

Investor Presentation
February 2012



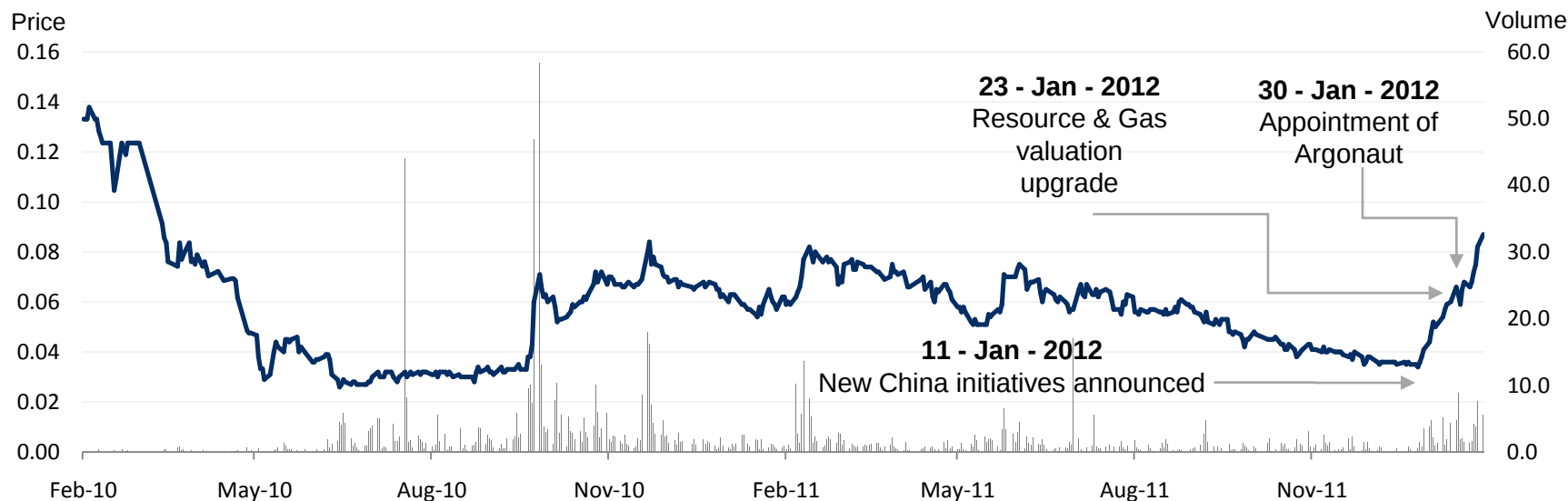
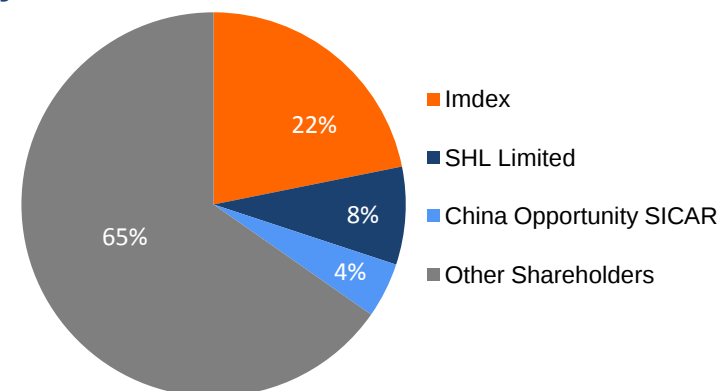
- Sino Gas & Energy (ASX:SEH) is an ASX listed gas exploration company focused on moving to development on two Production Sharing Contracts (PSCs), Linxing and Sanjiaobei, in China's Ordos Basin
- Over the past six years the Company has successfully explored and evaluated the PSCs and is now poised to proceed to Overall Development Plan (ODP)
- All eleven wells tested to date have resulted in gas discoveries with flow rates in excess of the independently assessed minimum commercial rate
- A number of recent events have confirmed the geologically and financially robust nature of the PSCs and enhanced Sino Gas's confidence in achieving ODP:
 - Independent Resource Assessment
 - New gas pricing regime for domestic gas prices in China
 - Significant gas transportation pipeline infrastructure running through PSC areas
 - Inclusion of the PSCs in the Chinese Central Government's 12th Five Year Plan
 - Pathway now in place for foreign corporations to be granted ODP and commercialise gas fields in China
 - Strategic Co-operation Agreement with BDEC, a subsidiary of CNPC for potential turnkey solutions to full field development

Company Snapshot

Corporate Information

Share Price (ASX:SEH)	A8.3c (14 Feb 2012)
Market Cap	A\$93m
Cash	A\$4.3m
Issued Shares	1,120m
Listed Options (ASX:SEHOC)	334.3m @ A12.5c (31 Dec 12)
Argonaut Options	30m @ A7.5c ¹

Key Shareholders (undiluted)

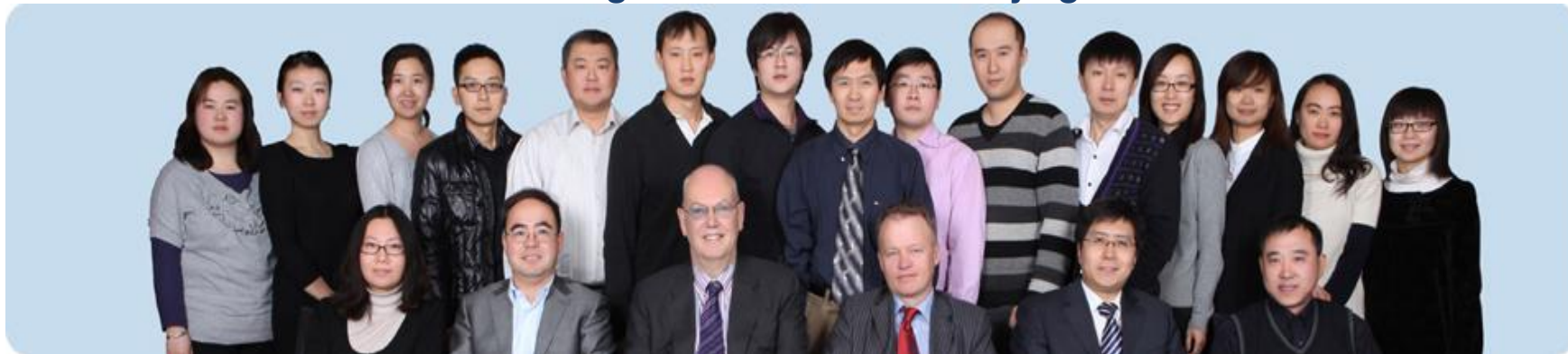


¹ Options to be granted to Argonaut in connection with appointment as Corporate & Financial advisor: 5 year options only exercisable if performance vesting conditions are achieved, including share price thresholds of A\$0.15 and A\$0.25.

