






20 March 2013

INDEPENDENT ASSESSMENT BOOKS SIGNIFICANT 2P RESERVES

-  **Independent assessment by RISC has identified 327 bcf of 2P Reserves that have been booked on the projects, with Sino Gas' share at 93 bcf**
-  **Total un-risked mid-case reserves & resources has increased 56% to 5.7 Tcf, with Sino Gas' share at 1.6 tcf**
-  **24% increase in total project Contingent Resources to 2.2 tcf**
-  **71% increase in total project Prospective Resources to 3.2 tcf**
-  **Net mid-case project NPV for Sino Gas has increased 66% from US\$1.1bn to US\$1.9bn**

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company"), is pleased to announce that RISC Operations Pty Ltd (RISC), an Australian based, internationally recognised independent petroleum advisory evaluation and valuation group, has completed their independent assessment of Reserves and Resources at both of Sino Gas' Production Sharing Contracts (PSCs) in the Ordos Basin, China.

Significant Reserves Booking & Resources Upgrade

Total project 2P Reserves have increased to 327 billion cubic feet (bcf) from 22 bcf since the previous independent assessment by RISC in January 2012, reflecting Sino Gas' commitment to developing the PSCs based on the progress made on preparatory work for regulatory submissions, reserve planning and scheduling for pilot production.

Total un-risked mid-case reserves and resources (reserves, contingent and prospective resources) have been evaluated at 5.7 trillion cubic feet (tcf), representing a 56% increase from the previous assessment conducted in 2012. As a result, Sino Gas' net share of un-risked mid-case reserves and resources has risen to 1.6 tcf.

Project De-risking Creates Value

Sino Gas' share of project NPV in developing the 2P Reserves and mid-case Contingent & Prospective resources has increased 66% to US\$1.86 billion. Expected monetary value (EMV or risked NPV) has grown by US\$650 million to US\$1.56 billion, an increase of 72%.

The increase in project value has been driven by the larger resource base, refinements to the Company's development models and strengthening gas price forecasts in China, since the last assessment in January 2012.

Additional increases in project risked value have continued to occur as RISC recognises the de-risking of the project's development potential, based on the formation of the Strategic Partnership with MIE Holdings Corporation (MIE), commencement of the Chinese reserve reporting process, and new wells and seismic in the 2012 work program enhancing previous assessments.

Execution of Work Programs Continue to Drive Growth

Sino Gas' Managing Director and CEO, Robert Bearden said that he was extremely pleased with the outcome of the assessment. "One of the focal points of our 2012 work program was obtaining the relevant data and undergoing the internal planning to enable us to commence booking reserves this year."

"We are very pleased that RISC has recognised our efforts in forward planning and ongoing commitment to develop the PSCs, which has allowed us to commence booking significant 2P reserves."

"This independent and detailed assessment has crystallised all of our hard work over the past 12 months into a significant increase in both the total project resources and the expected realisable value to Sino Gas."

“These are world class projects in terms of size and scale. Our intention is to progress development, as the economics of the domestic natural gas market in China continue to suggest attractive returns, while existing pipeline infrastructure, which traverse our PSCs, present low cost access to market.”

“We intend to leverage off our continued exploration success with a fully funded 2013 work program to obtain further data on the potential of the blocks and the preparation of Chinese Reserve Reports (“CRR”) for submission later in the year.”

“With testing teams currently deployed to test over 20 zones this year, seismic surveying for 2013 well progressed, and work on track to have ten drill rigs in the field during the second quarter of 2013 and up to 25 wells completed by the end of Q3, we continue our commitment to deliver value for our shareholders.”

“In partnership with MIE, we have a team with the expertise and experience to deliver a Tier 1 project of this nature while providing further upside with approximately half of the blocks yet to be explored,” Bearden added.

Details of Sino Gas’ Reserves & Resources Assessment

RISC has completed its independent Reserves and Resources assessment, using the SPE (Society of Petroleum Engineers) PRMS (Petroleum Resource Management System) Guidelines. The assessment had been underway since late January.

