

Euroz Investor Conference Presentation
March 2016

The background of the slide is a dark, blue-tinted photograph of an industrial facility, likely a gas processing plant. It shows a complex network of metal pipes, scaffolding, and structural beams. In the lower-left corner, a worker wearing a hard hat is partially visible, looking towards the right. A large, light-colored, curved graphic element, resembling a stylized wave or a thick line, arches across the upper portion of the image, separating the header text 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 21 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 10 March 2016) using probabilistic and deterministic 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 is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules. Mr Stephenson consents to the form and context in which the estimated reserves and resources and the supporting information are presented in this announcement. 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 2015

SEH Attributable Net Reserves & Resources	1P Reserves (Bcf)	2P Reserves (Bcf)	3P Reserves (Bcf)	2C Contingent Resources (bcf)	P50 Prospective Resources (bcf)	EMV ₁₀ (US\$m) ²
31 December 2015 (Announced 10 March 2016)	362	552	751	814	733	\$2,569
31 December 2014 (Announced 3 March 2015)	350	448	557	739	649	\$3,076
Total 2015 Change (+/-%)	+23% (2P)			+10%	+13%	-16%
Gross Project 31 December 2015	1,250	1,962	2,723	2,831	2,954	N/A

Note 1. The estimated quantities of petroleum that 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. The probability of development of the contingent area is estimated to be 90%, with the additional probability of geological success assigned to prospective resources estimated to be 75%.

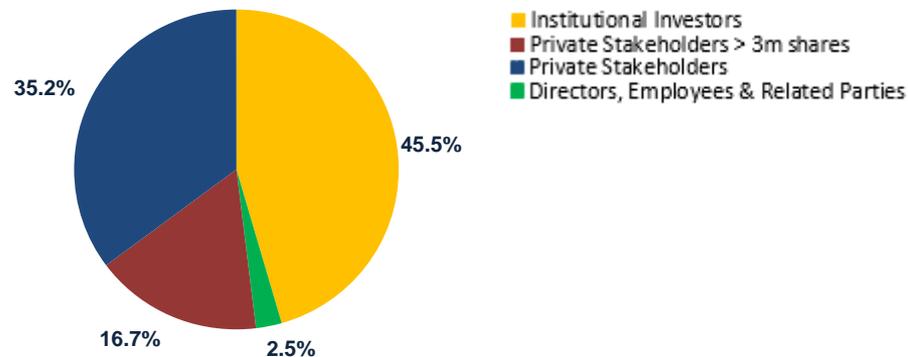
Note 2. EMV is the probability weighted net present value (NPV), including the range of project NPVs and the risk of the project not progressing. Project NPV₁₀ is based on a mid-case wellhead gas price of US\$7.16/Mscf inflated at 3.75% per year and average lifting costs (opex+capex) inclusive of inflation of 2.5% per year of ~US\$1.20/Mscf for mid-case Reserves, Contingent & Prospective Resources.

Company Snapshot

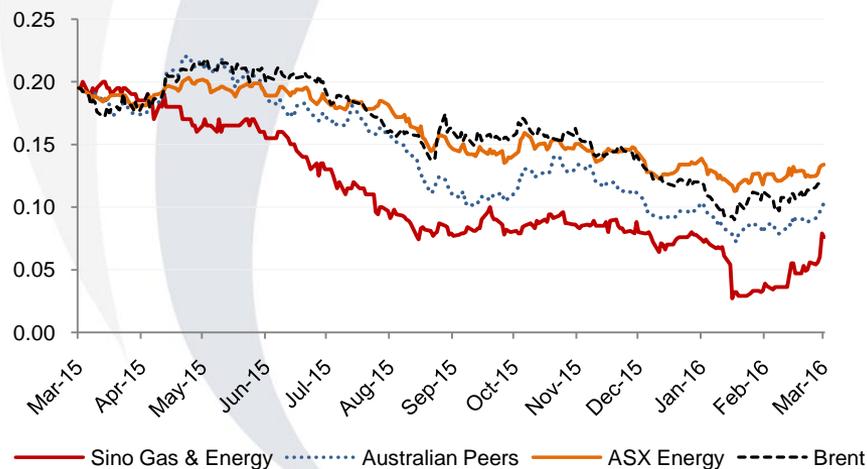
Corporate Information – as at 4 March 2016

ASX Listed (S&P ASX 300)	SEH
Share Price	A\$0.076
Issued Shares	2,074m
Market Cap	US\$116m
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 4 March 2016



Top Shareholders – January 2016

Shareholder	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
- Net 2P Reserves +23%, inc. first reserves on Linxing East
- Improved average vertical well test flow rate ~10%