History – ASX Listed with Gas Assets in 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 and decided their Ordos assets were non-core. Ordos CBM assets were 'drill ready' on acquisition due to extensive work conducted by Texaco China
- Commenced ASX trading on 15th September 2009
- Largest foreign acreage in key Ordos Basin - 2nd largest onshore oil and gas basin in China
- January 2012 - Independent resource evaluation of Sino Gas's share of EMV (Risked NPV₁₀) in developing the mid case Contingent (1.8 Tcf)¹ and Prospective resources (1.9 Tcf)¹ at US\$1.8b².

Management and Staff - Beijing



¹ Figures are 100% project for the Linxing and Sanjiaobei PSCs and mid case. Sino Gas's share of the Linxing PSC is 65% and 49% of the Sanjiaobei PSC following partner back-in.

² Expected Monetary Value (EMV) is based on a mid case gas price of US\$7.64/Mscf (low case US\$6.29/Mscf, high case US\$8.99/Mscf). Lifting costs (opex + capex ~ US\$2/Mscf. Mid case Internal Rate of Return on both projects ~ 49%.

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



Stephen Lyons
*Managing Director
(Beijing based)*

- Co-founder of Sino Gas and Energy, Chartered Accountant with an Audit, Corporate Services and Banking background
- Played a vital role in the successful farm out from Chevron
- Leads the organisation from Beijing where he has been based for 6 years



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), an ASX listed company with a market capitalization of \$470m



Peter Mills
*Non-Executive
Director*

- 29 years experience in field development, operations management, JV management and commercial negotiations with Woodside, BHP Petroleum, Hess and Premier Oil
- Previous roles include President of Premier Oil Indonesia, President of Hess Indonesia and Technical Manager for Hess UK
- Current MD of Eureka Energy Limited (ASX: EKA), Director of Castle Energy Consultants

Board and Management



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 others in acquisition, joint venture and project negotiations
- Currently a Director of Catalyst Composites Limited, Chairman of WHL Energy (ASX:WHL), and a Co-Director of the Centre for Mining, Energy and Natural Resources Law at the University of Western Australia



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), and Deputy Head of Mission in the Australian Embassy Beijing (1982-1985 and 1988-1992)
- Held senior executive positions with APEC, including Deputy Executive Director, Executive Director, APEC Secretariat in Singapore (2006-2007).
- Currently a Senior Associate with the Nautilus Institute and is Vice Chairman of the Australia Korea Business Council

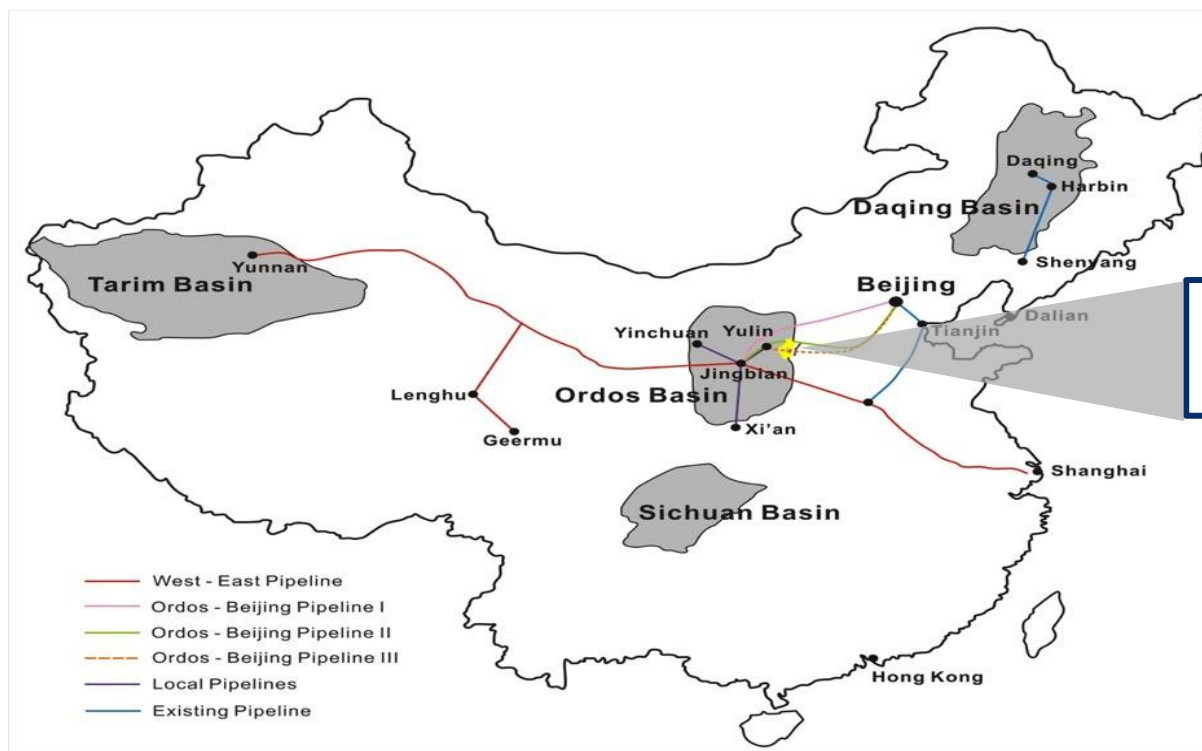


Frank Fu
*Chief Operating Officer
(Beijing Based)*

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

Chinese Gas Market

- 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 Shanxi province in the next five years (Population: 33m) will underpin future gas demand

