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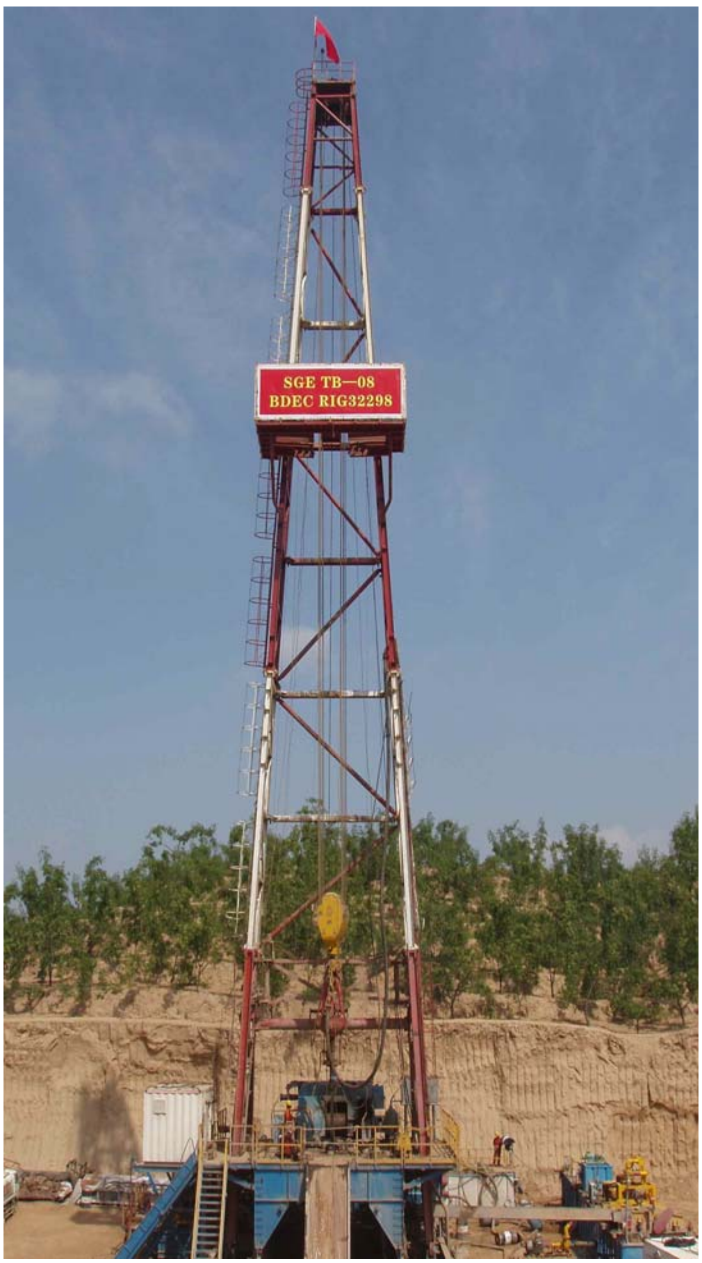
ASX ANNOUNCEMENT
14 September 2010

TB-08 WELL – DRILLING AHEAD

Highlights

- **TB-08 well - drilling proceeding as planned**
- **TB-09 well - site construction continuing**
- **TB-04 well - flow test program planning nearing completion**
- **Pilot - technical design continuing**



TB-08 well – drilling proceeding as planned
Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH) is drilling ahead on its TB-08 well. The TB-08 well is a step-out well from the very successful TB-07 well that flowed at an estimated rate of 2,900,000 scf/day.

The TB-08 well is designed to verify the extent of the same highly productive gas bearing reservoir sands encountered on TB-07 and is a key step in Sino Gas's reserves upgrade program.

At 18:00 hours yesterday, Sino Gas's drilling contractor Bohai Drilling Engineering Company Ltd (BDEC) had advised Sino Gas that they had drilled to 328 meters and were in the process of running surface casing. Following cementing of the casing the rig will drill ahead to a planned depth of approximately 2,200 meters.

Following completion of the drilling, the well will be electronically logged and side wall core samples will be taken. It is then planned to flow test the well through hydraulic fraccing.

TB-09 well - site construction continuing

Sino Gas has completed approximately 50% of the construction work for its TB-09 well site, with completion expected within the next week. Sino Gas is in discussion with its drilling contractor, BDEC, in relation to the spudding (drilling commencement) date for this well.

Similar to the TB-08 well, TB-09 is a step out from the very successful TB-07 well and is designed to verify the extent of the same highly productive gas reservoirs.

Sino Gas also continues to work to determine the well location for the TB-02-TB-04 infill well and is currently in discussion with Petrochina Coal Bed Methane (PCCBM) on that location.

