

ASX ANNOUNCEMENT

30 October 2012

SANJIAOBEI PSC CONTRACT MODIFICATIONS APPROVED

- **SGE and CNPC have agreed to two modifications on the Sanjiaobei Production Sharing Contract that clarifies the interest in the PSC and provides a major exploration extension to 2015**
- **The eighth and ninth Modification Agreements have received approval from the Chinese Ministry of Commerce**

Sino Gas & Energy Holdings Limited (ASX:SEH) (Sino Gas or the Company) is pleased to announce that parties to the Sanjiaobei Production Sharing Contract (PSC) have been advised the eighth and ninth Modification Agreements have been approved by China's Ministry of Commerce (MOFCOM). Having been advised, Sino Gas is in the process of arranging receipt of copies of the eighth and ninth Modification Agreements endorsed with MOFCOM's approval.

CNPC and PetroChina worked closely together with Sino Gas & Energy Limited (SGE) to agree to the modifications to the PSC, with CNPC submitting the signed Modification Agreements to MOFCOM for formal approval.

The eighth Modification Agreement officially recognises the transfer of the interest in the Sanjiaobei PSC from Chevron China Energy Company to the PSC operator SGE.

The ninth Modification Agreement extends the exploration period on the Sanjiaobei Production Sharing Contract to August 2015. This allows time to fully appraise and evaluate the 1,124km² of resource potential within the exploration period and advance plans for development of the Sanjiaobei block.

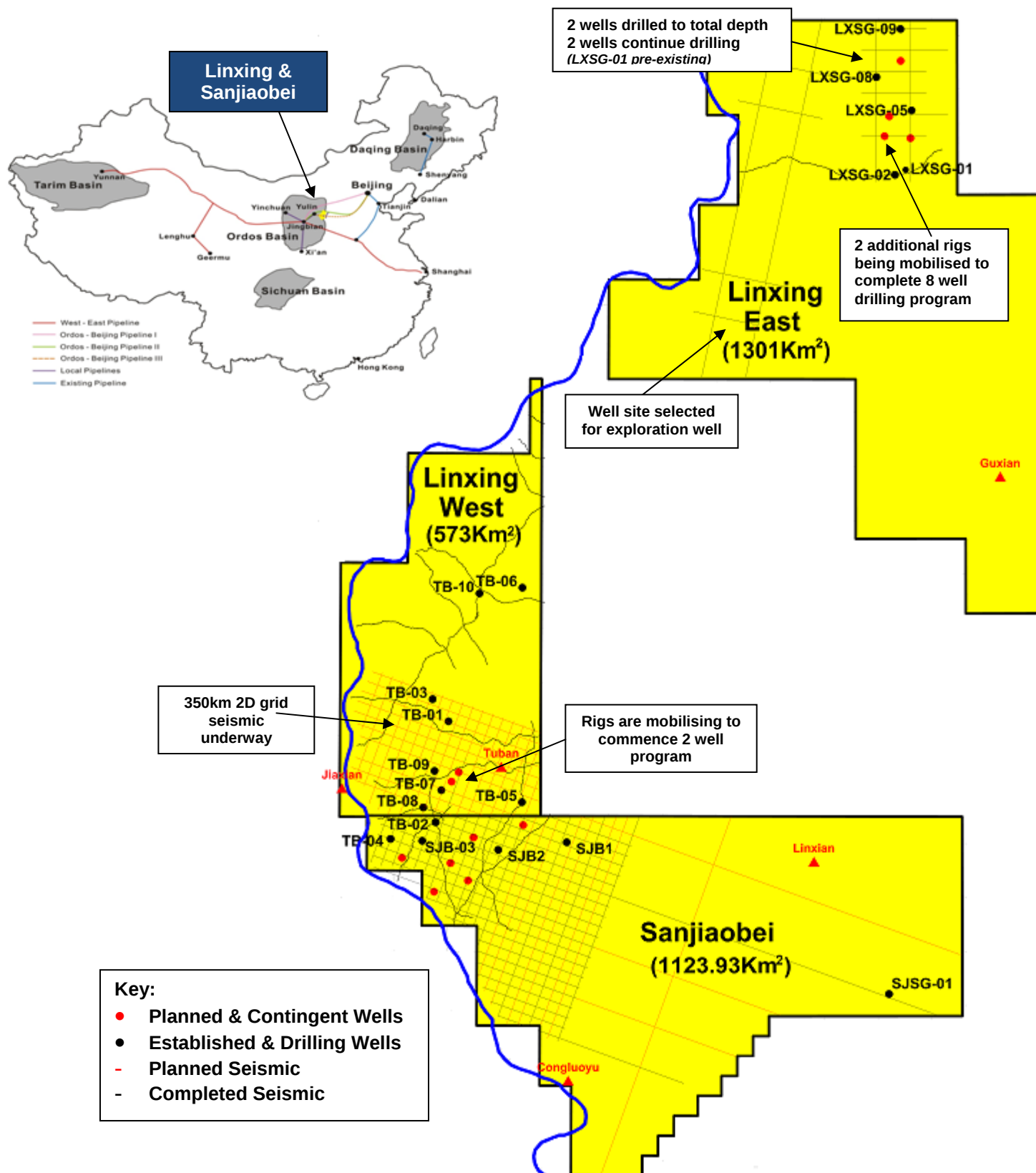
Sino Gas' Executive Chairman, Mr Gavin Harper, said "Sino Gas would like to express their appreciation for the cooperation and support of CNPC and PetroChina in the modification process and we look forward to continuing our strong working relationship to develop unconventional gas assets held under the Sino-Foreign PSC."

"With project funding now secured, the Modification Agreements enable Sino Gas to move forward with its strategic partner MIE Holdings Corporation to unlock the value of the resources in the Sanjiaobei block, beginning with the drilling and flow testing results required for submission of the Chinese Reserve Report and culminating in the preparation of an Overall Development Plan."

"The Sanjiaobei block is well positioned to take advantage of China's growing gas market, being located in the key Ordos basin with nearby existing pipelines, in a region that is set to be part of a transparent and attractive pricing regime and is supported by a regulatory framework promoting local gas development. Steady progress has been made in recent weeks on road repairs providing access to drilling sites and we expect to commence drilling shortly."

Please see **Figure 1** over page for a map of the PSC blocks.

Figure 1: Linxing & Sanjiaobei – Seismic and Drilling Areas



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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 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

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