THE ROAD TOWARDS COMMERCIAL DEVELOPMENT

INVESTOR & SHAREHOLDER UPDATE: 24 February 2011
Australia, Singapore & Hong Kong

SINO Gas & Energy
中澳煤层气能源
An Emerging Clean Energy Company in China

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Gavin Harper – Chairman

Disclaimer & Resource Statements

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Resource Statements

The statements of resources in this presentation where referenced are based on estimates prepared by by RISC Pty Ltd or as otherwise noted.

Sino Gas: Investment Opportunity

China Steps on the Gas … for Energy

China:

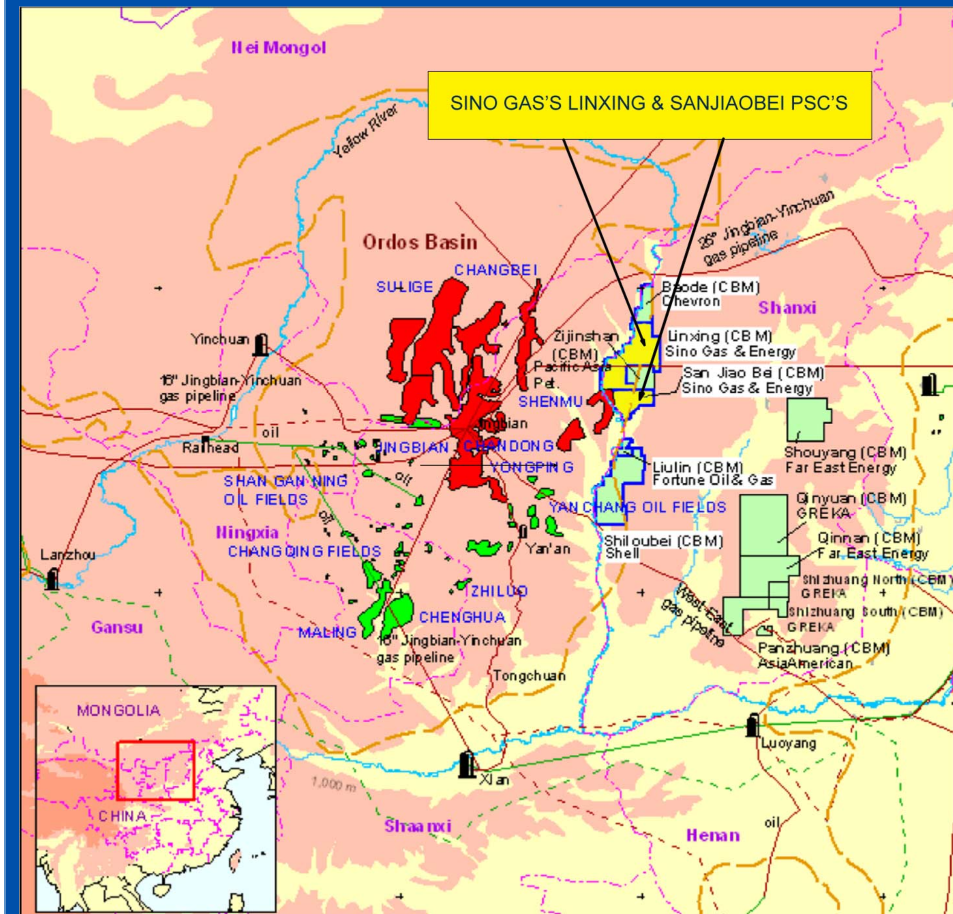
- Accelerating new energy in 12th Five Year Plan (2011 to 2015)[1]
- Natural Gas ~ 10% of Energy Mix by 2020[2]
- 25% rise in gas prices[3] ~ US$6.80/ Mscf

Shanxi Province (China):

- Sino Gas - 2 Production Sharing Contract's (PSC's)
- Tangible environmental progress
- Gas key component of energy mix

Sources:
1 – 12th Five Year Plan is expected to be released in Mar 11. Comments reflect Guiding Proposals adopted at the 5th Plenary Session of the 17th CPC Central Committee ; 2 – Chinese Ministry of Land Resources – 18 Jun 10 ; 3 – NDRC China – 31 May 10

Ordos Basin – “China’s 21st Century Energy Bank”



