

ASX ANNOUNCEMENT

25 August 2011

1ST PHASE OF 2011 WELL TESTING PROGRAM COMPLETE

Highlights

- **TB04 Well: Good results achieved on reserve focused test**
- **Sanjiaobei PSC: Seismic processing continuing; preparations for new well underway**
- **TB08 Well: Co-mingled productivity from two zones ~882,500 scf/day**

Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH) has now successfully implemented the 1st phase of its 2011 well testing program with the completion of the TB08 well test program.

Commenting on this important milestone, Sino Gas's Managing Director, Stephen Lyons, said that "Sino Gas had delivered commercial gas flows on all 5 new flow tests carried out in the program:

- TB09: ~ 1,150,500 scf/day (unfracted) with additional potential through fracture stimulation and additional untested zones;
- TB03: ~ 326,500 scf/day (unfracted);
- TB06: ~1,000,000 scf/day (unfracted) being the rate estimated by site personnel; and
- TB08: ~ 882,500 scf/day from an upper and lower zone in the well.

The results achieved on these tests add significantly to our understanding of the field and our intention to move towards development of our gas assets in China", said Mr Lyons.

As Sino Gas moves forward it is intended that these wells be added to the Company's Pilot developments.

TB04 Well – Good results achieved on reserve focused test

Sino Gas is testing the TB04 well on the Sanjiaobei PSC in order to generate the data on the longer term well productivity for the purposes of the Chinese Reserves Report.

As part of that test, the TB04 well has been on flow for 12 days at relatively constant flow rates between 247,000 scf/day and 282,000 scf/day with a stable pressure response being observed and measured at each of these flow rates.

The calculated flow rate at 200 psi THP has been confirmed at ~ 530,000 scf/day.

The flow data and pressure response obtained so far is a good indication that the well will perform in line with Sino Gas's future expectations.

Sino Gas will now proceed with the 2nd part of the test which will see the well 'shut in' for approximately 20 days to conduct a pressure build up test.

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Sanjiaobei PSC – Seismic Processing Continuing, preparations for new well underway

Sino Gas has recently completed the shooting of 410.5 km's of new seismic on the Sanjiaobei PSC with the processing of data continuing. The seismic data is expected to assist in delivering the Chinese Reserves Report and planning for new well locations, particularly horizontal wells on the Sanjiaobei PSC.

The processed seismic has so far enabled Sino Gas to select the first drilling location on the Sanjiaobei PSC for 2011 and additional high potential areas are emerging from the seismic analysis.

As previously announced, Sino Gas has awarded the drilling contract to CNPC Bohai Drilling Engineering Company Limited (BDEC) for a series of wells on the Sanjiaobei PSC.

Site preparations for the SJB1 well are underway although have been impacted by heavy rain within Shanxi Province. Following completion of the site preparation and the process of obtaining necessary approvals Sino Gas will mobilise the rig to the SJB1 site and "spud" (commence drilling) in a well program expected to last for 30 days.

TB08 Well – Comingled productivity from two zones ~882,500 scf/day

Sino Gas is completing a test program involving two zones in its TB08 well.

Following the perforation and fracture stimulation of one of the lower pay zones, operations have been focused on flowing back the zone to remove all frac fluid from the formation.

This operation has now been completed with a final stable dry gas flowing rate of ~ 176,500 scf/day at ~ 200 psi THP being recorded. This zone will be shut in now whilst a pressure build up test is conducted.

Sino Gas has also now installed a special downhole sliding sleeve device (SSD) and downhole isolation packer enabling the well to be produced from both the tubing string and the annular in order to produce gas from both the lower and upper zone simultaneously.

The successful test has proved Sino Gas's ability to produce from both the tubing string and annular simultaneously in our wells which will be important in a development scenario.

In a co-mingled fashion the TB08 well would be expected to produce at ~ 882,500 scf/day which represents for Sino Gas a significant commercial gas rate.

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1ST PHASE OF 2011 WELL TESTING PROGRAM COMPLETE

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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 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 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