

4 May 2016

SINO GAS HOLDS CONSTRUCTIVE INITIAL DISCUSSIONS WITH POTENTIAL NEW JV PARTNER

- Initial discussions held with China New Energy Mining Limited regarding their US\$220 million acquisition of MIE's entire 51% interest in Joint Venture Company, SGE
- Management's initial assessment highlights a well-financed, strongly aligned potential new partner
- Sino Gas is looking forward to working with China New Energy Mining Limited to deliver the potential of our Ordos basin assets assuming successful completion of the transaction

Sino Gas & Energy Holdings Limited (ASX: SEH, "**Sino Gas**" or the "**Company**") is pleased to announce initial positive discussions have been held with China New Energy Mining Limited ("**CNEML**") following the announcement of their intended purchase of Asia Oil & Gas Ltd, which holds MIE Holdings Corporation's ("**MIE**", HKSE Ticker 1555) entire 51% interest in the Joint Venture subsidiary, Sino Gas Energy Limited (the "**Joint Venture**" or "**SGE**"). For further details on the proposed transaction, refer to Sino Gas' and MIE's announcements on 27 April 2016.

Sino Gas has held extensive initial discussions with the senior management team of CNEML. Based on these discussions, as well as independent review, Sino Gas management have made the following key assessments:

- CNEML has a very competent and experienced management team with strong technical and commercial backgrounds gained by working for both Chinese SOE's and international Exploration and Production companies
- Extensive technical, commercial and regulatory due diligence has been conducted by CNEML on the assets
- CNEML has a clear vision of the significant potential of the Linxing and Sanjiaobei PSCs
- CNEML has a thorough understanding of the work necessary to achieve this potential which is strongly aligned with Sino Gas' objectives of creating value through production growth and achieving Chinese Reserve Report and Overall Development Plan approvals for full-field development
- CNEML has strong financial backing and access to capital to achieve the planned speed and scale of development and production ramp-up
- CNEML have well established relationships in China with government, partners and customers
- Near term work plan priorities are consistent with Sino Gas, namely, ramping up production and working towards Overall Development Plan approval in 2017

Sino Gas and CNEML have discussed the key aspects of working together to deliver a seamless transition and ensure that the 2016 work program remains on-track. In anticipation of deal completion expected in mid-2016, a joint team has been formed to agree plans and priorities to optimise field operations and drive towards production ramp-up and full field development.

Under the existing shareholders' agreement, affirmative votes by both parties are required to approve key operational and strategic decisions. It is currently anticipated that the existing SGE management team and staff will remain in-place, which will facilitate a smooth integration.

Additional information on China New Energy Mining Limited provided by CNEML

CNEML Key Management

Mr Tang Zhaokai, CEO - Former CNOOC Senior Engineer, including Planning Manager and Coordination Manager of the Y13-1 Natural Gas Project, Deputy General Manager of CNOOC's Petrochemical department and CS Director and Chairman of the Sustainable Development Committee of the CNOOC and Shell Petrochemicals Company Ltd.

Mr Zhang Guilin, COO - Former CNPC and CITIC Group Geologist with 27 years of experience in the oil and gas industry with experience in both China and Kazakhstan.

Mrs Liu Hong, Chief Engineer - Former Sinopec and CNPC Engineer with over 30 years of international experience in the oil and gas industry.

Mr. He Zhiping, Chief Geologist - Former China Zhenhua Oil and UNIWE International Energy Service Company Geologist with 15 years of international experience in the oil and gas industry

CNEML Corporate Strategy

CNEML is globally focused oil and gas exploration and development Company leveraging its strong funding capacity to grow the Company by acquisition, merger and reorganisation, while enhancing its core competitiveness and financial efficiency by accessing world class human resources and applying new global technologies and management innovations.

CNEML Growth Targets

CNEML has stated that it is targeting over the next 5-10 years that it plans to grow its resources base to 2.1 billion barrels of oil equivalent Original Oil in Place (OOIP), net reserves of 210 million barrels of oil equivalent and daily production of 60,000 barrels of oil equivalent per day through the implementation of its corporate strategy above. After 5 years, CNEML's target is to reach annual sales revenue of US\$1 billion with US\$200 million of annual profit.

Commenting on the initial assessment of CNEML as our new Joint Venture partner, Sino Gas Managing Director Mr Glenn Corrie said:

"In the short time we have had to meet and assess CNEML as our new potential partner, I have been impressed with their capabilities as a Company and their strong alignment with Sino Gas' view of the potential of our assets and the plan to realise this potential. Assuming the transaction is completed, I am confident that together with Mr Tang and his team at CNEML we are in a very strong position to leverage our respective strengths and unlock the significant value of our assets."

Commenting on the proposed acquisition of 51% of SGE and working with Sino Gas, CNEML CEO, Mr Tang Zhaokai said:

"SGE exhibits all the characteristics of an asset that is a strong fit with our strategic objectives being large-scale, low cost with significant upside potential. In the short time I have known Sino Gas, I have been impressed by their deep international experience and understanding of the assets. I am confident that China New Energy Mining will bring strong and complementary skills to the existing Joint Venture and I look forward to partnering with them to realize the full value of SGE."

Sino Gas & Energy Holdings Limited

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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 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 largest onshore 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.

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.