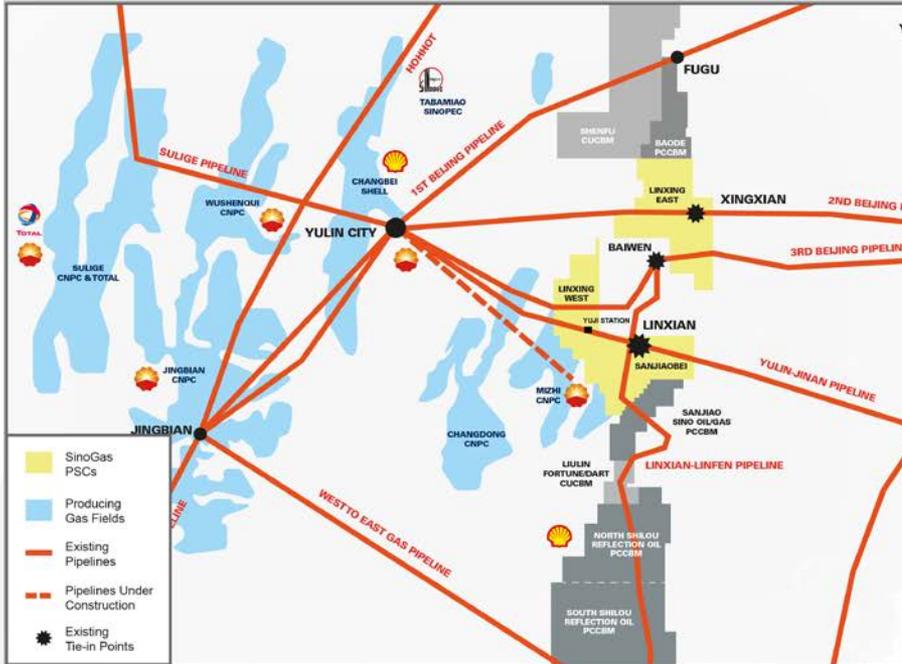
Commercial Focus

- 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 on Linxing PSC in March 2016

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, Linxing gas sales proceeds received by JV company
- ~ CRR and ODP 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

Significant acceleration of gas demand growth seen since Nov 2015 gas price cut¹

- 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 2015
- Implied December 2015 demand grew c.19%, driving full year gas demand up 5.7%
- Reported January 2016 demand growth 18%

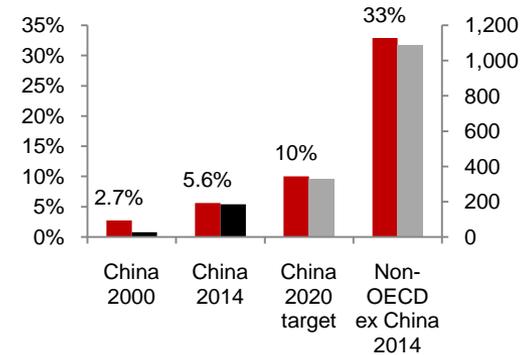
Reforming energy sector to address environmental problems is a key priority of 13th Five Year Plan

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 Adoption²



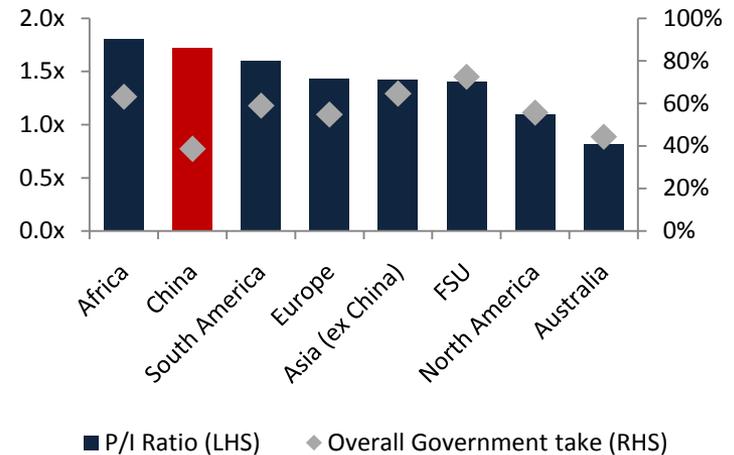
■ Nat Gas Share of energy mix (LHS)
■ Actual/Implied Nat gas demand (bcm) (RHS)



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

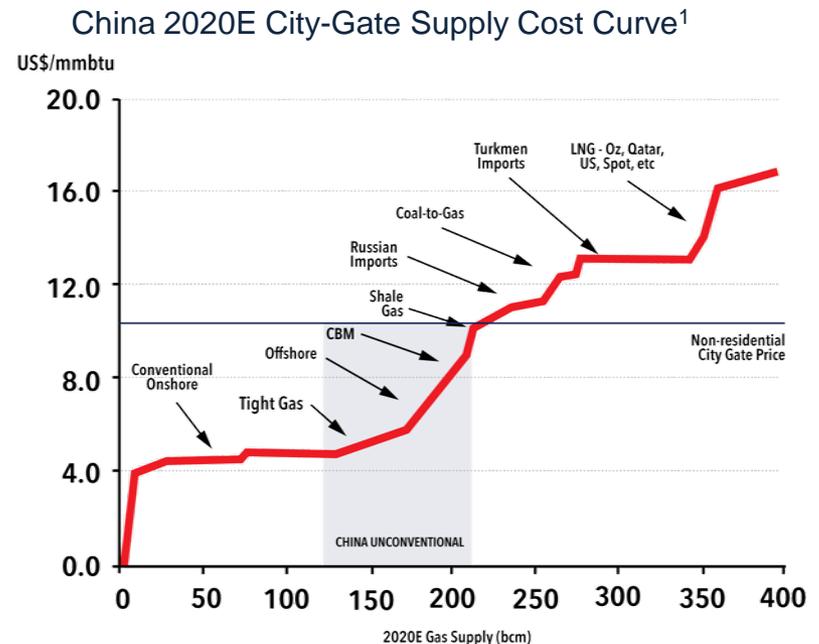


China Unconventional Development Progression



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\$1.20/mcf^{2,3}
- 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

