Monthly Operations Report

For the month ending 30 April 2013

EXPANDED 2013 WORK PROGRAMS ACCELERATE

Operational Update

- *Drilling program expanded from 25 to 32 wells following independent reserves upgrade*
- *Seven rigs of ten rig program currently drilling and frac testing teams underway*
- *2013 seismic program nears completion*

Following the project upgrade from RISC's independent reserves and resources assessment late in the first quarter, the SGE board has approved an expansion of the 2013 work program which increases the total number of wells to be drilled from 25 to 32. A tenth drilling rig will be added to the program mid-year when initial drilling commences on the first of the two horizontal wells planned for 2013.

Field operations have continued to accelerate through the month of April with nine rigs now fully mobilised and currently drilling seven wells on the Sanjiaobei PSC. In total six wells have now completed drilling, including three wells on Sanjiaobei, TB-11 on Linxing West and an additional two wells for the shallow program on Linxing East. Data acquisition for the 2013 Sanjiaobei seismic program was completed in April and over half of the seismic lines for the Linxing West seismic program had been acquired by month end.

Sino Gas' Managing Director & CEO, Robert Bearden, said he was pleased in the way that the operations team had continued to ramp up operations in a safe and efficient manner. "The 2013 seismic and drilling work programs continue to make excellent progress, with the operations team recording almost 180,000 incident free man hours in the month of April alone, compared to a total of 250,000 hours in the first quarter."

On Linxing East, gas to surface has been achieved on four wells of the six wells currently undergoing dewatering to date (announced 22 April 2013), with the remaining four wells scheduled to begin dewatering in June.

The testing program for the first six wells on Sanjiaobei has commenced, with perforation and fraccing of three wells underway, and testing preparations initiated on the next three wells. The commencement of testing occurred later than expected due to delays in the finalisation of contracts with suppliers. These tests are designed to provide steady long-term flow rate results for Chinese Reserve Reporting purposes.

"Testing teams will test over 30 zones this year to gather single well outputs for initial computation of reserves under the Chinese Reserve Report (CRR) methodology. The program is designed to confirm the productivity of known payzones across the acreage and assess the productivity of previously untested payzones." Bearden added.

Corporate Update

In April, Sino Gas was a major sponsor of the Oil Council's inaugural Asian Assembly. Sino Gas' Managing Director & CEO, Robert Bearden, and Chairman Gavin Harper were amongst the 58 speakers at the event, which brought together 500 senior oil and gas executives from across the upstream, midstream, LNG, banking, finance, investment and petroleum services sectors to Hong Kong.

The Company's 2013 Annual General Meeting will be held on Thursday, 23 May 2013 at 2.00pm in Perth. We trust that you are able to join us and take advantage of the opportunity to meet and talk with the Board of Sino Gas.

HIGHLIGHTS

- Fields operations have continued to ramp up in a safe and efficient manner - almost 180,000 incident free man hours recorded in April compared with 250,000 for Q1.
- Fully funded 2013 work programs being expedited with a total of 10 rigs to be utilised, working towards completing an expanded 32 well drilling program.
- Data acquisition on 2013 seismic work program substantially completed.
- Linxing West – TB-11 completed drilling.
- Linxing East - Dewatering program continues on six wells after gas to surface reported on the first four wells. The remaining four wells to commence dewatering mid-year.
- Sanjiaobei – Seven rigs are currently drilling with three wells completed and pre-spud engineering conducted on a further six wells. Perforation and fraccing of the first three wells is now underway.

LINXING WEST (SINO GAS 31.7%[1])

Seismic

Seismic teams resumed data acquisition during April for the final 300km of the 650km seismic program planned for 2013. By month end, over half of the seismic lines had been acquired and completion is expected before the end of May. The aim of the program is to enable further resource assessment on Linxing West and support the drilling and flow testing results required for a separate Chinese Reserve Report (CRR).

Drilling

TB-12 has completed drilling on Linxing West during April. Results in the area continue to be promising with initial mud and electronic wire line log results identifying a total of 29.9 metres of pay across 8 pay intervals. This is inline with the average and range of total pay for wells drilled in this area.