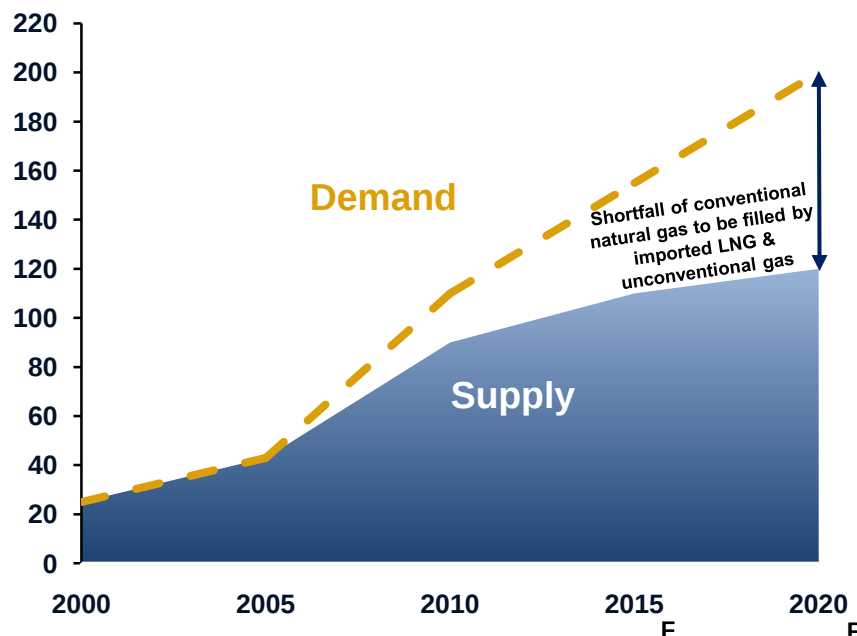


Sino Gas & Energy's PSCs

Chinese Natural Gas Pricing

- National Development and Reform Commission (NDRC) published a new gas pricing mechanism 27 December 2011, underpinning the domestic gas industry and the profitability of the Company's projects
- The pricing formula is ~90% of the weighted average of imported fuel oil (40%) and imported LPG (60%) prices, with an adjustment for heating value and VAT
- Natural gas prices will be linked to higher import energy prices, starting immediately with Guangdong and Guangxi provinces and proceeding with staged rollout

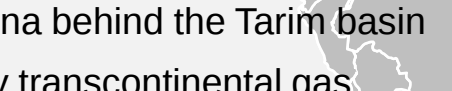
BCM **China's National Growing Gas Gap¹**



Aluminium Gas powered projects in Shanxi²

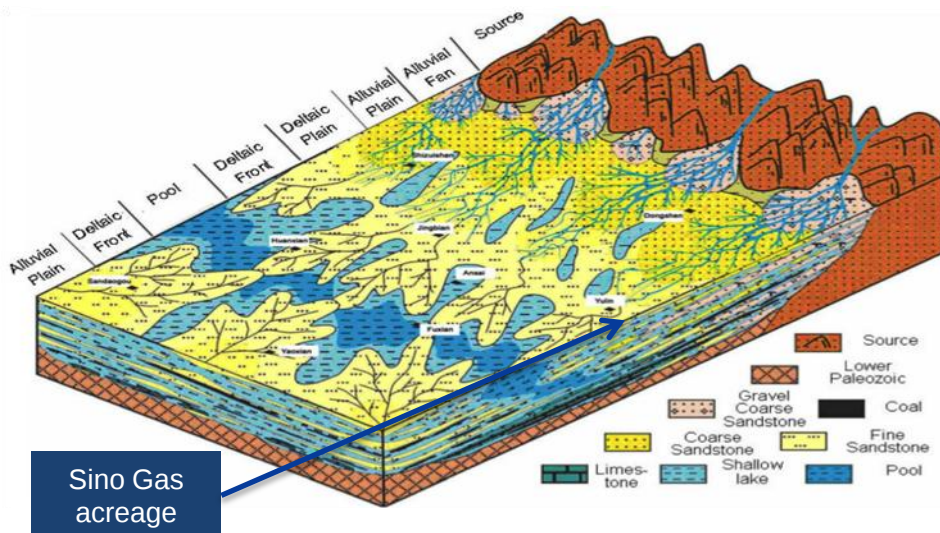




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- Second largest gas basin in China behind the Tarim basin
 - Key transcontinental gas transport hub
 - Substantial unconventional gas resources ~102Tcf recoverable¹
 - Gas resource is pipeline quality methane sourced from underlying coal seams
 - Development noted in China's 12th 5 year plan
 - Natural Gas to grow to 10% of Chinas energy mix by 2020²
 - Shanxi Province plans to have a gas powered future
 - Large local population

