

ASX ANNOUNCEMENT

21 September 2010

TB-08 WELL – DRILLING AHEAD TO TOTAL DEPTH

Highlights

- **TB-08 well - drilling ahead to total depth**
- **TB-09 well - site construction completed**
- **TB-04 well - flow test program planning completed**
- **Pilot – field inspection carried out, technical design continuing**

TB-08 well – drilling ahead to total depth

Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH) is drilling ahead to total depth 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 drilled to 554 meters. Heavy rain in Shanxi Province has affected the rate of drilling progress. However forward operations are to drill ahead to a planned total depth of approximately 2,200 meters.

TB-09 well - site construction completed

Sino Gas has completed the construction work for its TB-09 well site. 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 is also determining 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 completed

Sino Gas has now agreed the program and costing for the planned fracture stimulation of its TB-04 well with both CCDC Downhole Technical & Operations Company (CCDC) and PCCBM.

Subject to final permitting, Sino Gas intends to request that CCDC mobilize the testing equipment for a fracture stimulation program expected to run for approximately 3 weeks.

The results to be obtained from the flow test on TB-04 will be used to refine Sino Gas's forward work program as the Company seeks to upgrade its Contingent Resources to Reserves. Depending on the results achieved it is also planned that the flow test will contribute to the Company's Pilot development program.

Pilot Development Work Program (Pilot)

The recent successful flow tests on Sino Gas's wells have underpinned the commencement of significant activity towards a Pilot development work program (Pilot).



Sino Gas recently inspected the Compressed Natural Gas (CNG) facilities likely to be used for the Pilot and is actively working on the technical design with its partners.

RIU Good Oil Conference

Sino Gas presented at the RIU Good Oil Conference in Perth, Western Australia on 8 September 2010.

A web cast of that presentation is available at www.sinogasenergy.com

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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 3,700km². 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 fraced 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