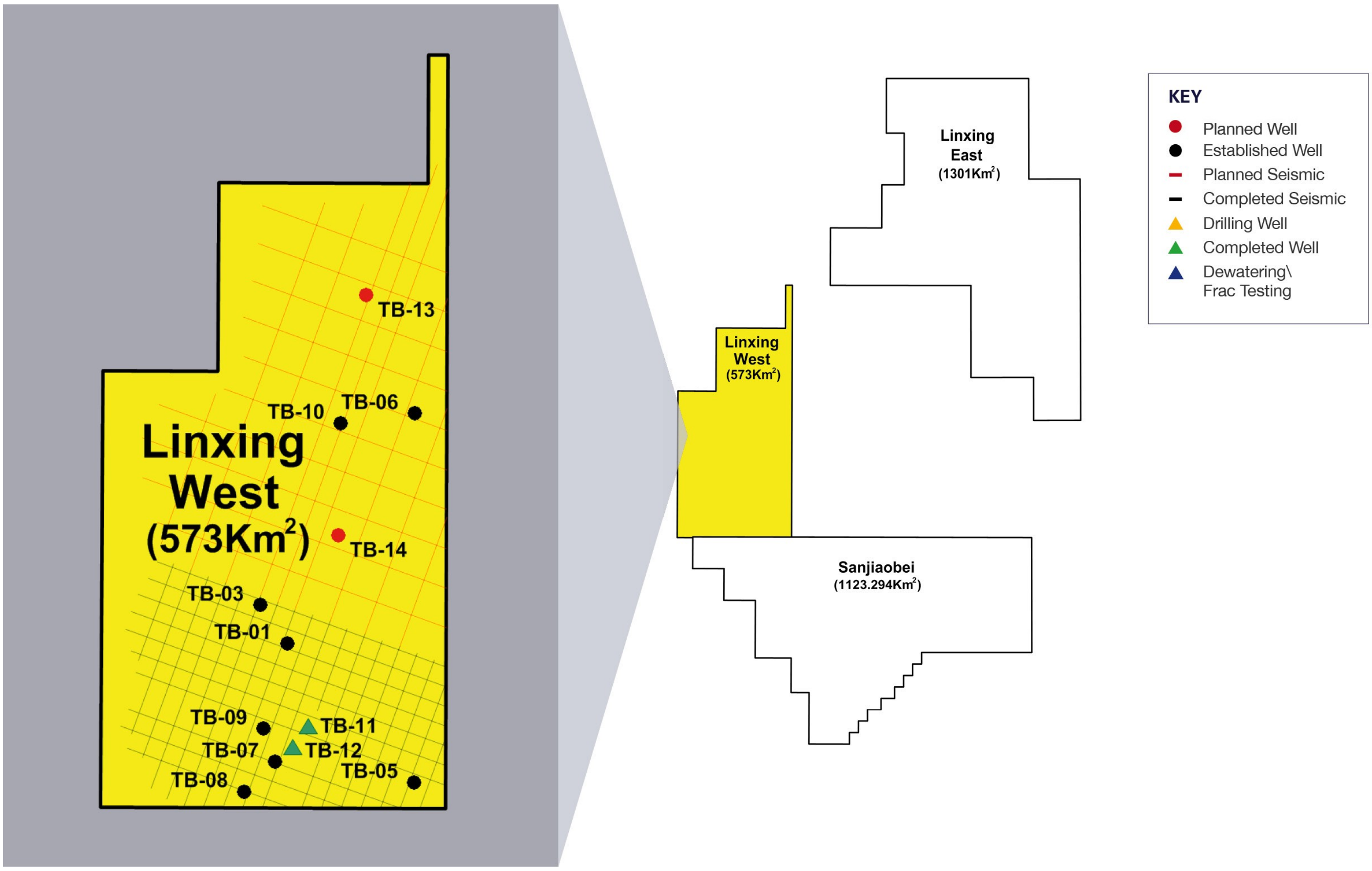
A second round of exploration drilling consisting of two deep wells to the north and an additional horizontal well is scheduled to begin mid-year.

Testing

Planning for the batch flow testing program continues on Linxing West and has been rescheduled to commence early in the third quarter. The rescheduling will allow for continuous batch flow testing of drilled wells from the 2012 and 2013 work programs before year end.

WELL	*STATUS*	*RESULTS**	*FORWARD OPERATIONS*
2006 - 2011 Drilling Results	*8 wells completed*	*27.4m average pay Range 9.5m - 77.6m*	*7 wells tested to date 1 well scheduled for testing*
2012 Drilling Results	*TB-11 completed*	*16 pay intervals 69.3m total pay*	*Flow testing*
TB-12 Spud 01/03/2013	*Drilling complete*	*8 pay intervals 29.9m total pay*	*Flow testing*

**Results are based on initial mud and electronic wire line logs.*



LINXING EAST (SINO GAS 31.7%[1])

Seismic

The potential for further seismic work on the block will be determined following the analysis of a combination of drilling results from the exploration wells planned for mid-2013 and previous seismic analysis.

