

17 July 2017

NEW GAS SALES AGREEMENT SIGNED

Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") is pleased to announce the signing of a fixed price gas sales agreement ("GSA").

Driven by increasing production reliability and a robust natural gas demand growth outlook, Sino Gas' Joint Venture company, Sino Gas & Energy Limited ("SGE"), in conjunction with its Linxing PSC Partner, CUCBM, have signed a new GSA with existing gas buyer, Shanxi GuoHua Energy Limited Company ("GuoHua"), for gas sold from the Linxing Central Gathering System ("CGS"). GuoHua is a subsidiary of Sinopec and is one of the largest gas distribution companies in Shanxi Province.

The revised GSA covers the period March 2017 to March 2018 with a fixed price of ~US\$6.40/mcf equivalent¹.

GuoHua have agreed a minimum daily contract quantity of 14 Million standard cubic feet per day ("MMscf/d") and although there are no penalties on either party for shortfall, SGE expects offtake to remain high due to the depth of the market demand and reliability of the Linxing CGS. The Linxing CGS has experienced very high uptime in the first half of the year (>99%).

The one year fixed price contract price is a premium to the average of the previous summer 2016 and winter 2016/2017 agreed gas prices and provides greater revenue certainty during the summer market demand period. SGE was able to achieve this due to the CGS's demonstrated reliability and positive natural gas fundamentals. With this GSA now in place, SGE has greater certainty of being able to maximise offtake and revenue stream from Linxing at attractive pricing.

The joint marketing team is in discussions with GuoHua for additional gas sales agreements for gas from both Sanjiaobei and Linxing additional volumes.

Commenting on the gas sales agreement, Sino Gas' Managing Director Glenn Corrie said, "The GSA recognises the continued strength of the China gas market, significant operational progress we have made towards delivering predictable and reliable production and the strong relationships we have built with the dominant gas off-takers in our target markets. The fixed price offtake contract is expected to underpin cash flows as we ramp up production from the field. As we progress development of the field, we expect our gas marketing strategy to evolve into full take-or-pay contracts."

Footnote: 1. GSA denominated in RMB. Assuming RMB/US\$ exchange rate of 6.78.

Sino Gas & Energy Holdings Limited

Investor Relations

+86 10 8458 3001

1300 746 642 (local call within Australia)

ir@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 natural gas assets in China. Sino Gas holds a 49% interest in Sino Gas & Energy Limited ("SGE") through a strategic partnership with China New Energy Mining Limited ("CNEML"). 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. Sino Gas also owns an option to acquire an additional 5.25% participating interest in the Linxing PSC.

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. Sino Gas holds an option to acquire an additional 5.25% participating interest (assuming full partner back-in) in the Linxing PSC at ODP by contributing 7.5% of historical back costs to SGE.

The PSCs are located in the Ordos Basin and cover an area of approximately 3,000km². The Ordos Basin is the largest 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 province in which Sino Gas' PSCs are located and natural gas is seen as a key component of clean energy supply in China.

Sino Gas & Energy Holdings Limited (ASX: SEH) was admitted to the Official List of ASX in 2009.

Disclaimer

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.