

30 December 2013

SINO GAS GENERAL MEETING: CHAIRMAN'S ADDRESS

What a difference a year makes, exactly a year ago Sino Gas & Energy Holdings Limited (ASX:SEH, "**Sino Gas**", "**the Company**"):

- Was trading at 13c and was capitalised at around \$150 million. Today it is trading at around 20c and is capitalised at approximately \$300 million.
- Had mid-case attributable 2P Reserves booked of 22 billion cubic feet ("**bcf**") (announced 23 January 2012) – today it has 233bcf booked (announced 17 October 2013)¹ with another assessment underway.
- Had drilled a cumulative total of 27 wells and conducted 700 kms seismic survey. Today, after our busiest year ever the Company has completed a total of 58 wells and acquired 1,935km of seismic lines.
- Focussed on exploration and appraisal of the two Production Sharing Contract ("**PSC**") blocks – today these activities are substantially completed and we will focus in 2014 on achieving development approvals and production.
- Had around \$7.5 million in the bank – today we have approximately \$65 million².
- Over the course of 2013 we have seen a continued strengthening of market supply and demand conditions for domestic gas in China. This and the continuing operational progress provide confidence that both PSCs can be successfully developed.

The accomplishments of 2013 are a credit to all those employees working on the projects who between them have achieved over two million incident free man-hours in often challenging conditions. In the meantime we have built a strong team led by Robert Bearden in Beijing, who have the skills and dedication to drive the projects into production.

The recently completed capital raising, which is the subject of this General Meeting brings a level of financial strength to your company as we move into the 2014 work program. We are delighted at the market response to this raising, and very much appreciate the confidence shown by a number of existing and new shareholders.

1 Refer to Resources Statement & Disclaimer for full disclosure.

2 Includes \$15.1 million (before costs) of tranche 2 shares subject to approval by shareholders at today's General Meeting.

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Our latest announcements and presentations can be found on our website: www.sinogasenergy.com

About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited ("Sino Gas" ASX: SEH) is an Australian energy company focused on developing Chinese unconventional gas assets. Sino Gas holds a 49% interest in Sino Gas & Energy Limited ("SGE") through a strategic partnership completed with MIE Holdings Corporation ("MIE" SEHK: 1555) in July 2012. SGE has been established in Beijing since 2006 and is the operator of the Linxing and Sanjiaobei Production Sharing Contracts (PSCs) in the Ordos Basin, Shanxi province.

SGE's interest in the Linxing PSC with CUCBM is 64.75% and 49% for the Sanjiaobei PSC held with PCCBM. SGE has a 100% working interest during the exploration phase of the PSC, with SGE's PSC partners being entitled to back-in upon Overall Development Plan (ODP) approval, by contributing development and operating costs in line with their PSC interest.

The PSCs are located in the Ordos Basin and cover an area of approximately 3,000km². The Ordos Basin is the second largest onshore oil and gas producing basin in China. The region has mature field developments with an established pipeline infrastructure to major markets. Rapid economic development is being experienced in the provinces in which Sino Gas' PSCs are located and natural gas is seen as a key component of clean energy supply in China.

Resources Statement & Disclaimer

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (PRMS) standards by internationally recognized oil and gas consultants RISC (Announced 17 October 2013) using probabilistic estimation methods. These statements were not prepared to comply with the China Petroleum Reserves Office (PRO-2005) standards or the U.S. Securities and Exchange Commission regulations and have not been verified by SGE's PSC partners CNPC and CUCBM. EMV is the probability weighted net present value (NPV), including the range of project NPVs and the risk of the project not progressing. Project NPV10 is based on a mid-case wellhead gas price of \$US8.79/Mscf and lifting costs (opex+capex) of ~ \$US1.3/Mscf for mid-case Reserves, Contingent & Prospective Resources. All resource figures quoted are unrisked mid-case unless otherwise noted. Sino Gas' attributable net Reserves & Resources assumes PSC partner back-in upon ODP approval, CBM Energy's option to acquire an interest of 5.25% in the Linxing PSC (by paying 7.5% of back costs) is exercised, and MIE fulfil funding obligations under the strategic partnership agreement. No material changes have occurred in the assumptions and subsequent work program exploration and appraisal results have been inline with expectations.

Certain statements included in this announcement constitute forward looking information. This information is based upon a number of estimates and assumptions made by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies.

Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, gas prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.

Competent Persons Statement

Information on the Resources in this release is based on an independent evaluation conducted by RISC Operations Pty Ltd (RISC), a leading independent petroleum advisory firm. The evaluation was carried out by RISC under the supervision of Mr Peter Stephenson, RISC Partner, in accordance with the SPE-PRMS guidelines. Mr Stephenson has a M.Eng in Petroleum Engineering and 30 years of experience in the oil and gas industry. RISC consents to the inclusion of this information in this release.

About RISC

RISC is an independent advisory firm that evaluates resources and projects in the oil and gas industry. RISC offers the highest level of technical, commercial and strategic advice to clients around the world. RISC services include the preparation of independent reports for listed companies in accordance with regulatory requirements. RISC is independent with respect to Sino Gas in accordance with the Valmin Code, ASX listing rules and ASIC requirements.