Ordos Basin Infrastructure Map – Domestic Gas Growth Theme and Distribution. Source: Wood Mackenzie – Jan 2011

Ordos Basin China:

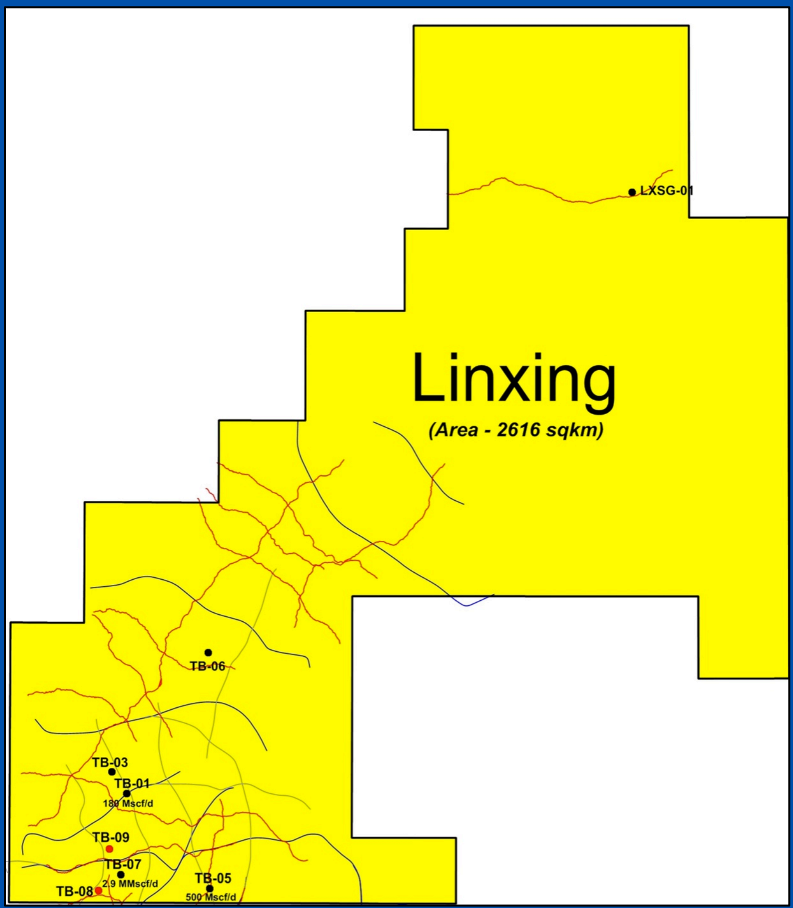
- 2nd largest Oil & Gas Basin
- Key and developing gas transportation hub
- Ordos designated as key energy base[1]

Sino Gas:

- > 3,700 km^2 - one of the largest holdings of a foreign company in China
- Acreage adjacent to producing gas fields
- Shanxi Province – Eastern Ordos Basin - 11 cities > 1 million people[2]
- Shanxi and neighboring Shaanxi Province, population ~ 71 million[2]

Sources:
1 – Focus in 12th 5 Year Plan, as reported by IHS Global Insight – Jan 11
2 - Shanxi, Shaanxi Province Atlas 2009

Linxing PSC (~65% interest following partner back-in)

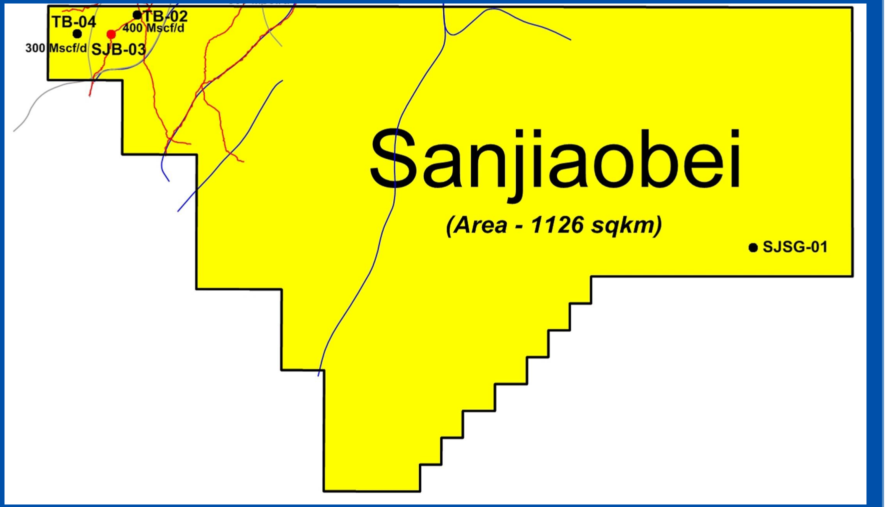


Sino Gas's Linxing PSC showing well penetrations, flow testing results and seismic lines

