

12 November 2012

SIGNIFICANT NEW DRILLING OPERATIONS COMMENCE

-  **First well of Linxing West two well drilling program spudded at TB-11**
-  **Two wells approaching total depth on Linxing East with another two preparing to spud**
-  **Site preparation underway for exploration well on Linxing East to expand resource assessment area to the south**
-  **Ceremony held to mark the commencement of drilling operations at SJB6**

Sino Gas & Energy Holdings Limited (ASX:SEH, Sino Gas), is pleased to announce that significant new drilling operations have commenced on the Production Sharing Contracts (PSCs) in the Ordos Basin.

Sino Gas' Managing Director and CEO, Robert Bearden said "Following the mobilisation of additional rigs to mitigate delays caused by adverse weather earlier in the year, we are now very pleased to be in the position of having the fully funded drilling programs running concurrently across all our PSC areas.

This is a very exciting period for Sino Gas as we move forward with our strategic partner MIE Holdings Corporation (MIE) to advance the development of the PSC blocks and fully explore the significant resource potential. Having already brought forward part of the 2013 seismic program into Q4, the strategic partners are focused on completing the drilling of the 17 well program across both PSCs."

Linxing East

Wells LXSG-02 and LXSG-08 are approaching total depth (see **Table 1**) and will be electronically wire logged to test the thickness of the coal seams encountered after the completion of drilling.

Two additional rigs mobilised to LXSG-06 and LXSG-07, have arrived at site and are preparing to spud. They will be drilled to expected total depths of 1,000 and 870 metres, respectively. Drilling operations have now been completed on LXSG-05 and LXSG-09 and the rigs demobilised. Following completion of drilling, testing and dewatering will be conducted over the coming months.

The well site for an additional exploration well TB-13 is being prepared for drilling on the south west portion of the block. As drilling completes in other areas of the PSC, a rig will be mobilised to the site, which will define the resource potential of the previously unexplored acreage further to the south.

Well	Drilling Progress	Results
LXSG-09	Total depth 888m	12 seams 30.2m
LXSG-05	Total depth 755m	10 seams 33.7m
LXSG-02	Drilled to 1,080m	Drilling
LXSG-08	Drilled to 1,020m	Drilling
LXSG-06	Preparing to spud	-
LXSG-07	Preparing to spud	-

Table 1: Linxing East 8 Well Work Program Drilling Results

Linxing West

The first well of the planned two well program on Linxing West has been spudded at TB-11. It will be drilled to a total depth of 2,200 metres and is aimed at increasing existing production capacity ahead of planned pilot programs in 2013.

Seismic teams have been making good progress on the additional 350km of 2D seismic brought forward from the 2013 work program, with over half of the surveying work now complete. Upon completion of surveying, seismic data will begin to be acquired in a 1km grid pattern to provide further resource definition and required inputs needed for Chinese Reserve Report (CRR) submission.

SJB6

Following restoration of road access, a public ceremony was held with the SGE team and local officials to mark the spudding of the SJB6 well and recognise the Lin County government for their assistance in the restoration of the transportation infrastructure to drilling areas.

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

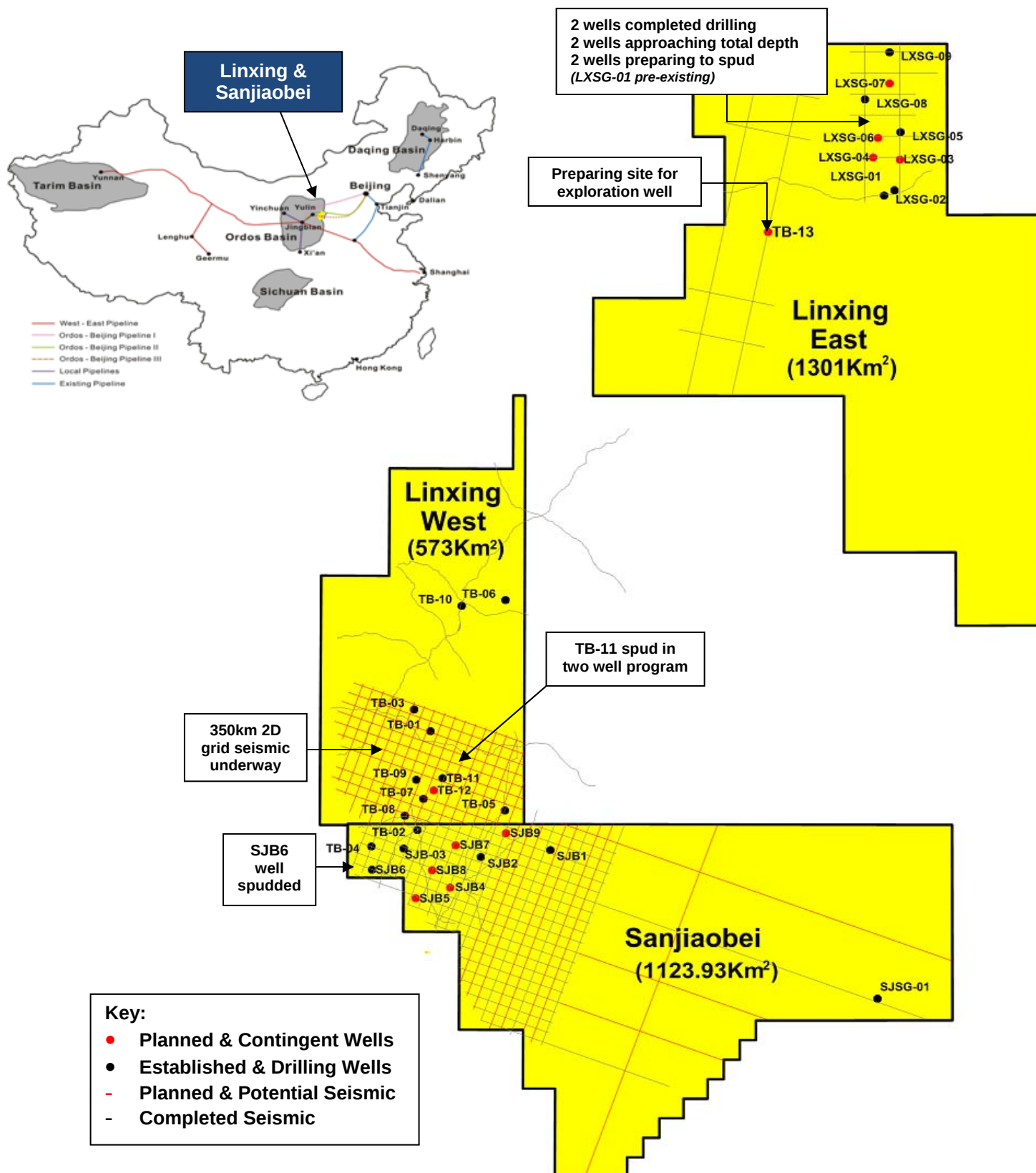
Media Enquiries

Warrick Hazeldine/Greg Galton
Cannings Purple
+61 (08) 6314 6300
whazeldine@canningspurple.com.au
ggalton@canningspurple.com.au

Our latest announcements and presentations can be found on our website:

www.sinogasenergy.com

Figure 1: Seismic and Drilling Areas



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.

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