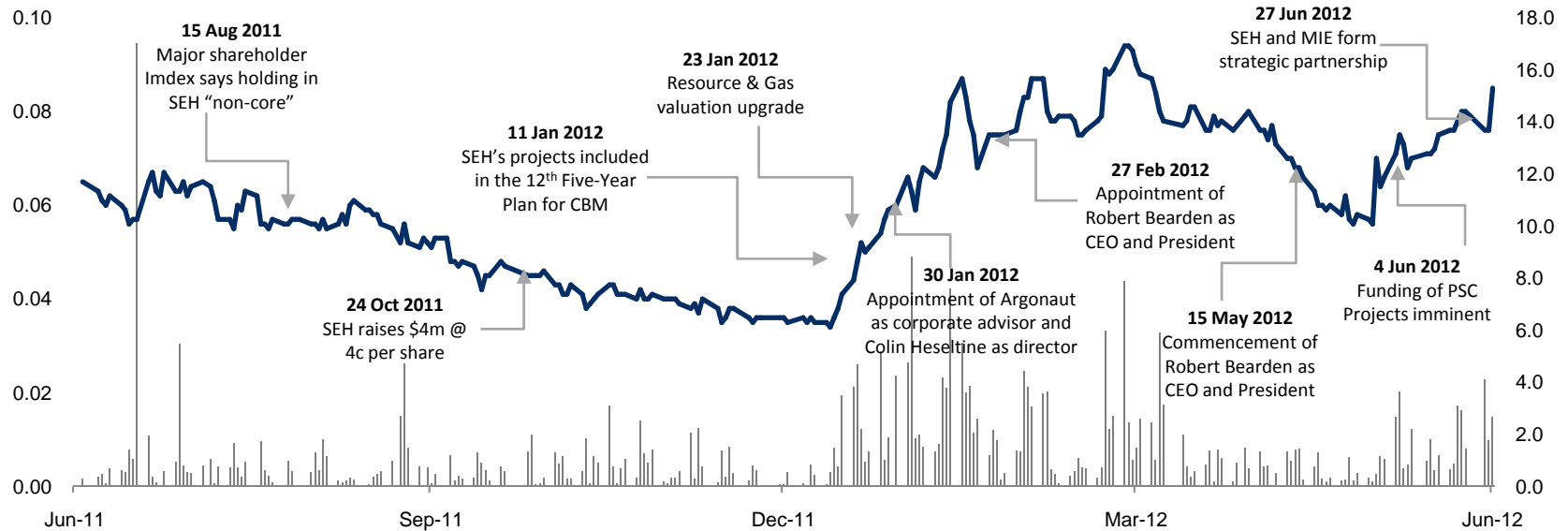
Share Price (ASX:SEH)	8.5c
Market Cap	A\$95m
Cash	A\$10m
Issued Shares	1,120m
Listed Options (ASX:SEHOC)	334.3m @ A\$0.125 (31 Dec 12)

Key Shareholders (undiluted)



Price \$

Volume (m)



¹ Sino Gas Holdings to receive US\$10m for sale of SGE shares to MIE upon closing the transaction. Source: Company disclosure, Bloomberg

Unlocking the Value

- Sino Gas has the necessary characteristics to become a significant gas company:

SIZE

3.7 Tcf of Reserves & Resources¹

SCALE

Only 40% of the blocks explored, significant upside remains

MARKET

China has an unsatisfied and growing demand for gas

GAS PRICE

New pricing regime, domestic gas price linked to imported gas price

- But to unlock the value Sino Gas needed to demonstrate:

- 1 Funding
- 2 Able to navigate the Chinese regulatory system
- 3 Additional Chinese development and production capability



1 – Figures are 100% project mid-case for the Linxing & Sanjiaobei PSCs and represent SGE's share of Linxing (~65%) and Sanjiaobei (49%) following partner back-in. Refer to Resource Statements at end of presentation for full disclosure.

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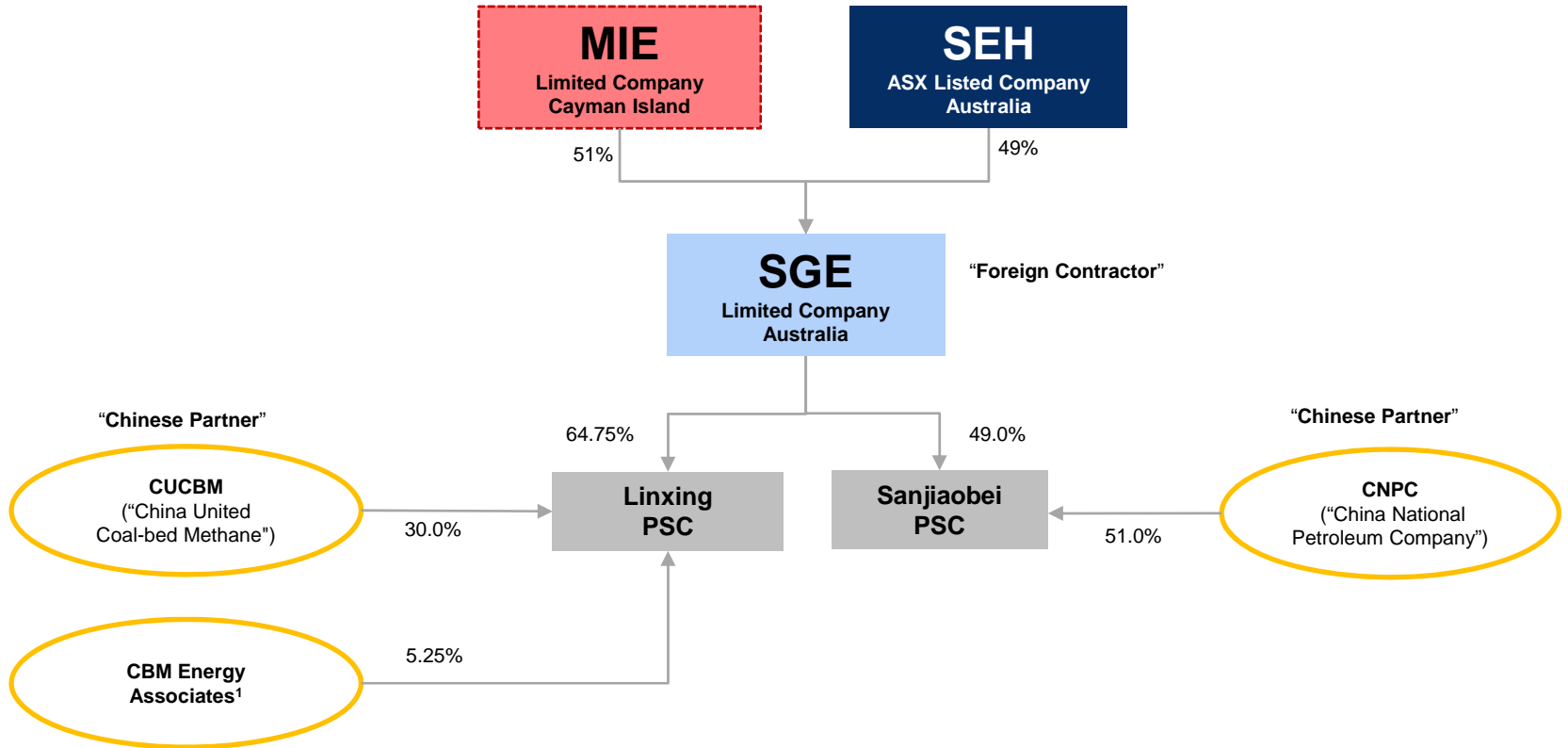
Sino Gas and MIE Form Strategic Partnership

- Sino Gas and MIE Holdings Corporation (“MIE”) announced on 27th June 2012 a strategic partnership to develop the Sanjiaobei and Linxing PSCs in Shanxi Province, China
- The partnership combines MIE’s financial strength, on-ground operational capability and Chinese regulatory experience with Sino Gas’ world class gas projects and technical expertise

Transaction Highlights

- **MIE to invest US\$100 million to acquire 51% of Sino Gas’ subsidiary Sino Gas & Energy Limited (“SGE”) that holds the Sanjiaobei and Linxing PSCs**
- **MIE through a newly formed, wholly owned subsidiary Asia Power and Energy Corporation (“Asia Power”) will progressively invest US\$90million in SGE**
- **MIE will also acquire US\$10 million of existing shares in SGE**
- **The combination of the investment will result in MIE holding a 51% interest in SGE**

Simplified Transaction Structure



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

Representatives on SGE Board

Gavin Harper



- More than 36 years experience in the oil and gas industry, 25 years with Chevron
- Former MD of Chevron's Korean Gas Business Development
- Previously implementation manager Chevron Australia – Gorgon Project and led the project to integrate Australian & PNG operations
- Represented Chevron in ALNG/NWS marketing efforts for China, Korea and Taiwan

