

7 April 2014

2014 WORK PROGRAM UNDERWAY

-  **Seismic acquisition completed and interpretation underway**
-  **Eight rigs mobilised in the field have commenced drilling**
-  **Testing teams have arrived onsite and commenced frac testing**
-  **Progress continues to be made on pilot pipeline program**
-  **Board and management refresh process progressing well**

Sino Gas & Energy Holdings Limited (ASX:SEH, Sino Gas, the Company), is pleased to announce that field operations for 2014 are well underway on its Production Sharing Contracts (PSCs) in the Ordos Basin, China.

285km of seismic acquisition completed in January is being interpreted by third-party contractors and is expected to be completed in Q2 2014. This seismic completes the grid required for the first round of Chinese Reserve Report (CRR) submissions across both PSCs.

A total of eight rigs have been mobilised and commenced drilling towards total depth. The wells are part of a 14 well exploration program designed to obtain drilling data required for the first round CRR submissions, which are expected to be completed in the second half of the calendar year. Up to 59 wells are planned to be drilled in 2014, the majority of which are expected to be tied into the pilot pipeline production program.

Testing teams arrived onsite in March and commenced frac testing in early April. Currently almost forty layers are expected to be tested as a part of the exploration program designed to complete the requirements for CRR submission. Sino Gas' first horizontal well is planned to be tested in May to allow fracking equipment to be fine-tuned initially on vertical wells after being held in storage during the winter break in operations.

Engineering for the surface gathering facilities is progressing on the first central gathering station, with additional equipment expected to be delivered early Q2 to complete the facility while the third-party pipeline spur is approaching completion. Long lead items for a second central gathering station have been ordered and are expected to be delivered in Q2 ahead of pilot pipeline gas sales scheduled in the second half of 2014. A shorter revised route has been chosen for the third-party pipeline spur, which runs in a more direct northerly direction from the central gathering station to the provincial pipeline. Following additional design and surveying work, land lease negotiations and construction is expected to commence late in Q2 and take approximately three months. Internal pipelines to add additional capacity to the Compressed Natural Gas (CNG) pilot program have been delivered and construction is expected to commence early Q2 once land lease negotiations have been completed.

Commenting on the commencement of field operation for 2014, Sino Gas' Managing Director and CEO, Robert Bearden said he was pleased after a successful 2013 work program delivered significant reserves and resources maturation that the field operations had commenced with the aim of completing first round CRR submission across both PSCs and the commencement of pilot pipeline production in 2014.

Corporate update

In recognition of the company's move into the ASX300, Sino Gas continues to re-weight its Board with the recruitment of a new non-executive director.

Following the Company's announcement of 24 March 2014 concerning Managing Director and CEO Mr Robert Bearden's decision to retire, Sino Gas has retained specialist energy and natural resources executive recruitment firm, Park Brown International Ltd, to assist with the global recruitment process for a new CEO. As previously advised, the Company also expects to announce shortly the appointment of a Beijing-based Chief Operating Officer.

Chairman Gavin Harper said the Company would benefit from the Board and management refresh currently underway.

"As Sino Gas continues to evolve as a high growth ASX300 gas and energy company, the Board will ensure the appropriate team is in place to extract full value for shareholders," Mr Harper said.

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Our latest announcements and presentations can be found on our website:

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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 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.

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.

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