

1 December 2014

FIRST GAS SALES FROM PILOT PRODUCTION PROGRAM

- Gas production commences from Linxing and Sanjiaobei pilot wells through the Sanjiaobei central gathering station
- Initial production of ~3.5MMscf/day, ramping up towards full capacity of ~25 MMscf/day in 2015
- Gas sale arrangements in place at initial prices of up to US\$9.50 per thousand cubic feet
- Linxing central gathering station on track for commissioning in mid-2015

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company") is pleased to announce that gas sales arrangements for the pilot testing program have been finalised and gas sales have commenced from the Sanjiaobei and Linxing blocks, in the Ordos Basin, Shanxi Province.

Gas production has commenced through the Sanjiaobei central gathering station from both Linxing and Sanjiaobei pilot wells. Initial constrained production has commenced at approximately ~3.5 million standard cubic feet (MMscf) per day from a pool of 16 pilot wells and is planned to be ramped up in a safe and efficient manner towards full plant capacity of 8 MMscf/day in 2015. Construction on the Linxing central gathering station continues to make good progress and the facility is on-track to be commissioned in mid-2015 with a capacity of ~17 MMscf/day, bringing the total pilot program capacity to ~25 MMscf/day. Data from the pilot production will continue to improve the understanding of long-term reservoir performance for optimising full field development and Overall Development Plan submissions.

Gas sales arrangements for the sale and purchase of gas from the Linxing and Sanjiaobei blocks have been signed with Lin County Jiahao New Energy Company Limited, a Shanxi industrial and commercial customer, for distribution via the Yulin-Jinan regional pipeline. Under the terms of the agreements, gas is to be sold from the Sanjiaobei central gathering station at initial prices of up to ~US\$9.50 per thousand standard cubic feet, along with an annual price adjustment mechanism linked to market pricing and applicable government policies. This is a significant improvement from the ~US\$7.00 per thousand standard cubic feet announced 26 June 2013, as higher national gas prices feed through to the realised wellhead price.

Commenting on the first gas sales Sino Gas CEO, Glenn Corrie said: *"Achieving first gas from our Ordos Basin assets is a significant milestone and today represents a very positive inflection point in Sino's future as we transition into a full-cycle E&P company, supplying low-cost gas to China's rapidly growing domestic market. Our focus can now turn to maximising production from the existing facilities and advancing the build-out of additional capacity. The gas sales arrangements that we now have in place are very attractively priced and further underpin the commerciality of our gas resource. I am very encouraged that the recent National Development and Reform Commission (NDRC) price increases have been applied to our contracts this quickly, highlighting the Government's continued support in promoting the development of new domestic sources of gas supply."*

"I would like to acknowledge the effort and dedication of the SGE leadership and project team in achieving this landmark milestone. We sincerely value the ongoing support of our PSC partners, local governments and communities as well as our customers in making this project a success. This is significant step in unlocking Sino Gas' large, cost competitive resource base and we look forward to continuing to play a role in meeting China's growing energy demands with indigenous gas supply."

"Size, Scale, Market, and Pricing"



Facilities commissioned at the Sanjiaobei central gathering station

Sino Gas & Energy Holdings Limited

Glenn Corrie
CEO
+86 10 8458 3001
1300 746 642 (local call within Australia)
gcorrie@sinogasenergy.com

For media enquiries:

Michael Vaughan
Cannings Purple
+61 8 6314 6351
mvaughan@canningspurple.com.au

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.

Sino Gas & Energy Holdings Limited (ASX: SEH) was admitted to the Official List of ASX in 2009.

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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