- 2,616km^2 Ordos Basin China
- Sino Gas operator since 2006
- Government Partner CUCBM (now owned 50% by CNOOC)
- CNOOC – expanding interests in unconventional gas assets on-shore China
- Since 2006, extensive exploration & appraisal:
  - 7 Gas Discovery Wells (2 new wells Q4, 2010) – multiple gas pay zones in many wells
  - Extensive flow testing on 3 wells – commercial gas flows (generally only from single zones)
  - Significant commercial gas flow ~ 2,900,000 scf/day on TB07
- Exploration focus currently ~ 30% of total acreage; remaining ~ 70% future development potential
- Pilot Development underway
- 2011 plans focus on Pilot, Chinese Reserves Reports and ODP preparation
- Feb 11 – Certified Reserves, Contingent & Prospective Resource of 1.7Tcf (Mid Case, 100%)

Sanjiaobei PSC (49% interest following partner back-in)

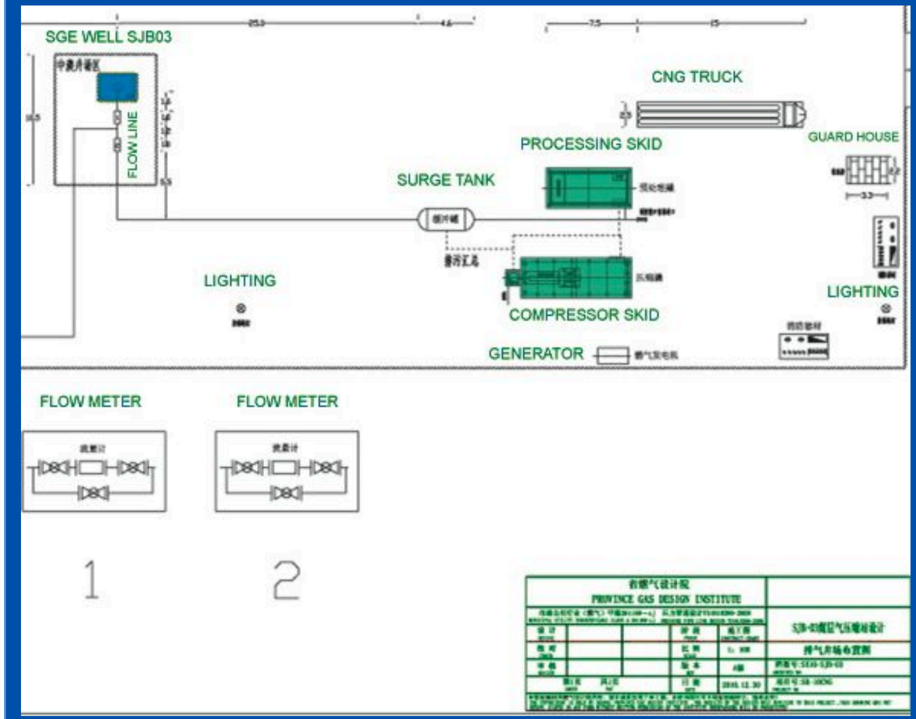
- 1,126km^2 Ordos Basin China – adjacent to Linxing PSC
- Sino Gas operator since 2006
- Government Partner PetroChina (PCCBM) following transfer from CUCBM
- PCCBM is a key part of China's targets under the 12th 5 year plan
- Since 2006, extensive exploration & appraisal:
  - 3 Gas Discovery Wells (1 new well Q4, 2010) – multiple gas pay zones in many wells
  - Flow testing on 2 wells – commercial gas flows
- Exploration focus currently ~ 20% of total acreage; remaining ~ 80% future development potential
- Pilot Development underway
- 2011 plans focus on expanding Discovery Area, Pilot, Chinese Reserves Reports and ODP preparation
- Feb 11 – Certified Reserves, Contingent & Prospective Resource of 455 Bcf (Mid Case, 100%)



