



INVESTOR PRESENTATION

CLSA COMMODITIES FORUM - HONG KONG

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

Disclaimer & Resource Statements

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Resource Statements

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



Sino Gas – an Emerging Clean Energy
Company in China

Passionate about unlocking our potential in China

Sino Gas & Energy

- Formed Q3, 2005
- Australian Stock Exchange Listed (ASX) – Sep 09
- Issued Capital¹: 934.8 million ordinary shares
- 5 year history as operator in China to international HSE standards
- Experienced Board & Beijing based management

Large Scale Gas Assets

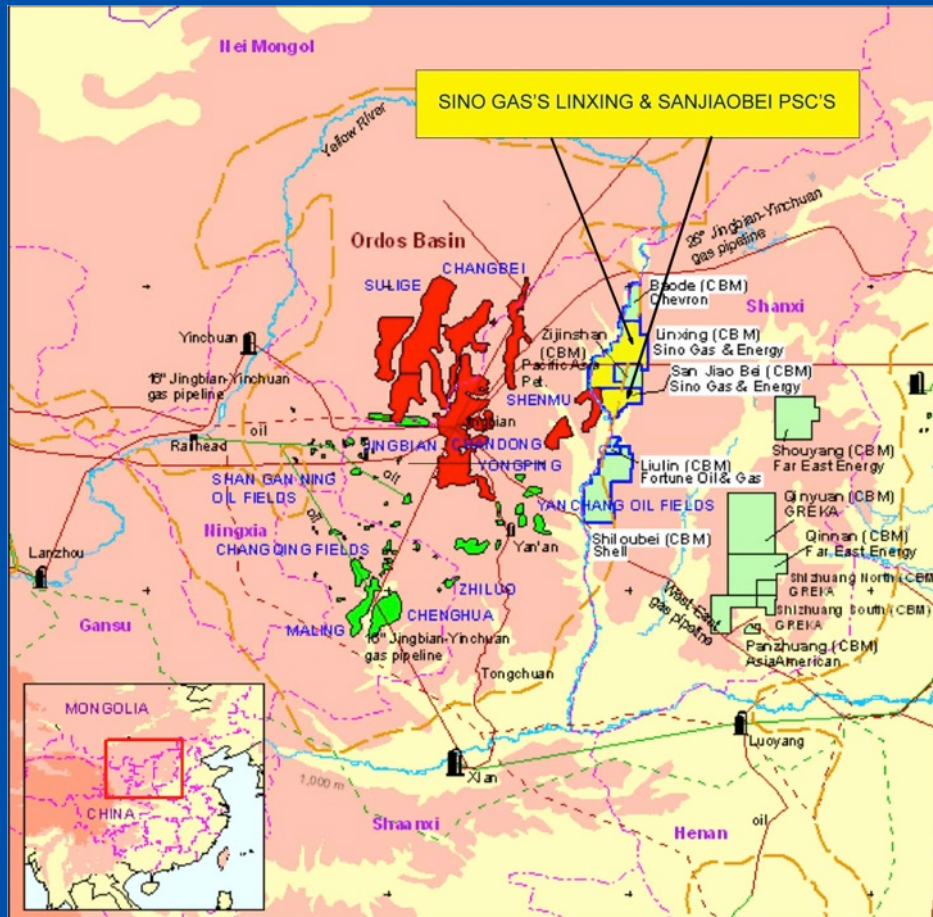
- 2 Production Sharing Contracts (PSC's)
- Assets are in the key Ordos Basin – proven producing basin
- Large Gas Resources ~9Tcf GIIP
- Feb 11 – Maiden Reserves + US\$664m risked value
- Moving from Appraisal towards Development

Strong China presence and getting stronger



- Demonstrated ability to drive exploration success in China
- 2010 > 156,000 man hours with no HSE incidents
- Managing Director & 20+ staff based in Beijing and site office
- Strong Operational, Sub-surface skills and PSC Administration skills
- Engaged Board with substantial oil & gas and China experience
- Board and key staff equity incentivized

Large Scale Gas Assets in “China’s 21st Century Energy Bank” – the Ordos Basin



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 base¹

Sino Gas:

- > 3,700 km² - 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 people²
- Shanxi and neighboring Shaanxi Province, population ~ 71 million²