Robert Bearden



- More than 30 years of experience in the upstream petroleum industry, predominantly in the areas of field development and production operations
- Previously worked for major corporations in the industry, including field executive management roles with Chevron based in Kazakhstan, Africa, Indonesia and the United States
- Most recent role since leaving Chevron was the Director of Operations for Addax Petroleum, a Sinopec subsidiary with substantial production operations in Africa and Middle East

Colin Heseltine



- 40 year career with Australian Department of Foreign Affairs and Trade (1969-2008)
- Australian Ambassador to Republic of Korea (2001-2005); Director of Australian Commerce and Industry Office in Taiwan (1992-1997); Deputy Head of Mission in the Australian Embassy Beijing (1982-1985 and 1988-1992)
- Recently retired secretary of APEC and currently a senior associate with the Nautilus Institute and is vice chairman of the Australia Korea Business Council

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MIE Snapshot

- MIE is an international oil and gas exploration, development and production company listed on the Hong Kong Stock Exchange (SEHK: 1555)
- Headquartered in Hong Kong, MIE has branches in China, United States and Kazakhstan
- MIE has grown rapidly over the past 10 years demonstrating solid progress and performance. It is regarded as one of the leading independent onshore upstream oil companies in China
 - ✓ **In 2011 drilled over 450 wells**
 - ✓ **Produced over 10,000bbls/day**
 - ✓ **Realised an average price of \$110/bbl with lifting costs only \$7/bbl**
 - ✓ **Demonstrated ability to successfully deliver Sino-Foreign PSCs through the Chinese regulatory approval system, including CRR and ODP**

“ We are delighted to have secured this landmark agreement with MIE, which represents an outstanding outcome for Sino Gas shareholders. After an exhaustive process to identify a financier to assist in the advancement of our Sanjiaobei and Linxing PSCs, we could not have wished for a better partner. Not only do we get MIE’s financial strength but also their proven ability to deliver Sino-Foreign PSCs through CRR and ODP and critically the ability to operate in a highly profitable manner in China. What MIE has achieved in China is a credit to Chairman Zhang Ruilin and his committed team.”

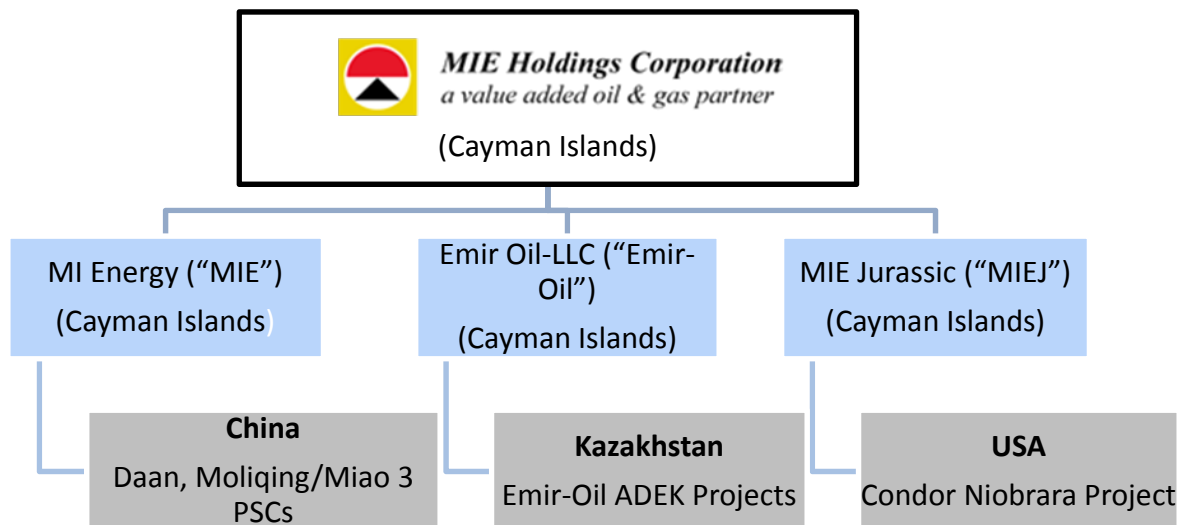
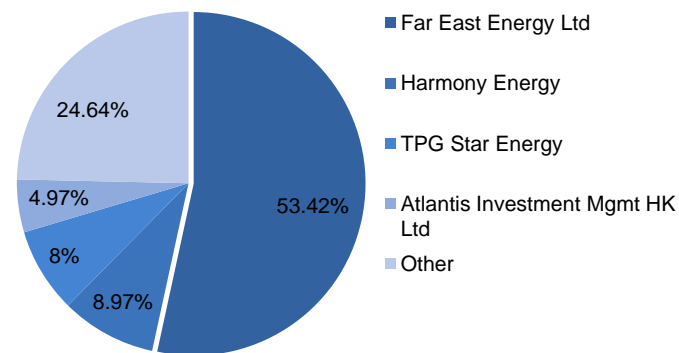
- Gavin Harper, Sino Gas Executive Chairman

MIE Corporate Structure

Corporate Information

As at 29 June 2012	
Share Price (SEHK: 1555)	US\$0.24
Issued Shares	2,647.8m
Market Cap	US\$641.7m
Cash	US\$85m
Debt	US\$390m
Enterprise Value	US\$947m
EBITDA 2011	US\$326.1m

Key Shareholders

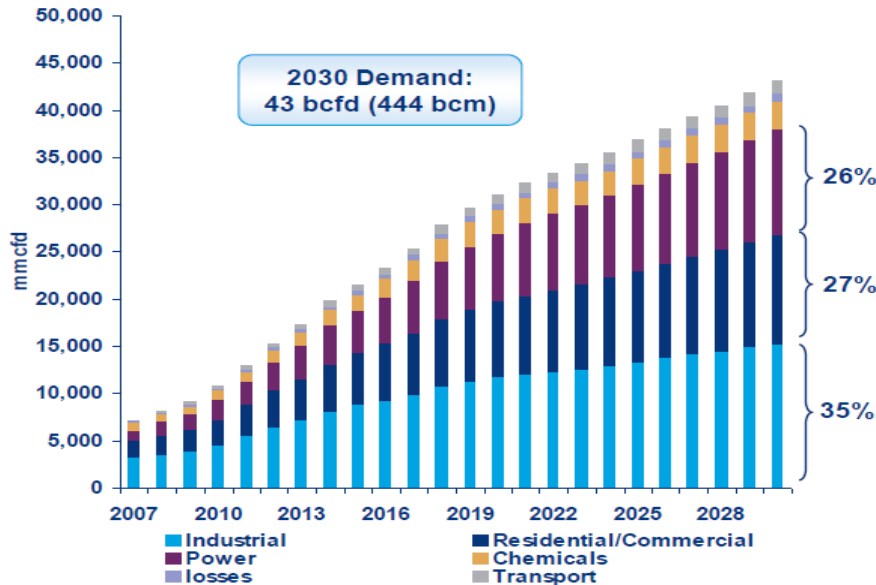


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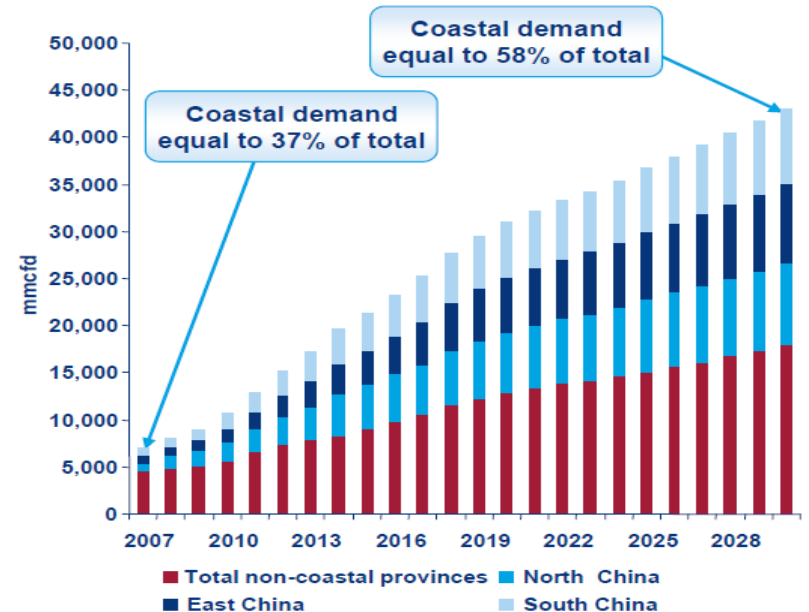
Chinese Gas Market – a decade of growth ahead

- China is the World's 4th largest gas market after the US, EU and Russia
- China is targeting an increase in production of domestic origin gas by 2.5x in the next five years
- Government is actively investing in infrastructure to secure new supply
- Plans to gasify local Shanxi province in the next five years (Population: 33m) will underpin future gas demand
- Natural Gas to grow to 10% of China's energy mix by 2020¹

