

Investor Presentation
February 2016

The background of the slide is a dark, blue-tinted photograph of an industrial facility, likely a coal gasification plant. It shows complex metal structures, pipes, and scaffolding. A large, thick, white curved graphic element arches across the upper half of the image, separating the header from the main content area.

Fuelling China's Energy Growth

Disclaimer

Sino Gas & Energy Holdings Limited (ASX:SEH, “Sino Gas”, “the Company”) holds a 49% interest in Sino Gas & Energy Limited (“SGE”) through a strategic partnership with MIE Holdings Corporation (“MIE” SEHK: 1555) to develop two blocks held under Production Sharing Contracts (PSCs) with CNPC and CUCBM. SGE has been established in Beijing since 2005 and is the operator of the Sanjiaobei and Linxing PSCs in Shanxi province. See Slide 19 for detailed structure.

Certain statements included in this release constitute forward looking information. This information is based upon a number of estimates and assumptions made on a reasonable basis 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 release 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.

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This presentation should be read in conjunction with the Annual Financial Report as at 31 December 2014, the half year financial statements together with any ASX announcements made by the Company in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)*.

Resources Statement

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 recognised oil and gas consultants RISC (announced 3 March 2015) 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.

All resource figures quoted are unrisks mid-case unless otherwise noted. Sino Gas' attributable net Reserves & Resources assumes PSC partner back-in upon ODP approval (i.e. CUCBM take their entitlement of 30% interest in Linxing PSC and CNPC take their entitlement to 51% in the Sanjiaobei PSC), 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 fulfill funding obligations under the strategic partnership agreement. Reserves & Resources are net of 4% in-field fuel for field compression and field operations. Reference point is defined to be at the field gate. No material changes have occurred in the assumptions and subsequent work program exploration and appraisal results have been in line with expectations.

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. Mr. Stephenson is a member of the SPE and MICHemE and consents to the inclusion of this information in this release. RISC is independent with respect to Sino Gas in accordance with the Valmin Code, ASX listing rules and ASIC requirements.

Sino Gas' Attributable Net Reserves & Resources as at 31 December 2014

SEH Attributable Net Reserves & Resources	1P Reserves (Bcf)	2P Reserves (Bcf)	3P Reserves (Bcf)	2C Contingent Resources (bcf)	P50 Prospective Resources (bcf) ¹	EMV ₁₀ (US\$m) ²
31 December 2014 (Announced 3 March 2015)	350	448	557	739	649	\$3,076
31 December 2013 (Announced 4 March 2014)	129	291	480	850	1,023	\$2,258
Total 2014 Change (+/-%)	+54% (2P)			-13%	-37%	+36%
Gross Project 31 December 2014	1,238	1,608	2,022	2,560	2,568	N/A

Note 1. The estimated quantities of petroleum may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

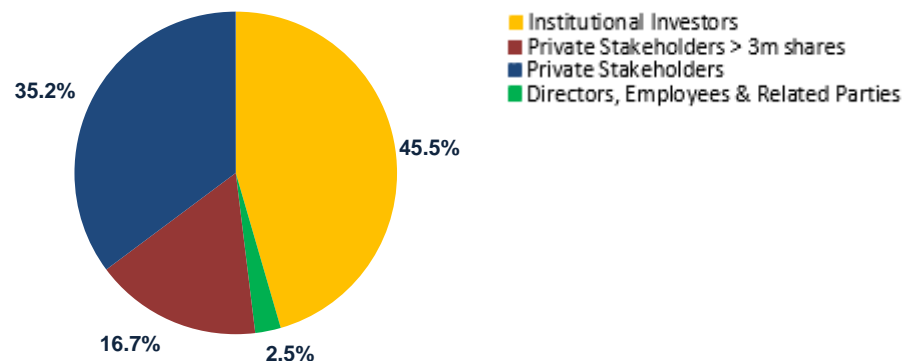
Note 2. EMV is the probability weighted net present value (NPV), including the range of project NPVs and the risk of the project not progressing. Project NPV₁₀ is based on a mid-case wellhead gas price of US\$9.76/Mscf and lifting costs (opex+capex) of ~US\$1.3/Mscf for mid-case Reserves, Contingent & Prospective Resources.

Company Snapshot

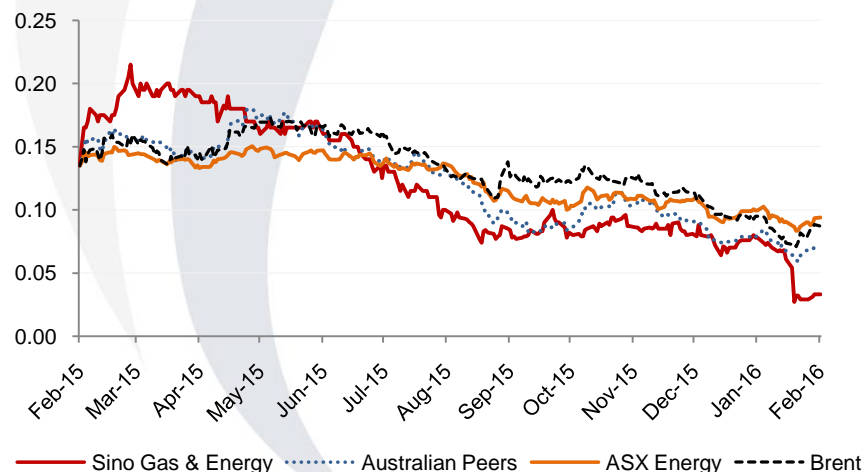
Corporate Information – as at 31 January 2016

ASX Listed (S&P ASX 300)	SEH
Share Price	A\$0.033
Issued Shares	2,074m
Market Cap	US\$48m
Cash Balance (31 Dec 2015)	US\$63m
Drawn/undrawn debt facilities	US\$10/40m ¹

