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ASX ANNOUNCEMENT
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MAJOR COAL SEAMS CONFIRMED IN LINXING PSC EAST

Sino Gas & Energy Holdings Limited (ASX:SEH, Sino Gas) provides the following update on the 2012 drilling program on the Linxing Production Sharing Contract (Linxing PSC).

The planned current work program on the Linxing PSC (East) involves the drilling of eight conventional coal bed methane (CBM) wells on the eastern portion of the PSC and the drilling of one exploration well targeted for the deeper gas bearing coals and adjacent sands in the south western portion of the block.

In relation to the drilling of the shallow conventional CBM wells, we report as follows:

Well LXSG-09, which is the first of an eight well program in 2012 on the Linxing PSC eastern acreage, has reached a total drilling depth of 888 metres and has confirmed major coal seams in the region. Electric log analysis indicates the well has encountered twelve seams totalling 30.2 metres of coal.

Well LXSG-09 will now be fracced and dewatered. Following dewatering, the well is expected to be flow tested for several weeks, at which stage the gas flow data can be measured in support for the submission of the Chinese Reserve Report (CRR). Approval of the CRR allows the maturation of natural gas resources to be booked as 2P reserves. The approval of the CRR is the also the first step in the two step process of obtaining Overall Development Plan approval for full field development.

In addition to Well LXSG-09, three other new drill wells are in progress in the same geographic area. Well LXSG-05 has been drilled to approximately 700 metres deep out of a total planned depth of over 800 metres, and mud logs indicate several coal seams have already been encountered, with additional coal zones expected as drilling continues. Wells LXSG-02 and LXSG-08 are now at depths of roughly 770 metres and 830 metres, respectively, with both wells planned for a total drilling depth of over 1000 metres. Coal seams are anticipated to be encountered in these two well bores with deeper drilling.

After the first four Linxing East wells are drilled, drilling rigs will then move to the next four Linxing East well locations. The fifth well in the eight well 2012 program should begin drilling in late October.

Commenting on the program, Robert Bearden Managing Director & CEO said “The preliminary results are promising and are in line with our expectation of the coal seams in the region. Remaining wells are approaching targeted coal seams depths, which will provide further definition of the area’s resource potential. Although this portion of Linxing PSC was included as contingent and perspective resources in the 2008 reserve study performed by NSAI, the area was not included in the independent economic evaluation conducted by RISC. The results of Well LXSG-09 and the other seven wells should further increase the economic value of the LX PSC. We look forward to communicating more results as the drilling of the remaining Linxing PSC wells is completed.

The 2012 work program also includes the drilling of six wells in the Sanjiaobei PSC. As previously reported, due to record damaging rains and floods in the area, many roads and bridges were destroyed which have prevented access to the planned drilling locations. We are pleased to report that specific roads and bridges allowing access to selected drill locations are currently being rebuilt and we expect to begin drilling in Sanjiaobei by the end of October.”

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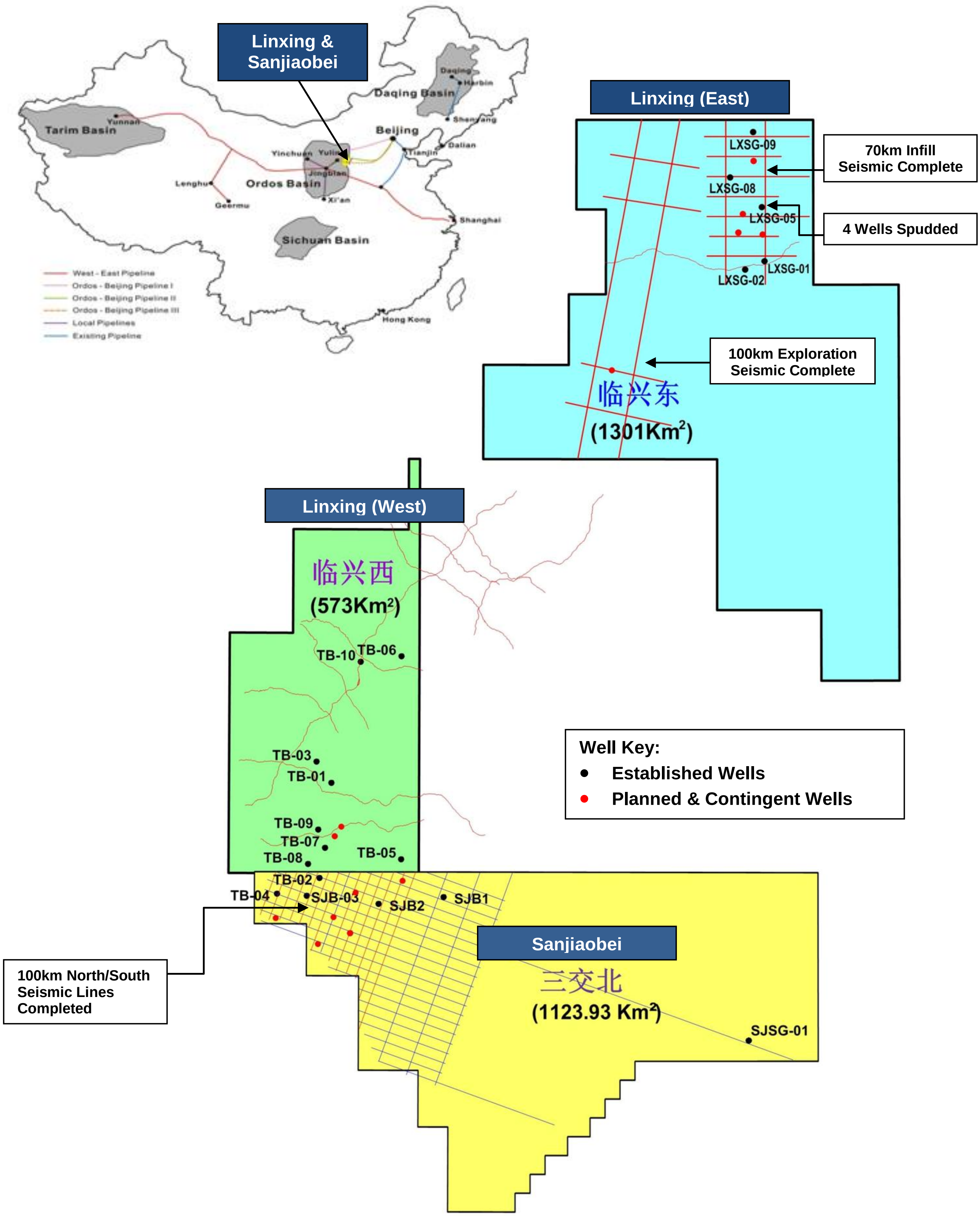

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About Sino Gas & Energy Holdings Limited

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 (Sanjiaobei; SGE interest 49%) and CUCBM (Linxing; SGE interest 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 3,000km^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 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