

ASX ANNOUNCEMENT

27 August 2012

2012 WORK PROGRAM – LINXING PSC UPDATE

Following completion of a US\$100 million strategic partnership between Sino Gas & Energy Holdings Limited (ASX:SEH, Sino Gas) and MIE Holdings Corporation (MIE), Sino Gas provides the following update on the work program for the Linxing (31.7%, Sino Gas) Production Sharing Contract (PSC), located in the Ordos Basin, Shanxi Province, People's Republic of China.

Sino Gas & Energy Limited (SGE), Sino Gas' jointly controlled entity that operates the Linxing PSC, is committed to the 2012 work programs previously agreed with its Chinese PSC partner China United Coal Bed Methane (CUCBM), as outlined in Sino Gas' July 2012 presentation. The SGE board has also agreed to work towards developing 2013 work programs with our PSC partner aimed at delivering Chinese Reserve Reports for approval.

Drilling rigs have been mobilized to Linxing and the first wells in this program, LXSG-05 and LXSG-09, have been spud. Each well is expected to take approximately 45 days to complete and core. The 170km seismic work program is well advanced with all data collection points now prepared across seismic lines.

The region has experienced the worst rains for 60 years with road damage in some drilling areas. Extra drilling equipment will be deployed to execute the original work program once roads are safely restored. SGE is confident that all planned well drilling work can be completed in 2012.

Sino Gas' President & CEO, Robert Bearden said: "SGE has taken steps to expedite remaining works for the 2012 work program and alleviate the impact of recent adverse weather. We are confident that overall development activities will proceed as planned, and thank our operational team for their efforts so far this year."

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited ("Sino Gas" ASX: SEH) is an Australian energy company focused on developing Chinese unconventional gas assets. Sino Gas holds a 49% interest in Sino Gas & Energy Limited ("SGE") through a strategic partnership signed with MIE Holdings Corporation ("MIE" SEHK: 1555) in June 2012 to develop two blocks held under Production Sharing Contracts (PSCs) with CNPC and CUCBM. SGE has been established in Beijing since 2005 and is the operator of the Sanjiaobei and Linxing PSCs in Shanxi province.

The PSC's are located in the Ordos Basin and cover an area of approximately 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. 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 and NSAI. These statements were not prepared to comply with the China Petroleum Reserves Office (PRO-2005) standards or the U.S. Securities and Exchange Commission regulations and have not been verified by SGE's PSC partners CNPC and CUCBM. 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