

ASX ANNOUNCEMENT

28 June 2011

SINO GAS CONTINUES ITS STRONG OPERATIONAL PROGRESS TOWARDS DEVELOPMENT

Highlights

- **Strong operational progress continues towards development**
- **TB08 Well test continues – stable gas flow rate of ~ 300,000 scf/day**
- **TB06 Well test - mobilisation of test rig to commence**

Strong operational progress continues towards development

Sino Gas & Energy Holdings Limited (ASX: SEH) continues with its active development focused work program.

At the start of Q2 2011, Sino Gas completed the planning for its 2011 work program and commenced active field operations. The plans announced at that time included:

- focus on and expansion of the Pilot Program;
- further stimulation and testing of the TB09, TB08, TB03 and TB06 wells;
- an extensive seismic program on the Sanjiaobei PSC; and
- drilling of new wells on both the Linxing and Sanjiaobei PSC's.

Reporting on the Company's progress, Sino Gas's Managing Director, Stephen Lyons said that he was very pleased with the Company's operational progress.

"Following on from the successful commissioning of first gas into a CNG tanker on the SJB03 well, Sino Gas has continued its active testing program on existing wells.

Sino Gas has so far achieved commercial wells rates on its TB09 well (gas flow rate of 1,150,500 scf/day) and its TB03 well (gas flow rate of 326,500 scf/day). Testing of the TB08 well is being completed and this well is also achieving flow rates above those required to generate commercial returns (refer below).

As announced last week Sino Gas has also signed two key contracts relating to its Sanjiaobei PSC. The first is the appointment of the Chinese consultancy designed to achieve the Chinese Reserves approvals, the second kicks off an extensive seismic program which is expected to increase Sino Gas's potential reserves area from the current 70km² to more than 400km², said Mr Lyons.

TB08 Well test continues: stable gas flow rate of ~ 300,000 scf/day

Sino Gas is in the process of completing the flow test on its TB08 well.

As part of the testing procedure, Sino Gas's testing contractor, CCDC Changqing Downhole Service Company (CCDC) has now completed a hydraulic fracture stimulation of an upper 'pay zone' on which initial testing was conducted late last year.

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The well is currently being flowed back in order to remove all of the frac fluid from the formation. As at 18:00 hours yesterday, 27 June 2011, the well is continuing to clean up and is flowing gas.

The well is currently flowing gas at a relatively stable flow rate of ~ 300,000 scf/day at a Tubing Head Pressure of ~ 140 psi.

Forward operations are to continue to clean up the well and to install pressure gauges for a flowing pressure gradient test. Following this the well will be shut-in for a pressure buildup test.

There are additional potential gas pay zones in TB08 that remain to be assessed in future operations.

TB06 Well test - mobilisation of test rig to commence

As the test on the first 'pay zone' in the TB08 well is completed, Sino Gas will mobilise test equipment to its TB06 Gas Discovery Well.

The TB06 well was drilled by Sino Gas in Q4, 2008 and remains untested. Sino Gas's intention is to first conduct a drill stem test (DST) of a prospective upper zone identified by electronic logs. Depending on the results of the DST the well could then be hydraulically fracture stimulated.

Share Issue to SpringTree Special Opportunities Fund LP

Further to the Company's announcement of 27 April 2011, Sino Gas has issued shares to SpringTree Special Opportunities Fund LP as per the attached notice pursuant to Section 708A(5)(e) of the Corporations Act and Appendix 3B.

For more information, please contact:

Sino Gas & Energy

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About Sino Gas & Energy Holdings Limited

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

The PSCs 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 PSCs are located and natural gas is seen as a key component of clean energy supply in China.

On Sino Gas's Tuban prospect, 10 wells have been drilled, the latest being TB-09. Extensive seismic and other subsurface studies have also been conducted. Multiple wells have been flow tested with commercial flow rates achieved on many of the wells, including significant commercial rates on the TB-07 and TB-09 wells. The gas flow rates in this Release are estimated at 200 psi Flowing Tubing Head Pressure unless otherwise noted.

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (SPE PRMS) standards by internationally recognised oil and gas consultants RISC Pty Ltd. All resource figures quoted are mid case - 100%.

