

Investor update November 2011



Corporate overview

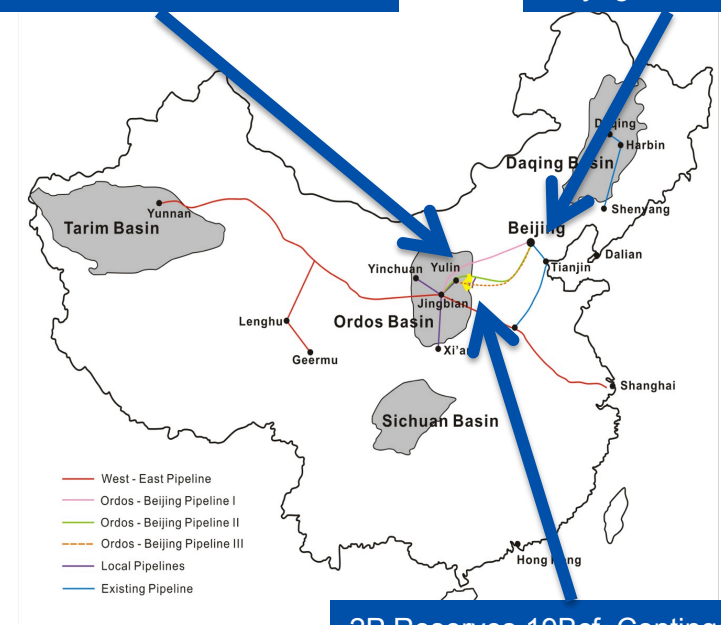
- Operating in Beijing since 2005
- Gas assets acquired from Chevron farm-in in 2006
- Largest foreign acreage in key Ordos Basin
- 6 years of asset de-risking, now focusing on development

Corporate information

Share price (ASX:SEH)	A4.3c (4 Nov 11)
Market cap	A\$46m
Issued shares	1,060m ²
Listed options	334.3m @ A12.5c (31 Dec 12)
Unlisted options	41.7m – various terms
Performance Rights	26.5m – milestone based

Gas Development Projects of 3,000km² in Ordos Basin

Head Office - Beijing



2P Reserves 19Bcf, Contingent + Prospective Resources of 1.9Tcf¹

Investment highlights

Sino Gas & Energy is a focused gas company leveraging growing demand for clean energy in China

- Experienced Board and Management Team
- Acreage located in Ordos basin – 2nd largest gas producing basin in China
- Partnering with Chinese majors under international standard Production Sharing Contracts (PSCs)
- Attractive project economics
- Large scale independently verified gas Reserves/Resources – currently 1.9Tcf of Contingent and Prospective Resources¹
- Reserve/Resource upgrade in progress based on 2011 Work Program
- Multi-well commercial gas flows
- Clear path to Production & Revenue
- Effectively managing potential risks