Share Register – January 2016



12 Month Share Price Performance to 31 Jan 2016



Top Shareholders – Jan 2016

	Shares (m)	%
FIL Investment Management	202.8	9.8%
Kinetic Investment Partners	129.5	6.3%
Commonwealth Bank of Australia	93.1	4.5%
SG Hiscock	72.1	3.5%
Perennial Value	64.5	3.3%

2015 Company Highlights

Operations Focus

- Commissioned Linxing Central Gathering Station
- Reduced vertical well drilling cost ~10%
- Drilled 20 wells (incl 2 horizontals, 5 exploration wells)

Technical Focus

- Gathered sub-surface data from long-term production, validating geological model
- Commercial gas flows demonstrated on Linxing (East)
- Improved average vertical well test flow rate ~10%

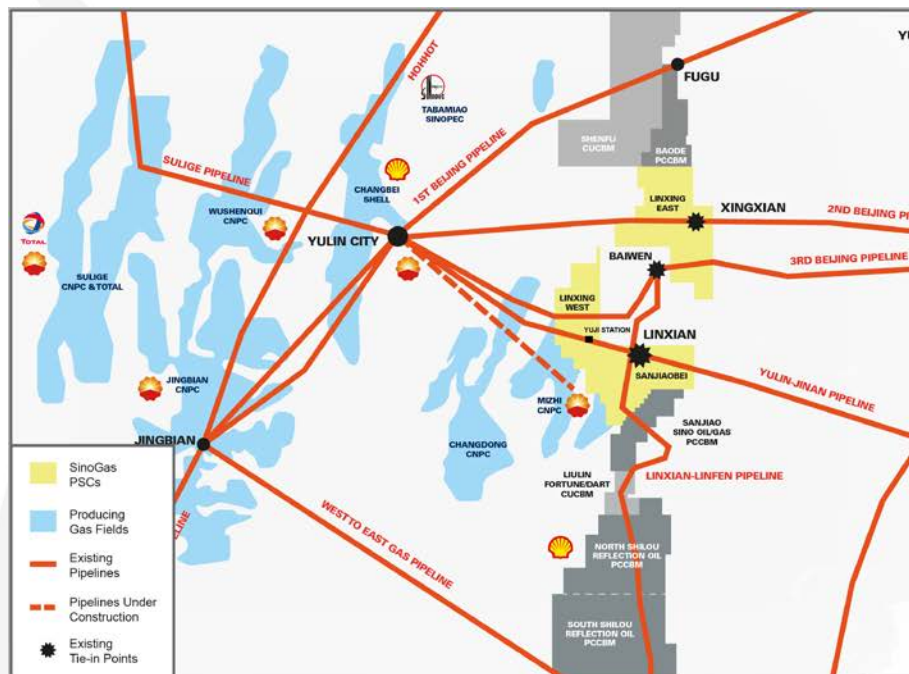
Commercial Focus

- Maintained robust gas prices, ~US\$7.04-7.10/Mscf agreed post November 2015 NDRC price revision¹
- Progressed gas sales receipt from PSC partners, with final resolution pending

Financial Focus

- Cash Balance as of December 31 of US\$63 million
- Strong focus on balance sheet management

Significant Assets in the Prolific Ordos Basin



The most productive natural gas basin in China:

- Unconventional gas production of over 3bcf/day
- Ready access to key demand centres with multiple tie-in points
- Sino Gas' ~3,000km² acreage is located approx. 500km from Beijing



A Unique China Gas Investment Opportunity

1 Attractive market dynamics

- ≈ Government target to double natural gas share of energy mix by 2020¹
- ≈ Contracted gas prices ~US\$7/Mscf agreed
- ≈ Policies to promote the growth of domestic production, in particular from unconventional

2 Large scale / low cost resource

- ≈ World-scale proven reserves & resources in the prolific Ordos Basin²
- ≈ Exploration program continues to add reserves
- ≈ Competitively positioned on the China gas supply cost curve

3 Pathway to commercialisation

- ≈ Pilot program demonstrates long-term commercial well productivity
- ≈ Commercial issues being resolved and de-risked ahead of full field development
- ≈ CRR and OPD approvals expected in 2016 and 2017

4 Strong partners

- ≈ Tier 1 PSC partners (CNPC & CNOOC) with established unconventional operations in the Ordos Basin
- ≈ Strategic JV partner with proven track record of operating PSCs in China

5 Experienced team / well financed

- ≈ Year-end 2015 cash US\$63 million – materially funds to ODP
- ≈ Low capital commitment, flexibility to adjust program to protect balance sheet

China Natural Gas: Ongoing Structural Growth Supported by Policy

Full year demand grew c.5.7% in 2015

- Post Nov 20 gas price cut, implied demand grew c.19% in December
- Natural gas price uncompetitive with competing oil products for much of the year, hampering demand growth (c.3.7% in 11 months to end of Nov)

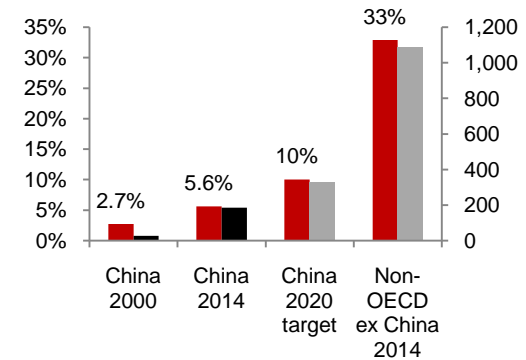
Reforming energy sector to address environmental problems is a key priority of 13th Five Year Plan

Goal to increase natural gas share of energy mix to >10% implies significant demand growth in coming 5 years