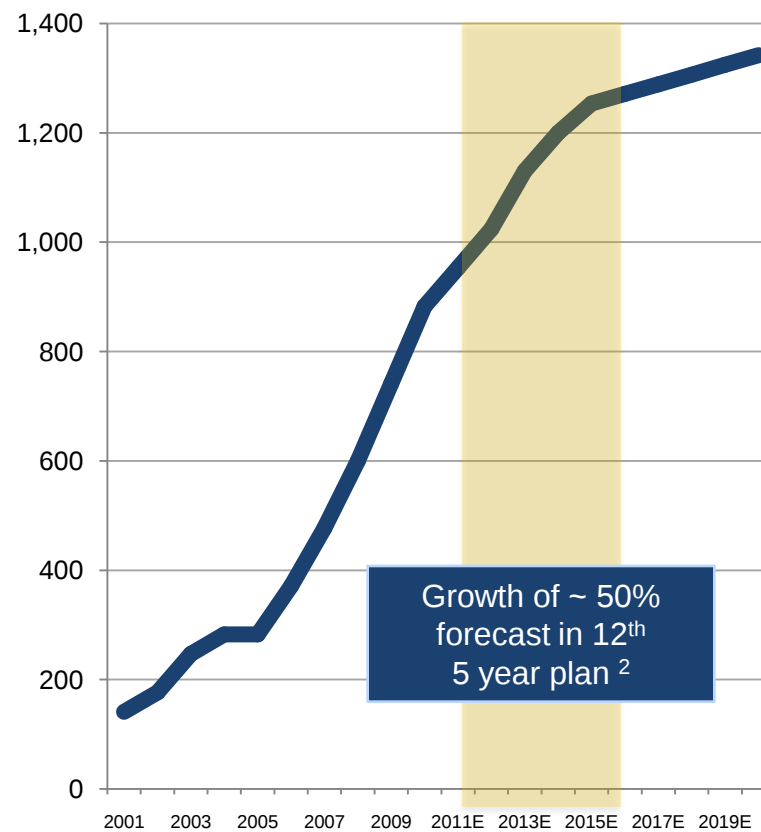


Ordos Basin - Geological Background



- Ordos Basin – depositional environment
 - ~ 102 Tcf recoverable natural gas¹
 - 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)



Sino Gas's PSCs

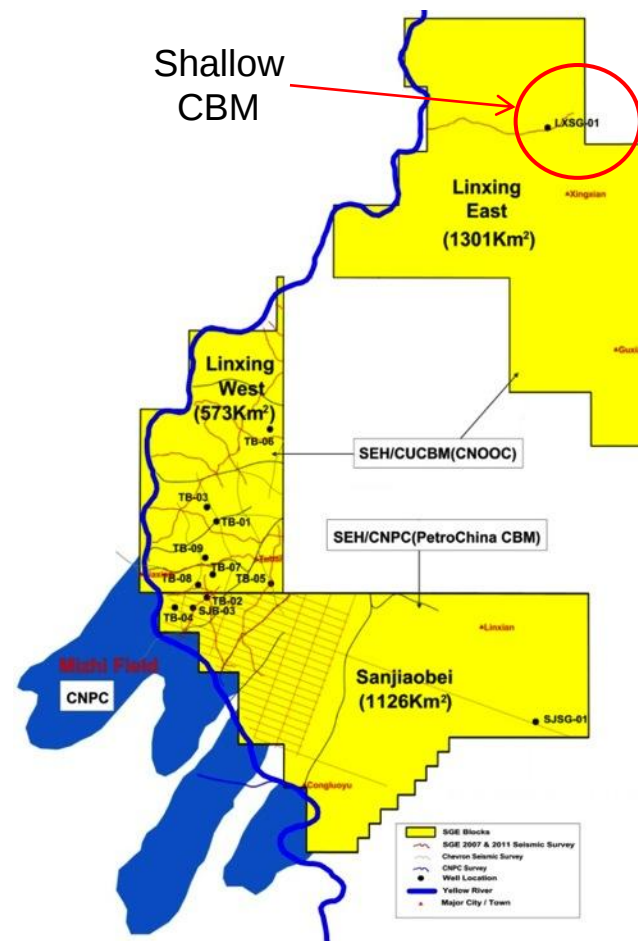
Sino Gas has been the operator of both PSCs since 2006

Linxing

- Sino Gas (64.75%), CUCBM (30.0%)¹ (50% owned by CNOOC), CBM Energy (5.25%)²
- Strong PSC and longstanding relationship with CUCBM/CNOOC Chinese partner
- Tenement Area of ~1,874km² (463,075 acres)
 - Linxing East 1,301km² (321,484 acres) & Linxing West 573km² (141,591 acres)
- Linxing East remains underexplored

Sanjiaobei

- Sino Gas (49%), CNPC/PetroChina CBM (51%)¹
- Strong PSC relationship with CNPC/ PetroChina CBM Chinese partner
- Tenement Area of ~1,126km² (278,241 acres)
- Project is adjacent to CNPC's currently producing Mizhi field with similar geology
- Central and Eastern portion remain underexplored



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

²Assumes CBM Energy exercise option to acquire 5.25%

Production Sharing Contracts

Sino Gas PSC Contract Interests

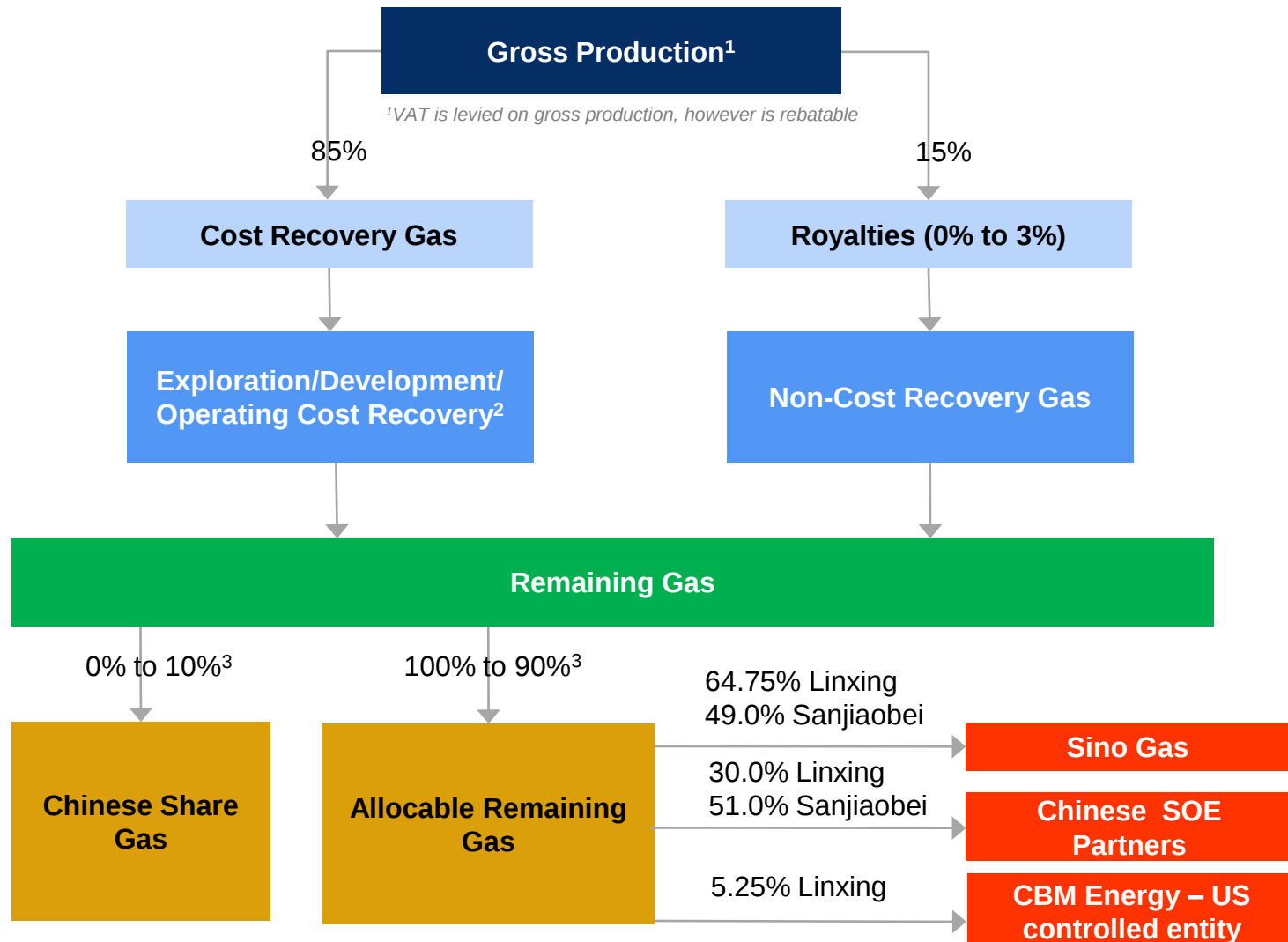
PSC	Working Interest (Exploration)	Net Interests (Production)	Current Status	Cost Recovery / Revenue Split
Linxing	Sino Gas 100%	Sino Gas 64.75% CUCBM 30.0% CBM Energy 5.25% ¹	Contract Expiry 2028 Exploration Period extended to 31 Aug 2013	Exploration costs are funded by Sino Gas and are recoverable 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 Sino Gas
Sanjiaobei	Sino Gas 100%	Sino Gas 49.0% CNPC 51.0%	Contract Expiry 2033 Exploration Period Renewal underway	