China Gas Demand by Sector



China Gas Demand by Region

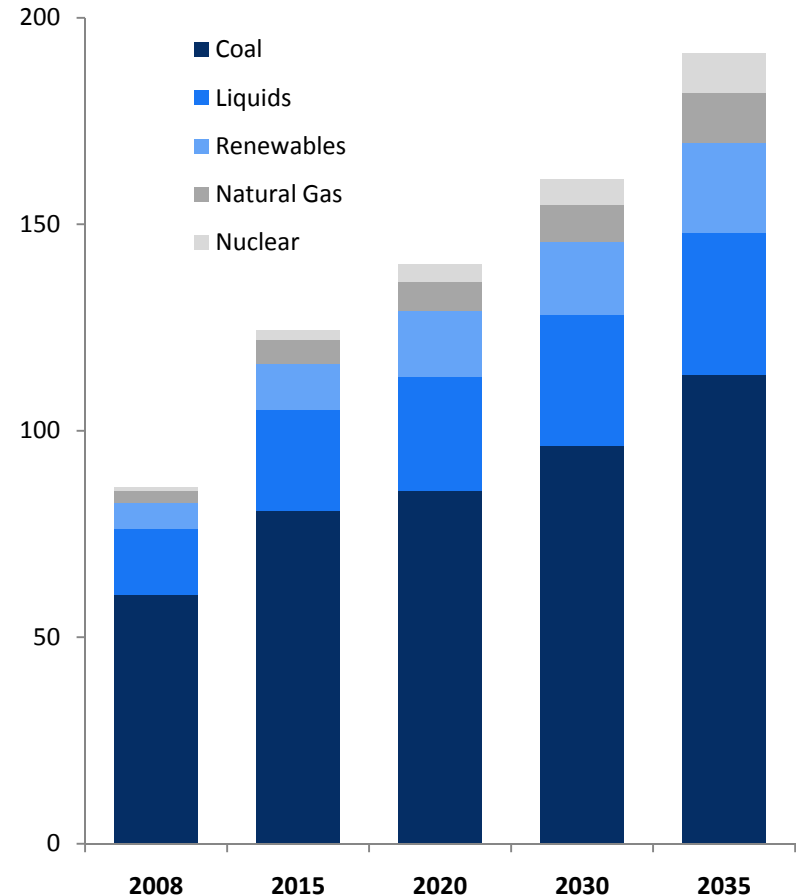


China's 12th Five-Year Plan

- China's National Energy Administration ("NEA") officially released its 12th Five-Year Plan for Development and Utilization of Coalbed Methane on 31 December 2011
 - Focused on the development of two commercial bases in Qinshui Basin and Ordos Basin
 - Specifically aims for a 17% reduction in carbon dioxide emissions by 2015, signaling promotion of clean energy
 - The National Development and Reform Commission ("NDRC") is targeting natural gas consumption to make up 7.5% of total primary energy consumption by 2015 vs. 3.7% in 2010
 - Current domestic gas supply will continue to increase but unable to keep pace with consumption growth
- By 2015 the production capacity of CBM in the Qinshui Basin and Eastern Ordos Basin should reach 16 billion cubic meters
 - Additional proven CBM reserves should reach 1,000 billion cubic meters
- Strong support by the Chinese government to develop unconventional gas assets held under Sino-Foreign PSCs

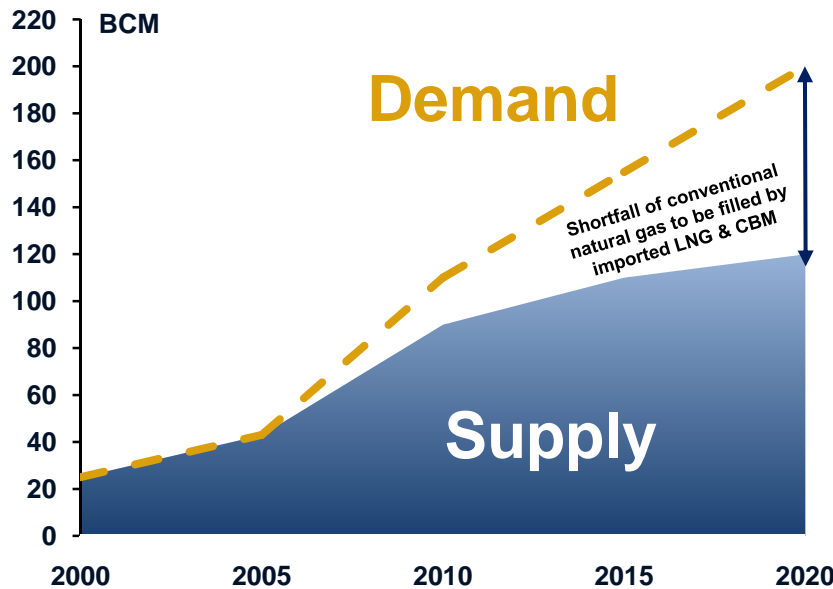
SGE's Linxing PSC is specifically mentioned as one of the key projects in the Ordos Basin in the 12th 5 year plan

Forecast energy consumption in China by Fuel (Quadrillion BTU)



Chinese Natural Gas Pricing

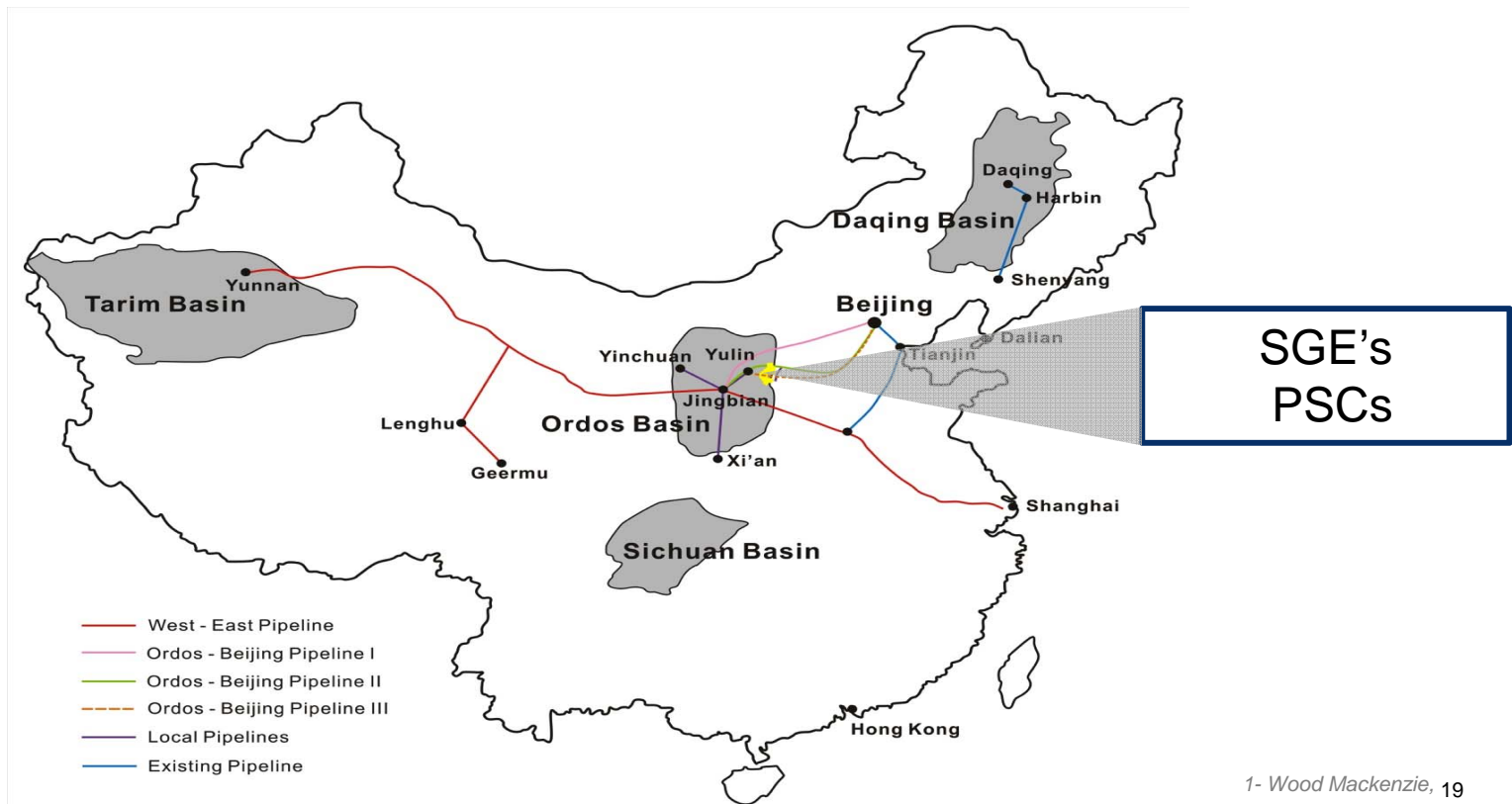
- The NDRC published a new gas pricing mechanism in December 2011
- The pricing formula is ~90% of the weighted average of imported fuel oil (60%) and imported LPG (40%) prices, with an adjustment for heating value and VAT
- Natural gas prices will be linked to import energy prices, starting immediately with Guangdong and Guangxi provinces and proceeding with staged rollout
- Recent gas prices at wellhead in Shanxi Province ~ US\$7.50
- "The Shanghai hub price will set the price of gas in Asia and be a benchmark in the same way that Henry Hub prices are to North America" (Platts)



