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ASX ANNOUNCEMENT

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SINO GAS AND MIE FORM STRATEGIC PARTNERSHIP TO DEVELOP SANJIAOBEI AND LINXING CBM GAS PROJECTS

Highlights

- ✓ **MIE to invest US$100 million to acquire 51% of Sino Gas' subsidiary that holds the Sanjiaobei and Linxing PSCs in Shanxi Province, People's Republic of China**
- ✓ **MIE is one of the leading independent onshore upstream oil companies in China. In 2011, MIE produced over 10,000 barrels of oil per day and drilled over 450 wells in its China operation**
- ✓ **MIE has extensive experience in delivering Sino-Foreign PSCs through regulatory approval to production**
- ✓ **Sino Gas and MIE execute Mutual Co-operation Agreement for future co-operation targeting new projects**

Sino Gas & Energy Holdings Limited (**Sino Gas**) and MIE Holdings Corporation (**MIE**) are delighted to announce a strategic partnership to develop the Sanjiaobei and Linxing PSCs in Shanxi Province, China. The partnership will combine MIE's financial strength, on-ground operational capability and Chinese regulatory experience with Sino Gas' gas projects and technical expertise.

Under the terms of Definitive Agreements, MIE will progressively invest US$90 million in Sino Gas' subsidiary Sino Gas & Energy Limited (**SGE**) that holds the Sanjiaobei and Linxing PSCs. It will also acquire US$10 million of existing shares in SGE from Sino Gas at closing which is expected to occur on or before 6 July 2012. The combined investment will result in MIE holding a 51% interest in SGE.

Sino Gas believes that the US$90 million that MIE is investing in SGE will be sufficient to fund the Sanjiaobei and Linxing PSCs through Chinese Reserve Reports (**CRR**) and Overall Development Plan (**ODP**).

MIE is listed on the Stock Exchange of Hong Kong (Stock Code: 1555 HK). It is one of the leading independent upstream oil companies onshore China where it operates three Sino-Foreign PSCs Daan/Moliqing/Miao 3 in north east China. MIE also holds oil and gas production interests in Kazakhstan and is advancing unconventional (tight light oil and shale gas) projects in the USA.

One of the key attractions of MIE is its proven ability to successfully deliver Sino-Foreign PSCs through the Chinese regulatory approval system including CRR and ODP and then operate the projects in a highly efficient manner. In 2011, MIE drilled 467 wells on PSCs in China with a net production of over 10,000 barrels of oil per day. MIE achieved an average realised oil price of US$110 per barrel at a lifting cost of only $7 per barrel in 2011 for its PSCs in China.

Sanjiaobei and Linxing PSCs have been independently assessed to contain some 3.7 TCF of Reserves, Contingent and Prospective Resources (100%, Mid Case)[1] with 60% of the acreage still to be explored.

Provincial gas prices are attractive and with recent changes to Chinese gas prices, this is expected to be maintained, if not improved. The projects are located in a region with extensive pipeline coverage. Sino Gas' independent expert has estimated that lifting costs (opex and capex) will be circa US$2.00 per mcf against a prevailing gas price (including incentives) in excess of US$7 per mcf.

Commenting on the transaction, Sino Gas' Executive Chairman, Mr Gavin Harper said:

"We are delighted to have secured this landmark agreement with MIE, which represents an outstanding outcome for Sino Gas shareholders. After an exhaustive process to identify a financier to assist in the advancement of our Sanjiaobei and Linxing PSCs, we could not have wished for a better partner. Not only do we get MIE's financial strength but also their proven ability to deliver Sino-Foreign PSCs through CRR and ODP and critically ability to operate in a highly profitable manner in China. What MIE has achieved in China is a credit to Chairman Zhang Ruilin and his committed team.

I would like to acknowledge the efforts of Argonaut for arranging and negotiating this transaction and Allen & Overy for its legal input.

The focus of Sino Gas is now on the development and bringing Sanjiaobei and Linxing Projects to maturation, plus continue to explore and evaluate the remaining 60% unexplored acreage in the PSCs."

MIE Chairman, Mr Zhang, said:

"The Ordos Basin is a resource rich basin in China with low well costs and large resource recoverability. Gas projects in the Ordos Basin are held by Shell, Total and CNPC. MIE identified Sanjiaobei and Linxing PSCs as being premier undeveloped gas projects in the Ordos Basin and capable of containing multiple TCFs of recoverable hydrocarbon gas.