Sino Gas's Sanjiaobei PSC showing well penetrations, flow testing results and seismic lines

Pilot Developments are being implemented

Pilot Station Equipment Layout Design (SJB03 Well Site)



Implementation:

- Designs and operating procedures completed
- Mar 11 - targeting commissioning on SJB03 followed by gas sales
- 10 more wells planned for Pilot during 2011

Financial Terms:

- Gas sold at well head
- Gas off-taker provides modular equipment
- Pilot designed to be Cashflow netural - Cashflow positive as volume increases

Pilot Developments are being implemented

Pilot Station – Example of Modular Equipment

Linxing PSC:

- Gas Marketing Agreement signed with CUCBM
- Gas off-take agreements being finalised

Sanjiaobei PSC:

- Gas Marketing Agreement signed with PCCBM
- Gas off-take agreements being finalised

Pilot Team in place:

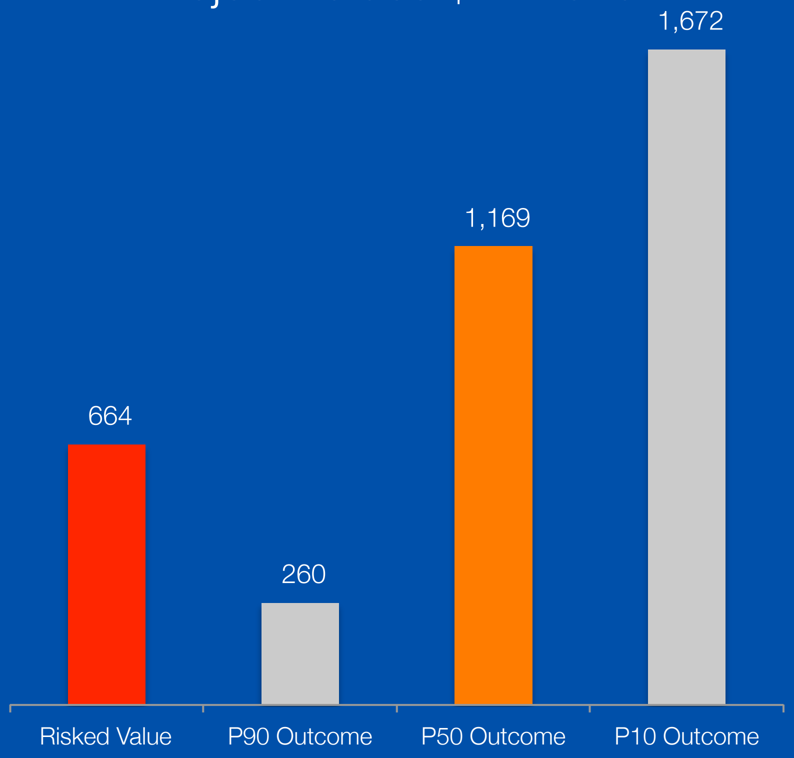
- Pilot Production Manager
- Project Planner / Cost Controller
- 2 Pilot Site Supervisors
- HSE Analyst
- 8 Field Operators - ready to report

Independent Certification of Initial Reserves & Significant Increase in Project Value

Feb 11 - Independently Certified to SPE PRMS[1]:

- 19 Bcf 2P Reserves
- Reserves relate to Pilot wells ~ 2% of Discovered Area
- 961 Bcf Contingent Resources
- 1,266 Bcf Prospective Resources
- 9.0 Tcf Gas Initially in Place (GIIP)