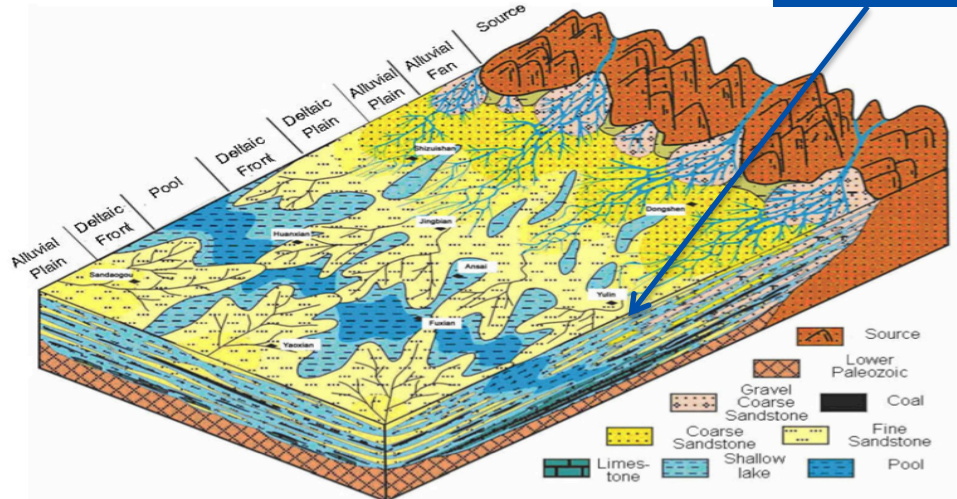
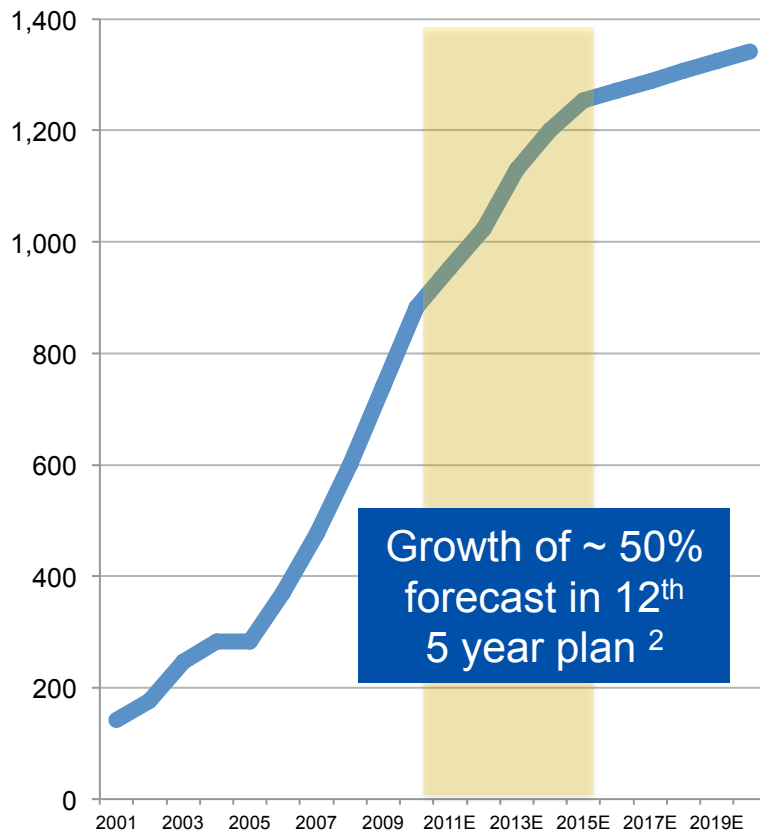
Experienced Board and Management Team

Gavin Harper Executive Chairman	36+ years oil & gas experience, including extensive experience in Asia
Peter Mills Director	29 years oil & gas experience, technical and project development specialist; MD of Eureka Energy – Texas Shale Play
John Chandler Director	Lawyer with 30+ years experience in Asia focused on energy, resources and corporate governance
Bernie Ridgeway Director	Sino Gas founder and formation shareholder; MD of Imdex with extensive Australian and international corporate experience
Stephen Lyons Managing Director (Beijing based)	6 years with Sino Gas in Beijing, Chartered Accountant with extensive international corporate experience, formation shareholder in Sino Gas
Frank Fu Chief Operations Officer (Beijing based)	18+ years in oil, gas and CBM – the last 14 with Phillips and ConocoPhillips
Colin Heseltine China Strategic Consultant	40+ years senior diplomatic experience, mainly in Asia with a particular focus on China