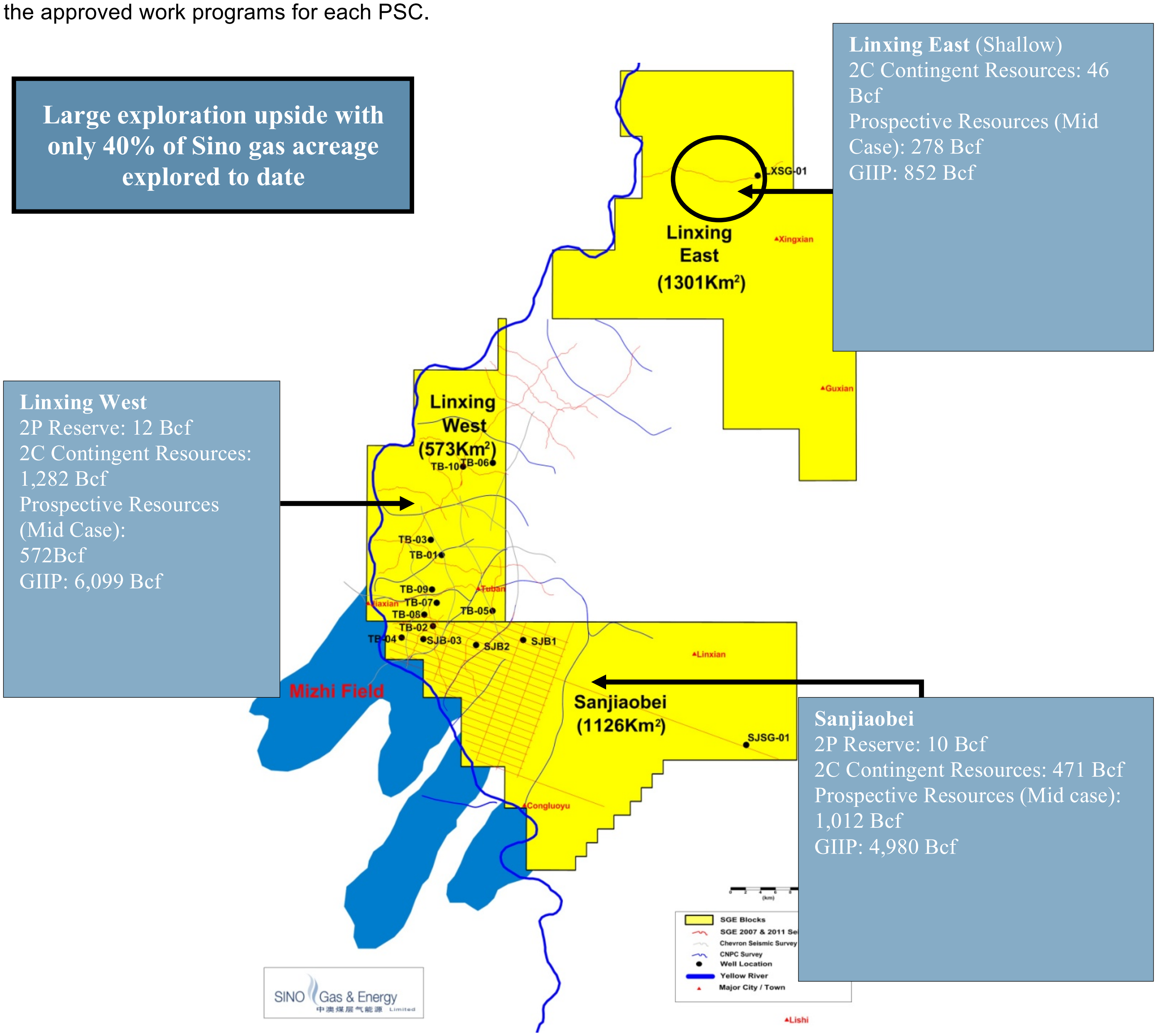
China's CBM 12th Five Year Plan provided for a dramatic boost for the development and exploitation of coal bed methane in the eastern fringe of the Ordos Basin (which includes the Sanjiaobei and Linxing PSCs).
We also appreciate the technical expertise Sino Gas offers with its team. Sino Gas' Executive Chairman, Mr Gavin Harper, and the company's Chief Executive Officer, Mr Robert Bearden, are high quality industry professionals that we are happy to be in partnership with. SGE intends to retain the operational team lead by Mr Frank Fu.

MIE has now secured gas projects that complement and add synergy to our existing operation in north east China."