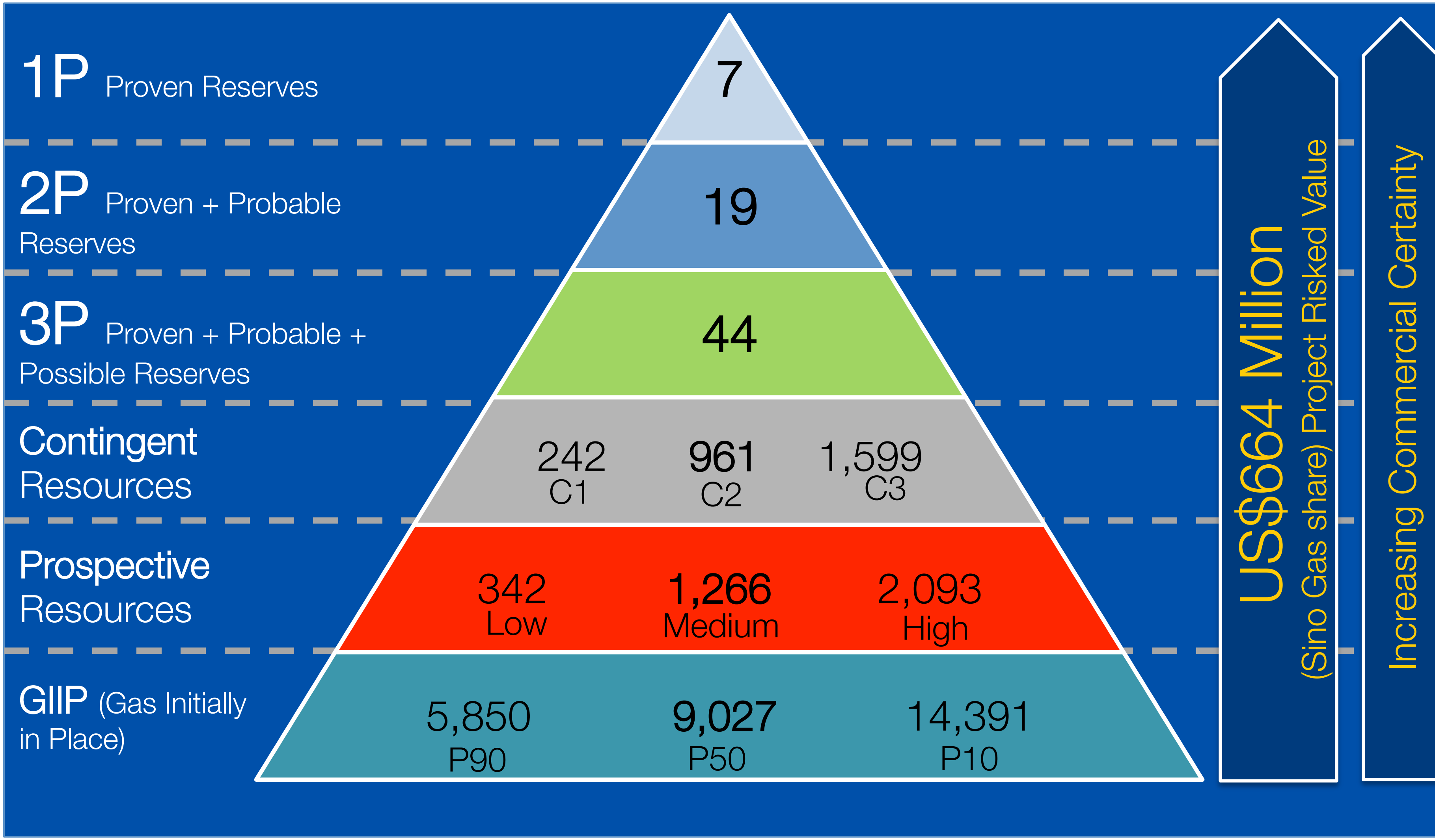
Sino Gas Share of Independently determined Project Values $ millions[2]



(1) SPE PRMS = Society of Petroleum Engineers [PRMS]. Refer Disclaimer & Resource Statements Statements. Resources are 100% P50 (Mid Case)