Acreage located in Ordos basin

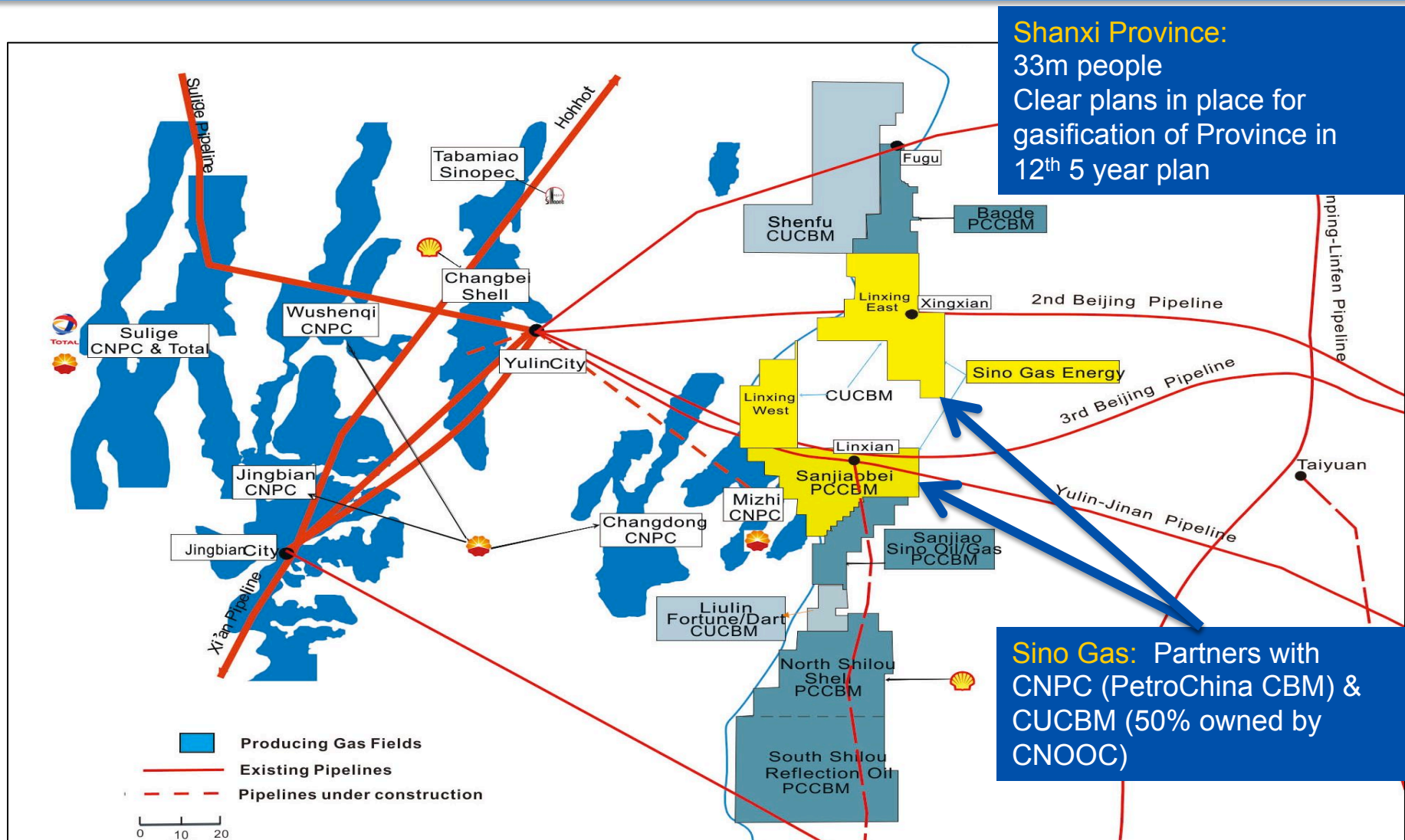
China's 12th 5 year plan drives activity increase

Ordos Basin production forecast (bcf pa)



- Ordos Basin – depositional environment^{1,2}
 - ~ 102 Tcf recoverable reserves
 - Shanxi and Shaanxi Provinces are prolific coal areas
 - gas is methane sourced from coal seams underlying basin

Acreage located in Ordos Basin: Producing fields, large markets and established infrastructure



Partnering with Chinese majors under international standard PSCs

Partnering with Chinese majors

- Linxing: China United Coal Bed Methane Company – 50% owned by CNOOC
- Sanjiaobei: CNPC – administrative partner being PetroChina Coal Bed Methane

Security

- PSCs approved at Chinese Ministry of Finance & Commerce
- 30+ year history of PSCs in China

