

17 October 2013

SIGNIFICANT INCREASE IN RESERVES, RESOURCES & PROJECT VALUE

-  **168% increase in Project 2P Reserves to 877 bcf, with Sino Gas' share at 233 bcf**
-  **Project Contingent Resources increased 10% to 2.5 tcf, with Sino Gas' share increasing to 713 bcf**
-  **Project Prospective Resources increased 64% to 5.2 tcf, with Sino Gas' share increasing to 1.3 tcf**
-  **Sino Gas' share of Project EMV has increased by a further 51% to US\$2.4 billion**

Sino Gas & Energy Holdings Limited (ASX:SEH, "**Sino Gas**", "**the Company**"), is pleased to announce that RISC Operations Pty Ltd ("**RISC**"), an Australian based, internationally recognised independent petroleum advisory, evaluation and valuation group, has completed an assessment of the Reserves and Resources for Sino Gas' Production Sharing Contracts ("**PSCs**") in the Ordos Basin, China.

Total project 2P Reserves have increased 168% to 877 billion cubic feet ("**bcf**"), up from the 327 bcf assessed by RISC in March 2013. RISC has recognised the significant progress made on the project during 2013, including the commencement of the field development process, progression on government approvals, and results from the aggressive drilling program.

Total project 2C Contingent Resources increased 10%, from 2.2 to 2.5 trillion cubic feet ("**tcf**"), while total project P50 Prospective Resources increased by 64%, from 3.2 to 5.2 tcf. The increase was driven by step-out drilling that increased the area of contingent resources and the extensive seismic programs which almost doubled the percentage of acreage classified as prospective from approximately 22% to 39% of the total 3000 km². As a result 70% of the acreage has resources assigned, with the remaining under-explored 30% also having the potential for further upside.

RISC's independent economic valuation of Sino Gas' share of the project's Expected Monetary Value ("**EMV**"), has increased by 51%, from US\$1.6 to US\$2.4 billion.

Commenting on the outcomes of the Company's second substantial Reserves and Resources upgrade in 2013, Sino Gas' Managing Director and CEO, Robert Bearden said he was pleased with the size of the Reserves upgrade and praised the operations team for the commencement of pilot program preparations and the swift execution of the extensive drilling and seismic programs during 2013.

"RISC was requested to undertake this assessment due to the significant amount of work completed already this year. Routine Reserves and Resource assessments will be conducted on an annual basis, with the next assessment scheduled for Q1 2014, in which additional Reserves and Resources upgrades are anticipated based on continuing drilling success."

"Over US\$550 million in net present value has already been assigned to Sino Gas for the Reserves booked to date and we look forward to continuing the reserve maturation process to drive future project value. Additionally, a large increase in the Prospective Resources provides a basis for further maturation as our work programs intensify in 2014." Bearden added.

Details of Sino Gas' Reserves & Resources assessment

RISC has completed its independent Reserves and Resources assessment, using the Society of Petroleum Engineers ("SPE") Petroleum Resource Management System ("PRMS") Guidelines.

Results from the twenty new wells drilled up to 30 September 2013 and the interpretation of 1,235km of seismic lines were reviewed for the updated Reserves and Resources assessment.

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

Sino Gas' Attributable Net Reserves & Resources	1P Reserves (Bcf)	2P Reserves (Bcf)	3P Reserves (Bcf)	2C Contingent Resources (Bcf)	P50 Prospective Resources (Bcf)	EMV₁₀ (US\$m)
October 2013	110	233	374	713	1,341	2,352
March 2013	32	94	199	653	886	1,556
Change (+/-)%	+149% (2P)			+9%	+51%	+51%

Note: Contingent and Prospective Resources have not been risked for the risk of development and discovery.

The Company's share of the project's success case Net Present Value ("NPV") and risk weighted EMV are summarised below:

Sino Gas' Attributable Economic Value	NPV₁₀ Mid-case (US\$m)	EMV₁₀ (US\$m)
Reserves	566	592
Contingent	777	686
Prospective	1,722	1,073
Total		2,352

For more information, please contact:

Sino Gas & Energy Holdings Limited

Robert Bearden
Managing Director & CEO
+86 10 6530 9260
rbearden@sinogasenergy.com

Media Enquiries

Greg Galton
Cannings Purple
+61 (08) 6314 6300
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 3,000km². 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 (PRMS) standards by internationally recognized oil and gas consultants RISC (October 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. EMV is the probability weighted net present value (NPV), including the range of project NPVs and the risk of the project not progressing. Project NPV₁₀ is based on a mid-case gas price of \$US8.79/Mscf and lifting costs (opex+capex) of ~ US\$1.3/Mscf for mid-case Reserves, Contingent & Prospective Resources. All resource figures quoted are unrisks 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 SPE-PRMS guidelines. Mr Stephenson has a M.Eng in Petroleum Engineering and 30 years of experience in the oil and gas industry. RISC consents 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.