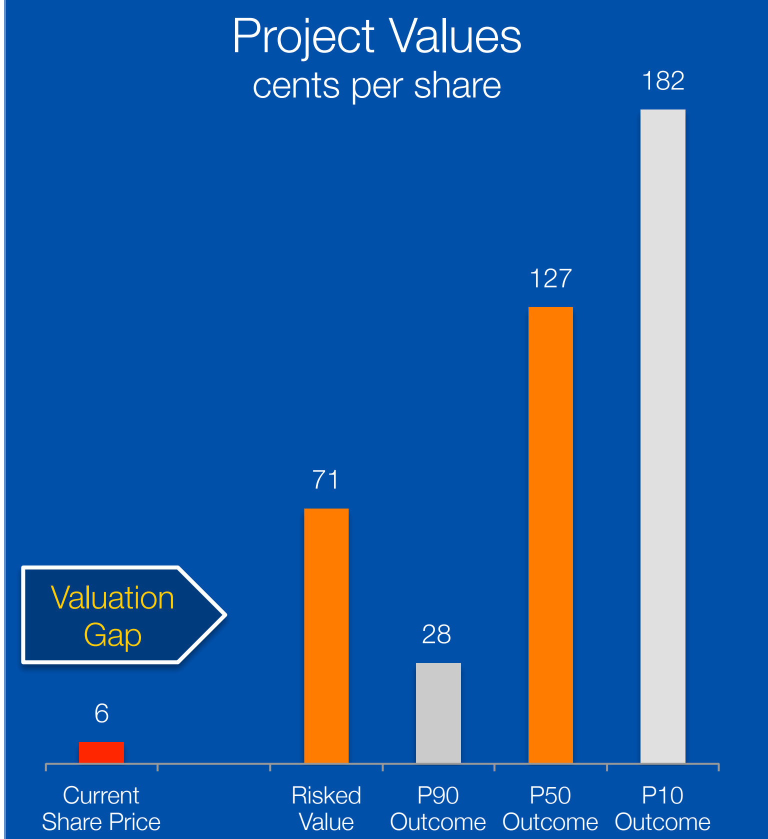
(2) Independently determined Sino Gas share of project values: P90, P50 and P10 Outcomes NPV10, Risked Value is Expected Monetary Value. Refer Disclaimer & Resource Statements Statements

Independent Certification of Initial Reserves & Significant Increase in Project Value



Note: Reserve & Resource figures above represent 100% assessment (combined for Linxing & Sanjiaobei PSC's). Sino Gas's share of the Linxing PSC is approximately 65% and share of the Sanjiaobei PSC is 49%. Reserves/ Resource classification is per the SPE PRMS. Refer Disclaimer & Resource Statements Statements.

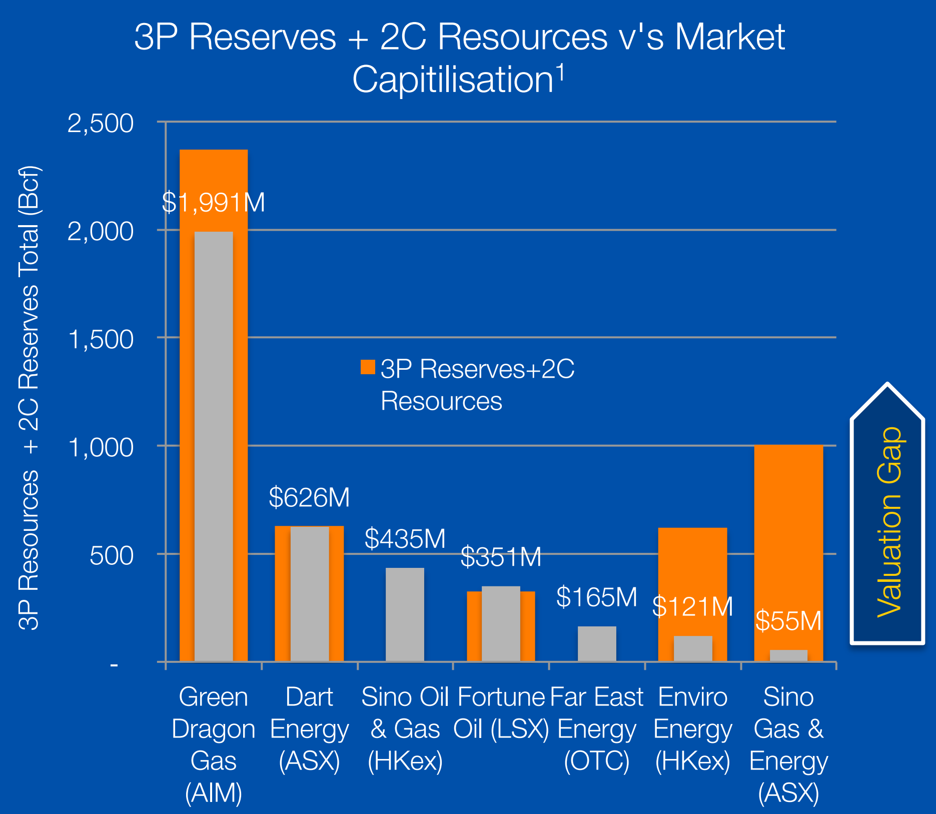
Sino Gas – perspectives on value



Independently determined Project Valuations

Source: Project values per RISC Pty Ltd Independent Reserves & Resources Assessment – Feb 2011. Refer Disclaimer & Resource Statements. Calculation of per share metrics use the current issued capital of 935 Million and have not been diluted for options on issue