2.0 Tcf 2P + 2.8 Tcf unrisks 2C gross¹

Favourable geology

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

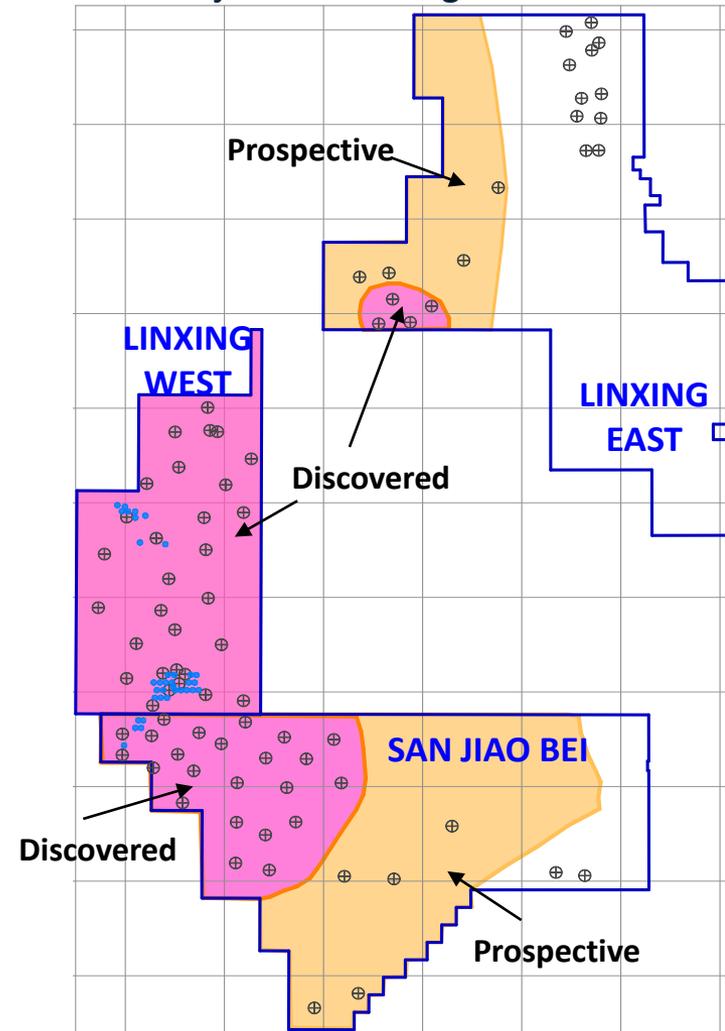
Highly delineated resource

114 wells drilled, 109 well tests

Pilot production since November 2014

Long term test of reservoir deliverability

Project and Drilling Overview

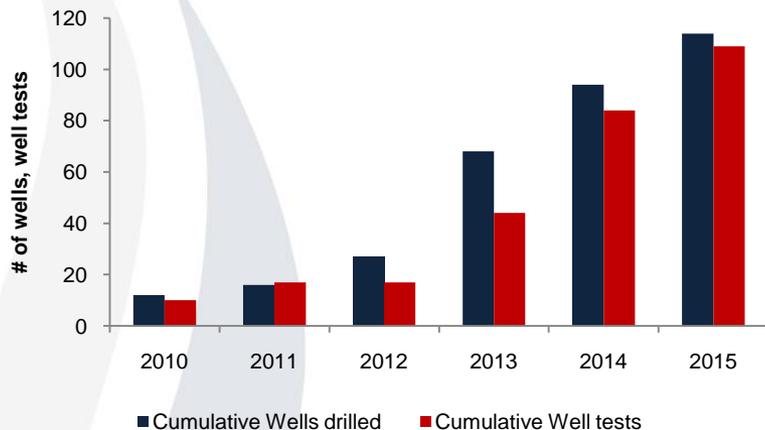


2015 Reserves Report Highlights

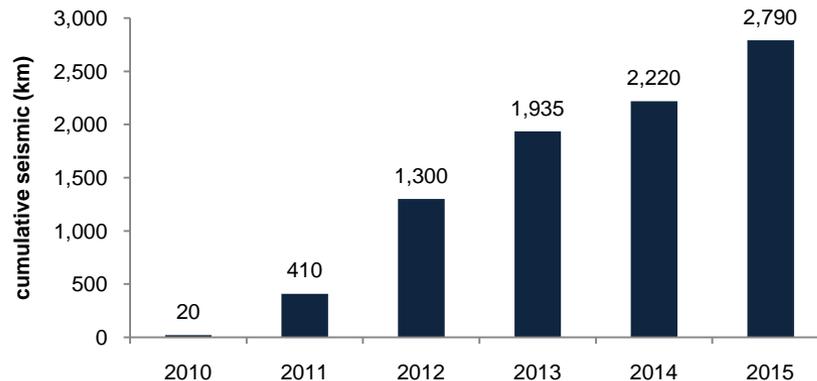
- **Gross Unrisked mid-case Reserves and Resources increased 15% to 7.7 Tcf – comprised of 2.0 Tcf 2P + 2.8 Tcf 2C + 3.0 Tcf P50 Prospective (1.3 bn boe)^{1,2}**
 - Sino Gas share 2.1 Tcf (350 mmboe)
- **Fifth consecutive annual increase in reserves with gross 2P Reserves +22% to 1,962 Bcf (327 mmboe) (Sino Gas share of 2P Reserves 552 Bcf (92 mmboe))**
 - Sino Gas share of 1P Reserves 362 Bcf, 66% of 2P Reserves
- **Existing gross 2P Reserves increased 16% on Linxing (West) and Sanjiaobei**
- **First Reserves bookings on Linxing (East) of ~100 Bcf gross 2P (Sino Gas' share 32 Bcf)**
- **Sino Gas' share of EMV: US\$2.6 billion³**
- **Sino Gas' share of Net NPV of 2P Reserves: US\$1.3 billion (US\$14/2P boe)**