Wide range of policy expected to be used to achieve drive for further adoption of natural gas

- Environmental policy
- Gas pricing
- Oil product price floor at oil prices of US\$40/bbl

China Policy Pushing for Increased Natural Gas Adoption¹



■ Nat Gas Share of energy mix (LHS)

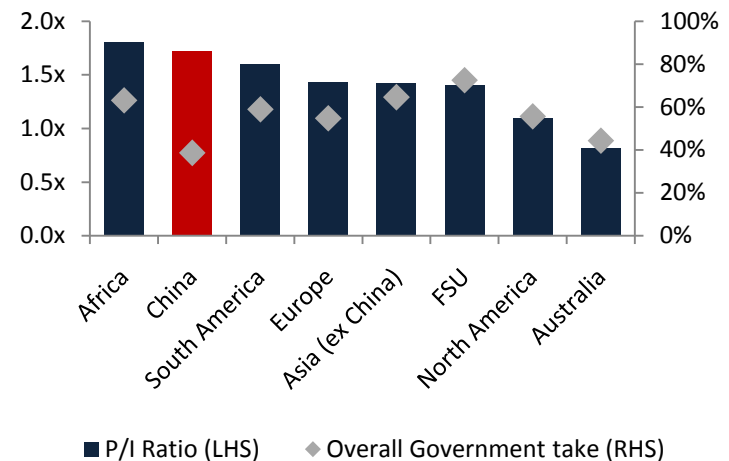
■ Actual/Implied Nat gas demand (bcm) (RHS)



Operating in China: A Well Established & Favourable Regime

- World's 5th largest oil producer, 6th largest gas producer
- Over 20 private international firms involved in upstream operations
- Well established and transparent procedures and regulatory requirements
- Ranks favorably globally on P/I Ratio and Government Take¹
- Long term government plans and policies (including natural gas pricing) conducive to planning long term investments
- Large, well developed service industry available at internationally competitive prices
- Recently signed China-Australia Free Trade Agreement highlights importance of trade relationship between the two countries

China ranks favorably on government take, Profit/Investment ratio¹



Typical Conventional Development Progression

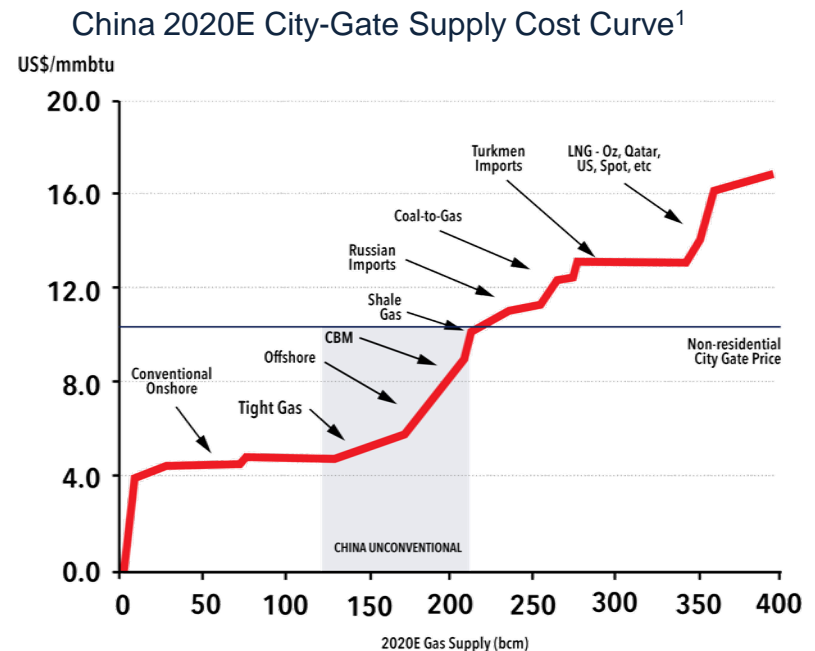


China Unconventional Development Progression



Attractively positioned on China natural gas cost curve

- As of 20 November 2015, average city gate prices in China ~US\$7.90/mcf, Sino Gas' agreed wellhead price US\$7.04-7.10/mcf
- Sino Gas' assets highly cost competitive with est. capex + opex of US\$1.30/mcf²
- Imports, both pipeline and LNG, expected to remain at the high end of the cost curve, even in a lower oil price environment