PSC Phases

PSC	Exploration Phase	Development Phase	Production Phase
Linxing	- 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)	- Commences – on the date of Commercial Production - Can be extended through negotiation
Sanjiaobei	- 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)	- Commences – on the date of Commercial Production - Can be extended through negotiation

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

Cost Recovery and Profit Sharing Gas



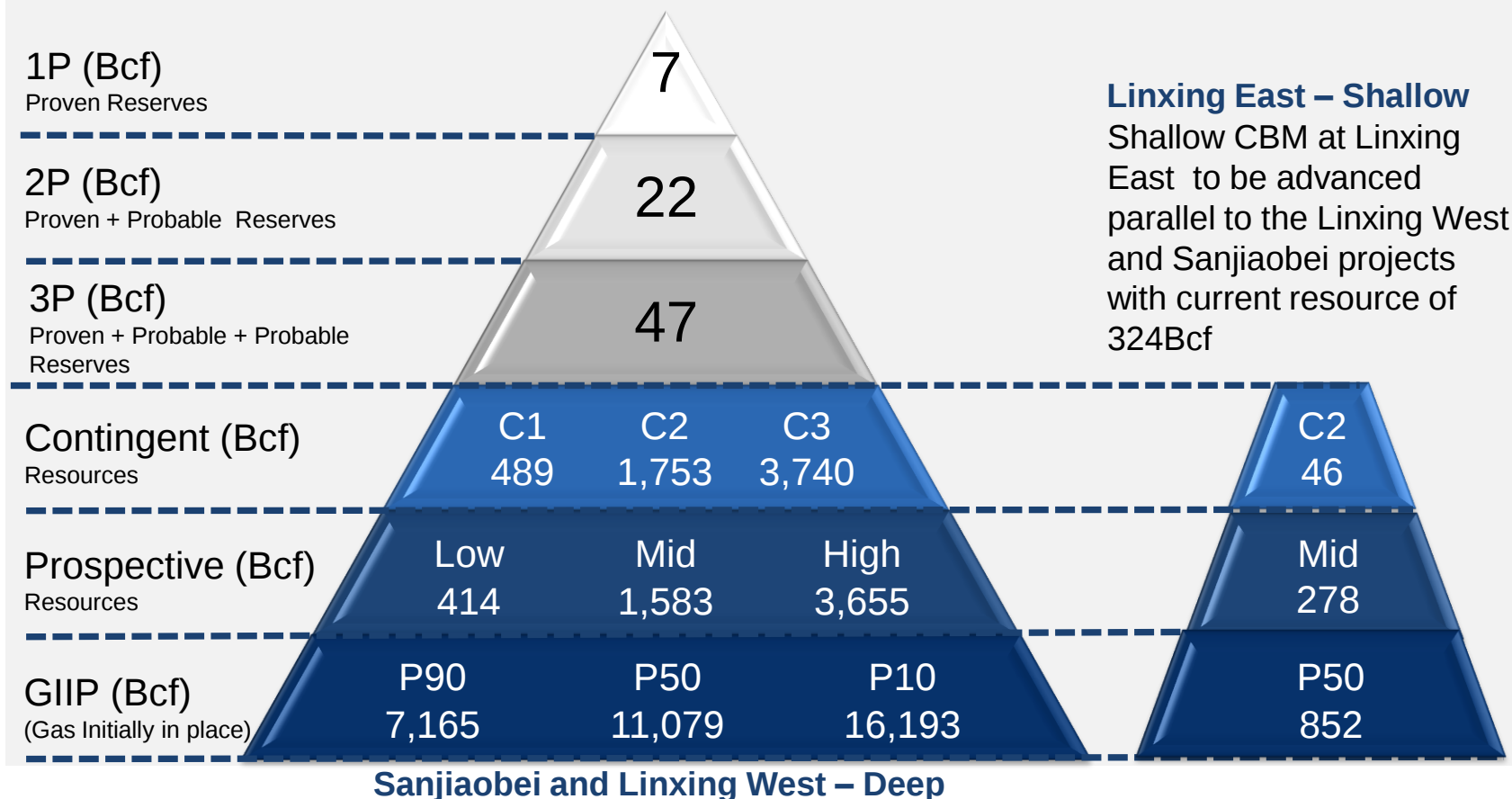
²Deemed interest of 9% is added to Sino Gas and Chinese Partner for development costs.

