

## ASX ANNOUNCEMENT

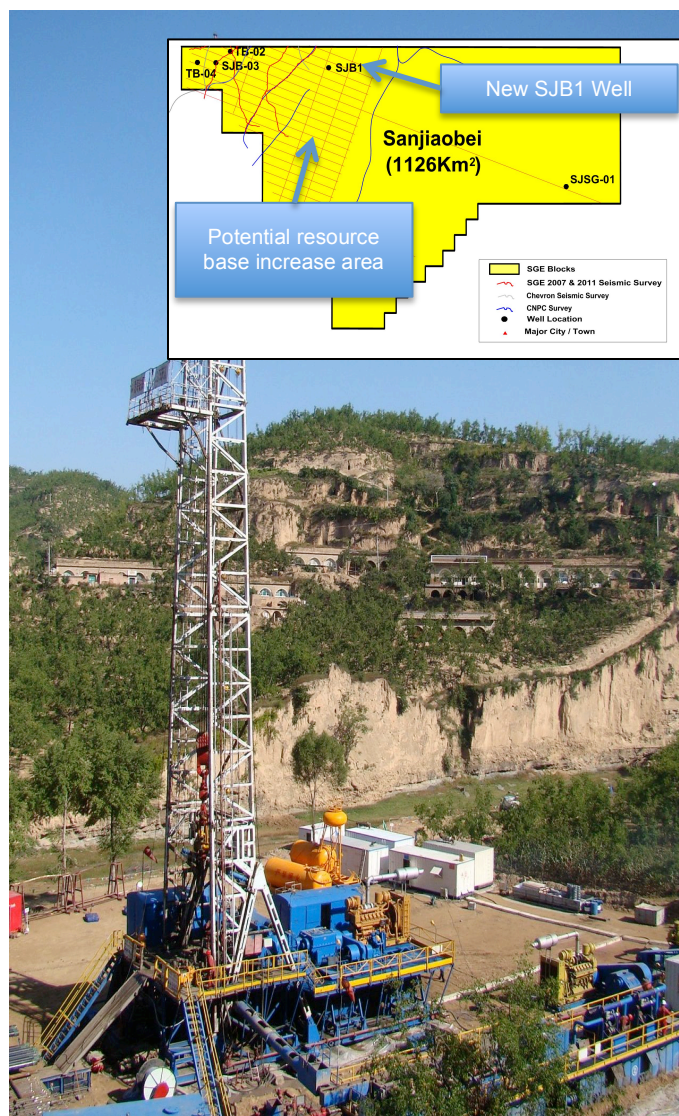
26 September 2011

### SINO GAS 'SPUDS' SJB1 ON SANJIAOBEI PSC WITH PETROCHINA CBM

#### Highlights

- **New SJB1 Well: 'Spudded' and now at 274 m;**
- **New Seismic: enables well location selection and should drive resource increase**

Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH) is pleased to advise that it has 'spudded' (commenced drilling) its new SJB1 appraisal well on the Sanjiaobei Production Sharing Contract (PSC) and is now at 274 m. Sino Gas is operator on the Sanjiaobei PSC and is working closely with its Chinese partner CNPC (PetroChina CBM).



The spudding of SJB1 follows the completion of the acquisition and preliminary interpretation of 410.5 km's of new seismic on the Sanjiaobei PSC.

Sino Gas is now finalizing the interpretation of that seismic with the seismic contractor and the National Centre for Coal Bed Methane (NCCBM). NCCBM was appointed by Sino Gas to deliver the Chinese reserves report on the Sanjiaobei PSC.

The location for SJB1 has been selected to evaluate and confirm the potential extension to highly productive pay zones encountered elsewhere on Sino Gas's acreage.

Commenting on the progression of work being undertaken on the Sanjiaobei PSC, Sino Gas Managing Director, Stephen Lyons said that the completion of the seismic program represented a major milestone in the progress toward development of the 1,100 km<sup>2</sup> Sanjiaobei PSC.

"The seismic program was completed safely, on-time and on-budget.

Whilst Sino Gas is currently working with its independent reserves and resources assessor to quantify the impact of the new seismic and will release this review when available, the Company's own analysis suggests the potential for a significant increase in Sino Gas's resource base," said Mr Lyons.

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### SJB1 Spudded and underway

Following the mobilization of all equipment and requisite HSE checks Sino Gas confirmed the acceptance of the rig from its drilling contractor CNPC Bohai Drilling Engineering Company Ltd (BDEC). Following a spudding ceremony the well was then spudded.



*SJB1 Well, Spudding Ceremony, Frank Fu, Sino Gas COO standing – other representatives from Sino Gas and BDEC*

As at 08:00 hours, yesterday, the rig was at 274 m with the surface casing having been run and cemented in place.

As per the drilling program, the well will now be drilled to a total depth of around 2,100 meters then electronically logged and cased. This process is expected to last around 30 days.

Following the completion of drilling, and the analysis of the electronic logs, Sino Gas plans to test potential pay zones in much the same way as the Company has done on previous wells.

Weather permitting, the BDEC rig will drill up to 2 additional wells on the Sanjiaobei PSC in 2011.

#### For more information, please contact:

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#### About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian company focused on developing Chinese unconventional gas assets. The Company has operated in Beijing since 2005 and holds a portfolio of unconventional gas assets in China through Production Sharing Contracts (PSC's).

The PSC's are located in Shanxi province in the Ordos Basin and cover an area of 3,000km<sup>2</sup>. The Ordos Basin is the second largest onshore oil and gas producing basin in China. The area 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's PSC's are located and natural gas is seen as a key component of clean energy supply in China.

On Sino Gas's Tuban prospect, 10 wells have been drilled, the latest being TB-09 in Q4, 2010. Extensive seismic and other subsurface studies have also been conducted. Multiple wells have been flow tested with commercial flow rates achieved on many of the wells, including significant commercial rates on its TB07 and TB09 wells. The gas flow rates in this release are estimated at 200 psi Flowing Tubing Head Pressure (THP) unless otherwise noted.

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 Pty Ltd. All resource figures quoted are mid case - 100%.

Additional information on Sino Gas can be found at [www.sinogasenergy.com](http://www.sinogasenergy.com)