Large Scale Assets with Significant Upside

World scale resources

1.6 tcf 2P + 2.6 tcf unrisked 2C gross¹

Favourable geology

Good reservoir, stacked multiple pay-zones, clean gas composition

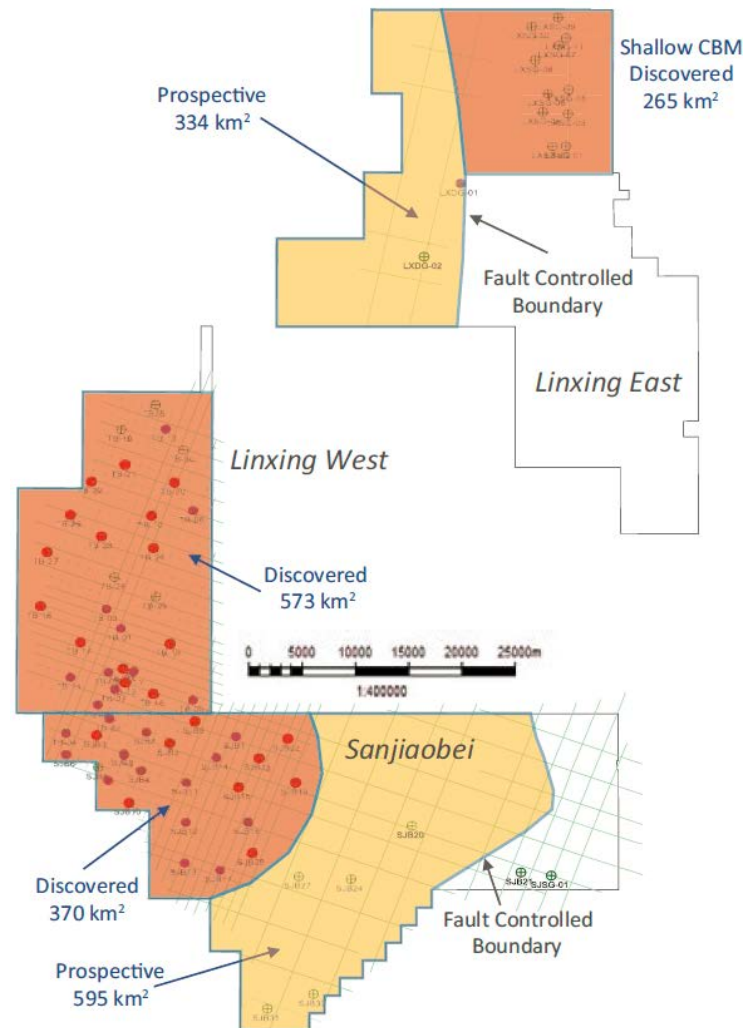
Highly delineated resource

114 wells drilled, 109 well tests

Pilot production since November 2014

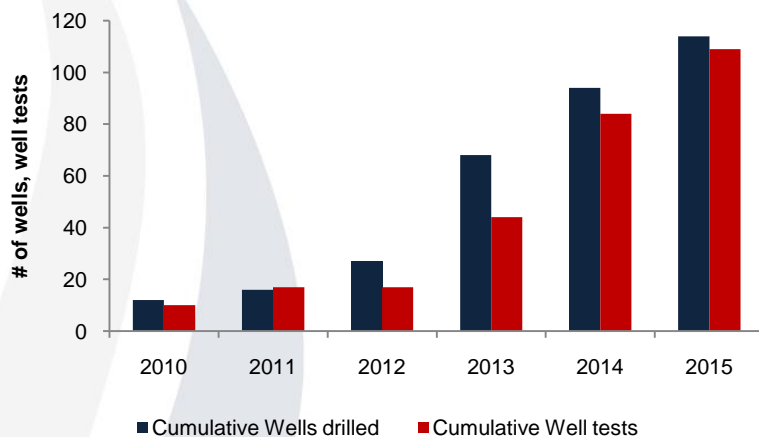
Long term test of reservoir deliverability

Project and Drilling Overview (as of YE14)

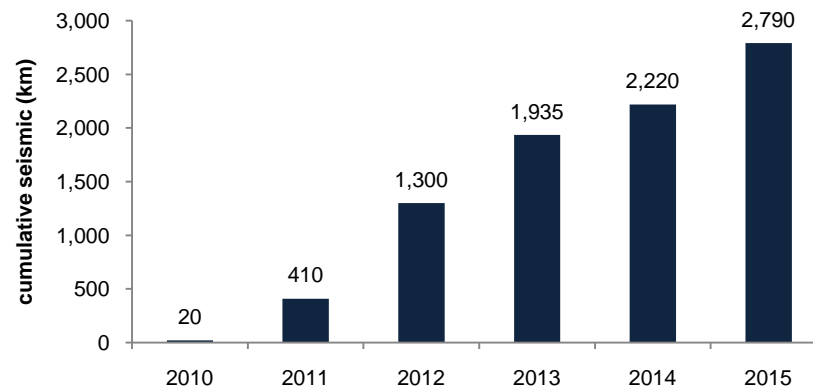


Company Growth

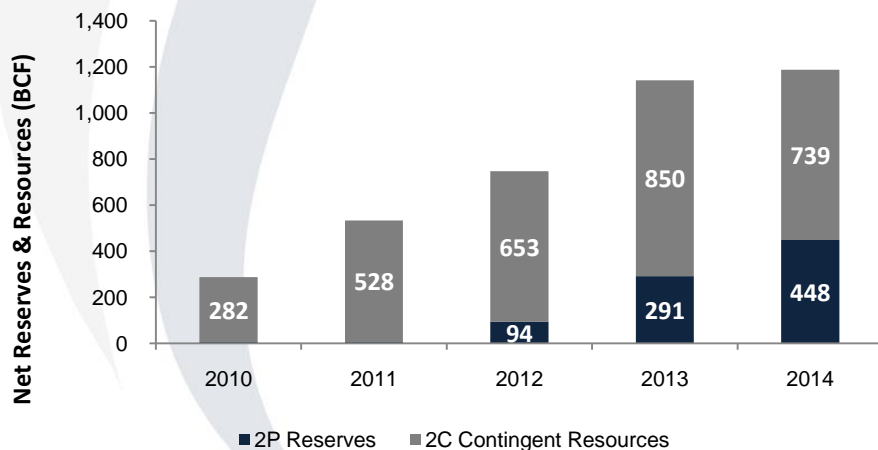
Cumulative wells drilled, well tests



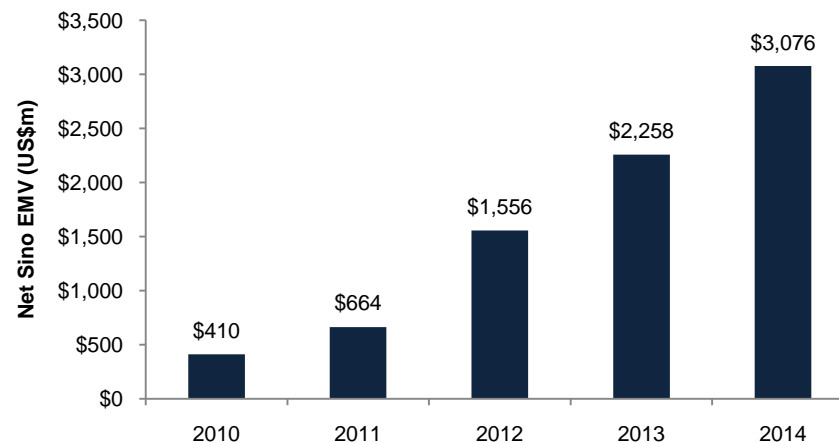
Cumulative Seismic



Sino Gas' Net 2P + 2C Growth¹



Sino Gas' Net EMV²



Pilot Program & Gas Sales Proceeds

~ Pilot program designed to substantially derisk project ahead of full field development by:

