

ASX ANNOUNCEMENT

11 May 2011

WELL TESTING PROGRAM COMMENCES

Highlights

- **Well Testing Program Commencing with TB09 well**
- **Prospective zone in TB09 to be stimulated**

Well Testing Program commencing with TB09 well

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 confirm the commencement of its 2011 well testing program on the Linxing Production Sharing Contract (PSC).

Following a competitive tendering process, Sino Gas has now signed the 2011 testing contract for the Linxing PSC with CCDC Changqing (CCDC), a subsidiary of PetroChina. Sino Gas used CCDC extensively in its 2010 well testing campaign.

Sino Gas Managing Director, Stephen Lyons, said he was very pleased with the appointment of CCDC, which highlights our continued cooperation with established Chinese service companies.

“CCDC are a full service downhole company that performed safely and very effectively for Sino Gas in 2010 delivering 7 successful tests. They also had extensive input into the test program designs and this will continue during 2011.

The testing contract is initially for 2011 but can be extended with additional tests being added as required,” said Mr Lyons.

Testing equipment will now be prepared and mobilised to the TB09 Gas Discovery Well for a test scheduled around the end of May 2011.

Prospective zone in TB09 to be stimulated

The TB09 Gas Discovery Well was drilled to TD late in Q4, 2010 with electronic wireline logging confirming the presence of gas in multiple zones.

The test to be carried out will be on one of the upper zones that exhibited promising log and core testing results and is expected to generate commercial gas flows that will be converted to CNG for transport and sale in the Company’s Pilot.

As with Sino Gas’s previous well tests, the TB09 test will initially involve a perforation of the zone followed by a flow test to measure gas flow and formation pressure data. Following the flow test it is intended that the zone will be hydraulically fracture stimulated to increase gas flow.

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Assuming a successful test on TB09, the well will form part of the Company's Pilot development that is expected to include multiple wells during 2011 with gas sales increasing significantly as this program proceeds.

Other activities, including those on the Sanjiaobei PSC, will be confirmed as they are approved and scheduled.

Patersons Research – “Q1, 2011 Update”

Patersons Securities recently released an updated research report on the Company covering Q1 of 2011, available at www.sinogasenergy.com

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

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