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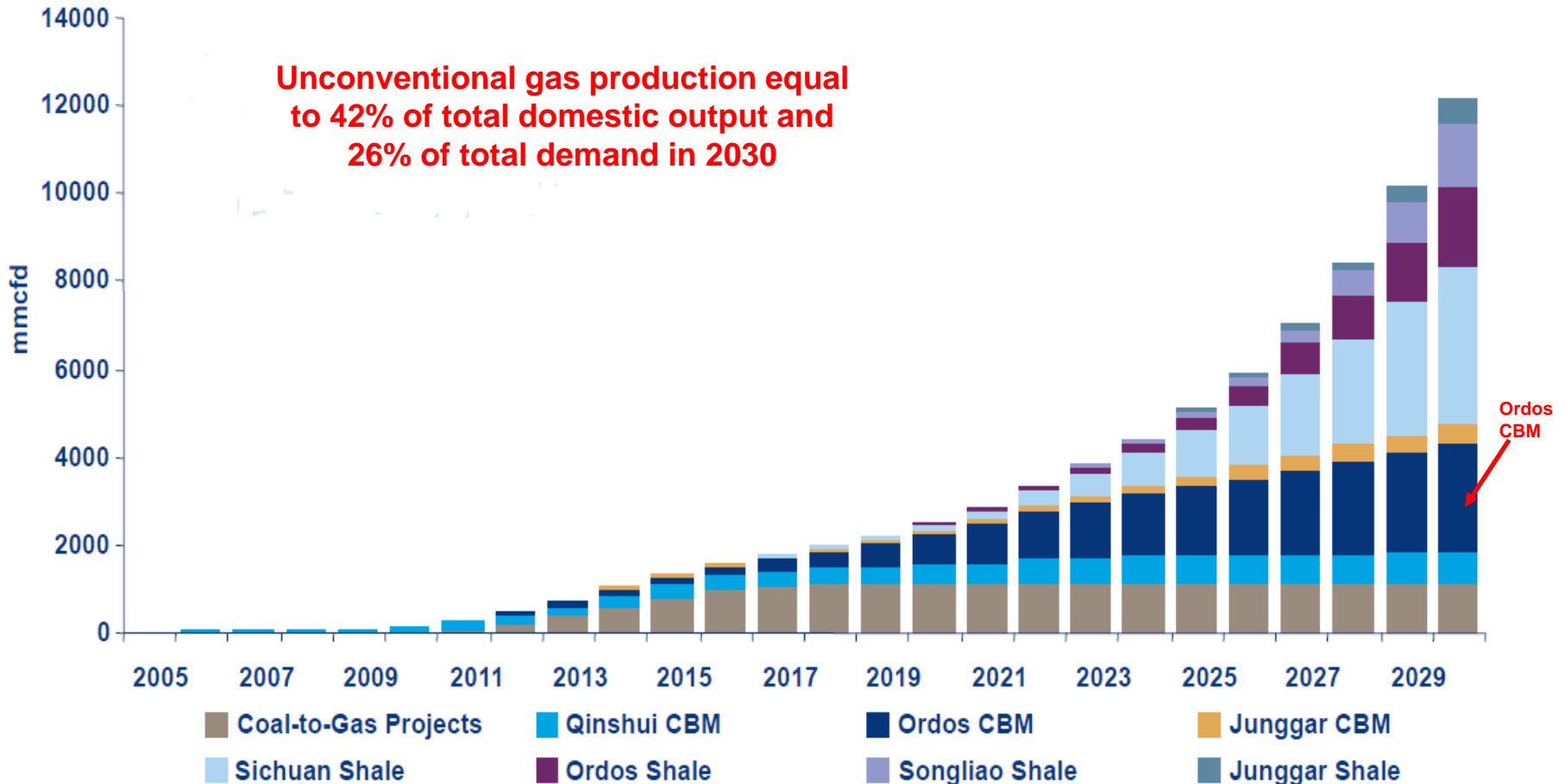
Why Ordos Basin

- Rated one of the best CBM basins in the world and one of the world's largest gas plays¹
- Chinese 12th Five Year Plan highlights accelerated development of CBM in the Ordos Basin and specifically refers to Linxing PSC
- Infrastructure rich province



