

25 June 2014

EXECUTION OF US\$50 MILLION DEBT FACILITY TERM SHEET

-  Sino Gas has entered into a binding term sheet with Macquarie Bank for up to US\$50 million under a structured term debt facility
-  Sino Gas is well positioned to fund its Ordos Basin PSCs towards early production and Overall Development Plan (ODP) submission
-  Macquarie's involvement is a major endorsement of Sino Gas' Chinese projects

Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") is pleased to announce that, following a competitive process, it has signed a term sheet with Macquarie Bank Limited (Macquarie) to act as sole lender of a structured term debt facility of up to US\$50 million (the "Facility").

Proceeds are to be used to support Sino Gas' payments of its share of cash calls by joint venture entity Sino Gas & Energy Limited (SGE) to fund SGE's working interests in the Linxing and Sanjiaobei Production Sharing Contract's (PSC's), located in the Ordos Basin, Shanxi Province, People's Republic of China.

Commenting on the binding agreement Gavin Harper, Chairman of Sino Gas, said:

"With US\$57 million in cash as at the end of the March quarter and the Facility of up to US\$50 million, Sino Gas is strongly positioned to fund its development share of the PSCs towards early production and Overall Development Plan submissions and start the transition to becoming a significant gas producer".

"Sino Gas has undertaken a strongly contested and rigorous tender process for the Facility and has negotiated very competitive terms with a reasonable headline interest rate and most importantly limited dilution to our shareholders with a modest number of options issued at a significant premium to our current share price".

"Macquarie has an excellent reputation as a leading international investment bank and combined with its proven depth of experience in financing oil and gas projects globally, we see their involvement as a major endorsement of Sino Gas and our projects," he added.

Key terms of the facility are:

- Tranche A: US\$10m committed and available to be drawn down on execution of Facility documentation and satisfaction of customary conditions precedent (including finalising due diligence)
- Tranche B: US\$40m subject to satisfaction of further conditions precedent including Macquarie obtaining internal credit approvals
- Amortising term loan with final maturity of 31 December 2016
- Libor + 9.75% interest rate and no commitment fees
- The Facility is to be secured against the Company's assets including its shares in SGE
- Sino Gas options:
 - 30 million four year options to be issued with an exercise price of \$0.25 per share on execution of Facility documentation, of which 15 million options are issued under no conditions and 15 million options will be cancelled unless Tranche B conditions precedent are satisfied or a change of control occurs
 - 20 million four year options to be issued at the volume weighted average price per share over the 30 days prior to initial drawdown of Tranche B (subject to cap of 50c and floor of 20c per share)

Argonaut acted as financial and corporate adviser to Sino Gas.

About Macquarie

Macquarie is a leading investment bank providing banking, financial, advisory, investment and funds management services. The Metals & Energy Capital Division provides debt and equity capital for the acquisition and development of upstream oil and gas projects globally from offices in Sydney, Singapore, Houston, London and Calgary.

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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 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.

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.