ASX Announcement

4 March 2013

2013 WORK PROGRAM DELIVERS RESERVES, RESOURCES & PROJECT VALUE

- **227% increase in Project 2P Reserves to over 1 tcf, with Sino Gas' share at 291 bcf**
- **Project Contingent Resources increased 32% to 2.9 tcf, with Sino Gas' share increasing to 850 bcf**
- **Project Prospective Resources increased 25% to 4 tcf, with Sino Gas' share increasing to 1 tcf**
- **Sino Gas' share of Project EMV has increased by a further 45% in 2013 to US$2.3 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.

Following the completion of the 2013 work program, total project 2P Reserves had increased 227% over the course of the year to one trillion cubic feet (tcf), up from 327 billion cubic feet (bcf) assessed by RISC in March 2013. During its 2013 assessments, RISC recognised the significant progress made on the projects during the year, 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 32%, from 2.2 to 2.9 tcf, while total project P50 Prospective Resources increased by 25%, from 3.2 to 4.0 tcf[1]. The increase during the year was driven by step-out drilling that increased the area of contingent resources and the seismic programs which almost doubled the percentage of acreage classified as prospective. The extensive drilling program also supported a further expansion of the discovered area, which increased 44% during the year.

RISC's independent economic valuation of Sino Gas' share of the project's Expected Monetary Value (EMV) increased by 45% in 2013, from US$1.6 to US$2.3 billion[3].

Commenting on the outcomes of the Company's updated Reserves and Resources assessment for 2013, Sino Gas' Managing Director and CEO, Robert Bearden said he was pleased with the size of the Project Reserves upgrade to over 1 tcf and was looking forward to maturing more resource into reserves as more delineation and production wells are drilled and the commencement of pipeline production in 2014.

2014 is shaping up to be another transformational year, with a US$137 million capital works program designed to complete initial CRR submissions and commencing pipeline sales across both PSCs. The agreed work program, which will now be put forward to the respective PSC Partners' Joint Management Committees (JMC) for approval, almost doubles the number of wells to be drilled from the previous year and completes the seismic required for the first round of CRR submissions.

The seismic surveying and acquisition earmarked for 2014 has already been completed, and eight rigs are mobilized in the field ready to commence drilling in March. It is anticipated that the majority of the wells to be drilled in 2014 will be hooked up into the early production system, which is planned to ramp up in the second half of the year and become an increasing source of cash flow for the projects.

[1]The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Refer to Resources Statement for additional disclosure.

Details of Sino Gas' Reserves & Resources assessment

RISC has completed its independent Reserves and Resources assessment independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management System (PRMS) standards using probabilistic estimation methods.

Results from the 31 wells drilled in 2013 (58 cumulative wells) and the interpretation of 1,235km of seismic lines (cumulative 1,935km) were reviewed for the updated Reserves and Resources assessment as at 31 December 2013.

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

Sino Gas' Attributable Net Reserves & Resources	1P Reserves (Bcf)[2]	2P Reserves (Bcf)[2]	3P Reserves (Bcf)[2]	2C Contingent Resources (Bcf)	P50 Prospective Resources (Bcf)[1]	EMV_{10} (US\$m)[3]
March 2014	**129**	**291**	**480**	**850**	**1,023**	**2,258**
March 2013	32	94	199	653	885	1,556
Change (+/-)%	+211% (2P)			+30%	+16%	+45%
Total Project March 2014	466	1,068	1,786	2,941	3,978	N/A

Reserves

[2]RISC have confirmed commercial producibility based on the commencement of the field development process, successful drilling results and the demonstration of commercial flow rates. 1P, 2P and 3P reserves are based on the geological and well performance uncertainty within the discovered area. Reserves have been calculated by using an average well production profile extrapolated into a full field development scenario. A 16-well sector model has been constructed to generate production and well forecasts. Reserves are considered to be undeveloped as pipeline construction is being completed on both PSCs to connect the central gathering stations to regional pipelines. Standard depletion techniques are planned to extract the reserves, with no specialised processing apart from de-moisturising of production gas anticipated.

In 2013, Reserves were assigned to an additional 19 successful wells (36 cumulative wells) and the adjacent well spacings in the discovered areas. The increased seismic and drilling data within the discovered area enabled an increase in the area of reserves attributable to each well from 6km^2 (1 adjacent well spacing) to 13km^2 (2 adjacent well spacings). This resulted in an increase in the area attributed to reserves from 56km^2 to 379km^2. There are existing regional pipelines running across both the PSCs.

Sino Gas & Energy Limited (SGE), the PSC operator, plans to submit Chinese Reserves Reports in 2014 and target submission of Overall Development Plans (ODP) in 2015. Pilot production and sales are planned to be progressed in parallel. SGE has signed a Gas Sales Agreement on the Linxing PSC (announced 26 June 2013), and subsequently signed a supplementary agreement (announced 29 October 2013) to supply compressed natural gas (CNG) until pipeline sales commence. A framework agreement was signed in 2011 on Sanjiaobei, with negotiations underway to formalise a GSA to deliver gas into the east/west running regional pipeline. An environmental assessment is required to be completed as a part of the ODP approval process.