Project & Company Growth

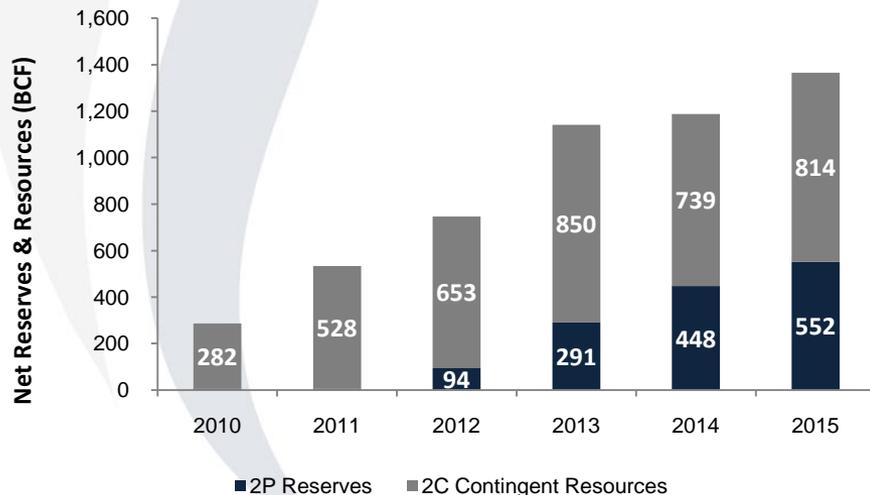
Cumulative wells drilled, well tests



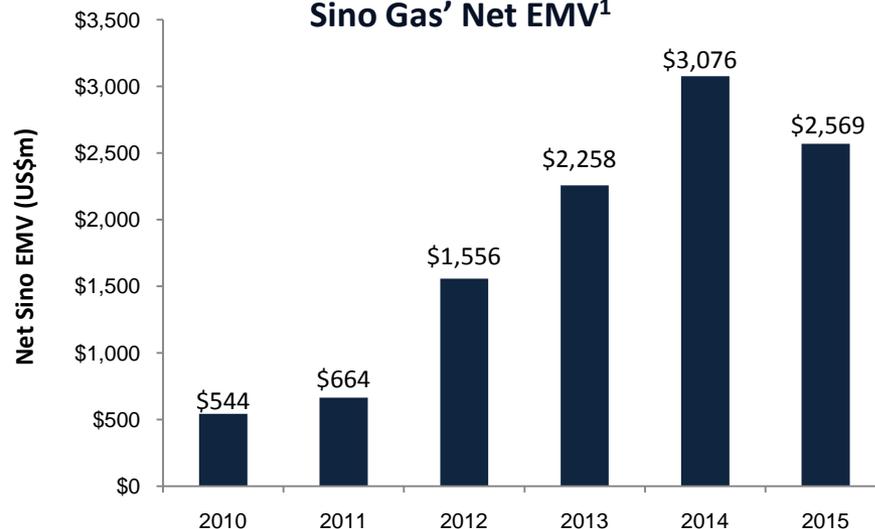
Cumulative Seismic



Sino Gas' Net 2P + 2C Growth

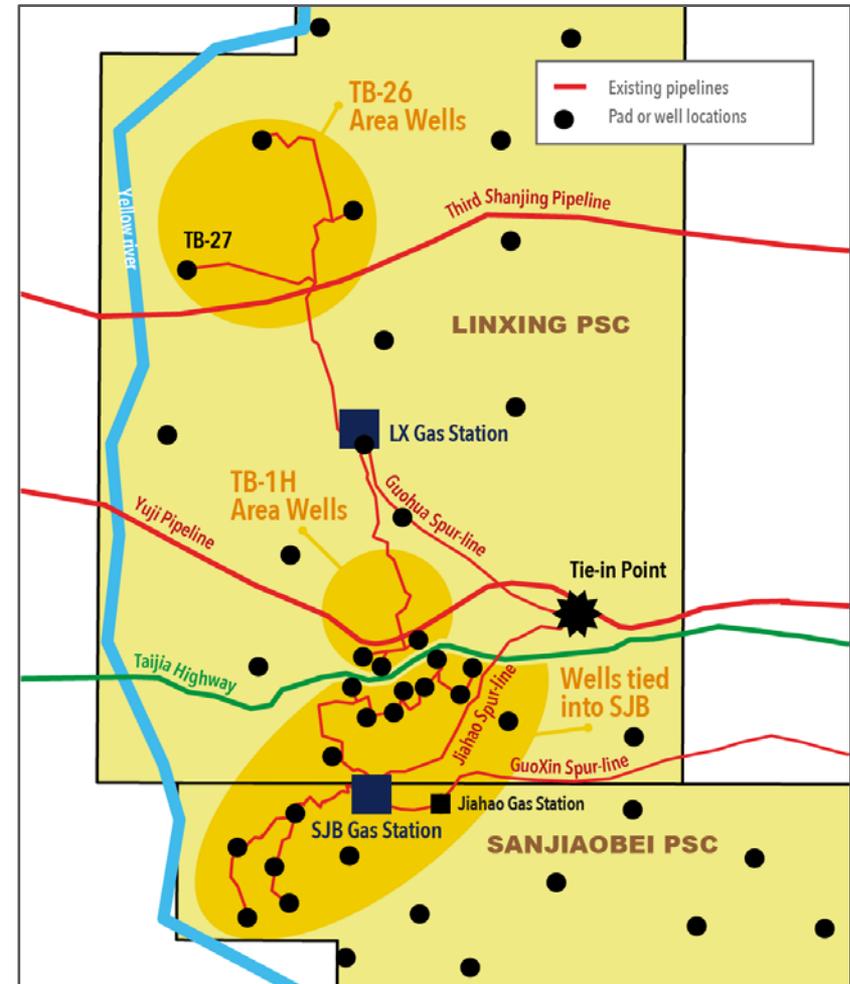


Sino Gas' Net EMV¹



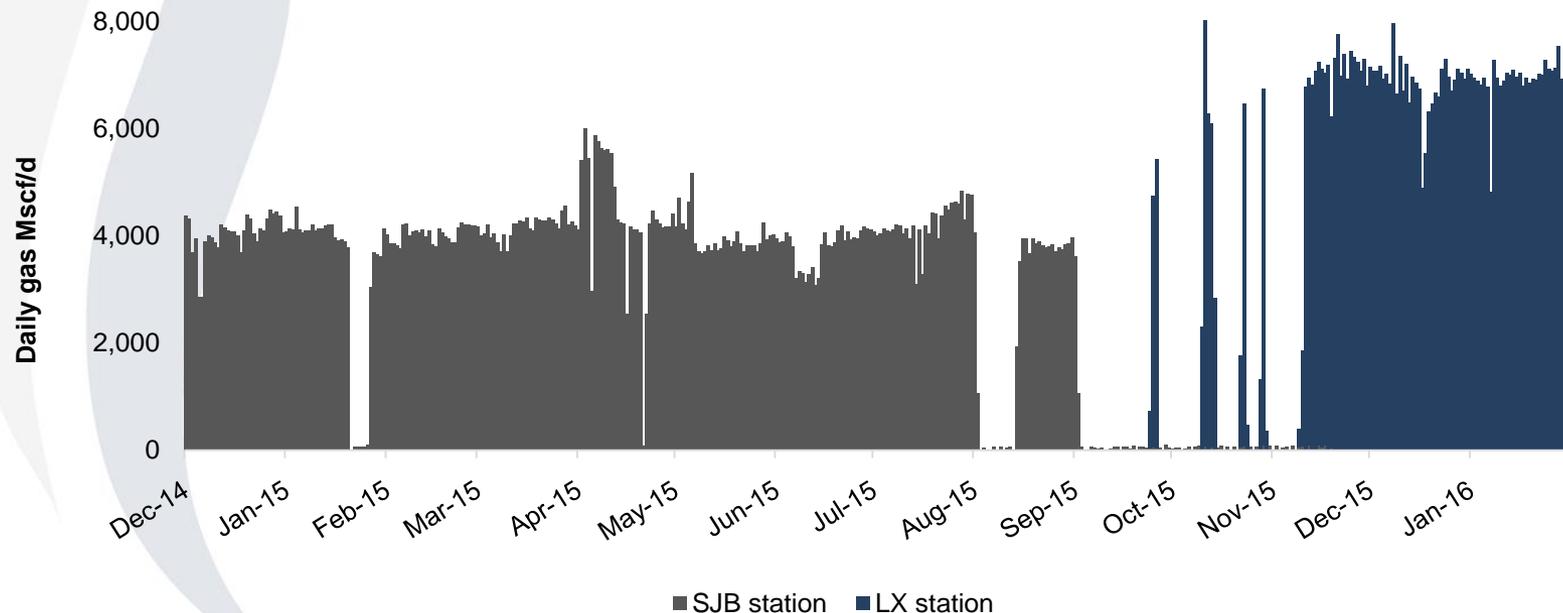
2016 Work Program

- Focused on advancing Chinese Reserve Report (CRR) and Overall Development Plan (ODP) approvals and activities that generate cash flow
- Subject to JV Shareholder approval, US\$60 million gross capex (US\$45 million) plus opex (US\$15 million) budget planned. Sino Gas' share 49%
 - Ramp-up production to installed capacity of 25 MMscf/d by 4Q, subject to satisfactory resolution of Sanjiaobei pilot production revenue sharing
 - 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