China Unconventional Gas Plays:



1 - Note: some of the companies above have additional business units. The market capitalisation is measured on a company wide basis and does not attempt to value only their Upstream assets. All information sourced from company websites and public research reports – in some cases may not be up-to-date. 100%, P50 metrics recorded for Sino Gas – refer Disclaimer & Resource Statement

The Platform for Development is in place

2005
- Company formed
  Set up in Beijing, China

2006
- 5 well program
  Gas Discoveries made
- Farm-in to Linxing, Sanjiaobei & Shenfu PSC's
  Team established
  Commenced as Operator

2007
- 3 well program
  Flow testing
  414km 2D seismic shot & processed
  Further Gas Discoveries

2008
- 2 well program
  Flow testing
  Further Gas Discoveries
- Chinese Government announces some CUCBM PSC's will transition to PCCBM (Sanjiaobei)

2009
- 1 well program
  Flow testing
  Further Gas Discoveries
- Listed on the Australian Stock Exchange (ASX)
  Shenfu PSC relinquished - Linxing & Sanjiaobei PSC's focus
- RISC Resource Report: Risked Value US$410MM, 956 Bcf 2C (100%) Contingent Resources, 9.1 TCF GIIP

2010
- 3 Gas Discovery wells
  Extensive flow testing
  Significant commercial gas flows
- ~ 2.9 MMscf/day flow on TB07
  Significant work towards Pilot Development
  Significant Team building
- Rights Issue raising
  Debt retired
  2nd Half 2010 - good stock performance
  New larger Beijing office & Site office in Shanxi
- PCCBM receives foreign cooperation licence

2011
- Focus on Chinese Reserves Report and ODP
  Multiple well and testing program being planned
- Pilot being implemented
  Team building continues in preparation for Development
- RISC Resource Report: Risked Value US$664MM, 19 Bcf 2P (100%) Initial Reserves, 961 Bcf 2C (100%) Contingent Resources, 9.0 TCF GIIP

Sino Gas: positioned for Significant Growth

- Demonstrated capability to drive significant exploration success
- Strategic assets in key China gas basin
- >3,700 km^2 - one of the largest foreign company holdings in China
- Significant development potential from Reserve & Resource Base[1]:
  - Initial 2P Reserves (Feb 11) - 19 Bcf certified on only 2% of acreage
  - Contingent Resources - 961 Bcf
  - Prospective Resources of 1,266 Bcf and Gas in Place[1] of 9.0 Tcf
- Clear strategy to move towards developing assets

1 – Reserves & Resources are in all cases "Mid Case" & 100% Project. Refer Disclaimer & Resource Statements

Glossary of Terms / Resource Statements

$ - All references to dollars are to Australian Dollars unless otherwise stated

Bcf - Billion (109) cubic feet/ Tcf - Trillion (10^{12}) cubic feet

Mscf – Thousands of standard cubic feet of gas

Mscf / day – Thousands of standard cubic feet of gas per day – a measure of the rate of flow

GJ – gigajoule / PJ – petajoule

P90, P50, P10 – 90%, 50% & 10% probabilities respectively that the stated quantities will be equaled or exceeded

Reserves – Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied as defined in the SPE-PRMS.

Prospective Resources – Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations as defined in the SPE-PRMS

POS – Probability of Success

SPE-PRMS – Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and Society of Petroleum Evaluation Engineers Petroleum Resources Management System

Conversion factors:

Natural gas - 1 Bcf = 1.045PJ; 1TCF = 10,450PJ, 1m^3 of gas = 35.3 scf of gas

Resource Statements

The statements of resources in this Presentation have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems standards by internationally recognized oil and gas consultants RISC Pty Ltd.