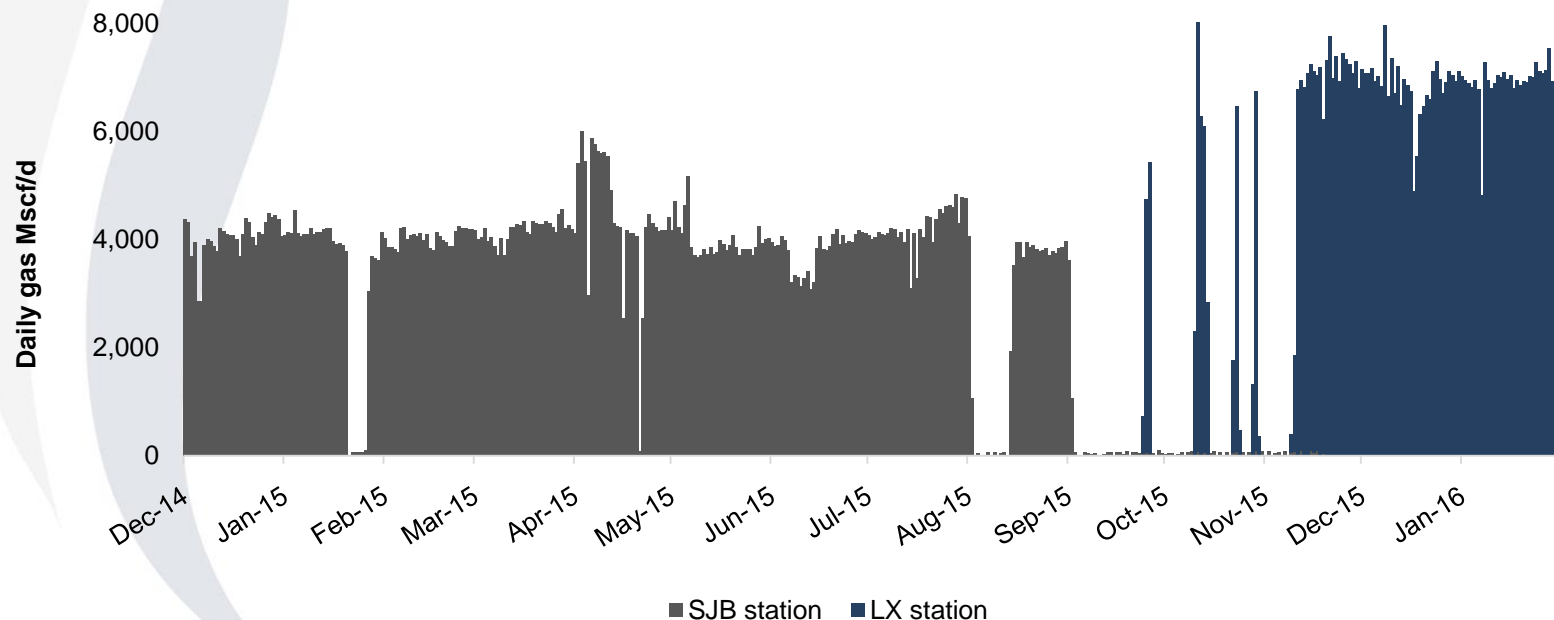
- ✓ Improving subsurface understanding to optimise full field development
- ✓ Demonstrate reliability of supply to give gas buyers comfort to enter into long-term sales agreements at ODP
- ❑ Create and demonstrate cash flow processes from buyer to Sino Gas
- ❑ Provide cash flow to reinvest in the asset

~ Key outstanding issue is to receive sales proceeds

- 2016 work program activity dependent on proceeds received
- Sanjiaobei: All regulatory approvals received, will remain offline until satisfactory revenue sharing mechanism is agreed with PSC partner
- Linxing: Constructive progress on approvals, production will be ramped up to full capacity after gas sale proceeds received, existing wells remaining onstream in the interim
- Sino Gas' share of estimated gas sales at YE15 ~US\$5.6 million, ~US\$4.5 million Linxing PSC, ~US\$1.1 million Sanjiaobei PSC (unaudited)

