

ASX ANNOUNCEMENT

30 January 2012

SINO GAS APPOINTS ARGONAUT AS CORPORATE AND FINANCIAL ADVISOR

Sino Gas and Energy Holdings Limited (Sino Gas, ASX: SEH) is pleased to announce the appointment of independent corporate advisory and stockbroking firm Argonaut as the Company's corporate advisor. Argonaut is a technically driven specialist based out of Perth and Hong Kong with an established track record in the natural resource sector.

Argonaut has been engaged by the Company to assist the board and management in the areas of strategy and financing solutions with the aim of pursuing non-dilutive funding opportunities to progress the existing and future exploration projects towards development.

Sino Gas' Executive Chairman, Gavin Harper, said "It brings me great satisfaction to follow up the very positive resource and value upgrade for our Chinese gas projects delivered to us by leading oil and gas industry advisors, RISC, with the engagement of Argonaut. The board is extremely pleased to welcome the Argonaut team and believe that this relationship will be instrumental in shaping the Company's prosperous future".

"As we approach the development phase of these significant projects it is entirely appropriate to identify and develop strategic funding mechanisms that will ensure timely and effective delivery".

Argonaut Managing Director, Eddie Rigg, said "Argonaut is extremely pleased to be able to work with the Sino Gas board and management team and play such an active role in shaping the growth of a company with such an exciting future.

We are excited about the prospects for the Company and look forward to assisting to provide funding solutions that are both in the best interests of existing shareholders and provide a clear path to bridging the value gap between the current position and the potential value in the projects as outlined by RISC".

In connection with the appointment of Argonaut, the Company will issue to Argonaut (or nominee) 30 million options, each exercisable at 7.5 cents on or before 5 years from the date of issue, such options only being exercisable if performance related vesting conditions are met including achieving share price thresholds of \$0.15 and \$0.25 and funding to achieve field development of the Linxing and Sanjiaobei projects.

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The appointment of Argonaut as corporate advisor follows the theme of recent announcements by the Company and further reaffirms the board's commitment to deliver the inherent value of its projects to shareholders as seen by the following initiatives:

- Ongoing strengthening of the leadership team;
- Supportive policy measures from the Chinese Government and confirmation of the extension of the exploration period for the Linxing PSC; and
- Significant resource and asset value upgrades from leading independent oil and gas industry advisors, RISC.

The board looks forward to keeping the market informed of further progress as initiatives are pursued.

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian energy 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 3,000km². 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, 15 wells have been drilled, the latest being TB10 during December 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 and NSAI. All resource figures quoted are mid case - 100% unless otherwise noted.

Certain statements included in this announcement may constitute forward-looking statements. Any forward-looking statements are based on current assumptions and forecasts and are not guarantees or predictions of future performance. Such statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, Sino Gas, its directors, officers and agents do not give any assurance or guarantee that the occurrence of the events referred to in this document will occur as contemplated.

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

About Argonaut

Argonaut is a full service advisory, stockbroking & research and investment house with offices in Perth and Hong Kong. Argonaut is technically driven & focused on natural resource companies & businesses that service the metals, mining and energy sectors. Argonaut has an established track record of creating significant wealth for clients.

Additional information on Argonaut can be found at www.argonaut.com