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
19 December 2011

FIELD OPERATIONS COMPLETED FOR 2011 – SUPPORT DEVELOPMENT APPROVALS
DRIVE TOWARD DEVELOPMENT GAINS MOMENTUM

Recent well Operations Support Development Approvals

- Discovery of multiple hydrocarbon bearing zones on TB10 well
- Successful fracture stimulation on SJB1 delivers initial commercial gas flow rate of 150,000 scf/day with multiple additional potential zones in the well still to test; and
- Trial Production Operation (TPO) on single pay zone on the TB04 well flowed at a relatively stable pressure and gas rate during the two week flow test.

Sino Gas & Energy Holdings Ltd (Sino Gas, ASX:SEH) today completed the field operations of its 2011 exploration and appraisal program.

At the beginning of 2011, Sino stated it's intention to prepare the Sanjiaobei Production Sharing Contract (PSC) with its partner CNPC/(Petrochina CBM) for development approvals. The field work program has now been completed for the year.

This has resulted in: 2 new gas discovery wells; an extensive seismic program which has led to a 153% upgrade in resources, already reported; multiple commercial gas flows; successful manufacturing of Compressed Natural Gas (CNG) as part of a Pilot production Program and substantial progress toward completion of the Chinese Reserves Report – which is the key building block for full Overall Development Program approval. Work in 2012 will be focused on completing the steps to ODP and achieving commercial pilot production and sales.

The work completed during 2011 on the giant Linxing PSC with partner CUCBM (50% owned by CNOOC) was impacted by negotiations – successfully concluded – to agree terms for extension of the PSC, but still comprised several successful well tests and the recently completed discovery well TB-10.

Work in 2012 will now focus on pilot production and on preparation of Chinese Reserves Reports for two sections of Linxing. The preliminary assessment of the impacts of the 2011 work has been to increase independently audited reserves and resources on both Projects to 2.9Tcf.

Sino Gas has asked independent reserves auditor RISC to commence the full detailed evaluation of the 2011 exploration and appraisal program, as part of the company's work toward submission of the Overall Development Plan (ODP) on the projects.

Sino Gas expects to provide the market with the updated RISC project evaluation in January 2012. The previous RISC appraisal in February 2011 valued Sino Gas's projects at US$1.2 billion.

Sino Gas Executive Chairman Gavin Harper said: "Having completed a very successful exploration and appraisal campaign in 2011, we have identified more resources and consistently commercial flow rates across both projects at Sanjiaobei and Linxing. These provide a solid basis on which to move the projects towards full commercial implementation.

Drive Toward Development Gains Momentum

As Sino Gas focuses on the transition from exploration to production in China, the Company continues to evaluate approaches from strategic farm-in partners, funding opportunities which do not dilute existing shareholders and strengthening the leadership team of the Company with specialist oil and gas experience in projects as large as Linxing and Sanjiaobei.

Harper commented, "Sino Gas remains confident that it is on course to complete the development approvals process for these highly valuable projects, and to move rapidly towards production of gas – initially from Pilot schemes – with full commercial production following shortly after.

The strengthened leadership team and successfully completed new financing arrangements will ensure significant value delivery for our shareholders."

Quam IA Initiates Research Coverage

Sino Gas has been broadening its investor base through Asia and in its recent raising placed around 1/3 of new funds through Hong Kong.

Quam IR (Hong Kong) has initiated research coverage on Sino Gas and has prepared a Research Report that can be accessed at the company's web site www.sinogasenergy.com under Investors/Research.

ENDS

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: Executive Chairman,
+61 416 427 275
gharper@sinogasenergy.com

Investor Relations - Australia

Ronn Bechler, + 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 3,000km^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 Projects, 11 wells have been drilled, the latest being SJB2 during November 2011. 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, TB08, TB09 and TB04 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