Partners in the Ordos with Bold Strategic Ambitions

Linxing PSC - CUCBM

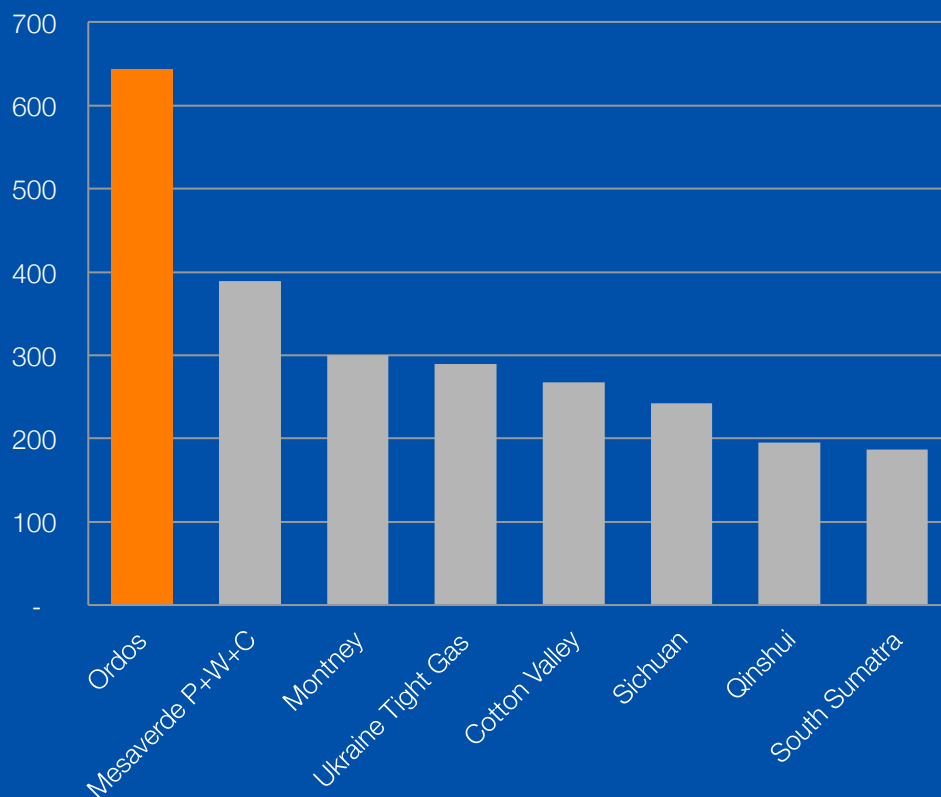
- CUCBM (50% owned by CNOOC)
- CNOOC expanding unconventional gas interests onshore China
- CNOOC recent Australian acquisition and large USA shale gas acquisition
- Strong cooperation with CUCBM over 5 years

Sanjiaobei PSC – CNPC

- PSC is being transferred from CUCBM to CNPC
- CNPC – implemented by subsidiary PetroChina Coal Bed Methane (PCCBM)
- CNPC recently received foreign cooperation exclusive right
- CNPC are a key part in the 12-5 (12th 5 year plan)
- Strong 2010 operating and partner support from PCCBM