Estimated Monetary Value

[3]EMV is based on NPV_{10} with a mid-case gas price of US\$8.79/Mscf and lifting costs (opex+capex) of ~US\$1.5/Mscf for mid-case Reserves, Contingent & Prospective Resources.

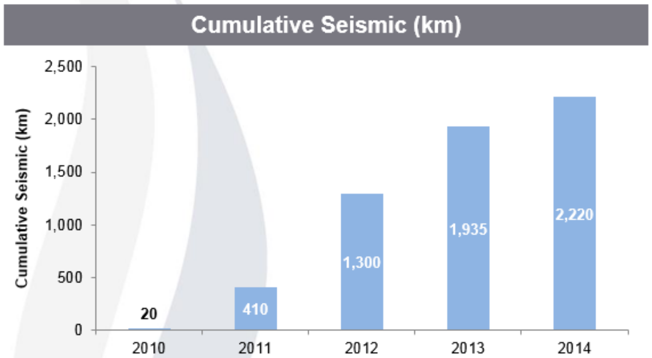
Refer to *About Sino Gas & Energy Holdings Limited* & *Resources Statement* for additional disclosure.

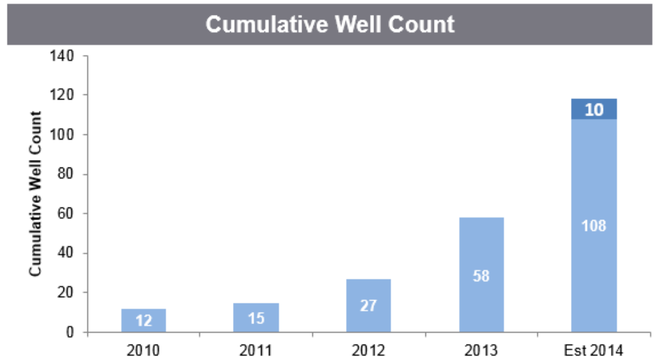
The Company's share of the project's success case Net Present Value (NPV) and risk weighted EMV are summarised below:

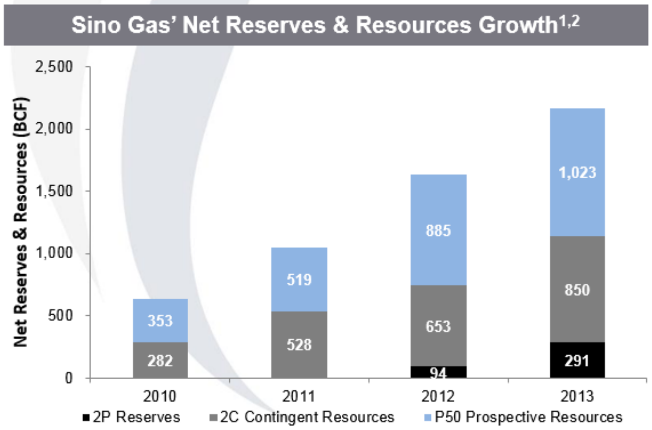
Sino Gas' Attributable Economic Value	NPV_{10} Mid-case (US\$m)	EMV_{10} (US\$m)[3]
Reserves	**625**	**653**
Contingent	**828**	**754**
Prospective	**1,350**	**851**
Total		**2,258**

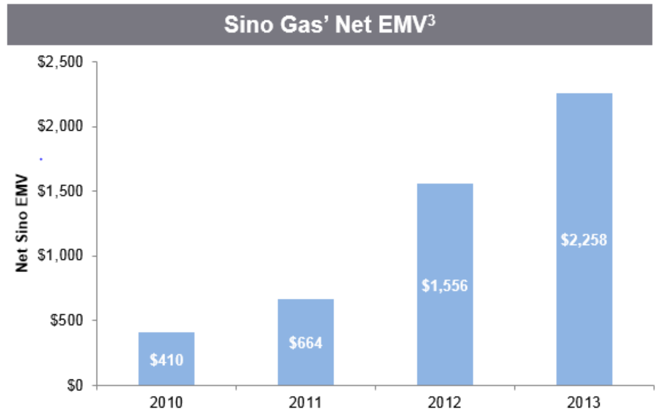
SINO Gas & Energy 中澳煤层气能源

Project & Company Growth









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

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 (Announced 4 March 2014) using probabilistic estimation methods. 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 wellhead gas price of $US8.79/Mscf and lifting costs (opex+capex) of ~ US$1.5/Mscf for mid-case Reserves, Contingent & Prospective Resources. 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. Reserves & Resources are net of 4% in-field fuel for field compression and field operations. Reference point is defined to be at the field gate. No material changes have occurred in the assumptions and subsequent work program exploration and appraisal results have been in line with expectations.

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.

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.

Disclaimer

Certain statements included in this release constitute forward looking information. This information is based upon a number of estimates and assumptions made on a reasonable basis 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 release 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.