

ASX ANNOUNCEMENT

12 August 2011

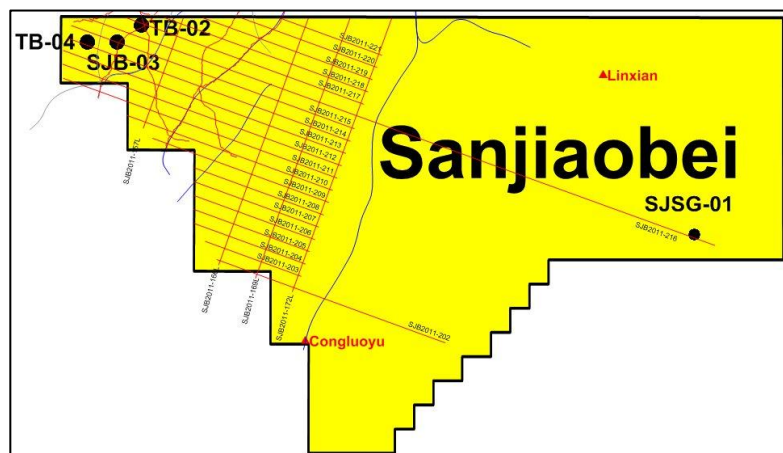
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Highlights

- **Seismic Program – all field work now completed**
- **Sanjiaobei PSC – SJB01 location selected**
- **TB04 Well - Reserve focused well test underway**
- **TB08 Well - Test continues on additional prospective pay zone**

Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH) has achieved another important milestone in the past week with the completion of field work on the Company's seismic program.

Commenting on this milestone, Sino Gas's Managing Director, Stephen Lyons, said that substantial operations were underway on its China Gas acreage.



Sino Gas's Sanjiaobei PSC showing the location of new seismic lines

"On the Sanjiaobei PSC, Sino Gas has now completed the shooting of 410.5 km's of new seismic.

The field work commenced in mid May 2011 and was finished on budget and around one week ahead of schedule.

In a testament to its role as a responsible operator in China, at its peak the program involved 638 people who worked the equivalent of 430,740 man hours with no reportable safety incidents. This is a result we are all very proud of," said Mr Lyons.

Sanjiaobei PSC – location selected, preparations for spudding underway

The seismic data has enabled Sino Gas to select its first drilling location on the Sanjiaobei PSC for 2011 with processing continuing to select additional drilling locations for this year. In particular it is expected that the new seismic will help in delivering the Chinese Reserves Report and planning for future horizontal wells on the Sanjiaobei PSC.

The location, which is in the process of being approved by PetroChina Coal Bed Methane (PCCBM), has been chosen to intersect a number of key reservoirs previously seen in Sino Gas's other wells and identified from the seismic data.

Sino Gas has secured the services of CNPC Bohai Drilling Engineering Company Limited (BDEC) to drill SJB01 on a 'turn key' basis. BDEC drilled two wells for Sino Gas during 2010, in particular demonstrating their capability on the SJB03 well.

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Sino Gas will now complete all necessary approvals, permitting and all site preparations in preparation for the drilling of the SJB01 well. It is expected that Sino Gas will spud this well towards the end of August 2011, with an expected drilling time of around 30 days.

TB04 Well - Reserve focused well test underway

In late June 2011, Sino Gas signed a Strategic Cooperation Agreement with the National Centre of Coal Bed Methane (NCCBM), to deliver the Chinese Reserves Report on the Sanjiaobei PSC. Sino Gas has since been working with NCCBM to review the testing program to deliver the data necessary for the Chinese Reserves Report.

The first well to be tested following this review is TB04.

The test program to be employed on TB04 is expected to last around 30 days. The first part of this test, involves flow testing.

Sino Gas has re-established gas flow on TB04 and is currently flowing the well through a test separator at ~ 214,000 scf/day, at a pressure of 820 psi Tubing Head Pressure (THP). The calculated flow rate at 200 psi THP is ~ 529,500 scf/day which is more than double the flow rate achieved in last winters test.

Following the flow test which is scheduled to last 12 days, the well will then be 'shut in' for approximately 20 days to conduct a pressure build up test.

The objective of this test is to obtain the pay zones expected productivity, stable production capability and estimated geologic reserves as per the Chinese Reserve Rules.

TB08 Well - Test continues on additional prospective pay zone

Sino Gas recently advised that it had re-tested an upper pay zone in its TB08 well, and recorded a gas flow in excess of 700,000 scf/day. Sino Gas is now testing a lower potential gas pay zone in the well.

As at 21:00 hours, Tuesday, 9 August 2011, Sino Gas's testing contractor, CCDC Changqing Downhole Services Company (CCDC) had perforated the lower pay zone and had completed an hydraulic fracture stimulation (frac).

The well is currently being flowed back in order to remove all of the frac fluid from the formation. Forward operations are to continue the clean up and then to measure the gas flow and other sub-surface parameters.

Patersons Securities Research Report

Following the release of the Company's Q2 Reports, Patersons Securities has published an updated Research Note. That research note 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 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 3,700km². 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 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