Ordos - a World Scale Unconventional Gas Basin

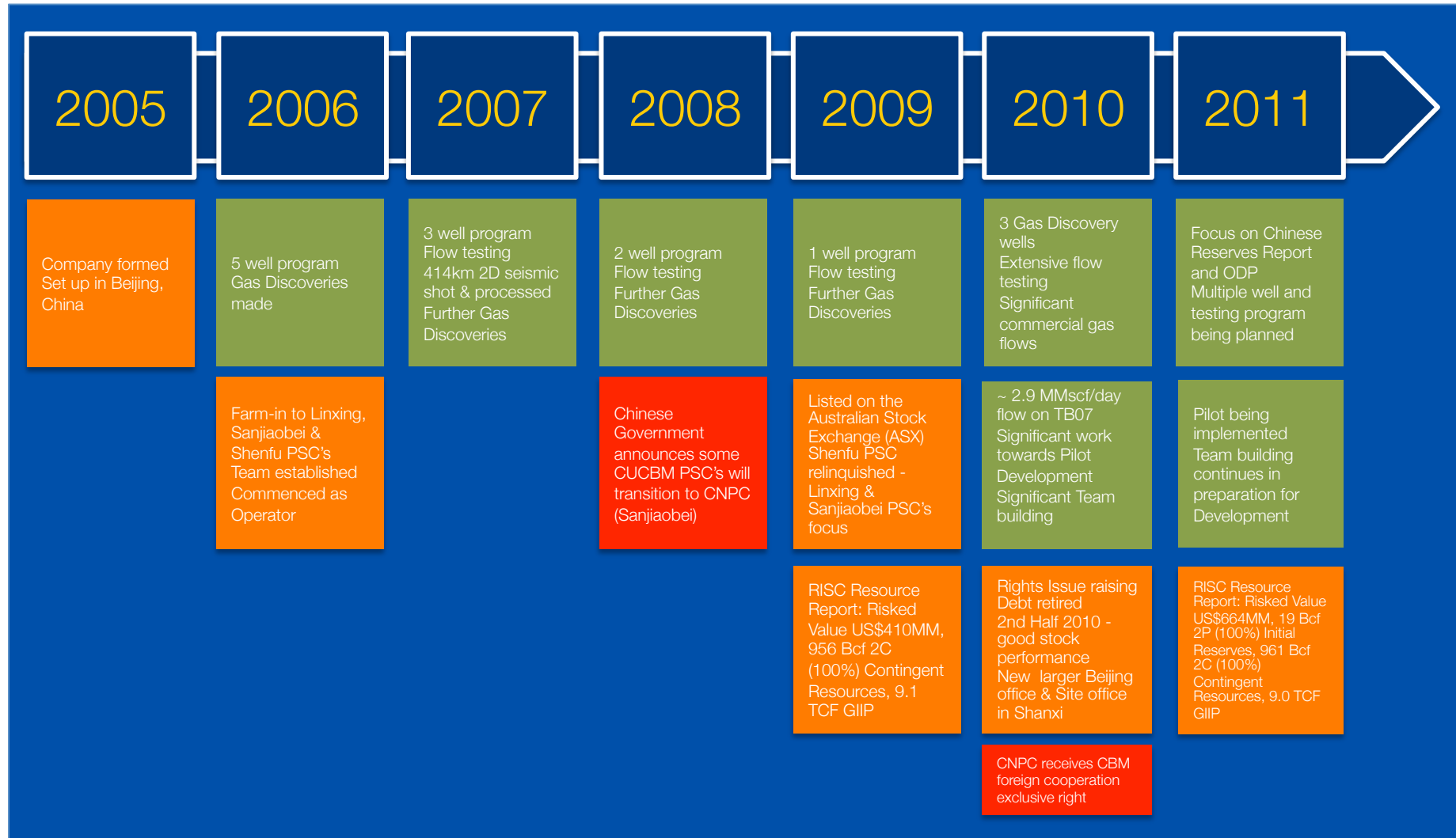
Gas Initially In Place (Tcf) for CBM & Tight Gas