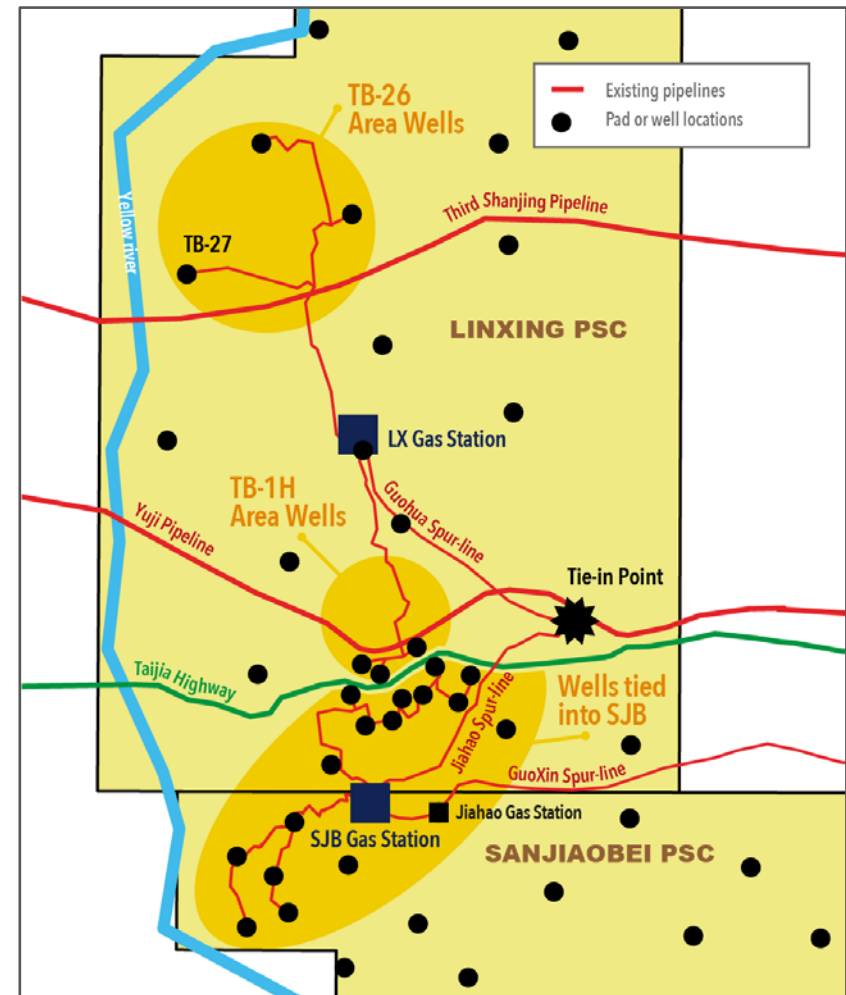
Pilot program subsurface performance

- ~ Average vertical test rate improved ~10% over 2014
- ~ Additional sweet spots identified
- ~ With up to 9 months of production history, successfully demonstrated commercial flow rates maintained
- ~ Gathered data for further well productivity improvements via improved wellbore/completions design



2016 Work Program

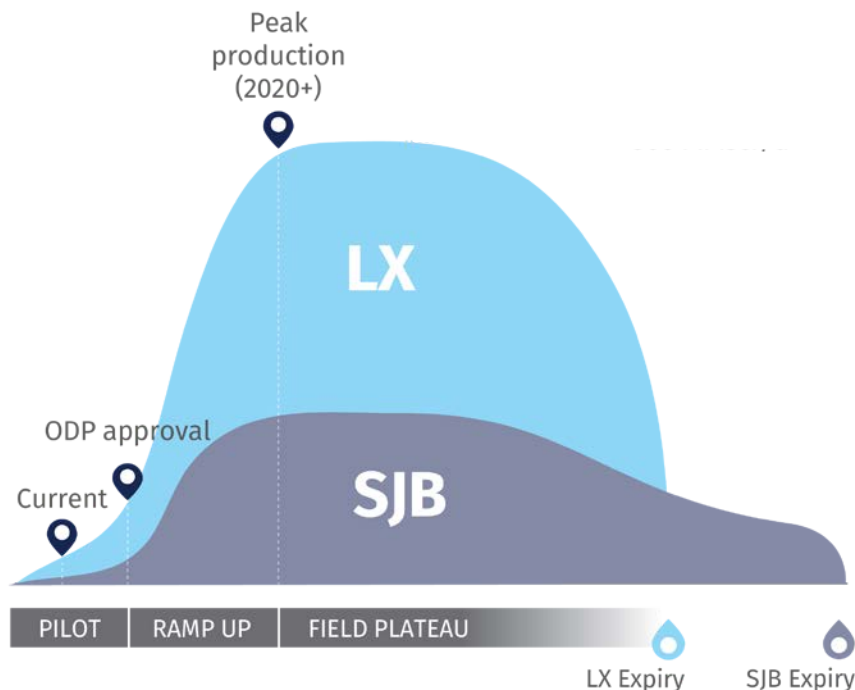
- Focused on advancing Chinese Reserve Report (CRR) and Overall Development Plan (ODP) approvals and activities that generate cash flow
- US\$30-60 million gross (US\$15-30 million net to Sino Gas) depending on resolution of payment of gas sales
 - Ramp-up production to installed capacity of 25 MMscf/d by 4Q
 - Drill and tie in additional wells, including recently drilled horizontals, into the Linxing CGS to support production ramp up
 - Drill 6-12 appraisal wells in Linxing East to support a separate CRR submission
- Sanjiaobei CRR approval anticipated mid-year and Linxing 4Q



Full field development

- Plateau production expected to be equivalent to c.2-3% of China's domestic gas production
- Significant ramp up of drilling anticipated post ODP in 2017 to reach plateau production in ~2020-2021
- Multiple Central Gathering Stations to be built across Sanjiaobei, Linxing West and Linxing East and tied-in to the numerous existing trunklines in the immediate vicinity of the blocks
- Long-term Gas Sales Agreements anticipated as part of Overall Development Plan

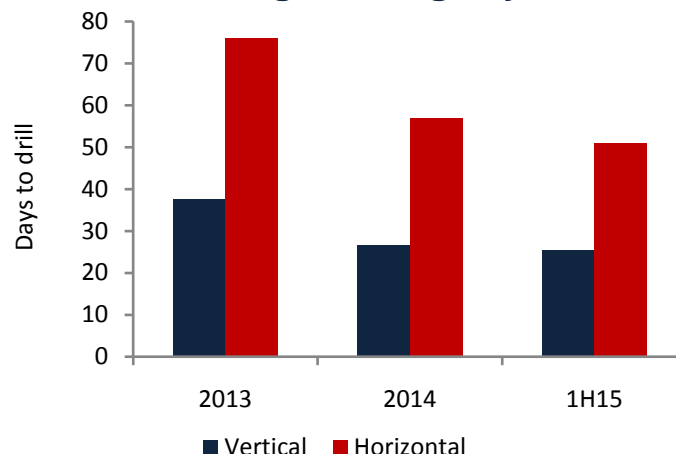
Linxing and Sanjiaobei production profile¹



