24 December 2012

WORK PROGRAMS HEAD TOWARDS COMPLETION

- **A third well spudded and two wells reach total depth after encountering multiple pay intervals on Sanjiaobei, with rigs to be demobilised as preparations continue on the next well sites**
- **Five wells of eight-well program completed drilling on Linxing East, with remaining wells on target to complete drilling by month end**
- **Preparations underway to spud the second and final well on Linxing West**
- **Expanded seismic programs progress, with surveying complete and data acquisition underway on Linxing West**

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 (PSCs) in the Ordos Basin.

Sino Gas Managing Director & CEO Robert Bearden said "It is pleasing to look back at the achievements and progress that the Operations team have made during the year, especially in the context of the challenges and delays presented by the weather. In implementing the catch-up program in recent months, in excess of 14,500 metres has been drilled and over 350km of seismic lines shot. This has been achieved with more than 530,000 incident free man hours being recorded, reflecting the Operations team's commitment to safety. Our safety commitment will be reinforced as operations continue through sub-zero temperatures in Shanxi Province.

I am also excited by the plans for next year, which are to continue in the same vein and look forward to updating the market with details of the 2013 Work Programs as they are finalised early in the New Year."

Sanjiaobei

Two wells, SJB4 and SJB6, have reached total depth on Sanjiaobei. Initial mud log and wire line log results of the major pay zones identified are in line with our expectations and the range of total pay encountered is consistent with previous gas discovery wells on Sanjiaobei. The rigs will now begin to be demobilised as preparations continue on the next well sites. A third well, SJB5 was spud on December 12, and has been drilled to a depth of 770 metres.

Linxing East

Five wells have successfully completed drilling on Linxing East, with the latest, LXSG-06, reaching a total depth of 1,124 metres. The Operations team are awaiting results of the electronic wire line logs, to identify the number and thickness of pay zones encountered during drilling. Both LXSG-04 and LXSG-07 are approaching total depth, and are expected to be completed within the next week. The final well, LXSG-03, has been drilled to 656 metres and is on target to complete drilling by month end.

Preparations for the frac program are underway with testing expected to commence this week followed by dewatering, which will continue over the coming months. As previously advised, a rig is expected to be mobilised to the TB-13 exploration well site on the south/west portion of the block as drilling is completed in other areas.

Linxing West

Following the successful completion of the first well of the two-well program at TB-11, where initial results identified approximately 70 metres of pay intervals across multiple pay zones, a rig is being mobilised to the nearbyTB-12 well site. Pre-spud engineering is underway for drilling operations which are expected to commence before the end of the month.

Seismic teams are continuing to make good progress on the seismic work brought forward from 2013, with surveying complete and data acquisition underway for the 350km of additional seismic lines on Linxing West.

In 2013 the Company will be initiating monthly operational updates to keep the market informed on the progress of seismic, drilling and testing operations on its Sanjiaobei and Linxing PSCs.

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

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 3,000km^2. 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