Certainty

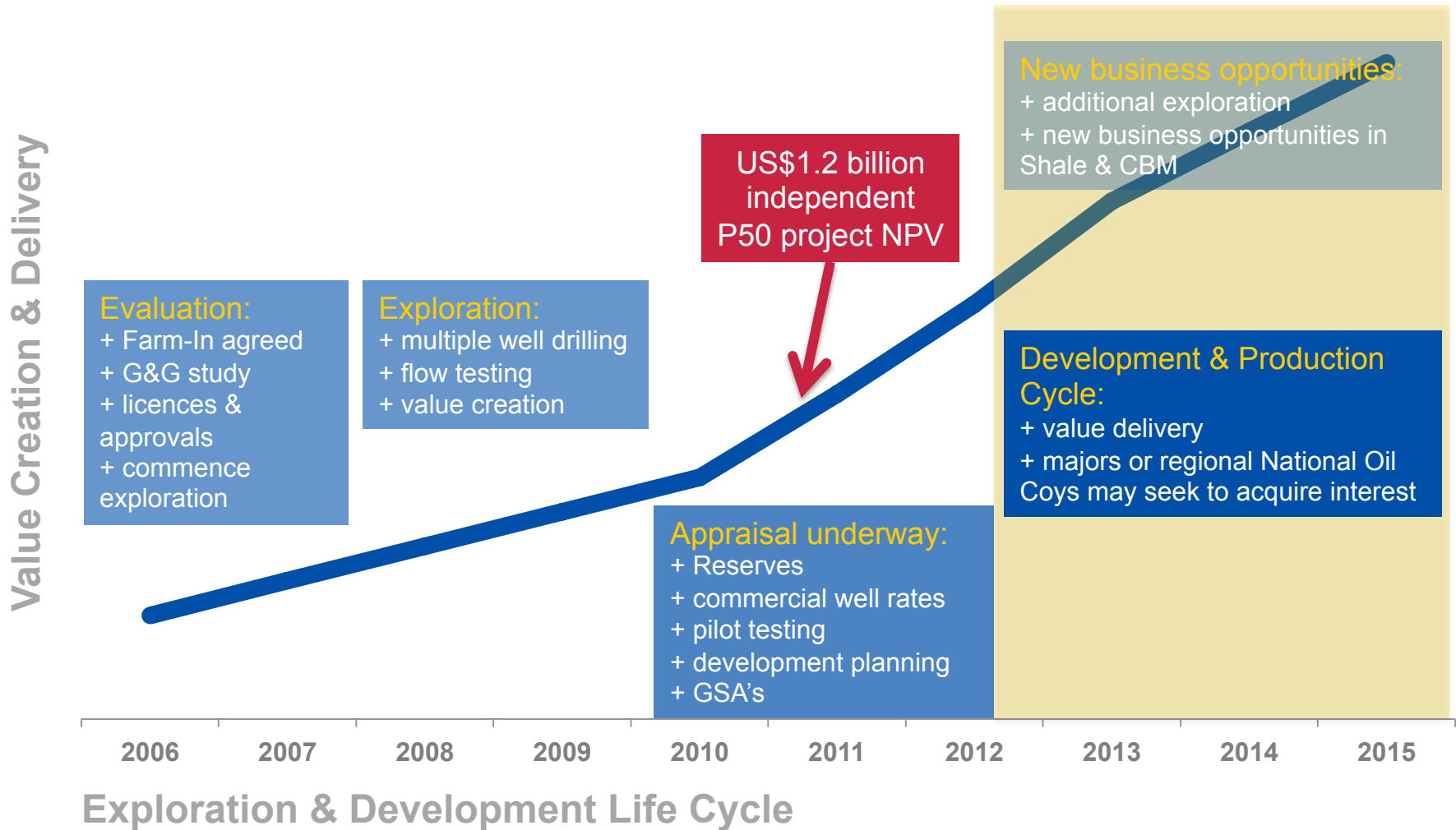
- 30-35 year PSC validity – 3 periods: exploration, development & production
- Favourable cost recovery mechanism for foreign partners

Sino Gas PSC Contract Interests ¹			
PSC	Working Interest (Exploration)	Net Interests (Production)	Current Status
Linxing	Sino Gas 100%	Sino Gas 64.75% CUCBM 30.0% CBM Energy 5.25% ⁽¹⁾	Contract Expiry 2028 Exploration Period extended to 31 Aug 2013
Sanjiaobei	Sino Gas 100%	Sino Gas ⁽²⁾ 49.0% CNPC 51.0%	Contract Expiry 2033 Exploration Period expired 31 Aug 08 - renewal underway ⁽²⁾

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

² - As a result of the Chinese ownership restructure, the Sanjiaobei PSC has only recently been transferred to CNPC. The Sanjiaobei PSC is administered by CNPC affiliate, PetroChina CBM (PCCBM). Sino Gas is working with PCCBM to extend the Exploration Period and to formalise the transfer of the interest from ChevronTexaco (for which Sino Gas & ChevronTexaco have signed a binding Deed of Assignment). These matters will be concluded at the time that formal approval is received from the Chinese MOFCOM.