World Class Asset in the Ordos Basin

China Unconventional Gas Supply Potential

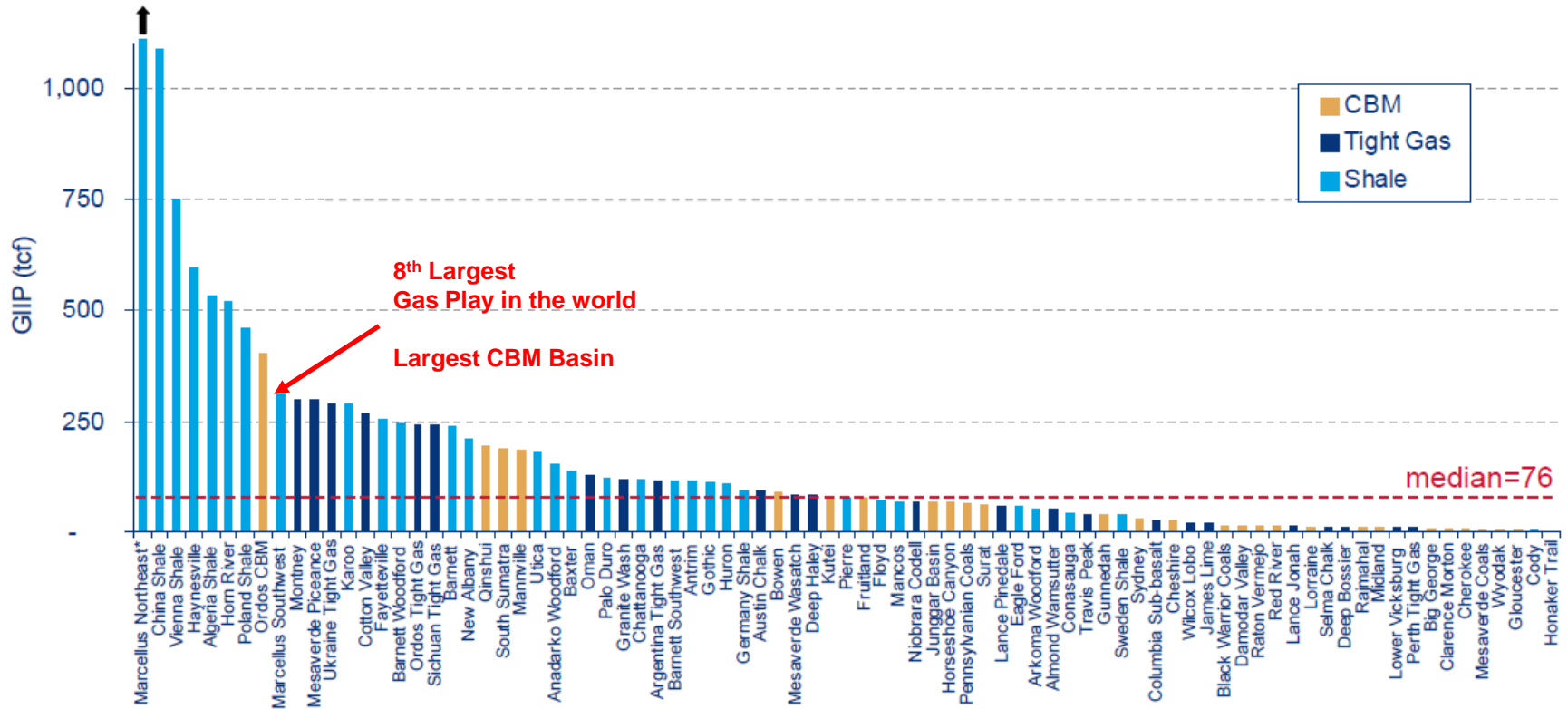


Source: Wood Mackenzie

World Class Asset in the Ordos Basin

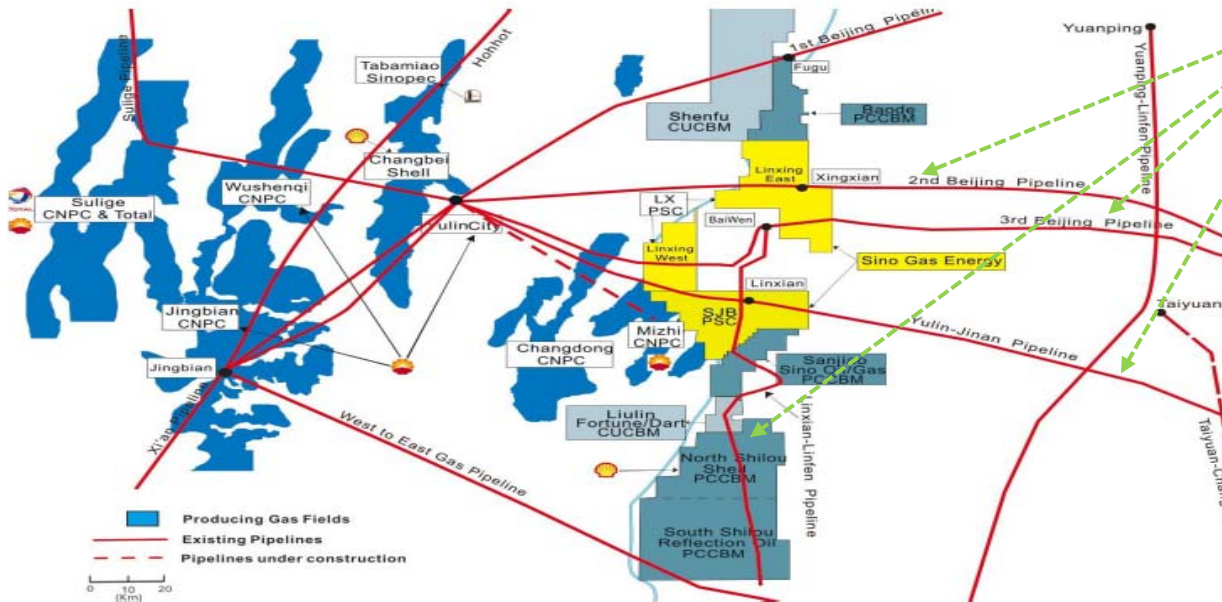
The Ordos Basin ranks as one of the world's largest known gas plays

Gas Initially In Place – All Plays

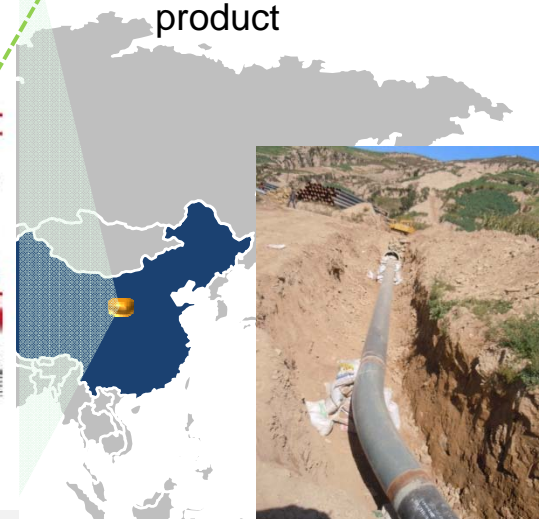


Note: * Marcellus Northeast = 1,628 tcf

Ordos Basin an Infrastructure Rich Province



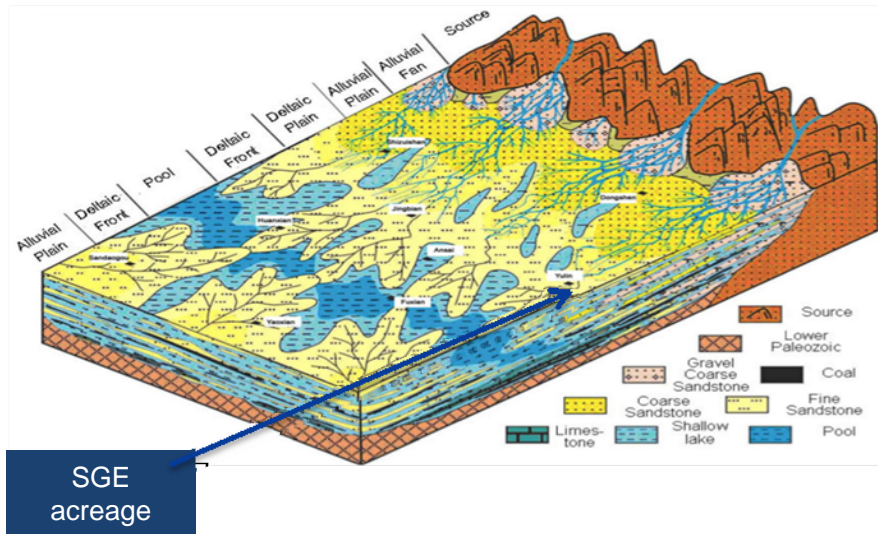
- Multiple gas pipelines will provide path to market for SGE's product



- Second largest gas basin in China behind the Tarim basin
- Key transcontinental gas transport hub
- Substantial unconventional gas resources ~102Tcf recoverable¹
- Gas resource is pipeline quality methane sourced from underlying coal seams
- Shanxi Province plans to have a gas powered future
- Large local population

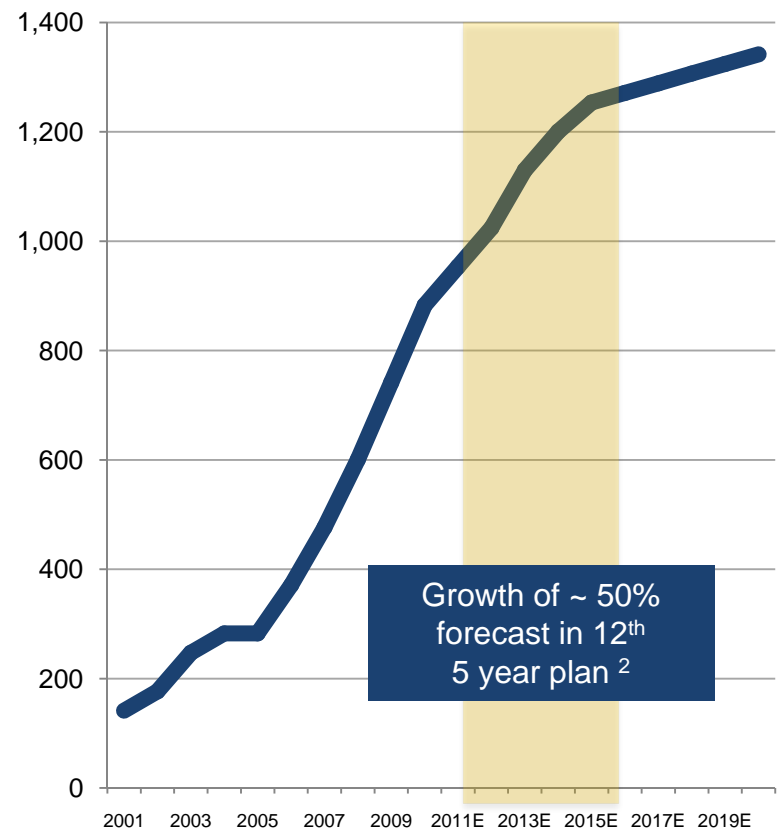


Ordos Basin - Geological Background



- Ordos Basin – depositional environment
 - Shanxi and Shaanxi Provinces are prolific coal areas
 - Gas is methane sourced from coal seams underlying basin
 - Gas to be produced using proven unconventional gas extraction methodologies

Ordos Basin production forecast (Bcf pa)



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SGE's PSCs

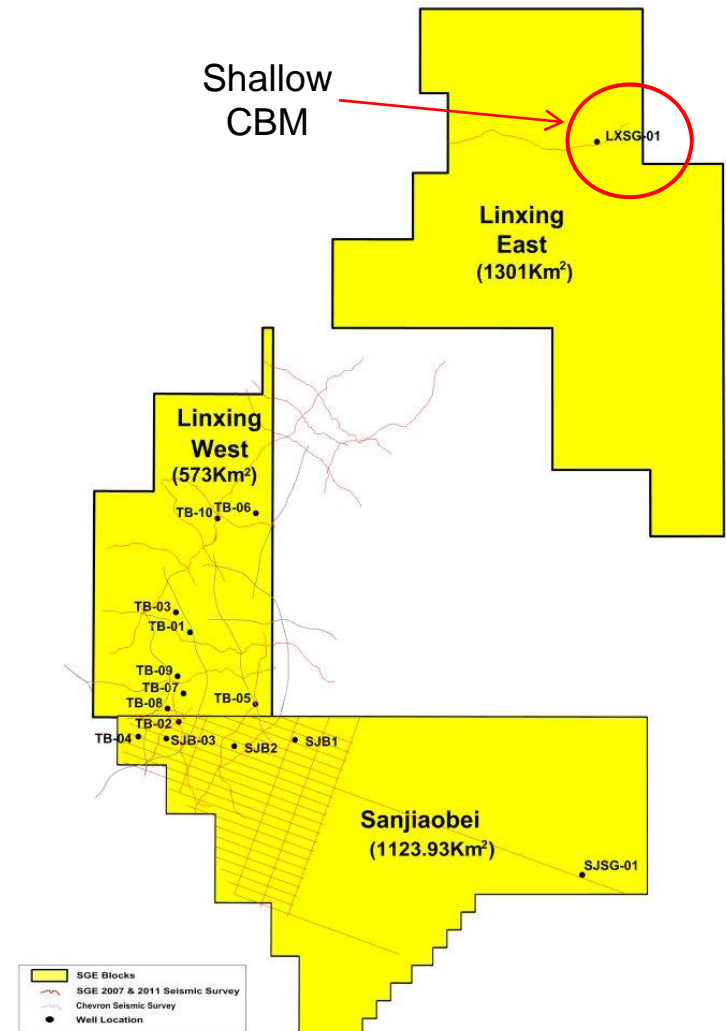
SGE has been the operator of both PSCs since 2006

