

ASX ANNOUNCEMENT

24 September 2012

COMPREHENSIVE 2012 WORK PROGRAM UNDERWAY

- EXECUTING THE PLAN SAFELY AND EFFICIENTLY
- TARGETING INCREASED RESERVES AND RESOURCES

Sino Gas & Energy Holdings Limited (ASX:SEH, Sino Gas) provides the following update on the execution of the 2012 work program across the Sanjiaobei (Sino Gas 24%) and Linxing (Sino Gas 31.7%) Production Sharing Contracts (PSCs). The 2012 planned work program involves the drilling of 17 wells and shooting of 270km of 2D seismic across both PSCs.

The Company is pleased to announce that the 270km of seismic surveying planned for the 2012 work program on both the Linxing and Sanjiaobei PSCs has been successfully completed. Substantial progress continues to be made in the drilling program, with four of the eight wells planned on the Linxing PSC area spudded and LXSG-09 approaching a total depth of approximately 850m. All four wells are targeting multiple known coal seams across the region and will be dewatered and tested upon the completion of drilling.

Speaking on recent progress and execution of the work program, Sino Gas' Managing Director and CEO, Robert Bearden said: "The majority of the seismic fieldwork has been focused on previously unexplored acreage, allowing for further expansion of the already large resource base of 3.7 trillion cubic feet¹ and providing more clarity of the project's additional valuation upside potential.

We have made significant progress in recent weeks with the seismic program complete and drilling operations well underway, and the manner in which we are executing the work program is a credit to the team on the ground in Shanxi Province. Despite adverse weather in the region, the Operations team has built on its excellent 2011 safety record of 578,000 incident free man-hours by accumulating another 304,892 hours so far this year.

With continued operational success, Sino Gas is well positioned to take advantage of growing domestic demand for natural gas which is expected to more than double by 2017²."

Linxing PSC - 170km seismic acquisition complete

Substantial progress continues to be made on seismic and drilling programs on the north eastern corner of the Linxing acreage, which are key requirements to support Chinese Reserve Report (CRR) submission. Seismic data acquired is to be used for further resource assessment and supplements the drilling and flow testing results required for the CRR.

Expansive seismic acquisition running from north to south over a previously unexplored portion of the eastern acreage has also been successfully executed as planned. Data acquired will initially be analysed by the seismic contractor, before further analysis is conducted by the Operations team to determine the location of an initial deep exploration well.

As previously announced, positive progress continues to be made on the pilot program planned on the western acreage.

¹ Figures are 100% project contingent and prospective resources mid-case for Linxing & Sanjiaobei. Refer to Resources Statement for full disclosure.

² International Energy Agency - June 2012

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Sanjiaobei PSC - 100km seismic acquisition complete

Completion of the north/south running seismic lines supplements existing seismic data, and forms an important part of maturing resources into reserves. Although the drilling program has been delayed due to road damage caused by adverse flooding in the region, the Operations team is coordinating with local government authorities to allow safe and early access into drilling areas. Furthermore, alternative strategies are being pursued to complete the remaining drilling program within the planned timeframes.

Further updates will be provided as results from the drilling and seismic analysis become available. Please see **Figure 1** over page for a map of the seismic and drilling areas.

For more information, please contact:

Sino Gas & Energy Holdings Limited

Gavin Harper, Executive Chairman
+ 61 8 9388 8618
+ 61 416 427 275
gharper@sinogasenergy.com

Robert Bearden, Managing Director & CEO
+86 10 6530 9260
rbearden@sinogasenergy.com

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 (Sanjiaobei 49%) and CUCBM (Linxing 64.75%). 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 3,000km². 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 PSCs are located and natural gas is seen as a key component of clean energy supply in China.

Resources Statement

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 (January 2012) and NSAI (2008). 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

Figure 1: Linxing & Sanjiaobei – Seismic and Drilling Areas