Exploration risks dealt with – now transitioning to Development



Attractive project economics

US\$1.2bn Project Value

- Sino Gas share, NPV10, P50 independent Project Value (Risky Value US\$664m) – being updated end 2011
- Internal review underway to accelerate field development including horizontal wells, pad drilling, multi-stage completions and shallow CBM development potential

Gas Prices in China

Robust Well Head gas price ~US\$7/Mscf²

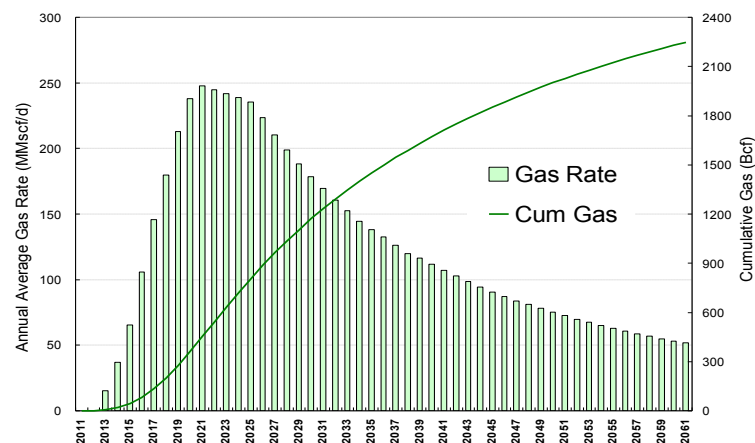
Projects generate ~ 40% IRRs

Profit ~ US \$4.0/ Mscf

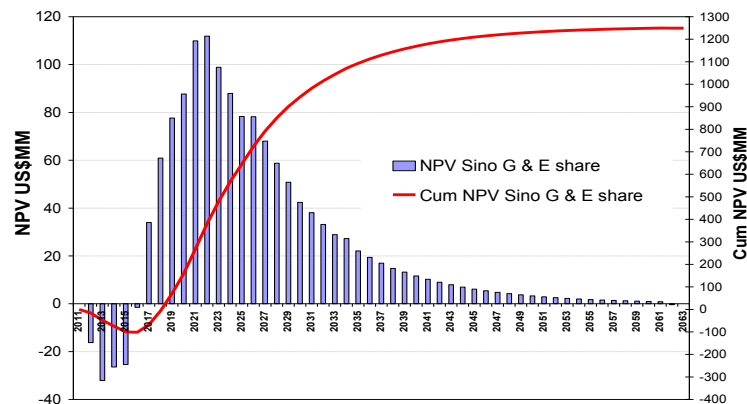
Lifting costs ~ US\$2.9/ Mscf

Potential upside to import parity pricing ~ US \$4.0/Mscf

Indicative Production profile of Linxing & Sanjiaobei PSC's¹



Indicative Cashflow profile of Linxing & Sanjiaobei PSC's¹



1 – Indicative Project Production & Cashflow profiles generated by RISC (Feb 2011) – refer Resource Statement. Excludes East Linxing CBM Resources
2 – Inclusive of RMB 0.2/m³ subsidy. Mooted to double in 12th 5 year plan

