

6 August 2014

## SIGNIFICANT FLOW RATE RECORDED FROM MID LOWER ZONE ON LINXING (WEST)

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company"), is pleased to announce that a flow rate of 2.0 million standard cubic feet (MMscf) per day has been achieved from a middle lower zone of TB-23 on the Linxing Production Sharing Contract (PSC).

The four metres pay zone was fraced on TB-23 in the prospective central-western portion of Linxing (West). Flow testing conducted over 5 days achieved a stable flow rate of 2.0 MMscf/day at a relatively stable flowing tubing head pressure of 1,250psi (approximately 2.36 MMscf/day calculated at standard field pressure of 200 psi).

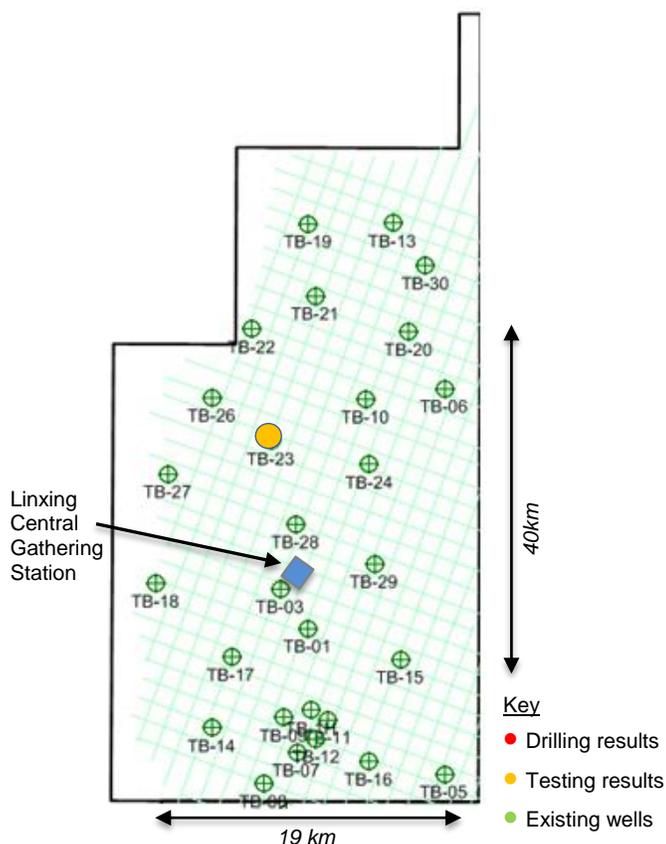
The result represents the highest measured gas flow rate from a single fractured zone and is well in excess of the previously recorded maximum flow rate from the middle lower zone of approximately 230 thousand standard cubic feet per day. Seismic interpretation of the zone tested shows a high level of frequency across the acreage. Engineering planning is underway to connect the well into the pilot pipeline production program.

Commenting on the result Sino Gas Chairman, Gavin Harper said "This is a tremendous result, which comes after careful analysis and review to optimise fracture stimulation treatment in recent months. It is the third in a series of successful tests on Linxing (West), with others including testing of a lower level unstimulated zone at TB-26 and the nine stage frac testing of the first horizontal well at TB-1H."

Exploration disclosure for the testing of TB-23 is detailed below:

Exploration Disclosure	Testing Result
(a) The name and type of well.	TB-23 (Vertical Well)
(b) The location of the well and the details of the permit or lease in which the well is located.	Linxing Production Sharing Contract (PSC). Refer to map on page 2 below.
(c) The +entity's working interest in the well.	31.70%
(d) If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness.	Electric wireline logs identified 15.7m of net pay
(e) The geological rock type of the formation drilled.	Coal bearing formations from the Permian to Carboniferous System.
(f) The depth of the zones tested.	Test target pay zone was at a depth of 1,933.5-1,937.5m (lower zone)
(g) The types of test(s) undertaken and the duration of the test(s).	Fraced and gas flow tested for 5 days.
(h) The hydrocarbon phases recovered in the test(s).	Gas
(i) Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions.	None
(j) The choke size used, the flow rates and, if measured, the volumes of the hydrocarbon phases measured.	Variable choke size. Post-frac test gas rate of 2,000,000 scf/d with well head pressure of ~8.62MPa (1,250 psi).
(k) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied.	One stage
(l) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur.	TB-02 gas sample from same formation shows CH <sub>4</sub> 96.29%, C <sub>2</sub> -C <sub>6</sub> 1.21%, CO <sub>2</sub> 1.94%, N <sub>2</sub> 0.56%.
(m) Any other information that is material to understanding the reported results.	None

**Linxing (West) – TB-23 well location**



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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 3,000km<sup>2</sup>. 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

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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.