

26 November 2012

WORK PROGRAMS CONTINUE TO ADVANCE

-  **Two wells of six-well work program spudded on Sanjiaobei block, with an additional rig mobilised and further rigs being sought to accelerate drilling program**
-  **Preparations commenced for 250km seismic program being brought forward from 2013 to accelerate resource assessment on Sanjiaobei**
-  **Four wells of eight-well program completed drilling on Linxing East, and a further two wells spudded**
-  **First well of two-well program at Linxing West drilling ahead of schedule, 350km seismic surveying completed with data acquisition to begin immediately**
-  **Patersons and Argonaut update research coverage**

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company"), is pleased to update the market on the progress of drilling and seismic operations on its Sanjiaobei (Sino Gas 24%) and Linxing (Sino Gas 31.7%) Production Sharing Contracts (PSC) in the Ordos Basin.

Sino Gas Managing Director & CEO Robert Bearden said "Following the restoration of road access, the Operations team has safely and efficiently commenced drilling operations on Sanjiaobei. Meanwhile, work on Linxing East is progressing well with four wells completed, two spudded and additional resources being sought to complete the final two wells before the end of the year. At Linxing West, progress on the first well of our two-well program is ahead of schedule, mitigating the need for additional drilling resources to have the program completed before the end of 2012.

The strategic partners, Sino Gas and MIE Holdings Corporation remain committed to completing the agreed drilling and testing program, which will provide further inputs required for CRR submission, and are deploying additional resources to mitigate earlier delays and optimise drilling. We would also like to express our appreciation to the Operations Team for working diligently on the catch-up work program and ensuring we are back on track heading towards the end of the year."

By unlocking the value of the resources in the Sanjiaobei and Linxing blocks, we are well positioned to take advantage of China's rapidly growing regional gas markets. The Ordos basin is in a region of strong economic growth, which is supported by Government policies promoting local gas development, contains existing pipeline infrastructure and is set to be part of a transparent and attractive pricing regime."

Further updates will be provided as results from the drilling and seismic analysis become available. Please see below for further operational and drilling results for each area and a map of the seismic and drilling areas.

Sanjiaobei

The first two wells of the Sanjiaobei six-well drilling program have been spudded and will be drilled to depths of between 2000 to 2200 metres. Each well is expected to take approximately four weeks to drill to total depth. Meanwhile, land leases are being acquired for the remaining drilling sites and additional rigs are being sourced to drill these wells, including one already mobilised.

Discussions are also currently underway with service providers to review the feasibility of frac testing the wells as drilling operations are completed in the winter months, where temperatures can reach below zero degrees Celsius in Shanxi Province.

Preparations for the shooting of 250km of seismic lines being brought forward from 2013 have commenced, which is in addition to the 100km of seismic already completed in September. This program is designed to acquire the data for the remaining north/south running lines to complete the seismic grid required for Chinese Reserve Report (CRR) submission on the western portion of the block. In addition, outfield seismic will also be shot to further define the previously underexplored resource potential to the east.

Linxing East

Steady progress continues to be made on the Linxing East shallow drilling program, with half of the planned eight-well drilling program now complete, and results to date consistent with expectations of coal seams in the area. Wells already completed are expected to begin perforation shortly, at which stage frac testing and dewatering will commence and continue over the coming months.

Wells five and six of the eight-well program, LXSG-06 and LXSG-07, have now been spudded. In addition, discussions are currently underway with service providers to source a further two rigs to complete the final two wells prior to the end of the calendar year. A rig is expected to be mobilised to the TB-13 exploration wellsite on the south/west portion of the block as drilling is completed in other areas and is expected to be sourced from the existing Sanjiaobei drilling rigs.

Linxing West

The first well of the planned two-well program on Linxing West, TB-11, was spudded two weeks ago and is already over half way to reaching total depth. This exceptional progress means the drill rig can be moved to the adjacent TB-12 upon the completion of drilling of TB-11, removing the need to deploy an additional rig to Linxing West as previously advised.

Surveying work for the 350km of 2D grid seismic brought forward on Linxing West has been completed. Seismic data will now begin to be acquired in a 1km grid pattern to provide further resource definition and required seismic inputs needed for Chinese Reserve Report (CRR) submission.

Updated Research Coverage

Sino Gas advises that Patersons Securities Limited and Argonaut Securities Pty Limited have updated their independent research reports on the Company. Copies of these reports can be found on the research section of the Company's website (www.sinogasenergy.com). The Company did not commission these reports. Argonaut continues to act as corporate advisor to the Company and receives fees in respect to these advisory services.

Linxing & Sanjiaobei - Drilling Results

Sanjiaobei (Sino Gas 24%¹) *Sanjiaobei 1,124km² - 6 Well Program*

WELL	DRILLING PROGRESS	STATUS	FORWARD OPERATIONS
SJB6 Spud 05/11/2012	1,454m / 2,060m	Drilled the production hole to 1,454m	Continue drilling to total depth, conduct coring, wireline logging
SJB4 Spud 15/11/2012	635m / 2,180m	Drilled the production hole to 635m	Continue drilling to total depth, conduct coring, wireline logging