Drilling

Drilling has been completed on two additional shallow wells added to the 2013 drilling program to provide additional data for the Chinese Reserve Report (CRR). LXSG-10 and LXSG-11 identified a total of 24.5 metres and 28.0 metres of pay across 11 and 12 pay intervals respectively. Results from these wells are consistent with initial wireline log results from previous wells drilled in the area.

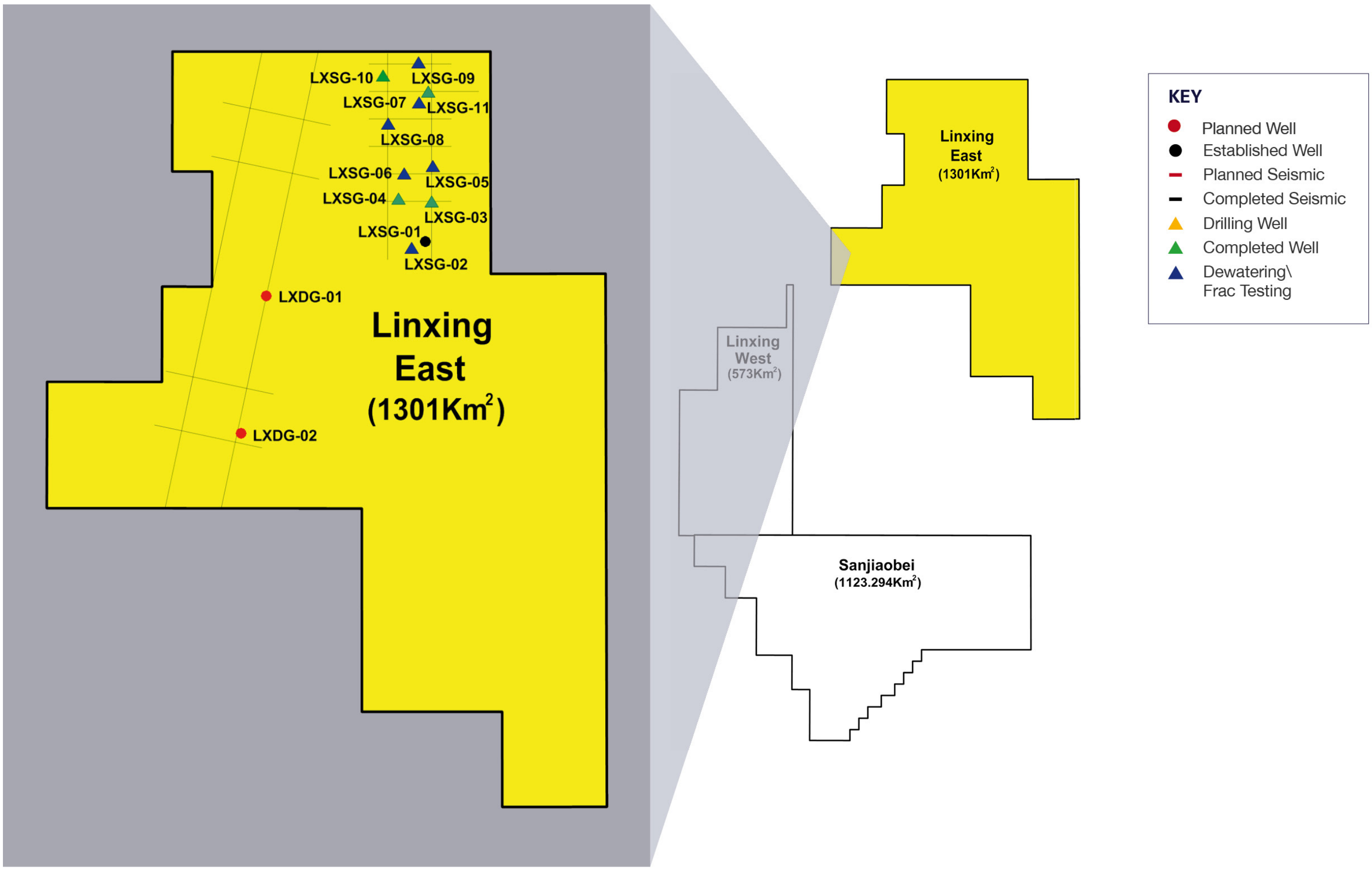
Additional exploration drilling on the south/west area of the block is scheduled to begin mid-year. The program consists of two deep wells which are correlated to existing seismic lines in the area.

Testing

The dewatering program has been expanded to six wells and gas to surface has been reported on the first four of the wells dewatered o date. The remaining four wells are scheduled to commence dewatering before the end of the quarter. Flow rate data for Chinese Reserve Reporting (CRR) purposes is expected to be available in the coming months and will be incorporated into the CRR submission, expected Q3 2013.