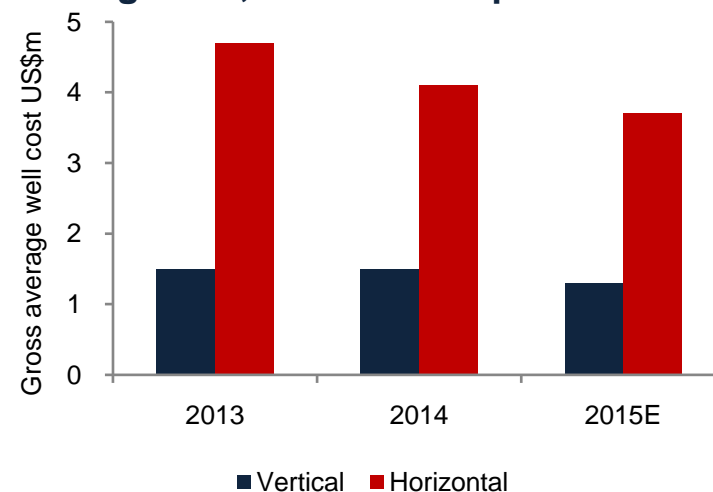
Efficiency Improvements and Cost Savings

- Efficiencies and improved rig rates drove ~10% decrease in average well costs in 2015 vs. 2014
- Vertical wells drilled ~5% faster than 2014, which was ~30% faster than 2013
- TB-3H drilled in 2015 ~33% faster than TB-1H drilled in 2013.
- Chinese National Oil Companies have cut capex budgets in response to lower oil prices, resulting in lower rig utilisation and decreased rig rates
- During 2015, average well test rate was ~10% higher than 2014, which was ~70% higher than 2013

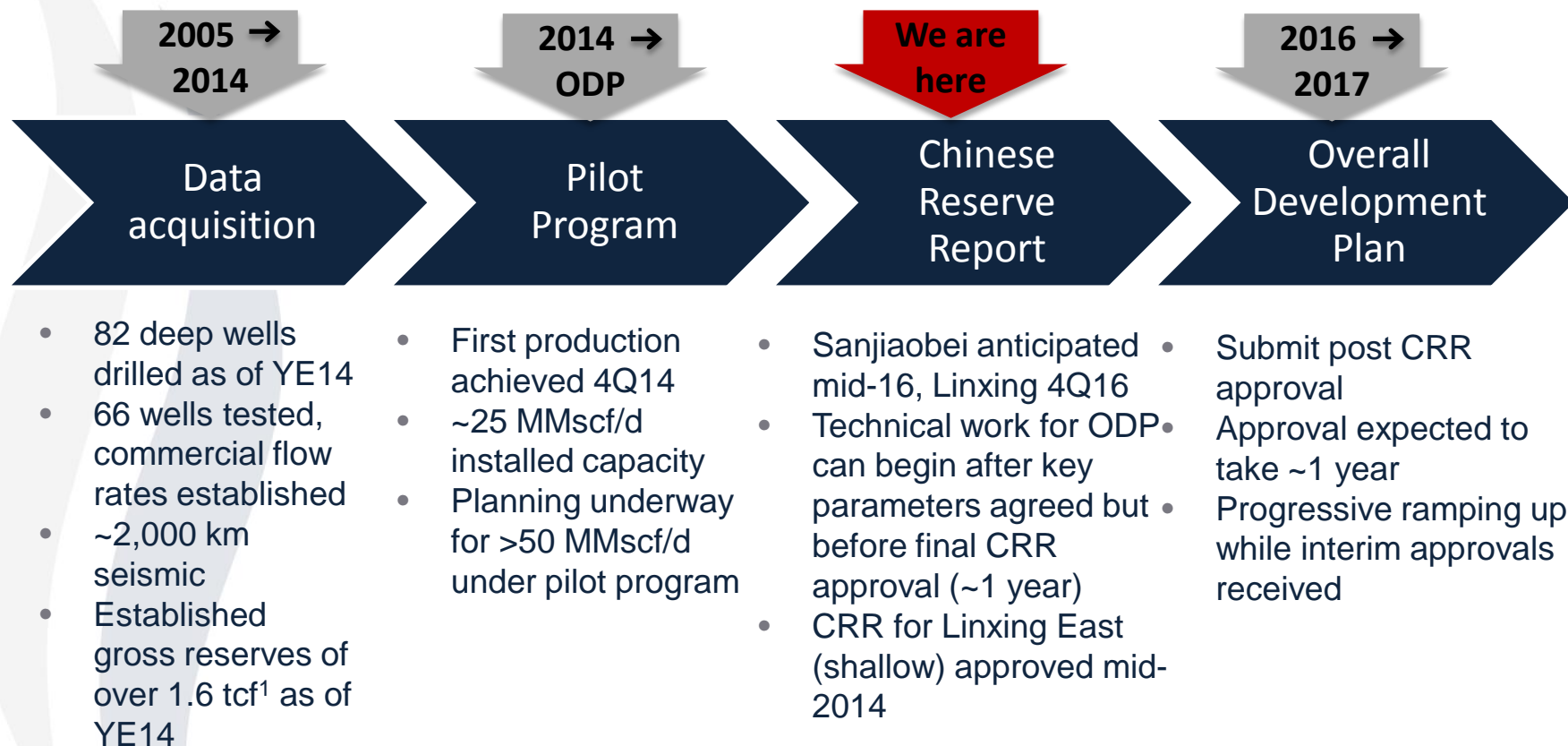
Average drilling days



Average drill, frac and complete costs



Key Chinese Regulatory Approvals



Strong Strategic Partnerships

~ MIE (MIE Holdings Corporation)