³Varies from 100% to a minimum of 90% as production volume increases

Reserves and Resources

The Independent Reserves and Resources assessment by RISC quantifies the magnitude of Sino Gas's projects

January 2012 – Reserves and Resource Independently verified by RISC consultants¹

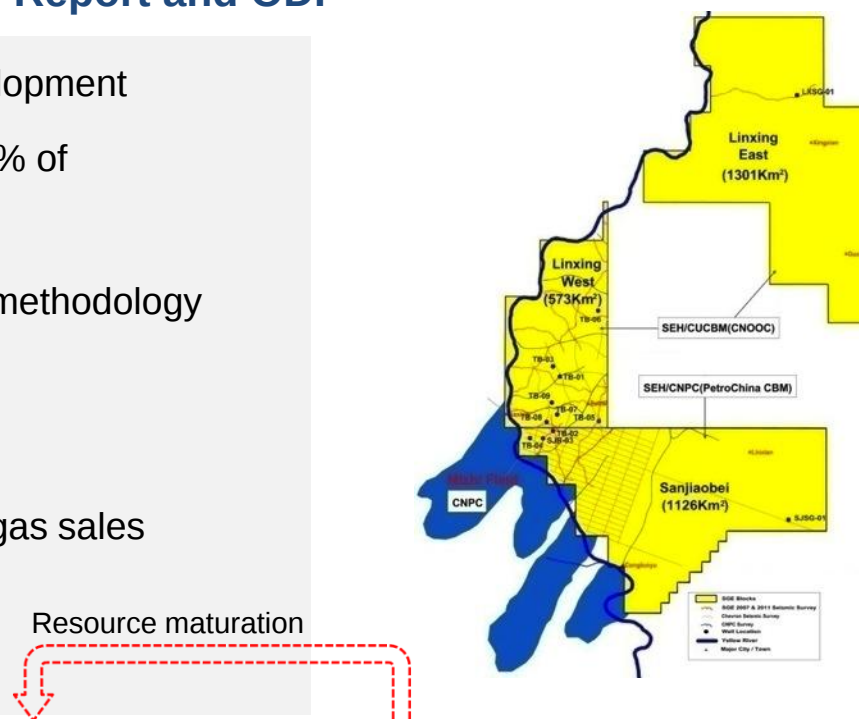


¹ Figures are 100% project for the Linxing and Sanjiaobei PSCs and mid case unless otherwise noted. Sino Gas's share of the Linxing PSC is 65% and 49% of the Sanjiaobei PSC following partner back-in.

Reserves and Resources

Focus of current development plans is to upgrade Contingent Resources to Reserves through completion of Chinese Reserve Report and ODP

- Significant further potential for resource development
- Historical exploration has only focused on 40% of acreage, future works will include;
 - additional wells to optimise development methodology
 - flow testing
 - seismic acquisition and interpretation
 - in-field gathering lines for pre-production gas sales
 - shallow CBM assessment
 - horizontal well optimisation



	Area (Km2)	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	1,126	4,980	3	10	21	471	1,012	1,493
Total	3,000	11,931	7	22	47	1,799	1,861	3,682

¹Figures include 324 Bcf of Contingent and Prospective resources at Linxing East as outlined by the NSAI report

2012 Indicative Work Program

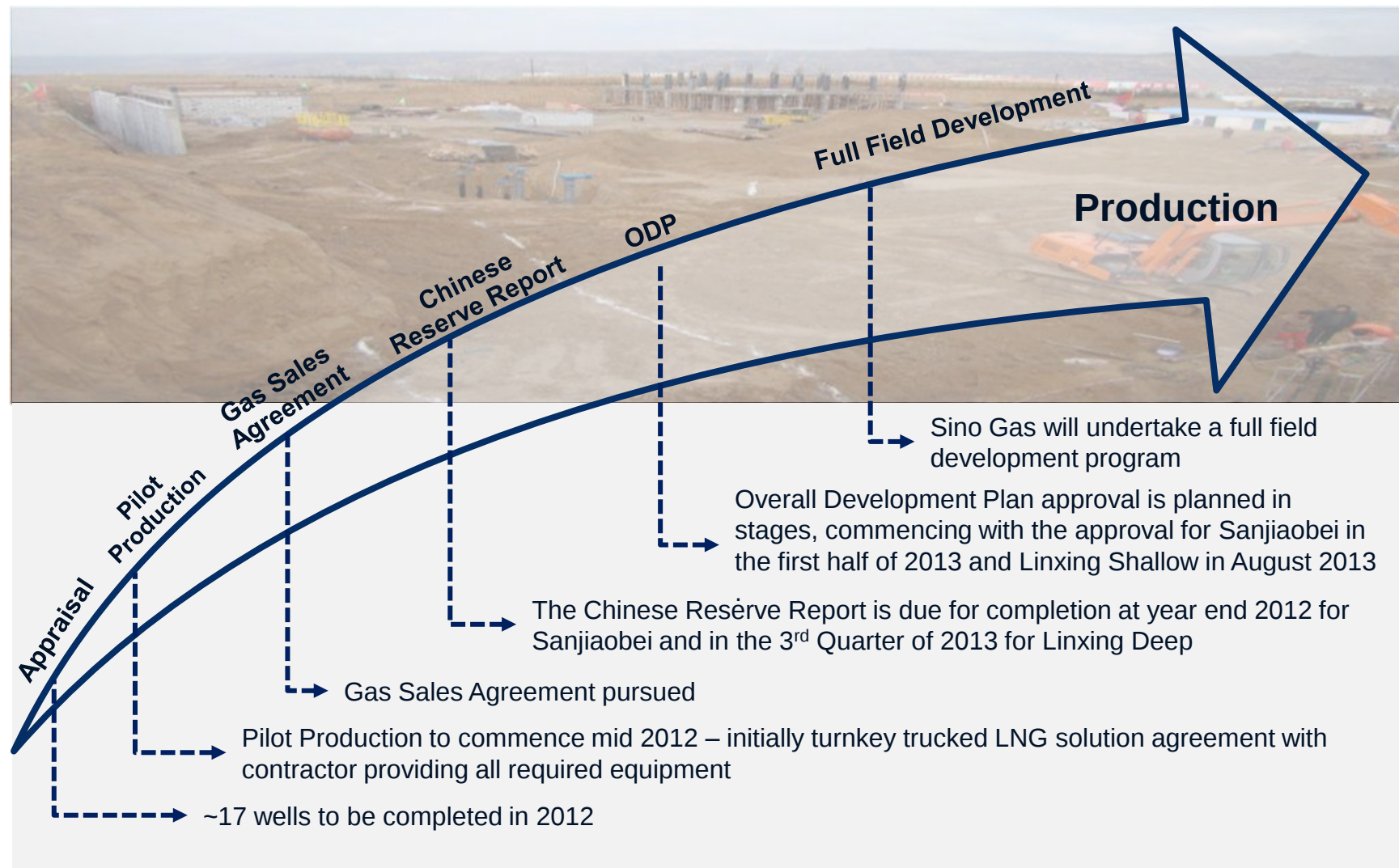
Project	2012 Work Program				Resource Base Growth		Key Project Milestones	
	Cost (US\$)	Seismic (km's)	Drilling (No of wells)	Frac/Test (No of tests)	Current Audited SPE Reserves/Resource ¹	Success Case Additional Internal Estimates SPE Reserves/Resource ¹	China Reserves Report	Pilot Development & Gas Sales
Sanjiaobei	\$11m	110	6-7	10	1,493 Bcf	200 Bcf	Yes (approval)	Yes (TB04, then other wells)
Linxing West	\$9m	200	5	8	1,865 Bcf	200 Bcf	Yes (prepared)	Yes (TB07,TB08, TB09, then other wells)
Linxing East (Deep)	\$2m	100	1	1	Nil	800 Bcf	No	No
Linxing East (Shallow)	\$3m	60	5	3	324 Bcf	N/A	Yes (approval)	Yes (to be defined)
Total	US\$25m	470	17	22	3,682 Bcf	1,200 Bcf		