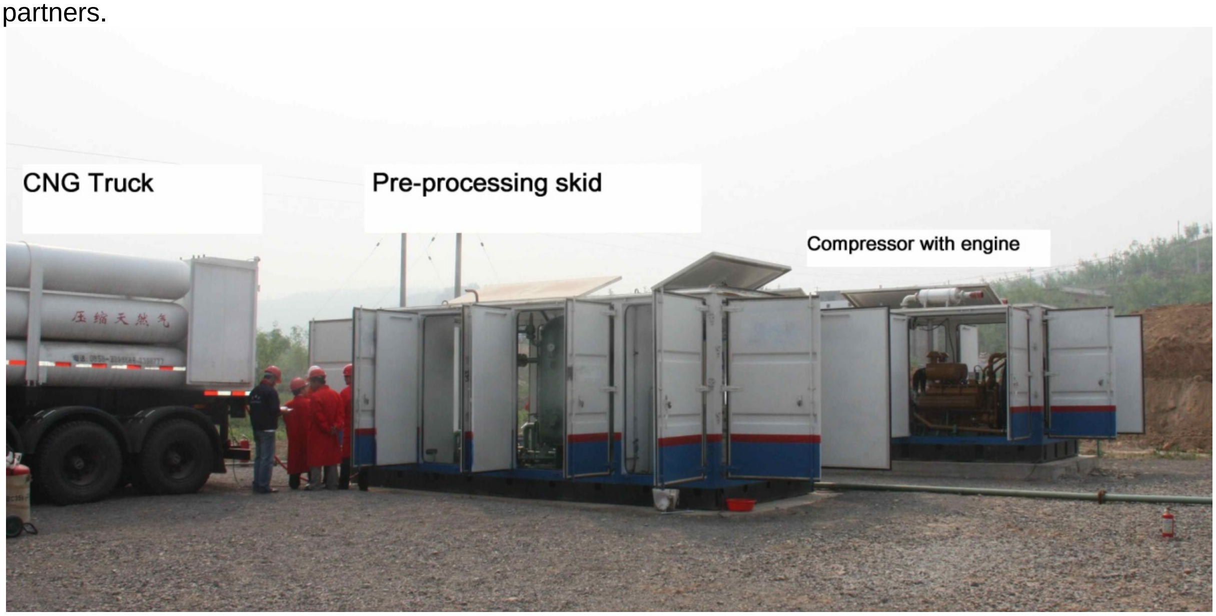
TB-04 flow - test program planning nearing completion

Sino Gas has agreed the program and costing for the planned fracture stimulation of its TB-04 well with CCDC, its flow testing contractor. Sino Gas is working with PCCBM to refine the schedule and start date for this flow test.

The results to be obtained from the flow test on TB-04, together with the information already provided by the successful flow tests on TB-07, TB-05 and TB-02 will be used to refine the forward program as the Company seeks to upgrade its Contingent Resources to Reserves. Depending on the results achieved the TB-04 flow test could also contribute to the Company's pilot development program.

Pilot Development Work Program (Pilot)

Sino Gas's recent successful flow tests have underpinned the commencement of significant activity towards a Pilot program (Pilot). Sino Gas continues to work the technical design for the Pilot with its partners.



Compressed Natural Gas (CNG) facilities - Shanxi Province, China. Sino Gas anticipates using facilities similar to these for its Pilot.

It is anticipated that the gas produced will be sold into local markets, initially as Compressed Natural Gas (CNG) for transport use. The facilities likely to be required for the Pilot are similar to those above consisting of a compressor, pre-processing equipment and with the gas being collected in a CNG tanker.

It is expected that the technical design for the Pilot will be presented to the partners at the end of September 2010.

-ENDS-

For more information, please contact:

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About Sino Gas & Energy Holdings Limited
Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian company focused on developing Chinese gas assets. The Company has operated in Beijing since 2005 and holds a portfolio of unconventional gas assets in China through Production Sharing Contracts (PSC's).

The PSC's are located in Shanxi province in the Ordos Basin and cover an area of over 3,700km^2. The Ordos Basin is the second largest onshore oil and gas producing basin in China. The area 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's PSC's are located and natural gas is seen as a key component of clean energy supply in China.

On Sino Gas's Tuban prospect, 9 wells have been drilled, the latest being TB-07 in November 2009. Extensive seismic and other subsurface studies have also been conducted. 4 wells have been fracced and tested with commercial flow rates achieved on the TB-02 well, TB-05 well and recently significant commercial rates on the TB-07 well. 2.7Tcf of Contingent and Prospective gas resources (100% mid case figures) have been independently verified on the Tuban Prospect.

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems standards by internationally recognized oil and gas consultants RISC Pty Ltd. They are based on the Technical Report prepared by RISC Pty Ltd and included in full in the Company's Prospectus dated 29 July 2009.

Additional information on Sino Gas can be found at www.sinogasenergy.com