- Strategic Partner with a proven track record of working under Chinese regulatory system
- Successful execution of three ODP approvals in China
- Other operations in Kazakhstan, USA & China
- Up to 400+ wells drilled per year in China

~ SGE

- PSC Operator partnered with major State Owned Enterprises (SOE) with extensive field development experience

~ CUCBM

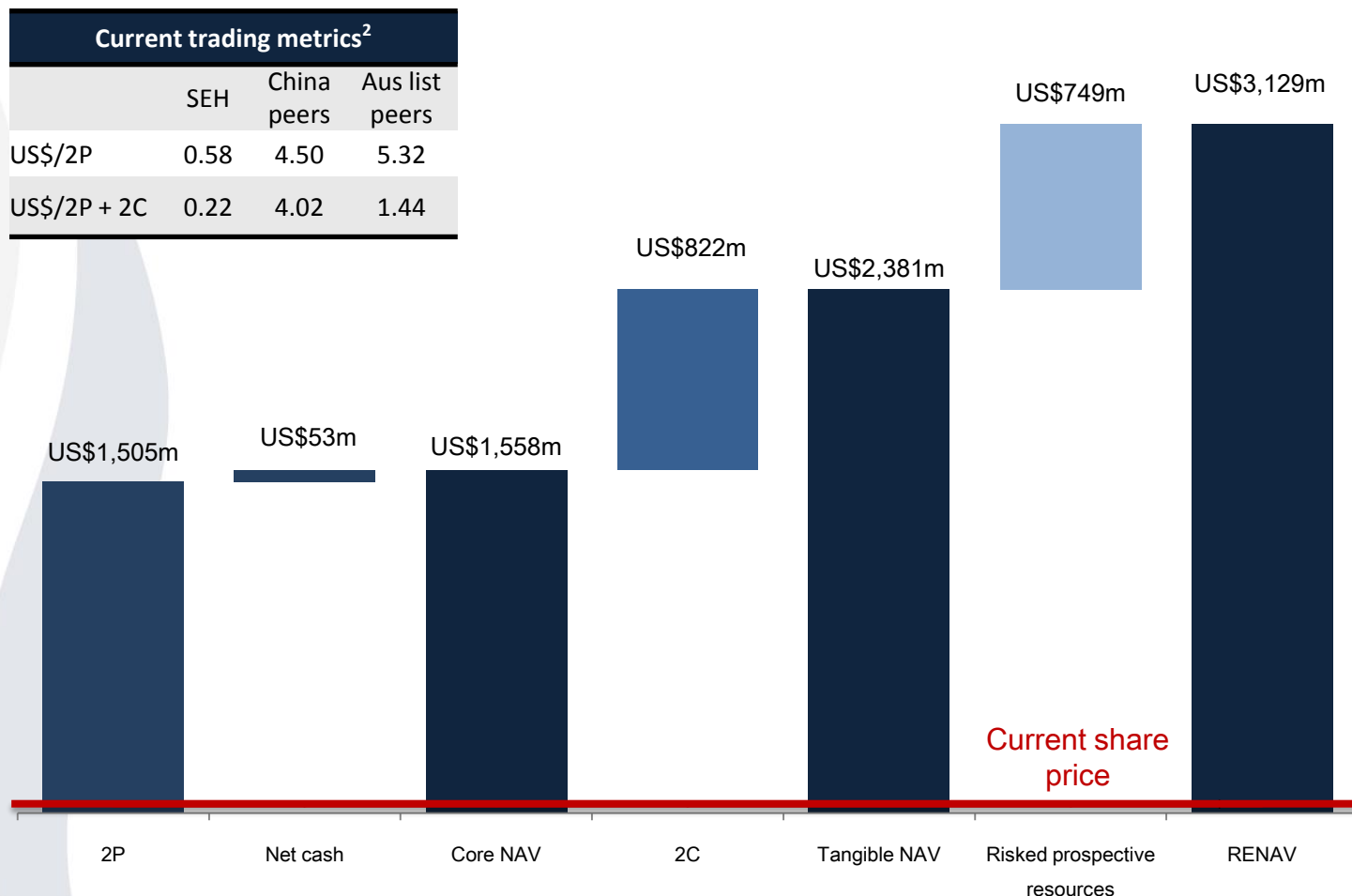
- The original SOE formed to develop the CBM industry in China
- 100% owned subsidiary of CNOOC

~ CNPC

- China's largest oil and gas producer with an extensive international presence
- Strong focus on the development of unconventional gas in China



Closing The Value Gap Through Delivery



2016 Priorities

Commercial

- Complete value chain by finalising gas sales proceeds payment

Regulatory

- Sanjiaobei CRR approval mid-year
- Linxing CRR approval 4Q
- Commence preparation of ODPs

Operational

- Subject to payment, ramp-up production to installed capacity of 25 MMscf/d by 4Q
 - Test and connect 3rd/4th horizontal wells
 - Drill and connect additional wells at Linxing
 - Restart Sanjiaobei CGS

Technical

- Update reserve and resource estimates
- Appraisal drilling Linxing (East)
- Ongoing technical studies

Pilot Program Photos – Linxing Central Gathering Station



Pilot Program Photos



Sanjiaobei Central Gathering facilities commissioned



Pad Drilling Christmas Trees



Third Party Drilling Rig



Third party Linxing Spur Line >100 MMscf/d capacity

Thank You



Investor Relations

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