Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Sino Gas & Energy Holdings Limited

ABN	Quarter ended ("current quarter")
16 124 242 422	31 December 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(968)	(7,396)
	(b) development		
	(c) production		
	(d) administration	(1,109)	(3,630)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	38	89
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(2,039)	(10,937)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	-	(28)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	-	(28)
1.13	Total operating and investing cash flows (carried forward)	(2,039)	(10,965)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,039)	(10,965)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	6,000	8,400
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other -Payment of share issue expenses	(417)	(506)
	-Repayment to investor (SpringTree Special Opportunities Fund (refer note a below)	(887)	(887)
	Net financing cash flows	4,696	7,007
	Net increase (decrease) in cash held	2,657	(3,958)
1.20	Cash at beginning of quarter/year to date	1,616	8,297
1.21	Exchange rate adjustments to item 1.20	44	(22)
1.22	**Cash at end of quarter**	4,317	4,317

Note a: Being cash repaid to SpringTree Special Opportunities Fund, LP. References are made to the announcement made on 24 October 2011.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(449)
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

The amount shown in item 1.23 above represents directors remuneration

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-
3.3	Other financing facilities (Notes a, b)	(a) Equity facility up to 18,000	-

Note a: On 27 April 2011, Sino Gas signed a Share Purchase and Convertible Security Agreement to enable draw down of up to A$29.4 million over 2 years. References are made to that announcement for a summary of terms and the announcement made on 24 October 2011.

Note b: On 30 January 2012, Sino Gas announced the appointment of Argonaut as Corporate and Financial Advisor to the Company. Argonaut has been engaged 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.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	2,395
4.2	Development	
4.3	Production	
4.4	Administration	962
	Total	3,357

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
5.1 Cash on hand and at bank	4,317	1,616
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,317	1,616

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3	**+Ordinary securities**	1,120,417,120	1,120,417,120	N/A	N/A

+ See chapter 19 for defined terms.

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- 150,000,000	- 150,000,000	N/A -	N/A -
7.5	+**Convertible debt securities** *(description)*	A$Nil outstanding following full repayment (refer below).			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Repaid A$600,000 convertible security (expiry 26 April 2013). For a summary of the terms of the convertible security refer to 3.3(a) above.			
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		334,283,757	334,283,757	12.5 cents	31 December 2012
		1,310,000	Nil	50 cents	13 March 2013
		8,750,000	Nil	7.93 cents	25 November 2013
7.8	Issued during quarter	Nil	N/A	N/A	N/A
7.9	Exercised during quarter	Nil	N/A	N/A	N/A
7.10	Expired during quarter	31,644,345	31,644,345	50 cents	31 December 2011
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:

Print name: **STEPHEN JOHN LYONS**
MANAGING DIRECTOR
31 January 2012