

ASX ANNOUNCEMENT

4 June 2012

FUNDING FOR SANJIAOBEI AND THE LINXING PSC's IMMINENT

Sino Gas & Energy Holdings Limited (ASX: SEH) (**Sino Gas** or the **Company**) is pleased to announce that a third party has signed a Letter of Intent to fund Sino Gas' Sanjiaobei and Linxing PSC interests in China.

The unnamed party will secure a 51% interest in Sino Gas & Energy Limited (SGE) (currently a wholly owned subsidiary of Sino Gas) via a US\$100 million investment. This investment will be a combination of the purchase of US\$10 million of existing shares in SGE and a guaranteed commitment to invest a further US\$90 million in SGE to advance the company's Sanjiaobei and Linxing PSC's through Chinese Reserve Report and Overall Development Plan.

Due to confidentiality obligations Sino Gas is not in a position to provide any further details at this time. The Letter of Intent is presently non-binding (save for exclusivity and confidentiality obligations) and remains subject to satisfactory completion of confirmatory due diligence and execution of Definitive Agreements which is expected to be on or about 22 June 2012. The Definitive Agreements will be conditional upon the usual regulatory approvals and consents.

A further announcement will be made upon execution of the Definitive Agreements.

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For more information, please contact:

Sino Gas & Energy
Gavin Harper: Executive Chairman,
+ 61 8 9388 8618, +61 416 427 275
gharper@sinogasenergy.com

Robert Bearden: CEO & President,
+86 10 6530 9260,
rbearden@sinogasenergy.com

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian energy 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 3,000km². 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. 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% unless otherwise noted.

Certain statements included in this announcement may constitute forward-looking statements. Any forward-looking statements are based on current assumptions and forecasts and are not guarantees or predictions of future performance. Such statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, Sino Gas, its directors, officers and agents do not give any assurance or guarantee that the occurrence of the events referred to in this document will occur as contemplated.

Additional information on Sino Gas can be found at www.sinogasenergy.com