

ASX ANNOUNCEMENT

27 April 2011

SINO GAS SECURES A\$29.4 MILLION FUNDING TO INCREASE GAS SALES

Sino Gas & Energy Holdings Limited (“Sino Gas”, the “Company”; ASX: SEH), an Australian company developing unconventional gas assets within the Ordos Basin, Shanxi Province China, is pleased to advise that it has signed an agreement to raise up to A\$29.4 million in new funds from SpringTree Special Opportunities Fund, LP (“SpringTree”), a New York-based institutional investor, over the next two years (the “Agreement”).

The funding enables Sino Gas to conduct the high impact appraisal program being planned for 2011 and 2012. Success in this program is expected to result in substantial increases in gas sales as Sino Gas moves towards developing a gas resource base (GIIP) of over 9 Tcf on the Linxing and Sanjiaobei Production Sharing Contracts (PSCs) in North China’s industrial heartland.

Under the Agreement, Sino Gas will receive A\$1.2 million from SpringTree on execution and SpringTree will invest A\$600,000 to A\$1.2 million, in Sino Gas’s shares approximately monthly, over the next two years. Sino Gas will issue such shares at prices linked to the prevailing share price at that time.

Sino Gas Managing Director, Mr Stephen Lyons, said that the Agreement recognized the significant achievements being made by the Company.

“SpringTree is a New York-based investment fund that makes equity and equity-linked investments in high growth potential public companies around the world. SpringTree has been active in Australia and has successfully funded such companies as Linc Energy Limited, Prima BioMed Limited, Solimar Energy Limited, Buccaneer Energy Limited and Legacy Iron Ore Limited.

The Agreement allows the Company to confidently implement its commercialisation plans whilst preserving the flexibility to continue to explore investment arrangements with potential strategic partners”, said Mr Lyons.

“This is our fifth ASX-listed energy investment in the recent couple of years, and our ASX energy portfolio has performed very well historically. We have been impressed with Sino Gas’ management team and progress to date. We hope that our funding will enable Sino Gas to implement its plans and unlock the value of its assets”, said Eugene Tablis, a Managing Director of SpringTree Global Investors, LLC, the General Partner (Manager) of SpringTree.

The key terms of the Agreement are attached at the end of this Announcement.

For more information, please contact:

Sino Gas & Energy
Stephen Lyons: Managing Director,
+86 139 1148 1669, +86 10 6530 9260,
slyons@sinogasenergy.com

Gavin Harper: Chairman,
gharper@sinogasenergy.com

Investor Relations - Australia
Ronn Bechler, + 61 400 009 774
ronn.bechler@marketeye.com.au

Investor Relations – Hong Kong
Anita Wan, +852 2217 2687;
anita.wan@quamgroup.com

SINO GAS SECURES A\$29.4 MILLION FUNDING TO INCREASE GAS SALES

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 over 3,700km². 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 the TB-07 well.

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

**SINO GAS SECURES A\$29.4 MILLION FUNDING TO
INCREASE GAS SALES**

Key Terms of the SpringTree Agreement

Available Commitment:	Up to A\$29.4 million with a minimum commitment of A\$15 million.
Investment:	Made by SpringTree in Monthly Tranches (see below). Additionally, SpringTree will invest an additional A\$600,000 in a Convertible Security on execution of the Agreement (see below) for a total investment of A\$1.2 million immediately on execution of the Agreement.
Convertible Security:	A\$600,000 to be invested by SpringTree on execution of the Agreement: 0% interest, subordinated, will not be converted for a period of ninety (90) days following the Agreement execution date.
Monthly Tranches:	Over 24 months, a minimum of A\$600,000 of shares to be purchased by SpringTree from the Company approximately monthly, which may be increased to A\$1.2 million by mutual consent, subject to compliance with the terms of the Agreement. The Company has the right to pause the Monthly Tranche purchases for defined periods as specified in the Agreement.
Conversion of the Convertible Security and purchase price for the Monthly Tranches of shares:	SpringTree may convert the Convertible Security at 92.5% of the average of the five daily consecutive daily volume-weighted prices during a specified period prior to the date of conversion. The Monthly Tranches of shares will be issued at the price equal to 92.5% of the average of the five daily consecutive daily volume-weighted prices during a specified period prior to the date of the issuance of the shares. For one Monthly Tranche only, SpringTree has the right to set the purchase price at A\$0.0937
Commencement Fee:	\$264,600 satisfied by the issue of 4,140,846 shares to SpringTree.
Collateral Security:	The Agreement is secured by the issue of 7,500,000 shares to SpringTree as collateral.
Options:	8,750,000 options will be issued to SpringTree, exercisable at A\$0.0793 per share and expiring on 25 November 2013. Should these options be exercised within their term Sino Gas will receive additional cash proceeds of A\$693,875.
Termination:	The Company has the right to terminate the Agreement at no cost if the share price is below a floor price specified in the Agreement. The Company may also terminate the Agreement at any time during the first 12 months on payment of A\$250,000, satisfied in cash or through the issue of shares and thereafter at no cost.
Financial Covenants:	The investment is not subject to, nor does it impose any financial covenants on, the Company.
Flexibility:	The terms of the Agreement allow the Company to enter into future debt and other financing arrangements. In addition, the Agreement does not restrict the Company's ability to enter into strategic industry partnerships and undertake acquisitions of assets and shares in the future.
Shareholder Approval:	Shareholder approval under ASX Listing Rule 7.1 is not required for the initial funding to proceed, however approval will be sought as and when required for the subsequent Monthly Tranches.