Large scale independently verified gas Reserves/Resources

13 Bcf

2P Reserves

747 Bcf

Mid Case Contingent

663 Bcf

Mid Case Prospective

6 Bcf

2P Reserves

158 Bcf

Mid Case Contingent

291 Bcf

Mid Case Prospective

324 Bcf

Mid case Contingent &
Prospective Resources

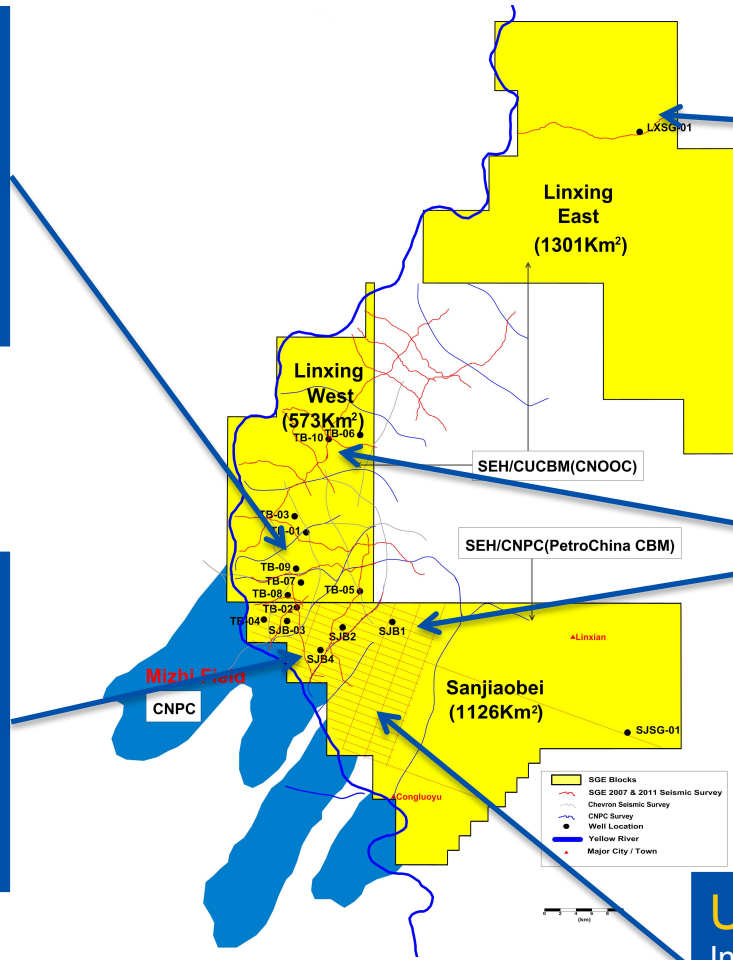
Increased focus on shallow
CBM resources in this area

Current WIP

- Flow testing new gas discovery well SJB1
- Trial production on TB04
- Drilling SJB 2, site preparation for SJB4
- Drilling TB10

Update in progress

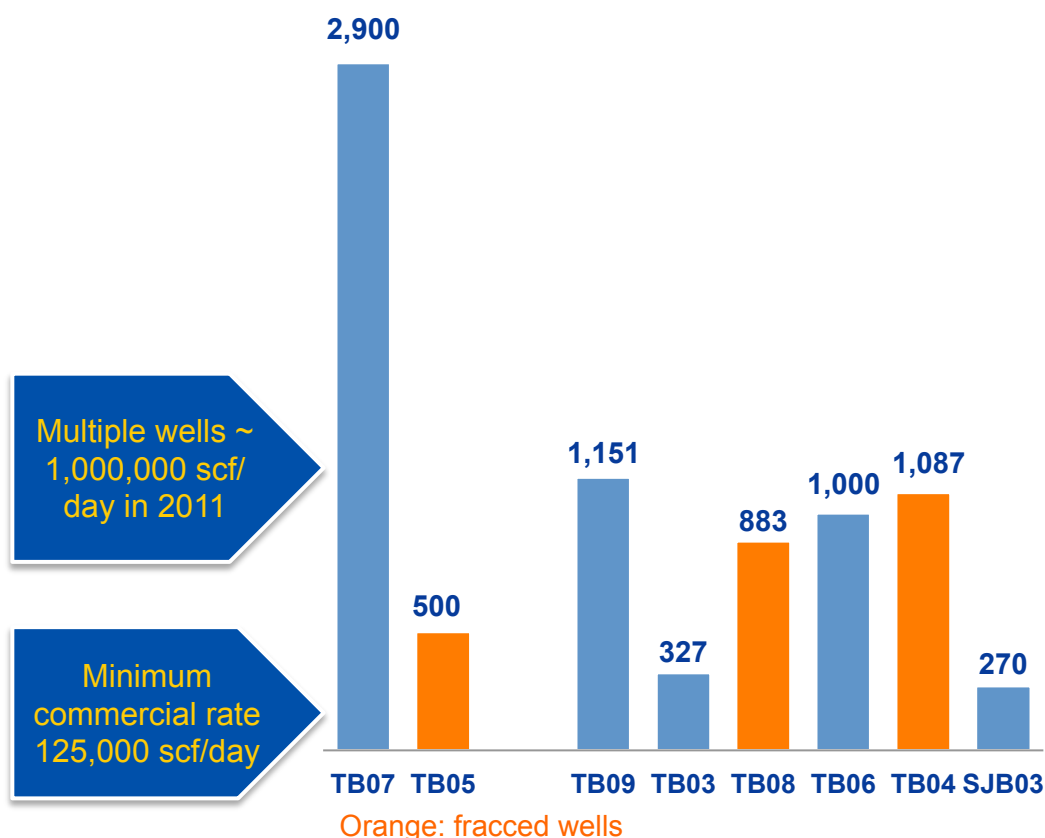
Independent update on 2011
work program for Sanjiaobei
PSC



