Stephen J Lyons
Managing Director
China Cell: +86 139 1148 1669
China Phone: +86 10 6530 9260
Email: slyons@sinogasenergy.com

Sino Gas & Energy Holdings Limited
ACN 124 242 422
Sino Gas & Energy Limited
ACN 115 316 599

China Office:
Suite 335, 3rd Floor, Office Tower A2
Lido Place, 6 Jiang Tai Road
Chaoyang District, Beijing, China 100004

Australian Office:
311-313 Hay Street
Subiaco, Western Australia

ASX ANNOUNCEMENT

27 July 2011

WELL TESTING PROGRAM CONTINUES TO ACHIEVE STRONG RESULTS

Highlights

- **Well testing program continues to achieve strong results**
- **TB08 well test continues with significant increase in gas flow**
- **Seismic program – all holes now drilled ~ 71% complete**
- **Sanjiaobei PSC – well selection occurring**

Well testing program continues to achieve strong results

Sino Gas & Energy Holdings Limited (ASX: SEH) continues to realize the potential of its gas field with additional testing being performed on the TB08 well. Sino Gas has re-flowed one of the upper zones in the TB08 well that was fracture stimulated (frac) in late June 2011 and has confirmed a significant increase in gas flow.

As at 7:00am, 27 July 2011, the zone had been flowing gas for more than 24 hours. Currently the well is flowing at a stable gas rate of ~ 706,000 scf/day with a Tubing Head Pressure (THP) of 200 psi.

Sino Gas's Managing Director, Stephen Lyons said that the increased flow rate on TB08 was another example of the strong results being achieved on its testing program.

"The upper zone in TB08 flowed gas at ~ 300,000 scf/day at 140psi THP following the frac. Over the past 3 weeks as the well was 'shut-in' it appears as if the well has 'cleaned up' further resulting in the significant productivity increase which would normally be expected from a frac.


TB08: flow re-established on upper zone

Sino Gas has a demonstrated track record of success in its flow testing program. Following the success of its TB07 well (gas flow rate of 2,900,000 scf/day) during 2010, Sino Gas has so far achieved significant commercial well rates on its TB09 well (gas flow rate of 1,150,500 scf/day), TB03 well (gas flow rate of 326,500 scf/day) and an indication of a gas flow on TB06 in excess of 1,000,000 scf/day.

The doubling of the gas flow rate on the upper fracced zone in TB08 represents another milestone in that program", said Mr Lyons.

Sino Gas will continue to flow the upper zone for a limited period and then move to test a lower potential gas pay zone in the TB08 well.

Substantial progress being made on the Seismic Program

Sino Gas is currently undertaking an extensive seismic acquisition program on its Sanjiaobei PSC which, in a success case, is expected to expand Sino Gas's potential reserve area from the current 70km^2 to more than 400km^2.

Since the report of last Thursday, 21 July 2011, BGP Seismic Corporation, Sino Gas's seismic contractor has completed the drilling of more than 8,000 shot points and has demobilized the drilling crew. Almost 300 km of seismic lines have now been recorded with the remaining 30% of the work program expected to be completed within the next 2 weeks.

Sino Gas has also been reviewing the processed seismic to 'high grade' well locations and expects to be commencing its drilling program by the end of August 2011.

For more information, please contact:

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

Gavin Harper: Chairman,
gharper@sinogasenergy.com

Investor Relations - Australia
RonnBechler, + 61 400 009 774
ronn.bechler@marketeye.com.au

Investor Relations – Hong Kong
Anita Wan, +852 2217 2687;
anita.wan@quamgroup.com

About Sino Gas & Energy Holdings Limited
Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian company focused on developing Chinese unconventional 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, 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 its TB07 and TB09 wells. The gas flow rates in this release are estimated at 200 psi Flowing Tubing Head Pressure (THP) 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 recognized 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