Pilot program subsurface performance

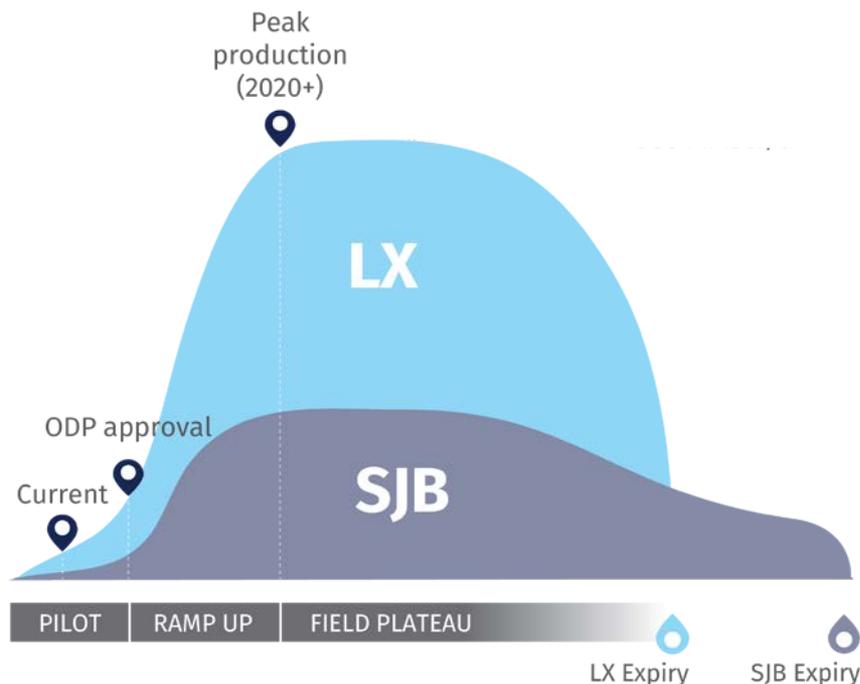
- ~ Average vertical test rate improved ~10% over 2014
- ~ Additional sweet spots identified
- ~ With up to 9 months of production history, successfully demonstrated commercial flow rates maintained
- ~ Gathered data for further well productivity improvements via improved wellbore/completions design



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

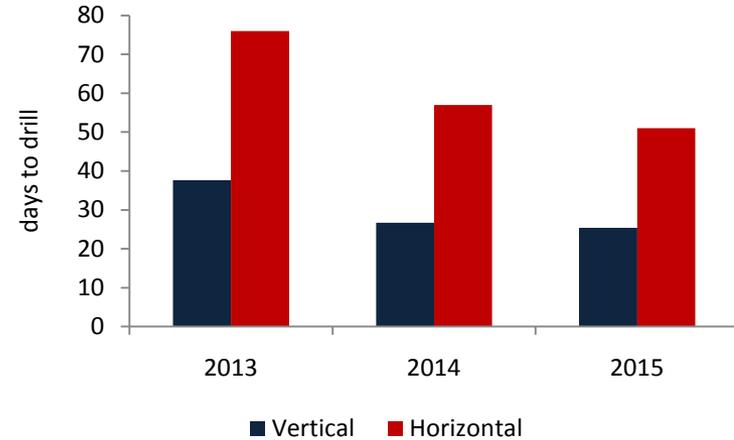
Linxing and Sanjiaobei production profile¹