The 2012 program will also target conversion of a significant portion of Sanjiaobei 2C Resource to 2P Reserve

Development Timeline

		2012				2013				2014			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Exploration & Appraisal													
		Flow Testing (Continued)											
		Seismic + Vertical & Horizontal Wells											
		Shallow CBM Assessment (Continues)						Further Reserve Expansion					
Key Project Milestones													
	SJB	Reserve Report (RR) Preparation				RR approval							
	SJB	ODP long lead items preparation (EIA Etc)		ODP Preparation		ODP Approval							
	LXC	Reserve Report (RR) Preparation				RR Approval							
	LXC	ODP long lead items preparation (EIA Etc)				ODP Preparation		ODP Approval					
Development Delivery													
		Pilot Program + Pre-production Sales (Continued)											
								Development Phases (2015 and beyond)					

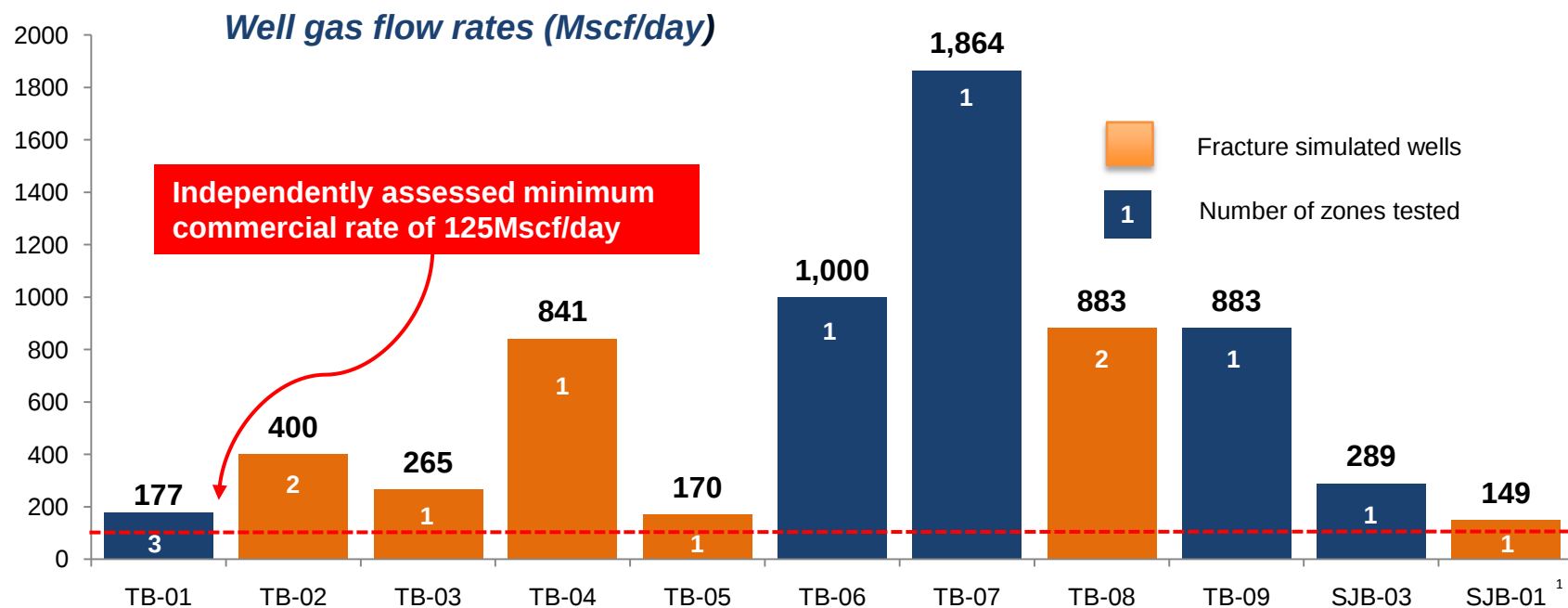
Path to Production & Revenue



Excellent Drilling Success Rate to Date

All 11 wells tested to date have flowed at gas rates above independently assessed commercial rates, with an additional two wells drilled Q4, 2011 expected to be tested in Q2 of 2012.