Linxing

- SGE (64.75%), CUCBM (30.0%)¹ (50% owned by CNOOC), CBM Energy (5.25%)²
- Tenement Area of ~1,874km²
 - Linxing East (1,301km²) & Linxing West (573km²)
- Linxing East remains underexplored

Sanjaobei

- SGE (49%), CNPC (51%)¹
- Tenement Area of ~1,124km²
- Central and Eastern portion remain underexplored



¹ – Percentages assume SOE partner back-in rights exercised on ODP

² – Assumes CBM Energy exercise option to acquire 5.25%

Substantial Reserves and Resources

- **3.7 Tcf** of Reserves and Resource¹
- Focus of current development plans is to upgrade Contingent Resources to Reserves through completion of Chinese Reserve Report and ODP

January 2012 Independent Assessment (100% mid case) by RISC

	Area (Km ²)	Best Estimate (GIP) (Bcf)	1P Reserves (Bcf)	2P Reserves (Bcf)	3P Reserves (Bcf)	2C Mid Case Contingent (Bcf)	Mid Case Prospective (Bcf)	Total Mid Case (Bcf)
Linxing	1,874	6,951	4	12	26	1,328	849	2,189 ¹
Sanjiaobei	1,124	4,980	3	10	21	471	1,012	1,493
Total	2,098	11,931	7	22	47	1,799	1,861	3,682



- **\$US 2.3bn**

Independent Project valuation²

- **IRR~ 49%**

Mid Case for Linxing West and Sanjiaobei development projects²

- **> \$400 million annual net revenue**

SGE's share of planned development steady state production of 100+ million scf/day for each project with a planned phased development. 1st Phase ~90 wells

1 – Figures are 100% project mid-case for the Linxing & Sanjiaobei PSCs and represent SGE's share of Linxing (~65%) and Sanjiaobei (49%) following partner back-in. Refer to Resource Statements at end of presentation for full disclosure.

2- Project NPV₁₀ is based on a mid case gas price of US\$7.64/mscf. Lifting costs (opex+capex) ~US\$2/mscf mid case.

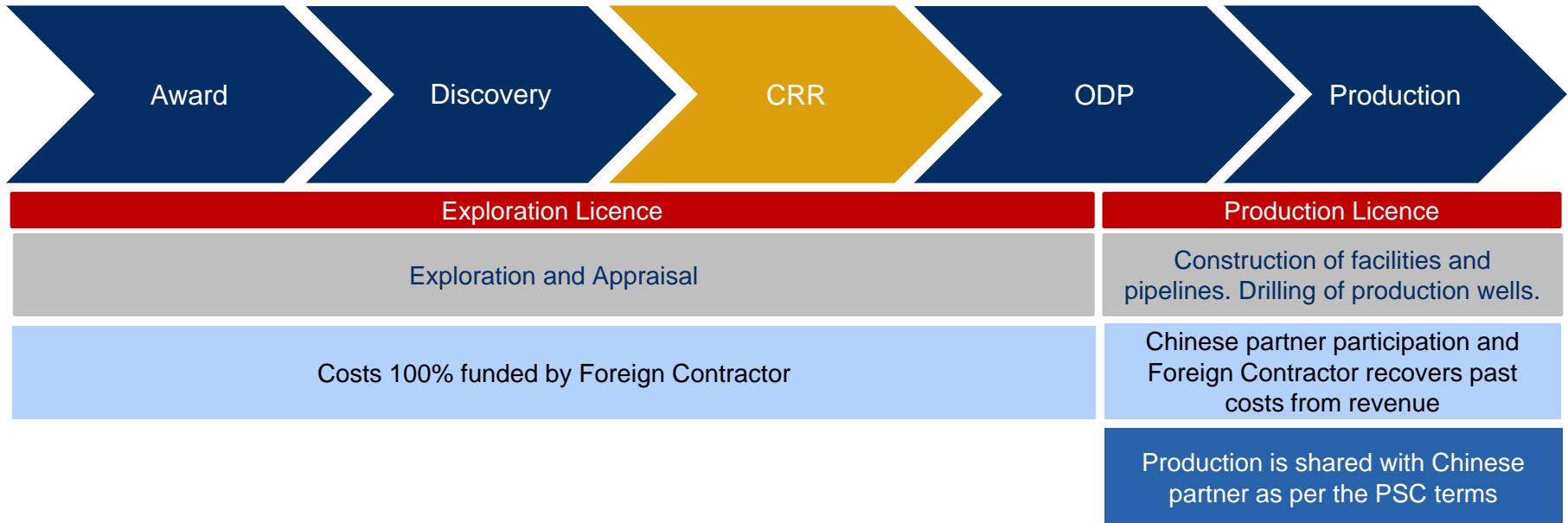
Field Development Assumptions from RISC



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Stages of a PSC

SGE farmed-in to the PSCs, discovered the gas and is working towards CRR



Development Timeline

- During 2013 SGE are planning to have Chinese Reserve Approval on three out of the four projects as well as submission of Sanjiaobei and Linxing East ODPs for approval

2012 Program Cost	2012 Work Program	2013 Milestones - Indicative Timing		2014
SJB \$11m	6 wells 100km seismic 10 frac tests	CRR Approval		ODP Approval
LX West (Deep) \$9m	2 wells 2 frac tests		CRR Approval	ODP Approval
LX East (Deep) \$2m	1 well 100km seismic 1 frac test			
LX East (Shallow) \$3m	8 wells 70km seismic 4 frac tests	CRR Approval		ODP Approval
<u>Total \$25m</u>				
LNG/CNG pilot	Pilot Production planned through LNG/CNG facilities			

Conclusion

- Sino Gas has the necessary characteristics to become a significant gas company:

SIZE

3.7 Tcf of Reserves & Resources¹

SCALE

Only 40% of the fields explored, significant upside remains

MARKET

China has unsatisfied and growing demand for gas

GAS PRICE

New pricing regime, domestic gas price linked to imported gas price

- Now it also has :

FUNDING

Fully funded through to ODP

REGULATORY KNOW HOW

Proven experience of MIE achieving ODP approval

OPERATION

Stronger, better resourced operating team in China

1 – Figures are 100% project mid-case for the Linxing & Sanjiaobei PSCs and represent SGE's share of Linxing (~65%) and Sanjiaobei (49%) following partner back-in. Refer to Resource Statements at end of presentation for full disclosure.

Sino Gas and Energy Contact Details


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Transaction Details

- Asia Power to acquire US\$10 million of existing ordinary shares in SGE from Sino Gas at closing
- Asia Power to invest US\$90 million into SGE to be used to fund Qualifying Expenditure and (when combined with the purchase of existing ordinary shares from Sino Gas) will hold 51% of the issued share capital of SGE (and Sino Gas will hold 49%)
- From closing Asia Power will have 51% voting rights
- MIE to guarantee the US\$90 million investment into SGE

- All indebtedness from SGE to Sino Gas to be satisfied in full immediately prior to closing except an amount of US\$2.1 million (**Advance**)
- A termination payment of US\$2 million payable by either party in the event of failure to close as a result of default of the other party
- No third party or regulatory approvals / consents required and therefore closing scheduled to occur on or before 6 July 2012

- The Board of SGE will comprise of 4 nominees of Asia Power and 3 nominees of Sino Gas
- The following matters require unanimous approval : annual budget; annual work program and budget; ODP; and gas sales
- Asia Power must fund the first US\$90 million of Qualifying Expenditure. Non-Qualifying Expenditure (such as rent and overheads) to be funded 51% to Asia Power and 49% to Sino Gas
- Asia Power will fund Sino Gas' contribution to this type of expenditure up to the amount of its Advance

