2 September 2013

LINXING CRR SUBMISSION & EXPLORATION EXTENSION

- **Chinese Reserve Report submitted on the Linxing PSC**
- **Exploration period on Linxing Production Sharing Contract extended to August 2016**

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company") is pleased to announce the submission of its first Chinese Reserve Report (CRR) on the Linxing Production Sharing Contact (PSC). The PSC operator, Sino Gas & Energy Limited (SGE), has also agreed a three year extension to the exploration period on the Linxing PSC with its partner, China United Coalbed Methane (CUCBM).

After being compiled by the CUCBM Research Centre, the CRR, which covers gas in the North-East portion of Linxing, has been submitted to be formally reviewed and ratified by both PSC partners at the next Joint Management Committee meeting, expected to be held in early Q4 2013. CUCBM will then provide the report to the Chinese Ministry of Land & Resource (MOLAR) for approval.

Sino Gas' Managing Director and CEO, Robert Bearden said "Preparing a CRR is the first step in a two-step regulatory process to develop gas assets into producing fields in China. After receiving CRR approval from MOLAR, we can then focus on preparing the Overall Development Plan (ODP) for full field development. The Operations team has worked extremely hard on completing our first CRR for submission and we look forward to the conclusion of the approval process early next year."

As anticipated, SGE has signed a tenth modification agreement with Linxing PSC Partner CUCBM, which extends the exploration period of the Linxing Production Sharing Contract to August 2016 with no relinquishment of acreage or change to the PSC allocation structure.

Commenting on the signing of the agreement, Robert Bearden said "Sino Gas would like to express their appreciation for the cooperation and support of CUCBM in the exploration extension process and we look forward to continuing our strong working relationship to develop unconventional gas assets held under the Sino-Foreign PSC."

"The modification agreement paves the way for the aggressive work program allowing Sino Gas to complete a full appraisal of the resource potential within the 1,874km^2 block and prepare development plans for ODP approval. The work program will also include the commencement of the pilot production program under the gas sales agreement signed in June 2013" Bearden added.

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Our latest announcements and presentations can be found on our website: www.sinogasenergy.com

SINO Gas & Energy 中澳煤层气能源

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.

Linxing Production Sharing Contract

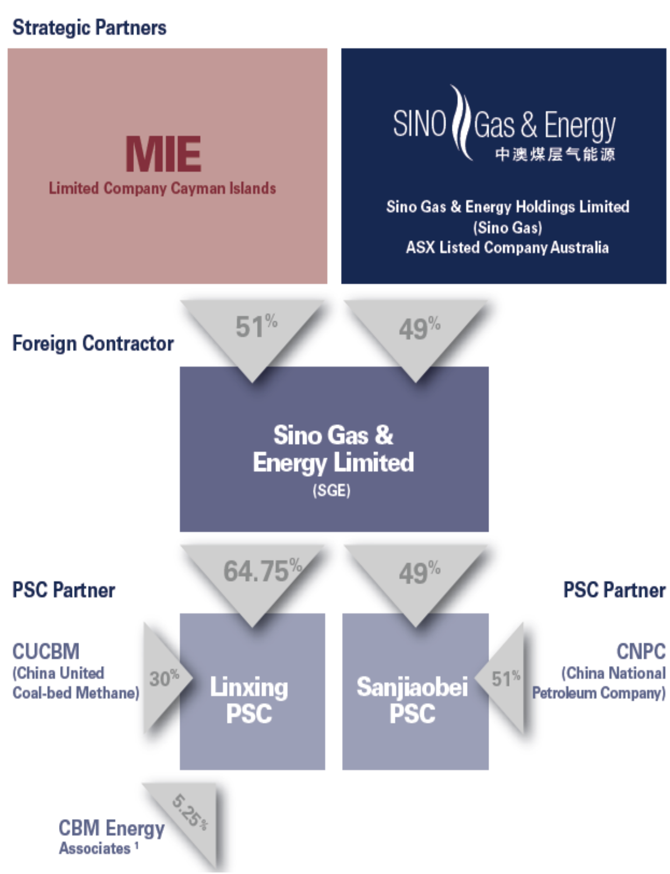
The Linxing PSC is split into two areas: Linxing East (1,301km^2) and Linxing West (573km^2), which together cover a total of ~1,874km^2 (463,076 acres). The PSC is operated by SGE, with CBM Energy and China United Coalbed Methane (CUCBM) being entitled to back-in upon Overall Development Plan (ODP) approval, by contributing their share of development and operating costs.

Linxing West is on the up-dip extension of existing deep gas fields, while Linxing East's gas has been found in shallow coals to date, where a north-south fault separates the acreage.

The western portion of Linxing East remains underexplored but appears to have similar geological characteristics to Linxing West and Sanjiaobei.

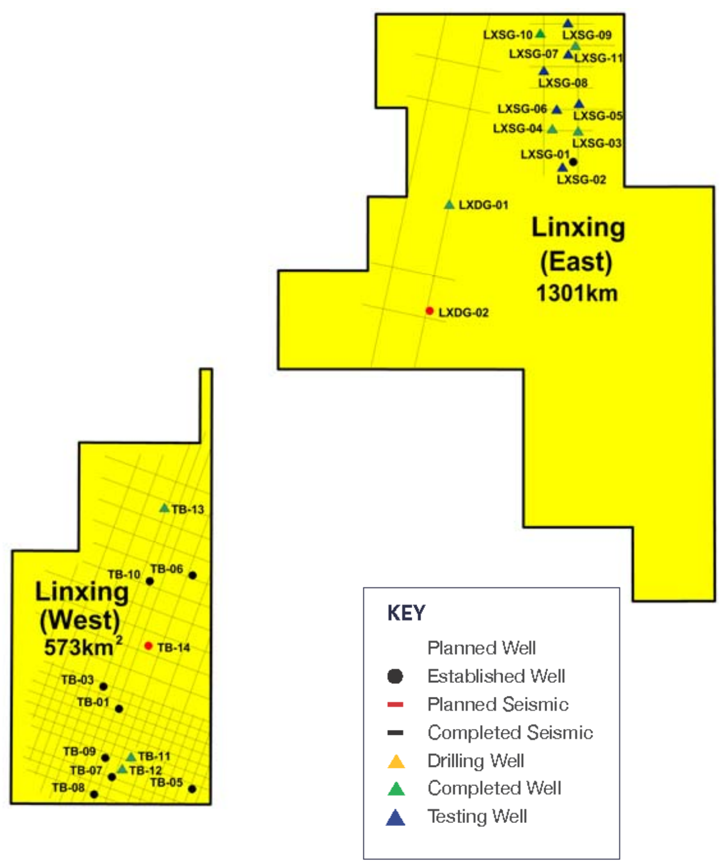
The Linxing block is well positioned to take advantage of China's growing gas market, being located in the key Ordos basin with nearby existing pipelines, in a region that is set to be part of a transparent and attractive pricing regime and is supported by a regulatory framework promoting local gas development.

PSC Ownership Structure



1 – CBM Energy has an option to acquire 5.25% of Linxing by paying 7.5% of back costs

Linxing PSC Acreage Map



Map as at 31 July 2013

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 NPV10 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.