- Vertical holes so far but planning horizontal wells
- Well total depth ~2,100m with multiple pay-zones from 1,400m
- Sanjiaobei and Linxing West have typically up to 5 pay-zones per well. To date only selective zones in each well have been tested for reserves purposes, as illustrated below:



¹Testing performed on SJB-01 in November 2011 was limited to new pay-zone due to the onset of winter.

Field Development Assumptions from RISC



RISC Reserve/Resource evaluation in Jan 2012 updated full field development models

- Sino Gas share of project NPV₁₀ US\$2.3b¹
- Sino Gas share of project EMV (Risky NPV₁₀) US\$1.8b¹
- Mid case Internal Rate of Return (IRR) on both projects ~ 49%
- Key assumptions and outcomes as noted

¹Project NPV's based on a mid case gas price of US\$7.64/Mscf (low case US\$6.29/Mscf, high case US\$8.99/Mscf).

Company Comparisons

Company	Green Dragon	Beach Energy ³	Aurora Oil and Gas ^{2,3}	Sino Gas & Energy
Listing	GDG.LSE	BPT.ASX	AUT.ASX	SEH.ASX
Asset	Shizhuang (60%) Qinyuan (60%) Penxiem (60%) Fencheng (49%) Baotian-Qingshan (49%)	Cooper Basin Gippsland Basin US, Egypt	Sugarloaf Excelsior Longhorn Ipanema	Sanjiaobei (49.0%) Linxing (64.75%)
Asset Location(s)	China	Australia, USA, Europe, Africa	USA	China
Acreage (km ²)	7,566	N/A	312	3,000
Reserves/Resources (Oil & Gas) ¹				
1P (Bcf)	41	-	437	7
2P (Bcf)	273	464	478	22
3P (Bcf)	2,600	-	-	47
2C,Contingent	30	3,492	-	1,047
Market Capitalisation	A\$1,324m	A\$1,779m	A\$1,304m	A\$93m
Industry “Rule of Thumb” Indicative Transaction Valuation Metric $Valuation = (A\$2m \times (1P+2P)) + (A\$2m \times (10\% \times (3P + 2C)))$				
Indicative Valuation	A\$1,154m	A\$1,626m	A\$1,352m	A\$277m

¹ Reserve figures have been sourced from Annual Reports and company announcements. Sino Gas's share of the Linxing PSC is 65% and 49% of the Sanjiaobei PSC following partner back-in. ² Reserve figures are reported on a post royalty basis. ³ Reserve figures converted from MMboe/MMbbl to Bcf at a conversion rate of 1:6.

Argonaut Appointment

- Argonaut is an independent corporate advisory and stockbroking firm based out of Perth and Hong Kong. Argonaut is a technically driven specialist with an established track record in the natural resource sector
- Sino Gas has appointed Argonaut as Corporate & Financial advisors to pursue non-dilutive funding opportunities as the Company progresses towards development on its projects and to bridge the value gap
- Funding opportunities are targeted to align with the commencement of the 2012 work program



Key Messages

Substantial gas assets in 2nd largest gas producing basin in China ➡ Clear Path to Production

- ✓ Large scale assets
- ✓ Board and Management Team experienced in the region
- ✓ World Class Partners - Chinese majors (CUCBM/CNOOC and CNPC/PetroChina) under international standard PSCs
- ✓ Strategic agreement with BDEC for potential full turnkey solution to project development
- ✓ Demonstrated exploration success
- ✓ Multi-well commercial gas flows >1,000,000 scf/day
- ✓ Robust gas price with increasing demand
- ✓ Access to gas market
- ✓ Effectively managing potential risks

Well placed to grow shareholder value given significant disconnect between market capitalisation and the RISC independent evaluation of project EMV (Risked NPV₁₀) at US\$1.8b¹



¹ Project EMV (Expected Monetary Value) is based on a mid case gas price of US\$7.64/Mscf. Lifting costs (opex + capex) ~ US\$2/Mscf. Mid case Internal Rate of ~ 49%.

Disclaimer & Resource Statements

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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of SEH is available on our website www.sinogasenergy.com

Resource Statements

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE). Petroleum Resource Management Systems (SPE PRMS) standards by internationally recognized oil and gas consultants RISC and NSAI. All resource figures quoted are mid case - 100% unless otherwise noted.

Annexure 1: Field Operations Pictorial



TB-04 Well Test



SJB-03 Technical site visit with LNG engineers

Annexure 1: Field Operations Pictorial (Cont.)



TB-04 Well Test

Annexure 2: Gas Transport Pipeline



Pipelines traversing Sino Gas's PSCs under construction

Annexure 3: Gas Compressor/Metering Facility



Gas processing facilities under construction in Shanxi province

Annexure 3: Gas Processing Facility



Gas processing facilities under construction in Shanxi province

Annexure 3: RISC Consultants



Enabling our clients to make better decisions with greater confidence **Capabilities**

RISC was founded in 1994 to provide independent advice to companies associated with the oil and gas industry. Today we have grown to 40 highly experienced professional staff and have offices in Perth and Brisbane, Australia and London, UK. Long recognised as the pre-eminent oil and gas consultancy in Australia, RISC has now grown to become the International consultants of choice. We have completed over 1300 assignments in over 68 countries for nearly 500 clients. Since January 2000, RISC has been the principal technical and economic advisor on transactions whose total value has exceeded US\$220 billion. Our services cover the entire range of the oil and gas business lifecycle in conventional petroleum, coal seam gas and tight gas properties.

- Oil and gas asset valuations
- Expert advice to banks for debt or equity finance
- Exploration / portfolio management
- Field development studies and operations planning,
- CO2 geosequestration modelling
- Reserves assessment and certification
- Peer reviews
- Gas market advice
- Independent expert / expert witness
- Strategy and corporate planning

CONSULTANTS OF CHOICE – INTERNATIONALLY



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