Multi-well commercial gas flows

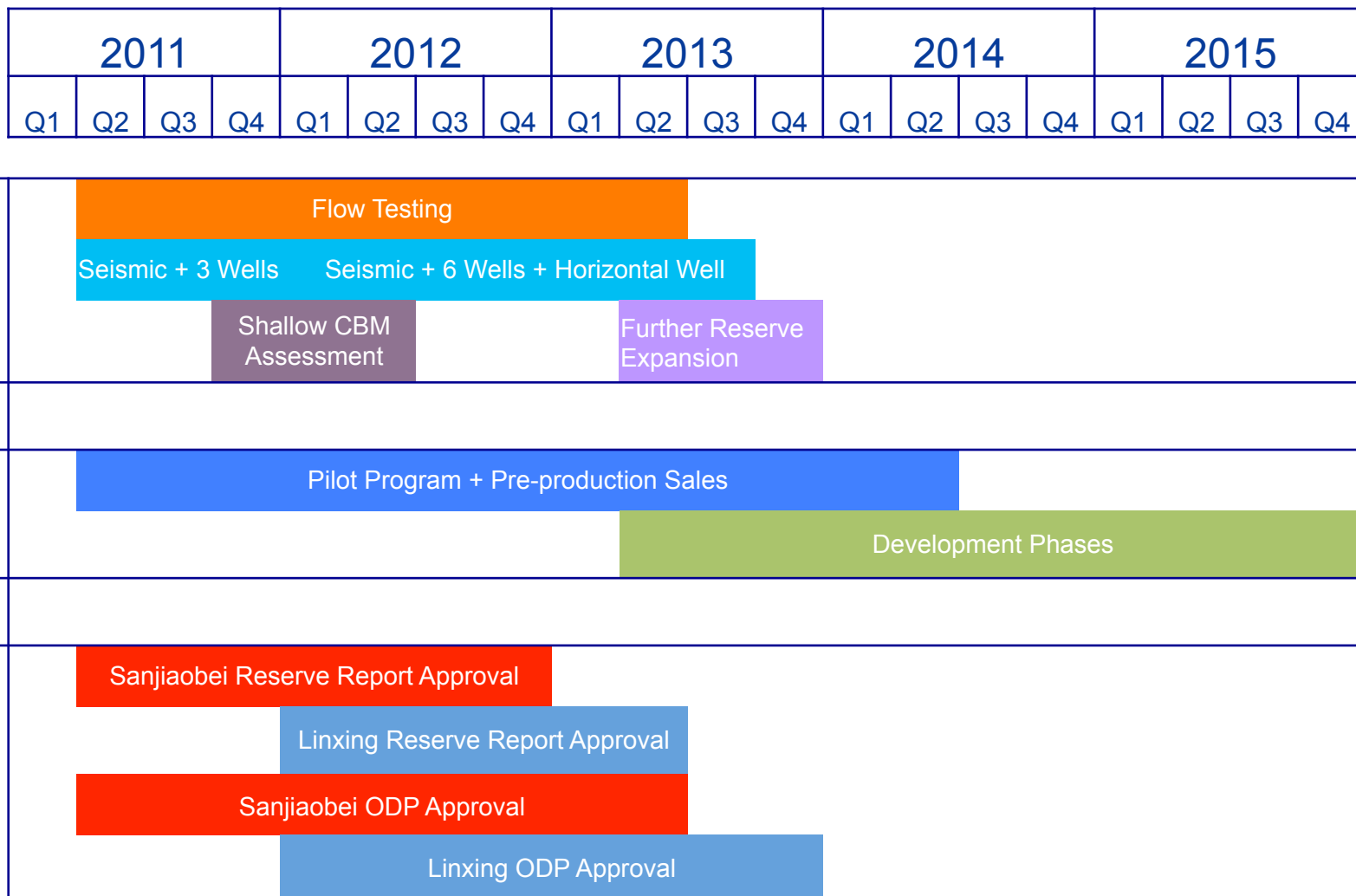
Substantial gas flow rates achieved across multiple wells