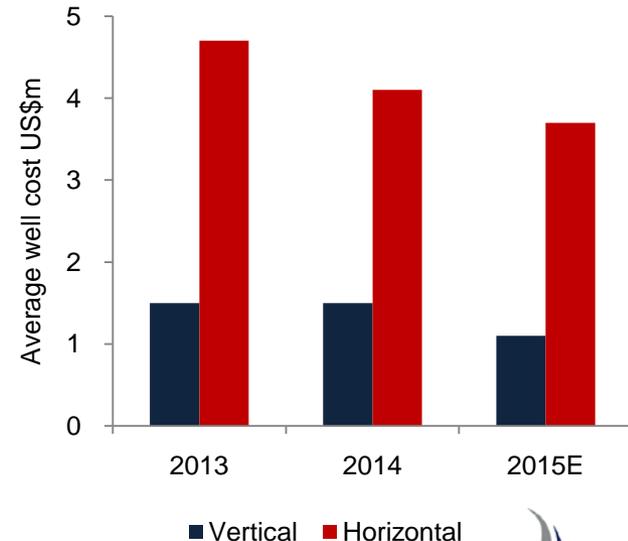
Maintaining Low Cost Advantage

- 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



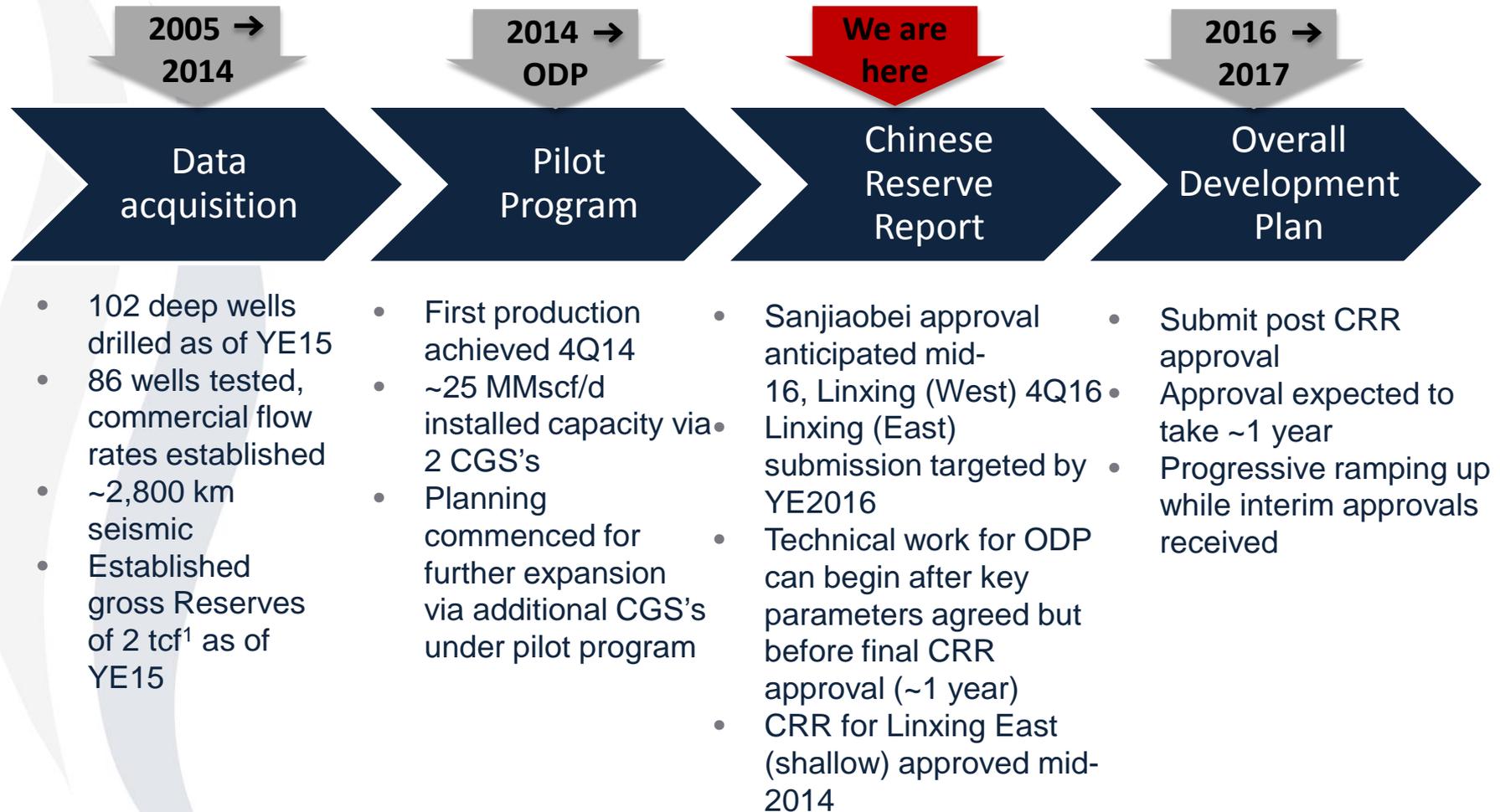
Average drill, frac and complete costs



Pilot Program & Gas Sales Proceeds

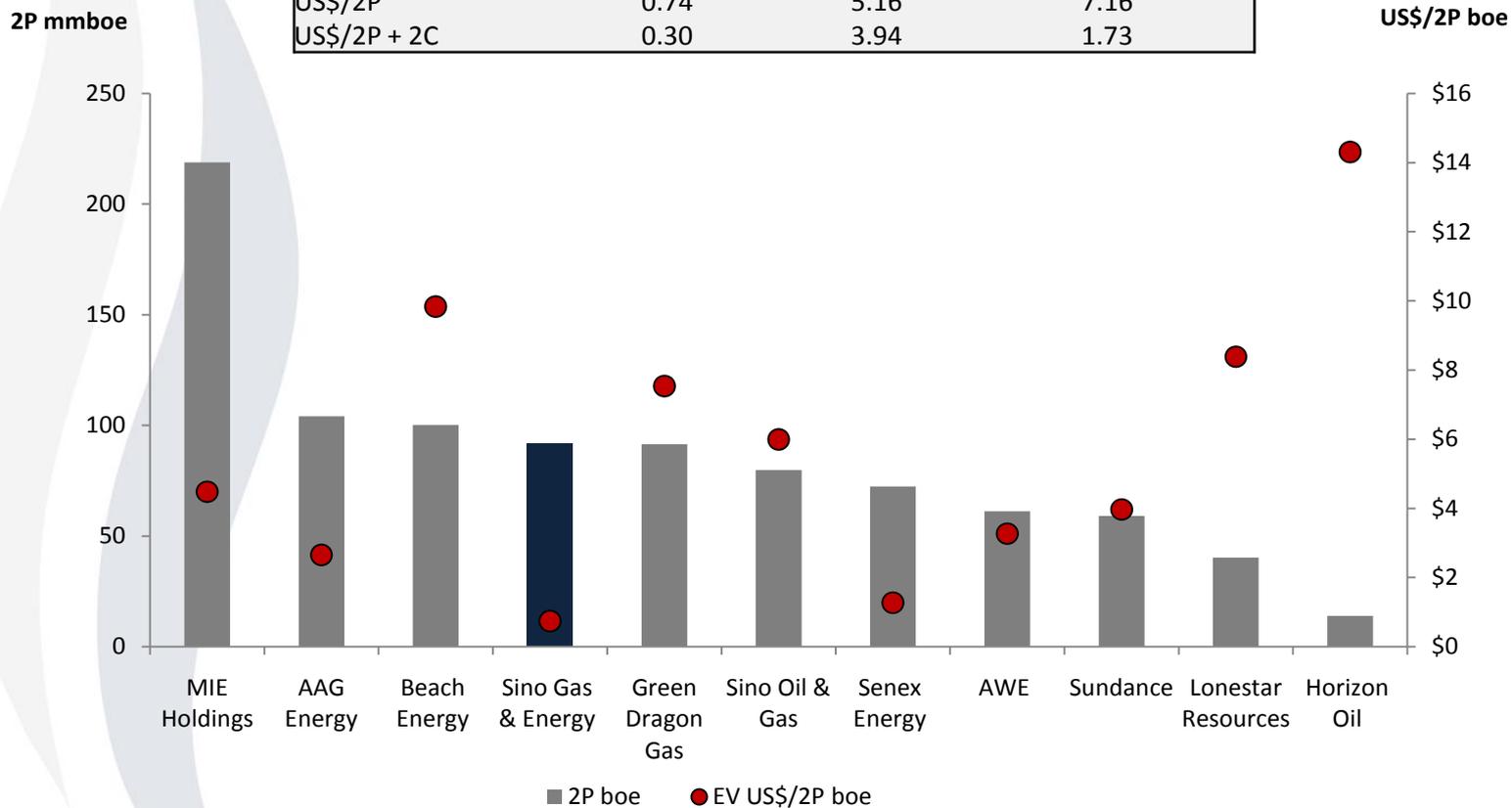
- ≈ The Joint Venture Company, SGE, has received initial payment of US\$6.6 million equivalent gross (Sino Gas share US\$3.2 million) for gas sold from the Linxing PSC for the period from December 2014 to late November 2015
- ≈ Proceeds for gas sold from late November 2015 to February 2016 anticipated to be received shortly after final invoice reconciliations by CUCBM following the November 2015 NDRC price revision
- ≈ Regular, monthly payments for gas sold from Linxing PSC will be received thereafter
- ≈ Linxing PSC gas sales proceeds represent about 85% of the total pilot program gas sales proceeds to the end of February 2016
- ≈ Discussions regarding outstanding gas sales proceeds from the Sanjiaobei PSC are ongoing with our PSC partner, PetroChina CBM

