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

10 February 2012

Mr. Wade Baggott
Senior Adviser, Listings (Perth)
Australian Securities Exchange
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

Facsimile: 08 9221 2020

Dear Wade,

RESPONSE TO PRICE AND VOLUME QUERY

I refer to your letter of today's date regarding the price and volume query of the Company's securities. I respond to ASX's letter as follows:

1. **Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?**

   No, we are not aware of any information concerning it that has not been announced that could explain the recent trading in the securities of the Company.

2. **If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?**

   Not applicable given the response to question 1 above.

3. **Is there any other explanation that the Company may have for the price and volume change in the securities of the Company?**

   The Company notes that it has recently released several key announcements to the ASX. These include:

   - Significant new initiatives announced by the Chinese Government to accelerate the development of the CBM industry and to ease China's gas supply constraints including:
     - Investment in gas transmission pipeline and associated processing infrastructure to support potential gas production from the Sino Gas PSC's
     - Inclusion of the Sino Gas Linxing and Sanjiaobei PSC's in the country's 12th 5-year plan for CBM
     - Announcement of gas price reforms that will link domestic gas prices to imported gas and oil prices and a possible increase to the CBM production subsidy in China
     - Ministry of Commerce approval of the Linxing PSC exploration period extension

   - Substantial increases to gas resources and project value on Sino Gas's PSC's independently assessed by internationally recognized oil and gas consultants RISC Pty Ltd:
     - 96% increase in Sino Gas's share of project NPV in developing the mid case Contingent and Prospective Resources (refer ASX Announcement 23 January 2012)

    - 79% increase in 2C (100%) Contingent Resources to 1.8 Tcf (February 2011: 1.0 Tcf) and a 21% increase in Mid Case Prospective Resources to 1.9 Tcf (February 2011: 1.5 Tcf)

- Appointment of Argonaut as corporate and financial advisor to the Company. Argonaut is a specialist independent corporate advisory and stockbroking firm based in Perth and Hong Kong with an established track record in the sector:
    - Together with Argonaut the Company announced that it would be pursuing non-dilutive funding opportunities to progress Sino Gas's projects towards development
    - Although the Company is currently pursuing a number of potential opportunities with the assistance of Argonaut it has not, as yet, entered into any binding arrangements with any party.

Reference is made to those announcements. The Company will keep the market informed of developments as required.

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

The Company confirms that it is in compliance with the listing rules, in particular listing rule 3.1.

If you have any further queries please call Stephen Lyons on +86 10 6530 9260.

Yours faithfully
Sino Gas & Energy

Stephen J Lyons
Managing Director

ENDS

For more information, please contact:

Sino Gas & Energy

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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 3,000km^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, 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

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10 February 2012

Harry Spindler
Company Secretary
Sino Gas and Energy Holdings Limited
311-313 Hay Street
SUBIACO WA 6008

By email

Dear Harry

Sino Gas and Energy Holdings Limited (the "Company")

PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from a closing price on Monday 6 February 2012 of $0.066 to an intraday high at the time of writing today of $0.082. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

   Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price and volume change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by facsimile number (08) 9221 2020 or by email to wade.baggott@asx.com.au. It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 2:00 pm (WST) today.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[sent electronically without signature]

Wade Baggott

Senior Adviser, Listings (Perth)