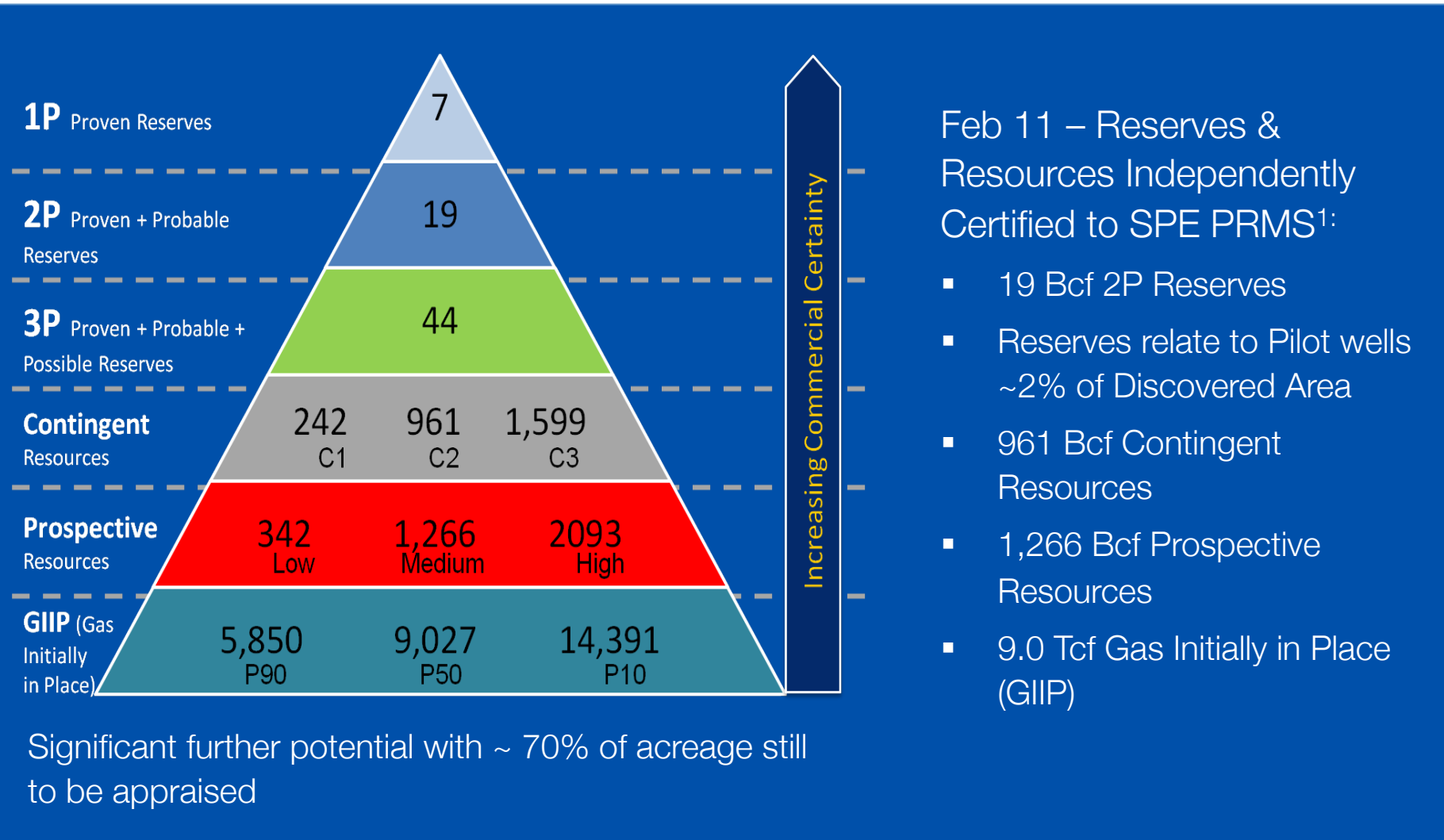
Unconventional Gas

- Large resource potential
- Comparable to proven US assets
- Potentially highly profitable ~ US\$6.80/Mscf gas prices
- Technology application expected to increase economics / production

The Platform for Development is in place



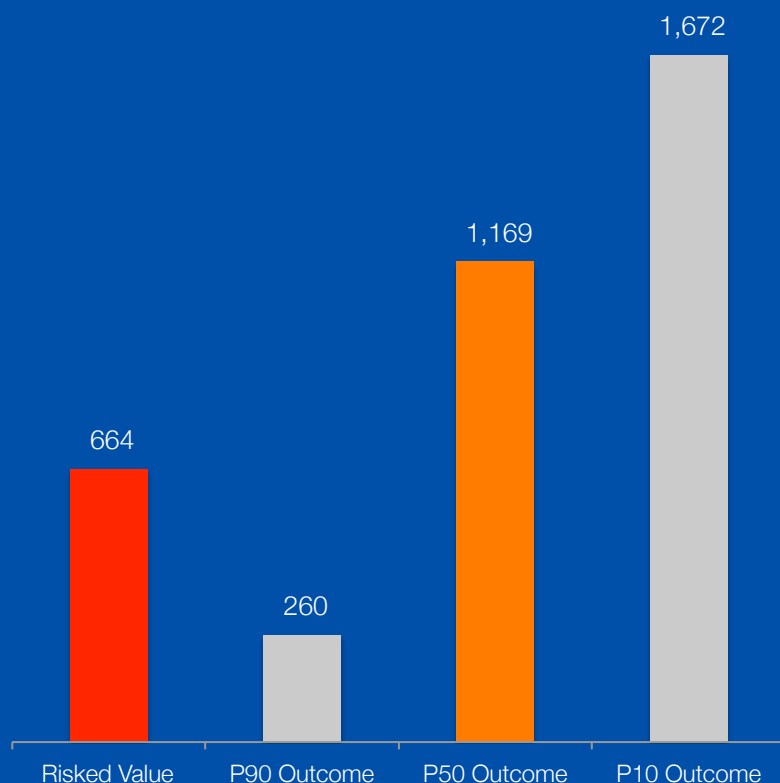
Exploration Success - Driving Large Scale Gas Assets