Key Chinese Regulatory Approvals



Sino Gas vs. Peers

US\$/boe	Current trading metrics		
	SEH	China peers	Aus List peers
US\$/2P	0.74	5.16	7.16
US\$/2P + 2C	0.30	3.94	1.73



1 – Source: FactSet, company filings

2 – As of 4 March 2016; Reserves, net debt/cash as of last reported. Beach pro-forma Drillsearch merger using combined last reported standalone cash, debt and reserves

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

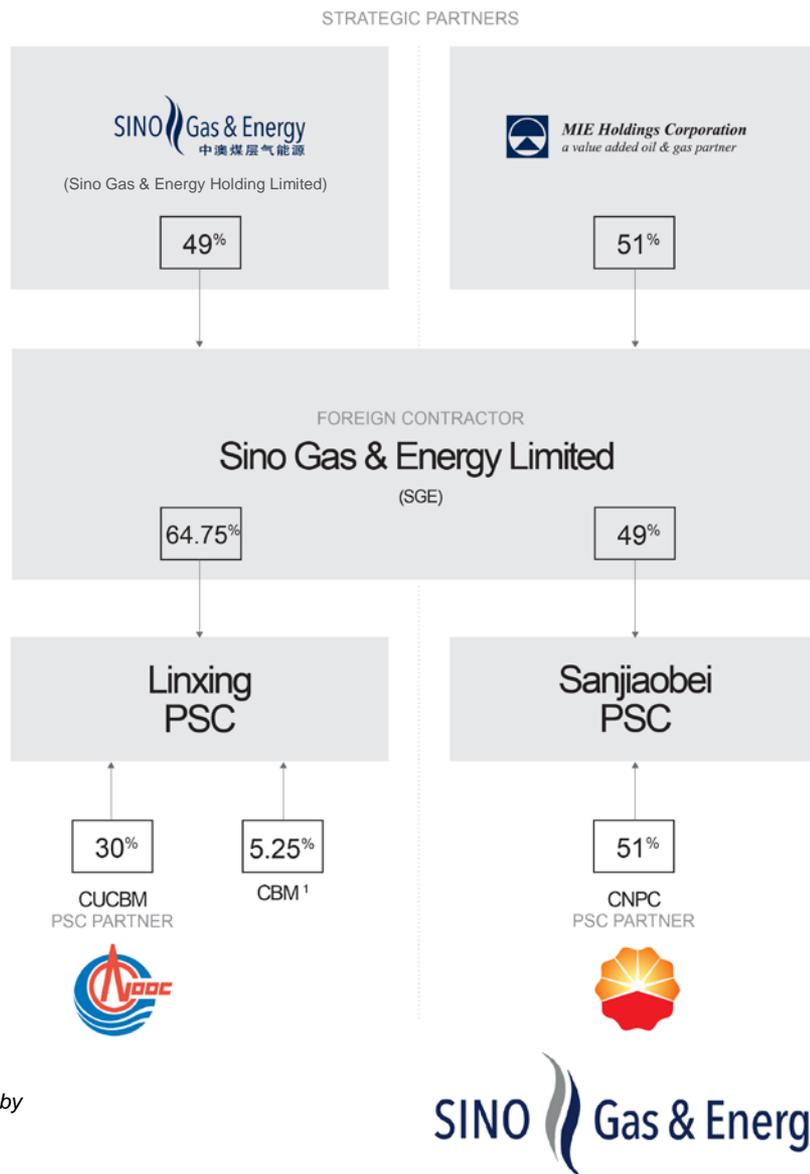
- PSC Operator partnered with major State Owned Enterprises (SOE) with extensive field development experience

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



2016 Priorities

Commercial

- Complete value chain by finalising gas sales proceeds payment (Linxing accomplished, Sanjiaobei discussions ongoing)

Regulatory

- Sanjiaobei CRR approval mid-year
- Linxing West 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 and CRR submission Linxing (East)
- Ongoing technical optimisation

Pilot Program Photos – Linxing Central Gathering Station



Pilot Program Photos



Sanjaobei 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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