WELL	*STATUS*	*RESULTS**	*FORWARD OPERATIONS*
2006 - 2011 Drilling Results	*1 well completed*	*16 pay intervals 16.8m total pay*	*TBD*
2012 Drilling Results	*8 wells completed*	*30.1m average pay Range 22.8m - 36.0m*	*Flow testing*
LXSG-11 Spud 23/03/2013	*Drilling complete*	*12 pay intervals 28.0m total pay*	*Flow testing*
LXSG-10 Spud 26/03/2013	*Drilling complete*	*11 pay intervals 24.5m total pay*	*Flow testing*

**Results are based on initial mud and electronic wire line logs.*



SANJIAOBEI (SINO GAS 24%[1])

Seismic

As anticipated, data acquisition was completed on 585km of seismic lines and the data has been provided to seismic contractors for processing and interpretation. The seismic data acquired completes the remaining north/south running lines of the seismic grid required for Chinese Reserve Report (CRR) submission. Seismic acquired on the eastern portion of the block will be used to further define the previously underexplored resource potential.

Drilling

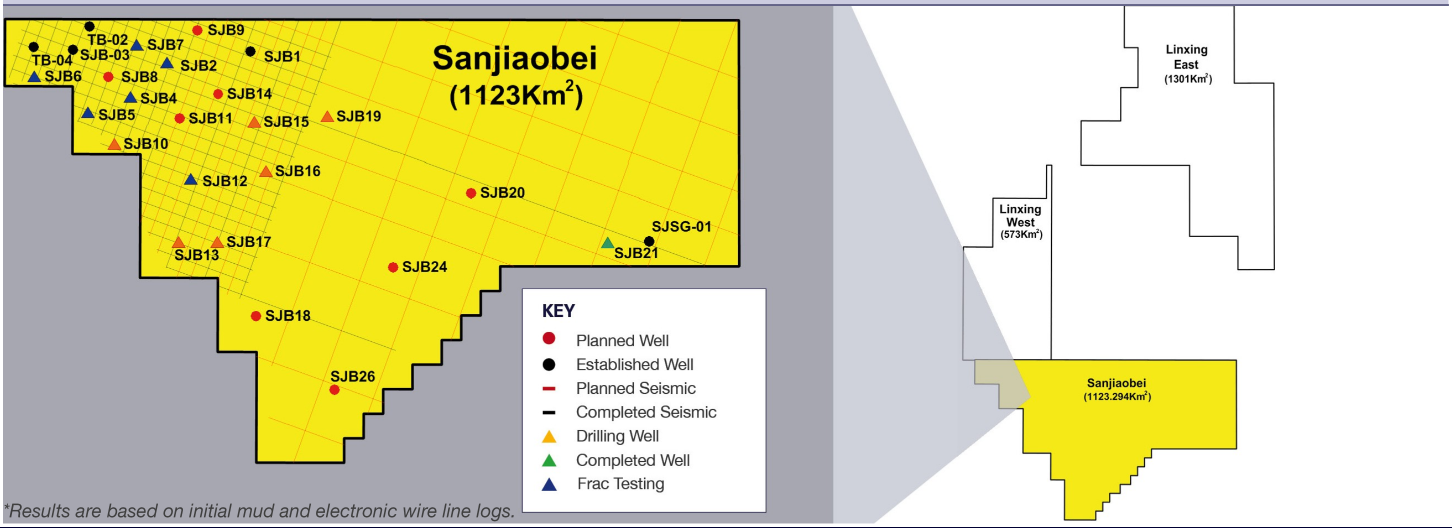
A total of seven drilling rigs are now on location and drilling on Sanjiaobei. Drilling has been completed on three wells and initial wireline logging completed. Well design and site preparation has been completed on a further six wells, ready for rigs to commence a second round of drilling on the block as the current wells are completed.

Infield drilling at SJB7 identified a total of 26.7 metres of pay across eight intervals, which is inline with expectations and is consistent with previous gas discovery wells. To the south west of the infield drilling area, SJB12 identified a total of 14.2 metres of pay across eight pay intervals and is being incorporated into the current batch flow testing program. Exploration well SJB21 has completed drilling and identified coal seams in the far eastern corner of the block. A total of 24.2 metres of pay was identified across 11 intervals.

Testing

During May testing teams commenced operations for the perforation and fraccing of the first three wells of the program (SJB2, SJB4, SJB5) and preparations are underway to ready the next three wells planned for testing (SJB6, SJB7, SJB12). The commencement of testing occurred later than expected in the month given delays in the finalisation of the contracts with suppliers. These tests are designed to provide steady long-term flow rate results for Chinese Reserve Reporting purposes.

