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ASX ANNOUNCEMENT
22 December 2010

SUCCESSFULLY CLOSING OUT THE 2010 WORK PROGRAM

Highlights

- **TB08 Gas Discovery well – operations continuing to obtain stable gas flow**
- **SJB03 Gas Discovery well – progressing DST on 1st zone**
- **Sino Gas is completing its training obligations with PCCBM and CUCBM**

Successfully closing out on the 2010 work program

Sino Gas & Energy Holdings Limited (Sino Gas; ASX:SEH) Managing Director, Stephen Lyons said that the company was completing the final operations in its 2010 reserves focused upgrade work program as it moves towards developing its gas assets in China.

"Sino Gas is now collating all well and flow test data for its independent reserves and resources upgrade, expected by the end of January 2011.

With daily temperatures on site now well below zero, the extent of further well testing this year will be limited. Sino Gas is now shifting its focus to analysing the test data already obtained and that obtained from the sidewall samples taken on the new wells drilled this year. This analysis will assist in refining further flow testing planned to be carried out in late Q1, 2011.

Sino Gas is also advancing the work to commission the first well under its Pilot Development Programs and expects to provide further detail on this early in the New Year", said Mr Lyons.

In its final field operations for 2010, Sino Gas has successfully perforated the 2nd zone on the **TB08** gas discovery well with those operations continuing to confirm a stable gas flow rate and to conduct a Drill Stem Test (DST). These operations will also assist in determining whether it will seek to enhance the productivity from this zone through fracture stimulation.

On the **SJB03** gas discovery well, Sino Gas is working with its flow testing contractor to resolve operational difficulties which have so far prevented the perforation of the 1st test zone. Following the perforation of this zone, Sino Gas plans to conduct a DST.

TB08 Gas Discovery well – operations continuing to obtain stable gas flow

Electronic wireline logging on the **TB08** gas discovery well has confirmed the presence of gas in 4 potential zones.

Sino Gas has now completed the perforation of the 2nd zone and is in the process of conducting a DST to measure formation flow and downhole pressure.

Following the test procedure, after an initial "shut in" period of 24 hours to build up pressure, the well was "opened up" and flared gas for around 10 minutes before being "shut in" again. Forward operations will see the well "shut in" and "opened up" in a program designed to confirm a stable gas flow rate and obtain the necessary pressure readings.

In particular, through these operations Sino Gas will determine whether it will be necessary to employ artificial lifting and / or fracture stimulation (fraccing) to increase the productivity of this zone.


TB08
Initial flow following perforation

This test follows on from the successful test of the 1st zone on the TB08 gas discovery well. This zone exhibited a pleasing pressure response with further testing of this zone expected to be carried out late Q1, 2011 after the end of the winter period in North China.

SJB03 Gas Discovery well – progressing DST on 1st zone

On the **SJB03** gas discovery well, electronic wireline logs confirmed the presence of gas in 3 potential zones. Sino Gas is in the process of conducting the perforation of the 1st zone.

As of 18:00 hours yesterday, operational issues had prevented the perforation and DST tool being run down to the target depth. Sino Gas is in the process of redesigning the DST procedure in order to successfully compete the test.

Again, this test and the future testing strategy for this zone will depend on the weather.

Sino Gas is completing its training obligations with PCCBM and CUCBM

As Sino Gas "winds up" its 2010 work program it is also completing the training obligations under its Production Sharing Contracts (PSC's) with PetroChina Coal Bed Methane (PCCBM) and China United Coal Bed Methane (CUCBM).

Training was carried out in the previous week in Australia and continues during the current week in China.

The training has provided a further valuable opportunity for Sino Gas and its partners to strengthen and build their constructive working relationships.

-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 province 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 TB07 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 TB02 well, TB05 well and recently significant commercial rates on the TB07 well. 2.7 Tcf 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. Quoted well flow rates are calculated at a tubing head pressure of 200psi.

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