(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

Exploration Success – Driving Large Valuations

Sino Gas Share of Independently determined Project Values
(US\$ millions)²



Significant project value achieved:

- ~US\$29 million invested since 2006
- Feb 11 Updated Valuations¹:
 - ~US\$664 million risked value
 - ~US\$1.2 billion - P50 (mid Case)



The China Opportunity

China is developing its “home grown” assets



China:

- Accelerating energy development in 12th 5 Year Plan (2011 to 2015)¹
- Natural Gas ~ 10% of Energy Mix by 2020²
- 25% rise in gas prices³ ~ US\$6.80/Mscf

Shanxi Province – large local demand

Shanxi Province (China):

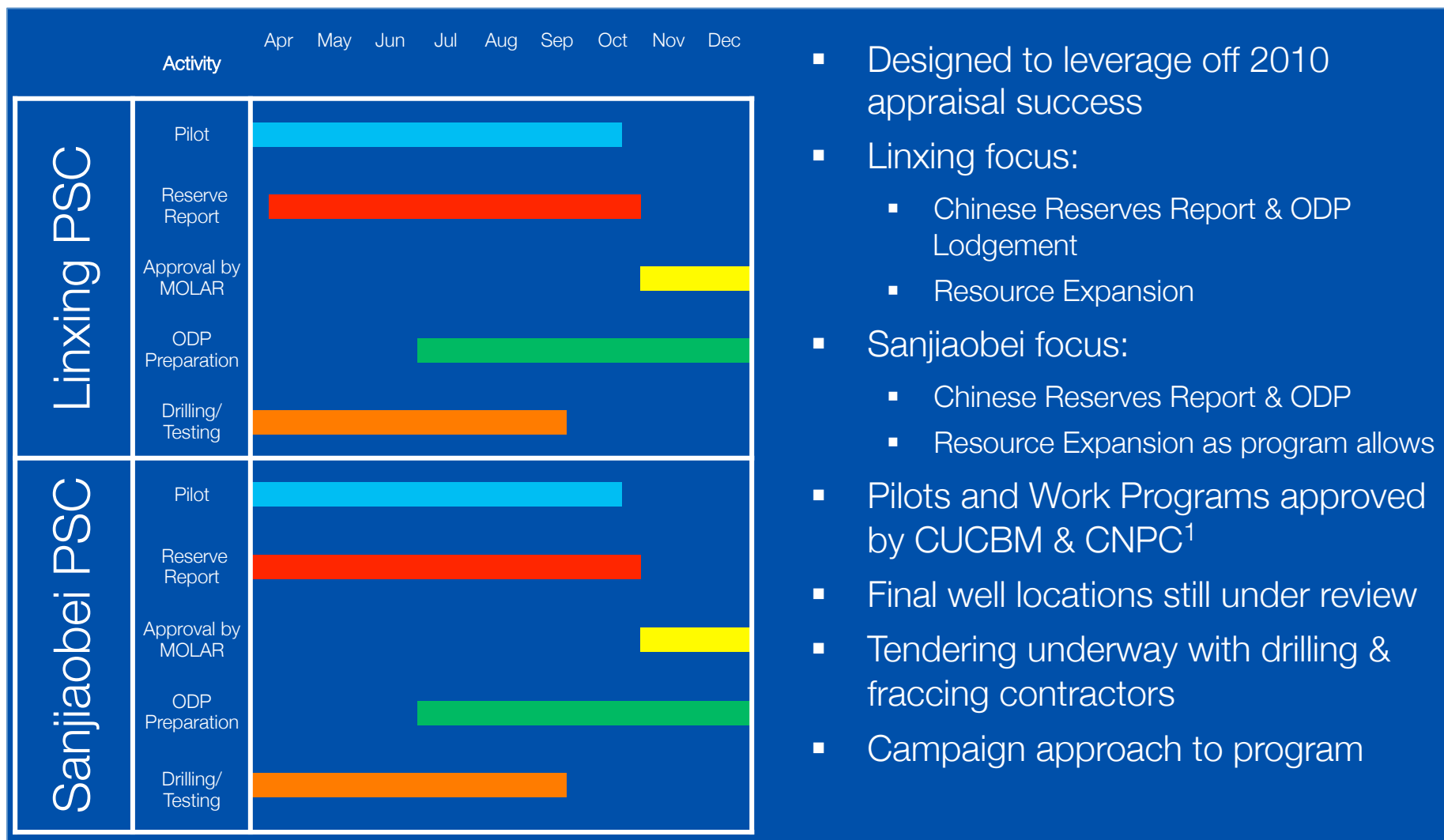
- ~33 million people (~72 million incl Shaanxi)
- Sino Gas - 2 Production Sharing Contract's (PSC's)
- Tangible environmental progress
- Gas key component of energy mix
- Local Government will be a key part of energy projects