Sino Gas and MIE have also executed a Mutual Co-operation Agreement (**MCA**) to pursue further oil and gas interests worldwide. Although the MCA is non-binding, it illustrates the positive relationship forming between MIE and Sino Gas.

Forward Plan for Sanjiaobei and Linxing PSCs

The immediate focus for SGE is to commence the field operations at Sanjiaobei and Linxing in accordance with the approved work programs for each PSC.



Note 1: Independent Reserves and Resources are mid-case, 100% Project. Refer to Resource Statements.

At Sanjiaobei, SGE will be looking to mobilise a seismic crew to shoot 100 kilometres of 2D seismic and drilling rigs to drill six (6) wells (involving 10 separate production tests). Selective zones will be produced in accordance with CRR guidelines through a pilot production program. The purpose of the seismic, drilling, production tests and pilot production is to ensure SGE is in a position to lodge its initial Sanjiaobei CRR for approval in Q1, 2013.

At Linxing the work programs are divided into separate programs for what is known as Linxing West, Linxing East (Shallow) and Linxing East, reflecting the depths of the coal measures that generate the gas. At Linxing East (Shallow) 70 kilometres of seismic, eight (8) wells and four (4) tests are planned. At Linxing West 100 kilometres of seismic and at least three (3) wells are planned. This area will also be subject to a much larger scale pilot production program with initially three to five Linxing wells put on pilot production from late 2012 utilising mini-LNG facilities. Under the plans being finalised, a third party will provide the mini-LNG facilities at no cost to SGE (but in return for a modest discount to prevailing gas prices). Selective zones will be produced in accordance with CRR guidelines.

The purpose of the work programs at Linxing is to ensure SGE is in a position to lodge its initial Linxing East (Shallow) CRR for approval during the first half of 2013 and its initial Linxing West CRR during the second half of 2013.

The 2012 work program should also result in the maturation of 2C Contingent Resources into 1P and 2P Reserves. It should also result in Prospective Resources being upgraded to Contingent Resources and in some cases into Reserves.

Independent Reserves and Resources

Project	Area (Km^2)	Best Estimate (GIP) (Bcf)	1P Reserves (Bcf)	2P Reserves (Bcf)	3P Reserves (Bcf)	2C Mid-case Contingent (Bcf)	Mid-case Prospective (Bcf)
Linxing East	1,301	852	-	-	-	46	278
Linxing West	573	6,099	4	12	26	1,282	572
Sanjiaobei	1,126	4,980	3	10	21	471	1,012
Total	**3,000**	**11,931**	**7**	**22**	**47**	**1,799**	**1,861**

Source: RISC January 2012 & NSAI 2008. Figures are 100% project for the Linxing and Sanjiaobei PSCs. SGE's share of the Linxing PSC is 64.75% and 49% of the Sanjiaobei PSC following SOE partner back-in. Refer to Resource Statements.

SGE believes that the quantity of the resources (currently independently estimated at 3.7 TCF) can be increased significantly as only some 40% of the PSCs has currently been explored.

Key PSC Stakeholders and Terms

PSC	Working Interest (Exploration)	Net Interests (Development & Production)	Current Status	Cost Recovery / Revenue Split
Linxing	SGE* 100%	SGE* 64.75% CUCBM 30.0% CBM Energy 5.25%	Contract Expiry 2028 Exploration Period extended to 31 Aug 2013	Exploration costs are funded by SGE 100% and are recoverable from future revenues from commercial production.
Sanjiaobei	SGE* 100%	SGE* 49.0% CNPC 51.0%	Contract Expiry 2033 Exploration Period renewal underway	Exploration, development and operating costs are recovered from gross revenue in accordance with the cost recovery formula outlined below.

*SGE owned 51% by MIE and 49% by Sino Gas

The Chinese partner at Sanjiaobei is China National Petroleum Company (**CNPC**). CNPC is one of China's largest oil and gas producers with an extensive international presence and a strong focus on the development of unconventional gas in China. CNPC's interest in the Sanjiaobei PSC is managed by its subsidiary PetroChina CBM.

The Chinese partner at Linxing is China United Coal-bed Methane (**CUCBM**) an affiliate of China National Offshore Oil Company (**CNOOC**). CBM Energy (an unrelated investment company and early participant in CBM in China) has an option with SGE to gain an interest of 5.25% at ODP approval of the Linxing PSC, by paying 7.5% of historical costs and expenses.

SGE maintains strong working relationships with its PSC partners, implemented through regular Joint Management Committee (**JMC**) meetings held in order to achieve alignment on work programs and field operations.