WELL	*STATUS*	*RESULTS**	*FORWARD OPERATIONS*
2006 - 2011 Drilling Results	*5 wells completed*	*29.5m average pay Range 11.6m - 46.7m*	*4 wells tested to date 2 wells scheduled for testing*
2012 Drilling Results	*3 wells completed*	*30.9m average pay Range 23.4m - 45.2m*	*Flow testing*
SJB12 Spud 01/03/2013	*Drilling complete*	*6 pay intervals 14.2m total pay*	*Flow testing*
SJB7 Spud 23/03/2013	*Drilling complete*	*8 pay intervals 26.7m total pay*	*Flow testing*
SJB21 Spud 09/04/2013	*Drilling complete*	*11 pay intervals 24.2m total pay*	*Flow testing*
SJB15 Spud 03/04/2013	*Drilling*	-	*Drill to total depth*
SJB17 Spud 15/04/2013	*Drilling*	-	*Drill to total depth*
SJB19 Spud 18/04/2013	*Drilling*	-	*Drill to total depth*
SJB13 Spud 22/04/2013	*Drilling*	-	*Drill to total depth*
SJB16 Spud 22/04/2013	*Drilling*	-	*Drill to total depth*
SJB10 Spud 26/04/2013	*Drilling*	-	*Drill to total depth*



**Results are based on initial mud and electronic wire line logs.*

[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 3,000km^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.

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www.sinogasenergy.com

SINO Gas & Energy
中澳煤层气能源

SINO GAS' RESERVES & RESOURCES

Project 100% Reserves & Resources are summarised below:

PROJECT (100%) RESERVES & RESOURCES (BCF)	BEST ESTIMATE GAS IN PLACE (GIP)	1P RESERVES	2P RESERVES	3P RESERVES	2C MID CASE CONTINGENT RESOURCES	P50 MID-CASE PROSPECTIVE	TOTAL UNRISKED MID-CASE RESERVES/ RESOURCES
LINXING PSC	12,343	66	193	412	1,569	2,129	3,891
SANJIAOBEI PSC	5,684	46	134	287	654	1,047	1,835
TOTAL 2013	18,027	112	327	699	2,223	3,176	5,726
TOTAL 2012	11,931	7	22	47	1,799	1,861	3,682
CHANGE	+51%	+1386% (2P)			+24%	+71%	+56%

The Company's attributable net Reserves & Resources and Economic Evaluations are summarised below:

SINO GAS' ATTRIBUTABLE NET RESERVES & RESOURCES (BCF)	1P RESERVES	2P RESERVES	3P RESERVES	2C MID-CASE CONTINGENT RESOURCES	P50 MID-CASE PROSPECTIVE	TOTAL UNRISKED MID-CASE RESERVES/ RESOURCES	NPV_{10} MID-CASE (US$M)	EMV (US$M)
2013								
LINXING PSC	21	61	130	494	638	1,193	1,307	1,078
SANJIAOBEI PSC	11	33	69	159	247	439	556	478
TOTAL	32	94	199	653	885	1,632	1,863	1,556

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 (March 2013). 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. Project NPV_{10} is based on a mid-case gas price of $US 8.54/mscf, lifting costs (opex+capex) ~ US$1.3/ msf mid-case. All resource figures quoted are unrisked mid-case unless otherwise noted. Sino Gas' attributable net reserves & resources assumes PSC partner back-in upon ODP approval, CBM Energy's option to acquire an interest of 5.25% in the Linxing PSC (by paying 7.5% of back costs) is exercised, and MIE fulfil funding obligations under the strategic partnership agreement.

Certain statements included in this announcement constitute forward looking information. This information is based upon a number of estimates and assumptions made by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies.

Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, gas prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.

COMPETENT PERSONS STATEMENT

Information on the Resources in this release is based on an independent evaluation conducted by RISC Operations Pty Ltd (RISC), a leading independent petroleum advisory firm. The evaluation was carried out by RISC under the supervision of Mr Peter Stephenson, RISC Partner, in accordance with the SPEPRMS guidelines. Mr Stephenson has a M.Eng in Petroleum Engineering and 30 years of experience in the oil and gas industry. RISC consent to the inclusion of this information in this release.

ABOUT RISC

RISC is an independent advisory firm that evaluates resources and projects in the oil and gas industry. RISC offers the highest level of technical, commercial and strategic advice to clients around the world. RISC services include the preparation of independent reports for listed companies in accordance with regulatory requirements. RISC is independent with respect to Sino Gas in accordance with the Valmin Code, ASX listing rules and ASIC requirements.