Board and Management



Gavin Harper
Executive Chairman

- More than 36 years experience in the oil and gas industry, 25 years with Chevron
- Former MD of Chevron's Korean Gas Business Development
- Previously implementation manager Chevron Australia – Gorgon Project and led the project to integrate Australian & PNG operations
- Represented Chevron in ALNG/NWS marketing efforts for China, Korea and Taiwan



Robert Bearden
President and Chief Executive Officer (Beijing based)

- More than 30 years of experience in the upstream petroleum industry, predominantly in the areas of field development and production operations
- Previously worked for major corporations in the industry, including field executive management roles with Chevron based in Kazakhstan, Africa, Indonesia and the United States
- Most recent role since leaving Chevron was the Director of Operations for Addax Petroleum, a Sinopec subsidiary with substantial production operations in Africa and Middle East



Bernie Ridgeway
Non-Executive Director

- Member of the Institute of Chartered Accountants Australia, and the Australian Institute of Company Directors
- Over 23 years experience with public and private companies as owner, director and manager
- Current MD of Imdex Limited (ASX: IMD) and ASX listed company with a market capitalization of \$470m



Colin Heseltine
Non-Executive Director

- 40 year career with Australian Department of Foreign Affairs and Trade (1969-2008)
- Australian Ambassador to Republic of Korea (2001-2005); Director of Australian Commerce and Industry Office in Taiwan (1992-1997); Deputy Head of Mission in the Australian Embassy Beijing (1982-1985 and 1988-1992)
- Recently retired secretary of APEC and currently a senior associate with the Nautilus Institute and is vice chairman of the Australia Korea Business Council

Board and Management



Peter Mills
Non-Executive Director

- 30 years experience in field developments, operations management, JV management and commercial negotiations for Woodside, BHP Petroleum, Hess and Premier Oil
- Extensive experience in unconventional oil and gas development onshore USA (Eagle Ford) and onshore Australia.
- Currently executive advisor to Usaha Tegas Group's E&P division (a privately held oil & gas company based in Malaysia), and Director of Castle Energy Consultants
- Previous roles include President of Premier Oil Indonesia, President of Hess Indonesia, and Managing Director of Eureka Energy Limited



John Chandler
Non-Executive Director

- Barrister and Solicitor in Western Australia; over 30 years commercial, corporate and business experience; previously partner at Freehills, KPMG Legal and Deacons
- Acted on behalf of Sinosteel, Anshan, Tokyo Electric & Tokyo Gas amongst other for acquisition, joint venture and project negotiations
- Currently a director of Catalyst Composites Limited, Professor of Law and Director of the Centre for Mining, Energy and Natural Resources Law at the University of Western Australia



Frank Fu
Vice President Operations

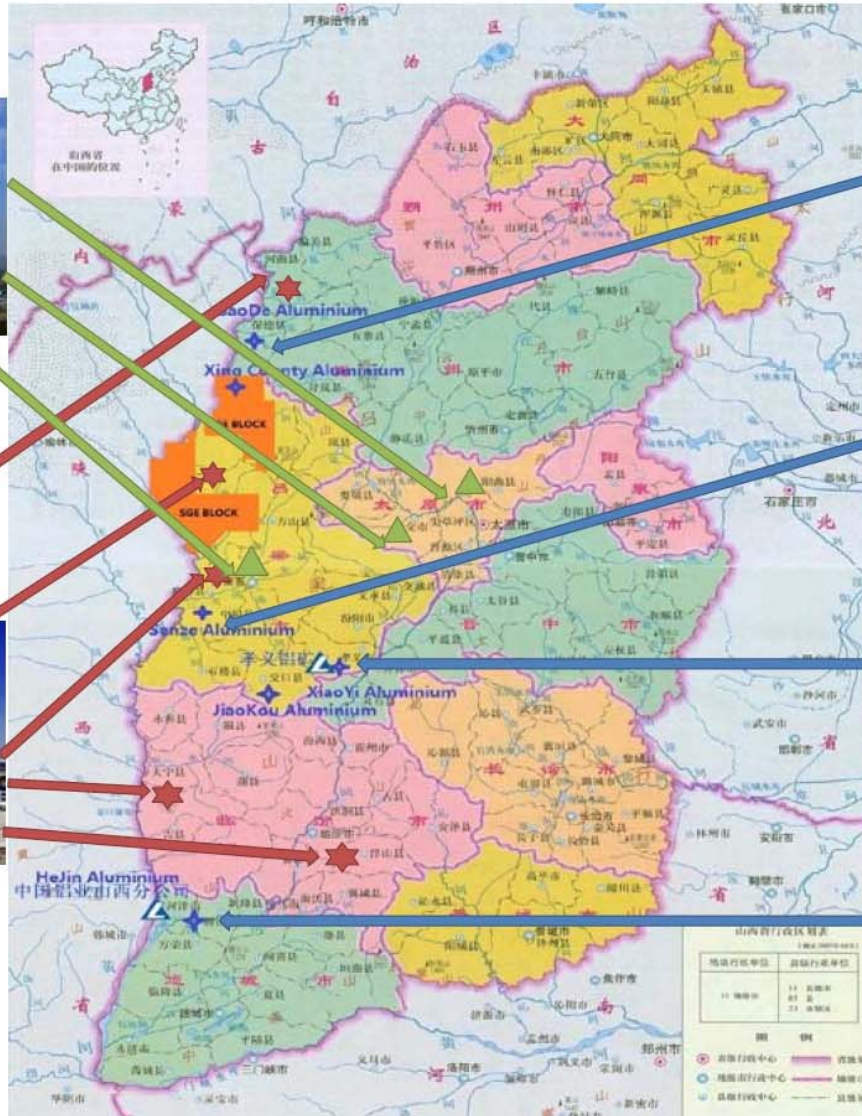
- Joined SGE in August 2010
- Previously at ConocoPhillips for 16 years
- Leads SGE's Operations & Sub-surface team with +18 years experience
- Has had extensive CBM operational experience in Shanxi Province, including on SGE's acreage



Stephen Lyons
*Vice President Finance and Corporate
(Beijing based)*

- Co-founder of Sino Gas and Energy, Chartered Accountant with an Audit, Corporate Services and Banking background
- Formerly served as the Managing Director of Sino Gas from 2008 – 2012
- Currently based in Beijing

Planned Shanxi Province Infrastructure



Production Sharing Contracts

Sino Gas PSC Contract Interests

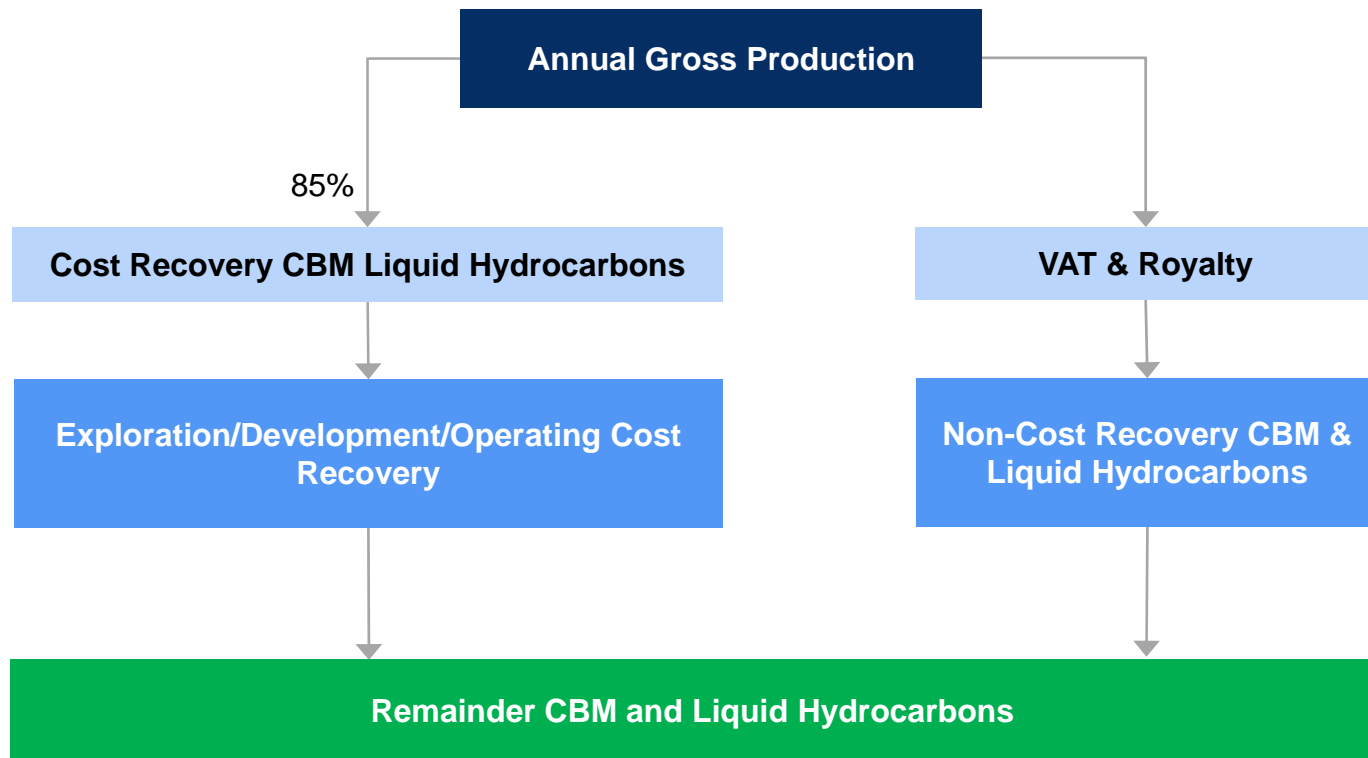
PSC	Working Interest (Exploration)	Net Interests (Production)	Current Status	Cost Recovery / Revenue Split
Linxing	SGE 100%	SGE 64.75% CUCBM 30.0% CBM Energy 5.25% ¹	Contract Expiry 2028 Exploration Period extended to 31 Aug 2013	Exploration costs are funded by SGE and are recoverable from future revenues upon achieving development. Development and operating costs along with revenue achieved from production are split pro rata, with the exception of revenue received from Pilot Production which will be 100% attributable to SGE
Sanjiaobei	SGE 100%	SGE 49.0% CNPC 51.0%	Contract Expiry 2033 Exploration Period Renewal underway	