Well gas flow rates (Mscf/day)¹



- 2010 to 2011: active work program delivered commercial gas flow rates from multiple wells
- Significant further potential from additional untested “pay zones” + fracture stimulation + horizontal drilling

Clear path to Production & Revenue



Clear path to Production & Revenue (cont'd)

Launching accelerated 2012 work program from platform of increased Reserves/Resources

- Success of 2011 work program provides platform for accelerated 2012 work program planning ~ A\$25 - A\$30 million being defined
- Enables sizeable projects to be brought to Development
- Provides for:
 - additional wells
 - flow testing
 - seismic
 - in-field gathering lines for pre-production gas sales
 - shallow CBM assessment
 - horizontal well development planning optimisation
- Both PSC Partners support moving aggressively towards development

Funding Sources

Multiple funding sources under review

A\$6 million (gross) Placement & Share Purchase Plan (SPP)

- A\$3.6 million raised end Oct - A\$0.4 million following shareholder approval 5 Dec 11
- SPP: A\$2 million underwritten – oversubscriptions can be accepted. Maximum A\$15,000 per shareholder. Closes 25 Nov 11
- Equity Facility suspended + all amounts outstanding repaid

Strategic Initiatives

- Merrill Lynch appointed to advise on possible strategic opportunities
- Asset level funding alternatives: farm-out, strategic partners & alliances, gas monetisation, pilot + pre-production revenue
- Equity based alternatives: cornerstone investor, placement, option exercise (12.5 cents end 2012) would bring in A\$41.2 million

Forward activity will create multiple value triggers

Multiple field & project activities underway

Multiple continuing operations

- 2 new wells being drilled – SJB2, TB10
- Multiple flow tests underway – SJB1, TB04

Reserves/Resources Upgrades in progress

- Independent interim Sanjiaobei upgrade report underway – due shortly
- Both PSCs will be independently re-assessed at year end
- 2012 path to Development to deliver growing reserves / resources

Development approvals

- Pilots, pre-production activities & gas sales – multiple options being progressed
- Chinese Reserve Report underway on Sanjiaobei PSC, should start shortly on Linxing PSC
- Progress on track towards Overall Development Plan (ODP)

Managing the Development Process

Chinese PSCs

- High 'degree of fit' of projects with China's 12th 5 year plan
- 30/35 year Government approved PSCs
- China has 30+ year history of PSC operations with foreign companies

Resource definition

- All wells on Linxing & Sanjiaobei PSCs' gas discoveries – demonstrated resource/reserve growth
- Multiple wells delivering substantial commercial gas flows
- New seismic program driving resource expansion
- Offset gas fields in production

Project delivery

- Strong working relationships with key stakeholders
- 6 year track record of operatorship in China with history of project delivery
- Respected for technical capabilities – ranked as a “Top Operator” by Chinese Partners
- Chinese COO & team have delivered multiple significant offshore and onshore ODPs

Project monetisation

- Strategic 3,000km² asset position in key Chinese gas producing basin
- >US\$1.2bn NPV P50 project value delivered to date – expected to increase
- Maximum asset equity interest retained
- Strategic funding opportunities under review

In summary...

Substantial gas assets in 2nd largest gas producing basin in China

- Sino Gas & Energy is uniquely placed to leverage growing demand for clean energy in China
 - experienced Board and Management Team
 - partnering with Chinese majors under international standard PSCs
 - 1.9Tcf¹ of independently verified gas Contingent and Prospective Resources – set for upgrade off 2011 Work Program
 - multi-well commercial gas flows – several >1,000,000 scf/day
 - clear path to production and revenue
 - effectively managing potential risks
- Well placed to grow shareholder value given significant value upside and attractive project economics

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