SINO GAS'S STRATEGIC FOCUS



2011 Work Program is Focused on Overall Development Plan (ODP) Lodgement & Resource Expansion

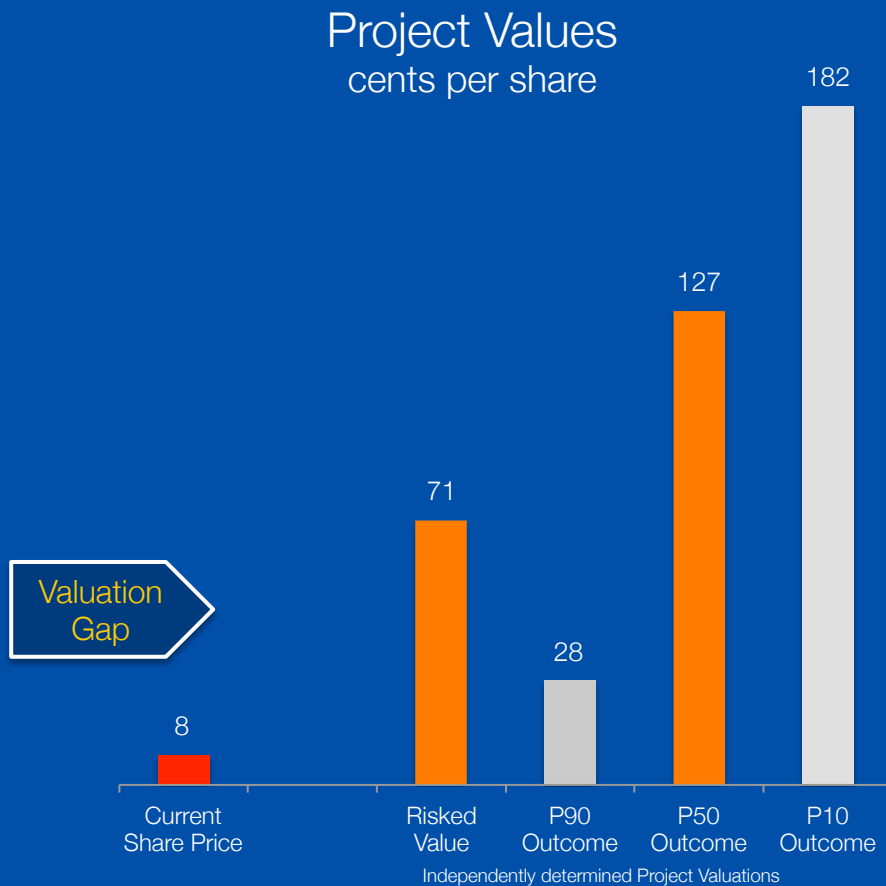


2011 Work Program Status - Commencing the Pilots

- Joint Gas Marketing Agreements in place with PCCBM and CUCBM
- SJB03 1st Pilot Well
- Gas Flow line and flare flow lines installed
- Re-established flare (now shut in)
- Plan is a flare for ~ 1 week to confirm stable flow
- Coordinating mobilisation plan with Pilot equipment provider



Unlocking upside value by moving towards Development



- Implementing & expanding the Pilot program
- High impact well testing to commence
- Resource expansion with further wells
- Moving to development in China will unlock significant resources