PSC Phases

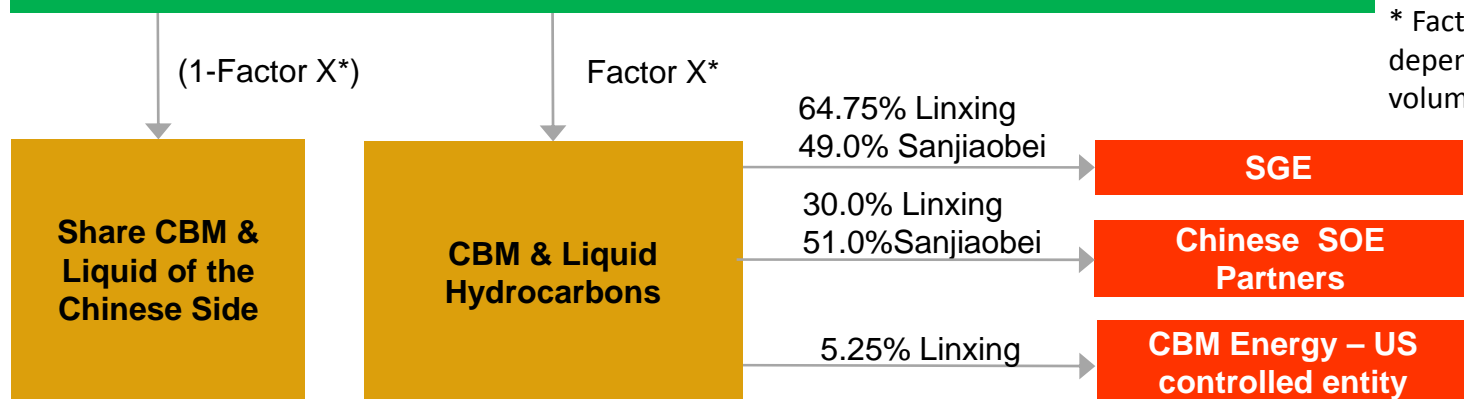
PSC	Exploration Phase	Development Phase	Production Phase
Linxing	<ul style="list-style-type: none"> Exploration (<5yrs): Reconnaissance (1.5 yrs), Core Testing (1.5 yrs), Pilot Development (2 yrs) Extension available if time not reasonably sufficient for pilot development Suspension also available (max 5 yrs) 	Commences – date of approval of Overall Development Plan (ODP)	<ul style="list-style-type: none"> Commences – on the date Commercial Production Can be extended beyond specification in ODP if there are commercial reserves remaining
Sanjiaobei	<ul style="list-style-type: none"> Exploration (<5yrs): Reconnaissance (2 yrs), Core Testing (3 yrs) Extension available if time not reasonably sufficient for pilot development (max 5 yrs) 	Commences – date of approval of Overall Development Plan (ODP)	<ul style="list-style-type: none"> Commences – on the date Commercial Production Cannot be extended beyond 25 years from commencement

¹ - CBM Energy hold an option to gain an interest of 5.25% at Development by paying 7.5% of the historical costs and expenses to SGE

PSC Allocation Structure



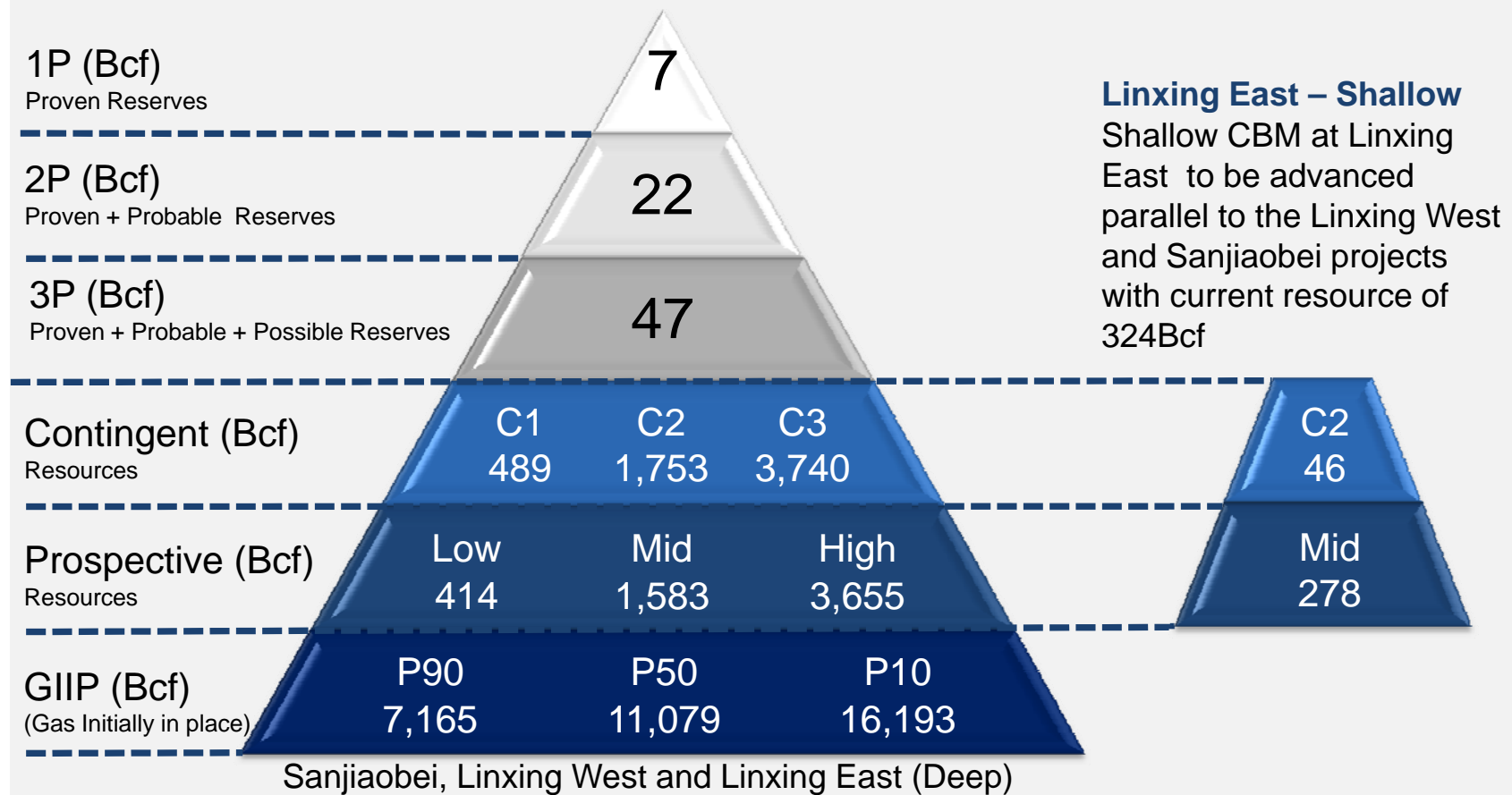
* Factor X = 0.90 – 1.00 depending on production volume



Reserves and Resources

The Independent Reserves and Resources assessment by RISC demonstrates the magnitude of SGE's projects

January 2012 – Reserves and Resource Independently verified by RISC Consultants



Source: NSAI & RISC Resource Assessment are 100% project for the Linxing & Sanjiaobei PSCs. Figures are 100% project mid-case for the Linxing & Sanjiaobei PSCs and represent SGE's share of Linxing (~65%) and Sanjiaobei (49%) following partner back-in. Refer to Resource Statements at end of presentation for full disclosure.

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Resource Statements

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