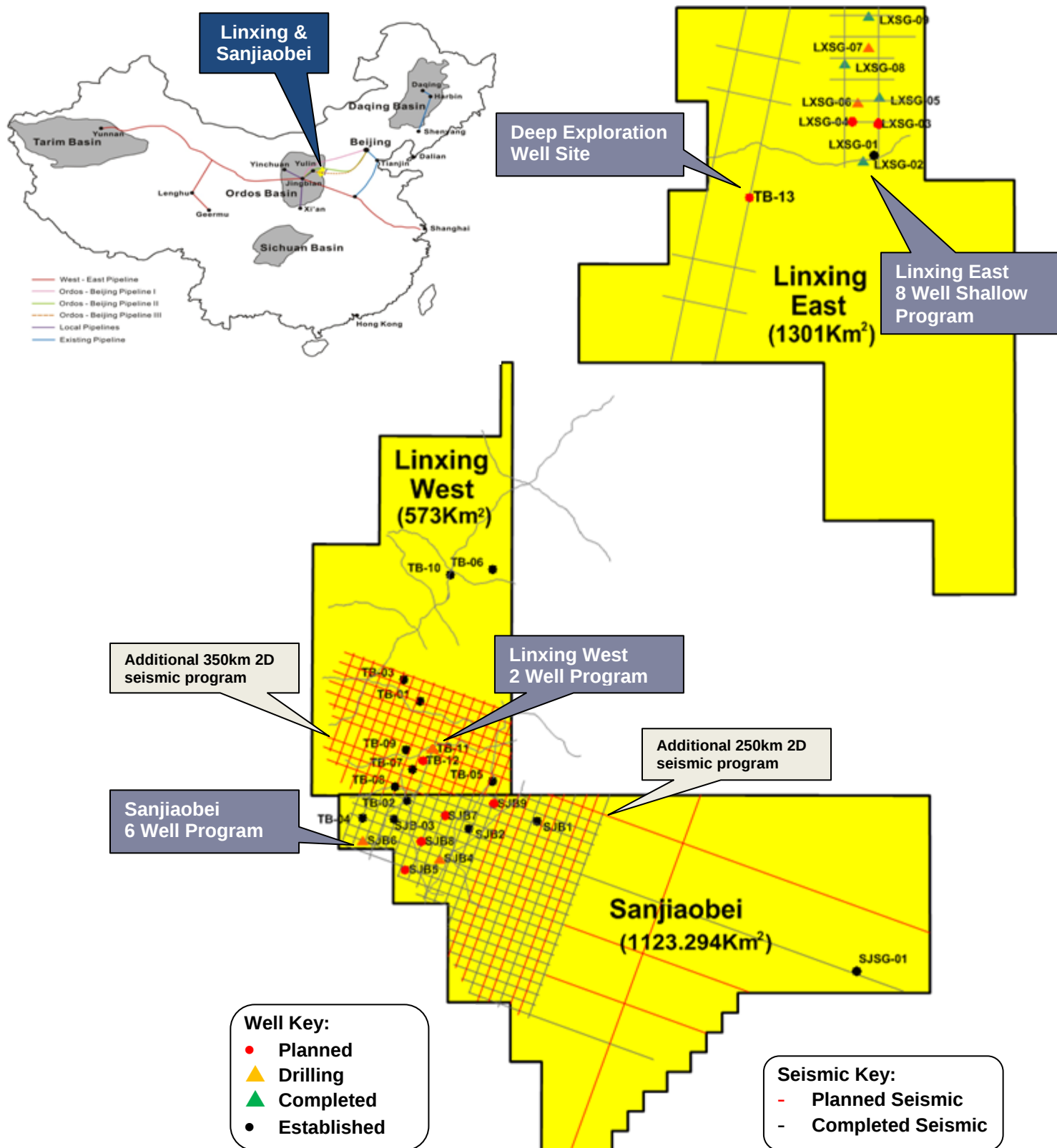
Linxing (Sino Gas 31.7%¹) *Linxing East 1,301km² - 8 Well Program*

WELL	DRILLING PROGRESS	STATUS	FORWARD OPERATIONS
LXSG-09 Spud 20/08/2012 12 seams 30.2m	Total depth 888m	Drilling and coring completed	Plan perforation, dewatering and fracing
LXSG-05 Spud 24/08/2012 10 seams 33.7m	Total depth 755m	Drilling and coring completed	Plan perforation, dewatering and fracing
LXSG-02 Spud 12/09/2012 9 seams 22.8m	Total depth 1,143m	Drilling and coring completed	Plan perforation, dewatering and fracing
LXSG-08 Spud 21/09/2012 15 seams 26.3m	Total depth 1,028m	Drilling and coring completed	Plan perforation, dewatering and fracing
LXSG-06 Spud 15/11/2012	594m / 1,000m	Run and cemented casing	Continue drilling to total depth, conduct coring, wireline logging
LXSG-07 Spud 19/11/2012	160m / 870m	Spudded and drilled surface hole	Run and cement casing

Linxing West 574km² - 2 Well Program

WELL	DRILLING PROGRESS	STATUS	FORWARD OPERATIONS
TB-11 Spud 05/11/2012	2,056m / 2,200m	Drilled the production hole to 2,056m	Continue drilling to total depth, conduct coring, wireline logging

Linxing & Sanjiaobei - Seismic and Drilling Areas



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

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¹ 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. SGE has been established in Beijing since 2006 and is the operator of the Linxing and Sanjiaobei Production Sharing Contracts (PSCs) in the Ordos Basin, Shanxi province.

SGE's interest in the Linxing PSC with CUCBM is 64.75% and 49% for the Sanjiaobei PSC held with PCCBM. SGE has a 100% working interest during the exploration phase of the PSC, with SGE's PSC partners being entitled to back-in upon Overall Development Plan (ODP) approval, by contributing development and operating costs in line with their PSC interest.

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 region 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' PSCs are located and natural gas is seen as a key component of clean energy supply in China.

Resources Statement & Disclaimer

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.

ANNOUNCEMENT ENDS