




7 April 2015

PRODUCTION & OPERATIONAL UPDATE

-  Second compressor brought online at Sanjiaobei central gathering station, doubling installed capacity from ~4 MMscf/d to ~8 MMscf/d, current production at ~ 6 MMscf/d.
-  2015 field operations well underway with four rigs currently drilling and six wells undergoing testing operations.
-  Construction and installation at the Linxing central gathering station continues and is on-track for start-up mid-year.

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company") is pleased to announce that field operations are well underway and the second compressor at the Sanjiaobei central gathering station has been brought online, increasing capacity from approximately four to eight million standard cubic feet per day (MMscf/d). Current production has increased to approximately 6 MMscf/d with 13 wells online from the pool of 16 wells currently connected. New wells which have been brought online to fill the additional capacity are currently choked back and will gradually be opened up as flow rates stabilise. The average uptime production for the first quarter was 4.2 MMscf/d, with 94% uptime recorded.

Field operations are well underway with four wells currently drilling and a further two rigs preparing to commence operations shortly. Six wells are currently undergoing testing operations, which includes development and appraisal wells on Linxing (West) and deep exploration wells on Linxing (East).

As previously announced, Sino Gas and MIE Holdings Corporation have approved a c.US\$90 million capital budget (gross) designed to bring the second central gathering station online mid-year, increasing the total installed capacity of both facilities to 25 MMscf/d. A further 21 development wells are planned to be drilled with the aim of ramping up the production facilities to full capacity by year end. In addition, there is budget allocation for continued seismic acquisition and exploration drilling to further define the reservoir as well as additional horizontal wells to support the optimization of the full field development plan.

Commenting on the announcement, Sino Gas Managing Director, Glenn Corrie said: "We are continuing to build on the strong foundation we set in 2014. Our focus in 2015 is sharply on delivering aggressive production growth, securing the relevant Chinese regulatory approvals and preparing for the next phase of capacity build-out.

Doubling of our Sanjiaobei capacity is another key step in ramping up total production output towards ~25 MMscf/d by the end of the year. The next milestone will be bringing on the larger Linxing central gathering station around mid-year and operations here are proceeding according to plan.

With continued strong well performance, aggressive production growth at very competitive costs in a robust gas price environment de-coupled from the oil markets, we are confident that we are well positioned to deliver strong shareholder returns from our assets."

Sino Gas & Energy Holdings Limited

Glenn Corrie
Managing Director
+86 10 8458 3001
1300 746 642 (local call within Australia)
ir@sinogasenergy.com

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 3,000km². 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.

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

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.