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ASX ANNOUNCEMENT

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2012 WORK PROGRAM – LINXING PSC UPDATE

Sino Gas & Energy Holdings Limited (ASX:SEH, 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.

Three drilling rigs are now on location with a fourth rig to be added in late September. The Linxing East seismic work program continues with over 40% of the 170km data acquisition program completed.

The drilling program is on schedule and to date:

- Well LXSG-09 was spudded on 21 August and will be drilled to a proposed total depth (TD) of 850 meters. The current drilling depth is 540 meters.
- Well LXSG-05 was spudded on 25 August and has a proposed TD of 790 meters. The well's current drilling depth is approximately 242 meters.
- Well LXSG-02 is expected to be spudded on or around 9 September and will be drilled to a proposed TD of 1030 meters.
- A fourth rig, which is en-route to the site, is expected to commence drilling of Well LXSG08 in late September. This well will be drilled to an estimated TD of 1020 meters.

The 2012 work program for Linxing East is comprised of a total of eight new wells, with an additional deep exploration well expected to be drilled following the analysis of seismic results. Each well is anticipated to take approximately 45 days to complete an extensive drilling and coring program. After dewatering, each well will be flow tested for approximately 12 weeks.

Seismic data gathered during the work program, along with drilling data and flow test results, will be used as inputs for a Chinese Reserve Report. Preparing a Chinese Reserve Report is the first step in a two-step regulatory process to develop coal bed methane assets into producing fields, culminating in the preparation of an Overall Development Plan approval for a PSC which leads to full field development.

Sino Gas' Managing Director & CEO, Robert Bearden said: "Progress continues on field development at Linxing East and a substantial portion of the seismic program is now complete. In addition to the work at Linxing East, testing and drilling of two deep wells in Linxing West is also proposed. We are also advancing the planned LNG pilot program on Linxing West, and will provide another market update by month end."

Rigging up at LXSG-09

Drilling commencing at LXSG-05

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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 completed with MIE Holdings Corporation ("MIE" SEHK: 1555) in July 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 PSCs are located in the Ordos Basin and cover an area of approximately 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 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