

14 October 2015

LINXING CENTRAL GATHERING STATION FIRST GAS

Sino Gas & Energy Holdings Limited (ASX: SEH, “Sino Gas” or the “Company”) is pleased to announce the delivery of first supply of natural gas from the Linxing Central Gathering Station (CGS) in the Ordos Basin, China.

Linxing is Sino Gas’ second CGS in the Ordos Basin as part of its pilot production program and its start-up represents another significant milestone in the progressive de-risking of the Company’s assets in the region as it moves towards full field development.

Eight wells have been tied into the Linxing CGS from south of the CGS including the first horizontal well, TB-1H. At present, six wells are currently on-stream, producing approximately 8 Million standard cubic feet per day (MMscf/d). Additional wells are expected to be brought on over the remainder of the fourth quarter to further ramp-up production, in particular from the TB-26 area north of the CGS. Refer to the Operational Update released 29 June 2015 for a map of key infrastructure and wells to be tied in.

Start-up of the Linxing CGS encountered minor delays due to a modification required at the gas buyer’s pressure station which was identified during their safety audit. This modification took longer than anticipated, resulting in completion of the work coinciding with a planned annual maintenance shutdown of the Yuji pipeline and subsequently the Golden Week holiday in China between October 1st and 7th.



Figure 1: Linxing CGS operational



Figure 2: SEH Chairman Philip Bainbridge and Managing Director Glenn Corrie celebrate Linxing commissioning along with representatives of Australian Government

Australia China energy cooperation

Sino Gas is the first Australian company to produce and sell natural gas from unconventional reservoirs in mainland China and its work in the region has been recognised by representatives of the Australian Government, including the recently appointed Minister for Resources, Energy and Northern Australia, the Hon Josh Frydenberg.

Minister Frydenberg stated, "...I especially congratulate Sino Gas on being the first Australian company to produce natural gas in China for its domestic market. The project represents a major foreign investment in China's energy sector and highlights more broadly the great potential for Australian investment in China, particularly under our newly forged China Australia Free Trade Agreement. It also demonstrates Australia's ongoing commitment to enhancing energy security in the region and builds on our strength as a reliable and competitive energy supplier..."

Full text of the letter from Minister Frydenberg and additional photos from the Linxing facility can be viewed on our website at www.sinogasenergy.com.

Sanjiaobei CGS update

The tie-in of the Linxing CGS to the third-party pressure station required the short term shut in of the Sanjiaobei CGS in order to make necessary modifications to the shared infrastructure at the Yuji pipeline inlet. As such, the Sanjiaobei CGS has been offline since September 3. With modification works now completed, the Sanjiaobei CGS is set to resume production shortly.

Gas Payment Update

Progress to finalise gas sales payments to the joint venture operator continues to be made with several key interim approvals received in the past month. Sino Gas continues to work closely with all relevant stakeholders to secure the remaining outstanding approvals and continues to expect resolution of these issues by the end of 2015.

Gas Market Update

Recent media reports have stated that the National Development and Reform Commission (NDRC) is considering a revision to the regulated non-residential city gate gas prices in China to help stimulate additional gas demand. Although a price change has yet to be announced, should a change occur based on the range of price cuts publically discussed, it is not anticipated that the changes to the domestic gas price would have a material impact on the budgeted or operational plans of the Company. With a strong balance sheet and low cost assets, Sino Gas is very well positioned in an environment of potentially lower natural gas prices in China.

Commenting on the start-up of the Linxing CGS, Managing Director Glenn Corrie said, "I am proud of what has been achieved at our Ordos Basin projects to date and look forward to continued collaboration with our Chinese stakeholders to increase the supply of natural gas to satisfy China's growing energy needs."

The commissioning of the Linxing CGS moves the Company closer towards playing a key role in aiding China deliver on its stated energy strategy of increasing the share of natural gas in its overall energy mix. China has announced that it's working towards reducing environmental pollution and is looking to natural gas as one means to do so. Through our strong partnerships in the region, we are delivering cleaner sources of energy to China's cities and towns.

This is another significant step towards unlocking Sino Gas' large, cost competitive resource base and I am excited about our long-term future here. I would like to acknowledge the dedication and effort of everyone involved in the project for their hard work in achieving this milestone."

Sino Gas & Energy Holdings Limited

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited ("Sino Gas" ASX: SEH) is an Australian energy company focused on developing unconventional gas assets in China. Sino Gas holds a 49% interest in Sino Gas & Energy Limited ("SGE", joint venture operator) 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.