

30 May 2014

SINO GAS ANNUAL GENERAL MEETING: CHAIRMAN'S ADDRESS

Since the last AGM in May 2013, your Company has taken great strides in meeting its operational and corporate objectives. Steady progress has been made in advancing the readiness for development of the Groups' two Production Sharing Contracts (PSC) in Shanxi Province, China. Key milestones achieved during the last year include:

- Significant further seismic and drilling work programs were conducted across the two PSCs. A total of 30 further vertical wells and 1 horizontal well were drilled and over 1,235 km of seismic acquired.
- On the basis of the data obtained from seismic and drilling, independent experts RISC were able to attribute substantial new reserves and resources to the Project, with a corresponding increase in value.
- The first Chinese Reserve Report (CRR) was submitted to authorities over Linxing (East).
- The Company's first Gas Sales Agreement (GSA) was signed with Linxing PSC Partner, China United Coal Bed Methane (CUCBM). First gas sales subsequently occurred in late 2013.
- Major progress was made in the engineering of surface gathering facilities and internal/external pipelines for Linxing (West) and Sanjiaobei.
- Successful placement to raise A\$53 million conducted in December 2013. Strong support shown from sophisticated and institutional investors.
- Sino Gas was admitted to the S&P/ASX 300 Index in March 2014, reflecting the Company's growing market capitalisation and liquidity.
- The incident-free safety record set in 2012 has continued throughout 2013 and up to the present date. This record is something which your Company takes great pride in.

As you can see, an enormous amount has been achieved in the last 12 months and we look forward to another year of progress. The coming period will see us continue an aggressive work program, with close to 60 wells scheduled for drilling this calendar year. This will ramp-up our transition from an explorer to a producer and begin to generate significant revenue from increasing gas sales.

We continue to enjoy an excellent working relationship with our PSC Partners who bring much valued resources and expertise to bear on our shared endeavours. Our technical and operational team is operating smoothly and we will continue to build this capability as we advance towards Overall Development Plans for the Linxing and Sanjiaobei PSCs.

Mr Philip Bainbridge recently joined the Board as a Non-Executive Director and I would like to take this opportunity to formally welcome him. Philip brings to Sino Gas a wealth of experience in international oil and gas operations and we look forward to his counsel.

As you would know, our Managing Director and CEO, Mr Robert Bearden, recently informed the Board of his decision to retire at the end of June. Given Robert's impending retirement, we have taken the opportunity to strengthen the operational management with the appointment of Frank Fu as COO and plans are progressing well for the appointment of a new CEO.

Chinese government policy designed to support in-country production has seen recent upward movement in the price of domestic gas. This is indicative of the supportive environment we are encountering as the Chinese government continues in its efforts to address environmental concerns.

Many of you will also have noted the recent announcement of a large gas sales agreement between Russia and China over an initial 30 year period. This represents an enormous commitment from China towards a cleaner fuel source, and augers well for Sino Gas' efforts to supply the market which this commitment foreshadows.

Before closing, I want to thank our shareholders for your continued support. We continue to strive to execute the plan for Sino Gas with a firm eye on creating shareholder value. We have confidence in our projects, our team and the macro environment for unconventional gas production in China.

For more information, please contact:

Sino Gas & Energy Holdings Limited

Gavin Harper
Chairman
+61 416 427 275
gharper@sinogasenergy.com

Media Enquiries

Dan Robinson / Warrick Hazeldine
Cannings Purple
+61 (08) 6314 6300
[drobinson@canningspurple.com.au](mailto:d Robinson@canningspurple.com.au)
whazeldine@canningspurple.com.au

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.

Disclaimer

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