

29 March 2016

RECORD DEVIATED SINGLE ZONE FLOW RATE ACHIEVED AND OUTSTANDING LINXING GAS SALES PROCEEDS RECEIVED

- Exploration well LXDG-08 tested at a record 2.7 MMscf/d from unfractured upper zone.
- US\$3.5 million received by SGE for pilot gas sold from the Linxing PSC from late November 2015 to late February 2016.

Sino Gas & Energy Holdings Limited (ASX: SEH, “**Sino Gas**” or the “**Company**”) is pleased to announce a Company record deviated well test result and the receipt of outstanding sales proceeds for pilot gas sold from the Linxing PSC.

Linxing (East) exploration well test result

The joint venture company, Sino Gas & Energy Limited (“**SGE**”) recently commenced its 2016 exploration drilling program on the prospective area of the Linxing (East) Production Sharing Contract (“**PSC**”). The first deviated exploration well tested in the program, LXDG-08, recorded a record single zone flow rate of 2.7 million standard cubic feet per day (“**MMscf/d**”) with a wellhead pressure of 725 psi over 48 hours. The flow rate was achieved without fracture stimulation from the He2 zone, which has a gross pay thickness of 10 meters and net pay of 5 meters. Sino Gas estimates that this single zone of LXDG-08 could produce over 3 MMscf/d at standard field operating pressures. The Company also sees the potential to produce from at least two additional zones in this well.

Additional exploration disclosure for the testing of LXDG-08 is detailed on page 3.

Last year, the first Reserves (103 Billion standard cubic feet (“**Bcf**”) gross; 32 Bcf net to Sino Gas) and 2C Resources (80 Bcf gross; 25 Bcf net to Sino Gas) were recorded in Linxing (East)¹. This well was drilled outside of the discovered area in the 2015 Reserves and Resources update and therefore has the potential to expand the reserves and resource potential of the Linxing (East) area. Additional exploration and appraisal drilling and testing is planned to support the submission of the Linxing (East) deep gas Chinese Reserve Report (“**CRR**”) later this year.

Linxing gas sales proceeds

SGE has received US\$3.5 million (US\$1.7 million net to Sino Gas) from its PSC partner, CUCBM, for pilot gas sales from the Linxing PSC for the period from late November 2015 to late February 2016 following the completion of final invoice reconciliations by CUCBM, as previously outlined in the update on 3 March 2016.

Future cash receipts for gas sold from the Linxing PSC will be received monthly.

Linxing PSC pilot gas sales proceeds represent about 85% of the total pilot program gas sales proceeds to the end of February 2016.

¹Refer to Reserves & Resources Statement on page 4 for additional disclosure.

Commenting on the flow test results and Linxing pilot gas sales proceeds receipt, Sino Gas' Managing Director, Glenn Corrie said:

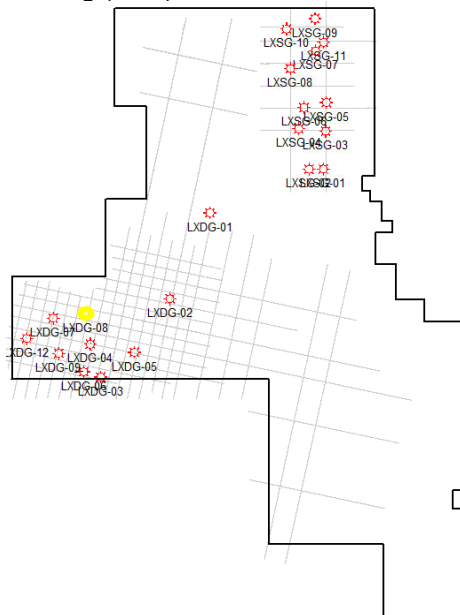
"We are delighted with the single zone unfracted test result of 2.7 MMscf/d on Linxing (East). The flow rate achieved is a record for the Company, underscoring the significant value that we see in our assets and demonstrates the ongoing improvements we are making in identifying reservoir drilling targets and maximising single well productivity. The planned Linxing (East) drilling program positions us to expand the already discovered area and submit a CRR later this year. Receipt of the outstanding Linxing pilot gas proceeds paves the way for an increase in Linxing production, and CRR and Overall Development Plan ("ODP") approvals."

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Exploration Disclosure	Testing Result
(a) The name and type of well.	LXDG-08 (Deviated Well)
(b) The location of the well and the details of the permit or lease in which the well is located.	Linxing PSC. Refer to map below.
(c) The entity's working interest in the well.	31.70%
(d) If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness.	Electric wireline logs identified 5m of net pay
(e) The geological rock type of the formation drilled.	Coal bearing formations from the Permian to Carboniferous System.
(f) The depth of the zones tested.	Test target payzone at a depth of 1441~1451m
(g) The types of test(s) undertaken and the duration of the test(s).	Perforated and gas flow tested for two days.
(h) The hydrocarbon phases recovered in the test(s).	Natural gas
(i) Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions.	None
(j) The choke size used, the flow rates and, if measured, the volumes of the hydrocarbon phases measured.	Choke size 8mm. Perforated and tested gas rate of 2,692,260 standard cubic feet per day with well head pressure of ~725psi.
(k) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied.	None
(l) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur.	Gas sample is under analysis.
(m) Any other information that is material to understanding the reported results.	None

Linxing (East) – LXDG-08 well location



About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited ("Sino Gas" ASX: SEH) is an Australian energy company focused on developing natural gas assets in China. 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 largest 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.

Sino Gas & Energy Holdings Limited (ASX: SEH) was admitted to the Official List of ASX in 2009.

Reserves & Resources Statement

The statements of Reserves and Resources in this release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management System (PRMS) standards by internationally recognised oil and gas consultants RISC (Announced 10 March 2016) using probabilistic and deterministic 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 US\$7.16/Mscf inflated at 3.75% per annum and average lifting costs (opex+capex) of ~\$US1.20/Mscf (inclusive of inflation at 2.5% per annum) 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. 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 Reserves & 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. Mr. Stephenson is a member of the SPE and MIChemE and 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.