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

Sino Gas: Investment Highlights

China - strong push to develop
“Home Grown” Gas Assets

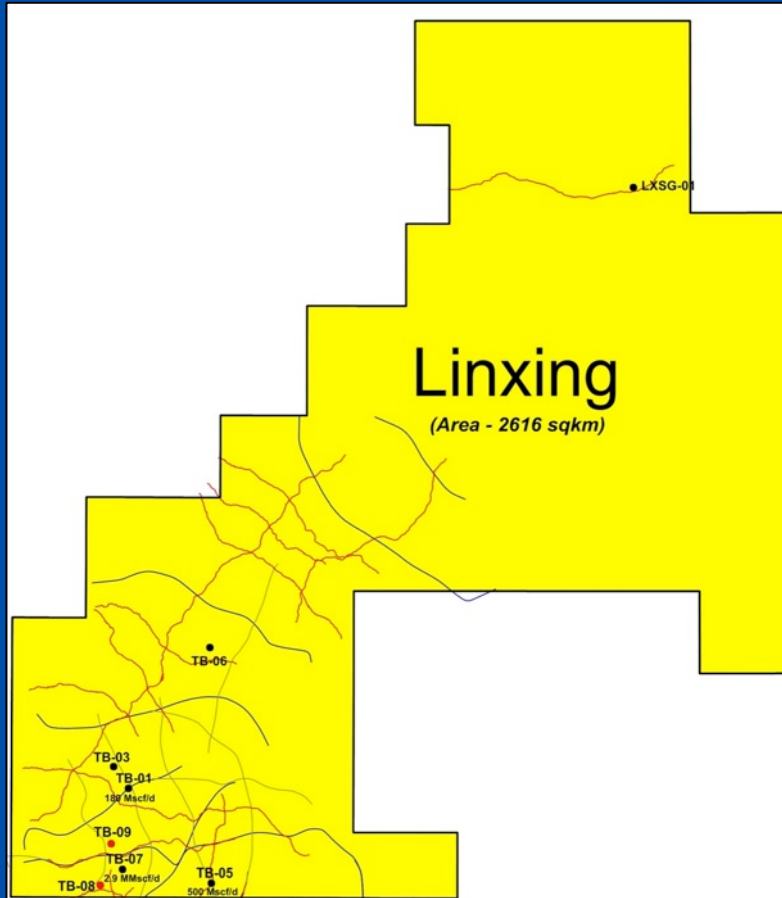
Sino Gas – Strategic Gas Assets
in China

Sino Gas - Clear strategy
towards Commercial
Development

Sino Gas - Strong China &
Energy Sector capability



Appendix 1 - Linxing PSC (~65% interest following partner back-in)

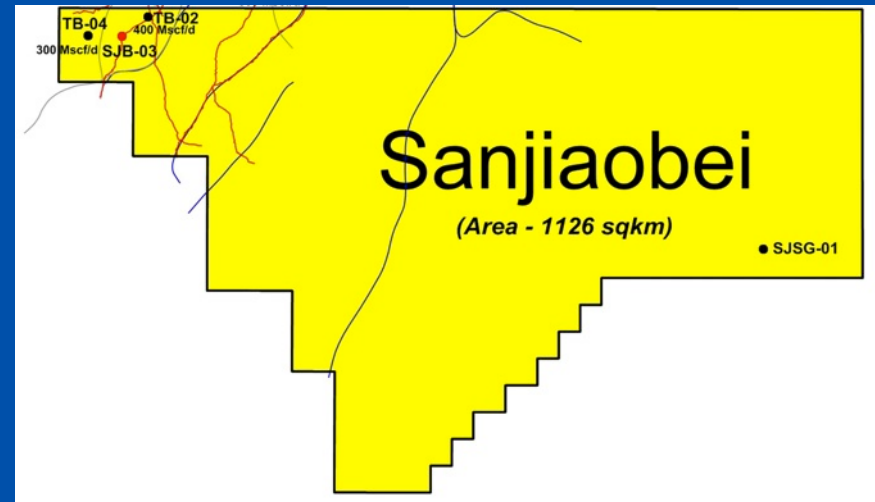


Sino Gas's Linxing PSC showing well penetrations, flow testing results and seismic lines

- 2,616km² Ordos Basin China
- Sino Gas operator since 2006
- Chinese 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
- 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%)

Appendix 1 - Sanjiaobei PSC (49% interest following partner back-in)

- 1,126km² Ordos Basin China – adjacent to Linxing PSC
- Sino Gas operator since 2006
- Chinese Partner CNPC 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
- 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

Glossary of Terms / Resource Statements

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

Bcf - Billion (10⁹) cubic feet/ Tcf - Trillion (10¹²) 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, 1m³ 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. Unless otherwise noted figures quoted are 100% P50 or Mid Case.