Results were reviewed from the twelve wells drilled in 2012, 70km of seismic data from the infield drilling area in the north-eastern corner of Linxing East along with 100km of data from a previously unexplored portion to the southwest of the block, and 100km of north/south running seismic at Sanjiaobei.

The Project (100%) current Reserves & Resources are summarised below:

| <u>Project (100%) Reserves & Resources</u> | Best Estimate Gas In Place (GIP) (Bcf) | 1P Reserves (Bcf) | 2P Reserves (Bcf) | 3P Reserves (Bcf) | 2C Mid-case Contingent Resources (Bcf) | P50 Mid-case Prospective (Bcf) | Total Un-risked Mid-case Reserves & Resources (Bcf) |
|--|--|-------------------|-------------------|-------------------|--|--------------------------------|---|
| Linxing PSC | 12,343 | 66 | 193 | 412 | 1,569 | 2,129 | 3,891 |
| Sanjiaobei PSC | 5,684 | 46 | 134 | 287 | 654 | 1,047 | 1,835 |
| Total 2013 | 18,027 | 112 | 327 | 699 | 2,223 | 3,176 | 5,726 |
| Total 2012 | 11,931 | 7 | 22 | 47 | 1,799 | 1,861 | 3,682 |
| Change (+/-)% | +51% | | +1386% (2P) | | +24% | +71% | +56% |

The Company’s attributable net Reserves & Resources and Economic Evaluations are summarised below.

| <u>Sino Gas’ Attributable Net Reserves & Resources</u> | 1P Reserves (Bcf) | 2P Reserves (Bcf) | 3P Reserves (Bcf) | 2C Mid-case Contingent Resources (Bcf) | P50 Mid-case Prospective (Bcf) | Total Un-risked Mid-case Reserves & Resources (Bcf) | NPV 10 Mid-case (US\$m) | EMV (US\$m) |
|--|-------------------|-------------------|-------------------|--|--------------------------------|---|-------------------------|--------------|
| Linxing PSC | 21 | 61 | 130 | 494 | 638 | 1,193 | 1,307 | 1,078 |
| Sanjiaobei PSC | 11 | 33 | 69 | 159 | 247 | 439 | 556 | 478 |
| Total 2013 | 32 | 94 | 199 | 653 | 885 | 1,632 | 1,863 | 1,556 |

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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.

Resources Statement & Disclaimer

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 (March 2013). These statements were not prepared to comply with the China Petroleum Reserves Office (PRO-2005) standards or the U.S. Securities and Exchange Commission regulations and have not been verified by SGE's PSC partners CNPC and CUCBM. All resource figures quoted are mid-case - 100% unless otherwise noted. Sino Gas' Attributable Net Reserves & Resources assumes PSC partner back-in upon ODP approval and fulfilment of MIE's funding obligations under the Strategic Partnership agreement.

Certain statements included in this announcement constitute forward looking information. This information is based upon a number of estimates and assumptions made 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 announcement 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.

Competent Persons Statement

Information on the Resources in this release is based on an independent evaluation conducted by RISC Operations Pty Ltd (RISC), a leading independent petroleum advisory firm. The evaluation was carried out by RISC under the supervision of Mr Peter Stephenson, RISC Partner, in accordance with the SPE-PRMS guidelines. Mr Stephenson has a M.Eng in Petroleum Engineering and 30 years of experience in the oil and gas industry. RISC consent to the inclusion of this information in this release.

About RISC

RISC is an independent advisory firm that evaluates resources and projects in the oil and gas industry. RISC offers the highest level of technical, commercial and strategic advice to clients around the world. RISC services include the preparation of independent reports for listed companies in accordance with regulatory requirements. RISC is independent with respect to Sino Gas in accordance with the Valmin Code, ASX listing rules and ASIC requirements.