Under the terms of the PSCs, SGE (as the Foreign Contractor) is required to fund all exploration, development and associated operating costs until ODP (**Qualifying Expenditure**). Upon ODP the Chinese partners and SGE will fund their respective costs to commercialise the project. Once in commercial production, gross production is spilt in accordance with the cost recovery model, similar in operation to PSCs adopted in a number of international jurisdictions. First joint operating costs are recovered before SGE recovers its Qualifying Expenditure. Once the Qualifying Expenditure is recovered, the remainder is shared between the parties (Chinese Partner and Foreign Contractor) in proportion to their interests.

Key Transaction Details

To effect the arrangements referred to in this announcement, Sino Gas & Energy Holdings Limited (**Sino Gas**), Sino Gas & Energy Limited (**SGE**), MIE Holdings Corporation (**MIE**) and Asia Power and Energy Corporation (**Asia Power**) have executed or agreed a number of agreements (**Definitive Agreements**). The primary agreements are:

1. Purchase and Subscription Agreement signed on 25 June 2012; and
2. Shareholders Agreement to be signed at closing.

Sino Gas is a company incorporated in Australia and listed on the Australian Securities Exchange (**ASX**) under the code SEH.

SGE is a company incorporated in Australia and immediately prior to closing of the transactions is a 100% owned subsidiary of Sino Gas. SGE is the Foreign Contractor under the Sanjiaobei and Linxing Production Sharing Contracts (**PSCs**).

MIE is a company incorporated in the Cayman Islands and listed on the Stock Exchange of Hong Kong (**SEHK**) under the code 1555 HK.

Asia Power is a company incorporated in the Cayman Islands. It is a wholly owned subsidiary of MIE.

1. Purchase and Subscription Agreement

Provides for:

a) Asia Power to acquire US$10 million of existing ordinary shares in SGE from Sino Gas at closing;
b) Asia Power to invest US$90 million into SGE to be used to fund Qualifying Expenditure;
c) The US$90 million investment by Asia Power to be comprised of converting redeemable preference shares in SGE (to be held in escrow pending completion of Asia Power's funding obligations and then released proportionally from escrow and converted into ordinary shares in SGE on a 6 monthly basis, or alternatively, redeemed by SGE if the holder defaults in its funding obligations) and in part in the form of a loan note repayable by SGE from recovered Qualifying Expenditure once commercial production commences (such loan mechanism to ensure that Sino Gas and Asia Power recover agreed portions – US$63 million:US$90 million respectively, as may be adjusted under the terms of the Purchase and Subscription Agreement – via the cost recovery model under the PSC's);
d) The converting redeemable preference shares to be issued to Asia Power, when combined with the purchase of existing ordinary shares from Sino Gas, will result in Asia Power holding 51% of the issued share capital of SGE from closing (and Sino Gas will hold 49%);
e) MIE to guarantee the investment of the US$90 million into SGE and the US$10 million payment to Sino Gas;
f) All indebtedness from SGE to Sino Gas to be satisfied in full immediately prior to closing except an amount of US$2.1 million (**Advance**);
g) A termination payment of US$2 million payable by either party in the event of failure to close within 15 business days of execution as a result of default of the other party; and
h) Closing scheduled to occur on or before 6 July 2012.

2. **Shareholders Agreement**

Governs how SGE will be owned, controlled and financed. Principles adopted in this agreement incorporated recommended approaches as used in the model agreement of the Association of International Petroleum Negotiators (AIPN). Amongst other things:

a) Sets out the objectives of SGE including that SGE will be the sole vehicle of the shareholders to carry on and develop SGE's interests in the Sanjiaobei and Linxing PSCs and to maximise the value of SGE and to achieve attractive returns for the shareholders;
b) From closing Asia Power will have 51% voting rights;
c) The Board of SGE will comprise of 4 nominees of Asia Power and 3 nominees of Sino Gas;
d) The following matters require unanimous approval: annual budget; annual work program and budget; ODP; and gas sales;
e) Asia Power must fund the first US$90 million of Qualifying Expenditure. Non-Qualifying Expenditure (such as rent and overheads) to be funded 51% to Asia Power and 49% to Sino Gas. Asia Power will fund Sino Gas' contribution to this type of expenditure up to the amount of its Advance;
f) Investigate in good faith, and if acceptable to the shareholders, implement actions to adopt the optimal ownership and operating structure; and
g) Generally deals with matters that would normally be found in an agreement of this type

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About Sino Gas & Energy Holdings Limited (including Resource Statements)

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. 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.

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