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

28 June 2011

Notice under Section 708A(5)(e) Corporations Act and Appendix 3B

On 27 June 2011, Sino Gas & Energy Holdings Limited ("**the Company**") issued 12,170,385 fully paid ordinary shares in accordance with the terms of its share purchase and convertible security agreement with SpringTree Special Opportunities Fund, LP, which was announced to the market on 27 April 2011.

Accordingly the Company gives notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (the "Corporations Act") that:

1. the abovementioned ordinary shares were issued without disclosure to investors under Part 6D.2 of the *Corporations Act*;
2. as at the date of this notice the Company has complied with:
 - (a) the provisions of Chapter 2M *Corporations Act* as they apply to the Company; and
 - (b) section 674 *Corporations Act*; and
3. as at the date of this notice there is no "excluded information" (as defined in subsection 708A(7) of the *Corporations Act*) which is required to be disclosed by the Company.

Attached is the requisite Appendix 3B.

For more information, please contact:

Stephen Lyons: Managing Director, Sino Gas & Energy +86 139 1148 1669, +86 10 6530 9260, slyons@sinogasenergy.com

Gavin Harper: Chairman, Sino Gas & Energy, gharper@sinogasenergy.com

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, 10 wells have been drilled, the latest being TB-09 in Q4, 2010. Extensive seismic and other subsurface studies have also been conducted. Multiple wells have been flow tested with commercial flow rates achieved on many of the wells, including significant commercial rates on the TB-07 well.

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (SPE PRMS) standards by internationally recognized oil and gas consultants RISC Pty Ltd. Additional information on Sino Gas can be found at www.sinogasenergy.com

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Sino Gas & Energy Holdings Limited

ACN

124 242 422

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares (Ordinary Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 12,170,385 Ordinary Shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Shares will rank pari passu with existing Ordinary Shares. |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state: | The Ordinary Shares rank pari passu with existing Ordinary Shares. |

+ See chapter 19 for defined terms.

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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5 Issue price or consideration

AU\$600,000

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

The Ordinary Shares are issued pursuant to the Share Purchase and Convertible Security Agreement, details of which were announced to the market on 27 April 2011.

The purpose of the issue of Shares is to raise capital for general corporate and for working capital purposes.

7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

27 June 2011

8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)

Number	⁺ Class
970,417,120	Fully paid ordinary shares
31,644,345	SEHOA: Options exercisable at \$0.50 with an expiry date of 31 December 2011
334,283,757	SEHOC: Options exercisable at \$0.125 with an expiry date of 31 December 2012

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in clause 2 if applicable)

Number	⁺ Class
17,500,000	Options exercisable at \$0.25 with an expiry date of 15 September 2011
4,400,000	Options exercisable

	at \$0.50 with an expiry date of 15 September 2011
1,310,000	Options exercisable at \$0.50 with an expiry date of 13 March 2013
8,750,000	Options exercisable at \$0.0793 with an expiry date of 25 November 2013

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	n/a
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	n/a
12	Is the issue renounceable or non-renounceable?	n/a
13	Ratio in which the ⁺ securities will be offered	n/a
14	⁺ Class of ⁺ securities to which the offer relates	n/a
15	⁺ Record date to determine entitlements	n/a
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	n/a
17	Policy for deciding entitlements in relation to fractions	n/a

⁺ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	n/a
19	Closing date for receipt of acceptances or renunciations	n/a
20	Names of any underwriters	n/a
21	Amount of any underwriting fee or commission	n/a
22	Names of any brokers to the issue	n/a
23	Fee or commission payable to the broker to the issue	n/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	n/a
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	n/a
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	n/a
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	n/a
28	Date rights trading will begin (if applicable)	n/a
29	Date rights trading will end (if applicable)	n/a

- 30 How do +security holders sell their entitlements *in full* through a broker? n/a
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance? n/a
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)? n/a
- 33 +Despatch date n/a

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☒ Securities described in Part 1
- (b) ☐ All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 28 June 2011
(Director)

Print name: Stephen J Lyons

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+ See chapter 19 for defined terms.