

15 July 2014

SIGNIFICANT FLOW RATE RECORDED ON FIRST HORIZONTAL WELL

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company"), is pleased to announce that a gas flow rate of approximately five million standard cubic feet (MMscf) per day has been achieved on the first horizontal well of the Linxing Production Sharing Contract (PSC).

The first horizontal well, drilled in late 2013, has been fraced in a five metre middle level zone in the south-western discovered area of Linxing (West). Following a nine stage fracture stimulation treatment, flow testing was conducted over 80 hours in two stages, achieving a gas flow rate of 4.93 MMscf/day at a relatively stable flowing tubing head pressure of 2,008 psi (over 8 MMscf/day calculated at standard field pressure of 200 psi). Pressure build-up testing was conducted in between the two testing phases for eight days, with initial results indicating an estimated formation pressure of 3,116 psi.

The testing of the first horizontal well result follows optimisation of the fracture stimulation treatment on three vertical wells on Linxing (West), and it is planned to be tied into pilot pipeline production program scheduled for later in the year. This is a single zone test from a middle level zone, however electric wireline log results showed another additional two major prospective pay zones in the upper formations of the well. The second horizontal well on the Linxing (West) acreage was spudded in late June and is now over halfway through drilling.

Commenting on the result, Sino Gas Chairman, Gavin Harper, said that after careful analysis and review to enhance testing procedures, we are pleased with the tremendous result from the first horizontal well. To date, RISC's economic evaluation has been modelled based on a development case employing 100% vertical wells. The testing results, which came in at the high end of our expectations, provides a confirmation that the use of horizontal well technology can potentially have a positive effect on our project economics, as we further optimise our field development plans.

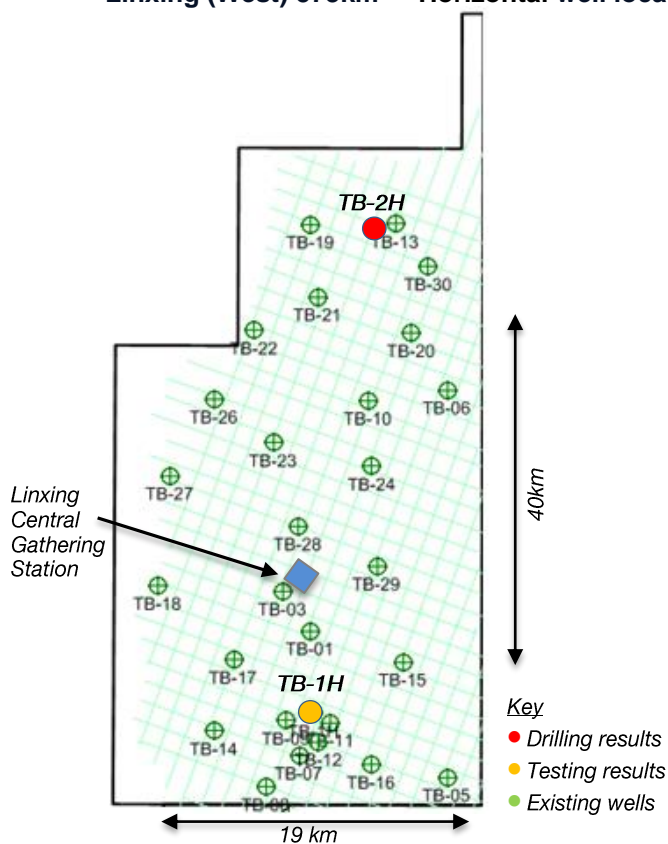
The level of activity in the field continues to be very high, with eight rigs and four testing teams currently deployed, and construction proceeding on pilot program pipeline and facilities. The company will provide a comprehensive update of activities within the quarter in its Q2 2014 activity report.

"Size, Scale, Market, and Pricing"

Exploration disclosure for the testing of TB-1H is detailed below:

Exploration Disclosure	Testing Result
(a) The name and type of well.	TB-1H (Horizontal 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 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 5m of net pay in horizontal pay zone tested.
(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 vertical depth of 2,025-2,032.6m and horizontal length of 1,176m
(g) The types of test(s) undertaken and the duration of the test(s).	Open hole frac and gas flow tested for 80 hours.
(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.	Choke size 32mm. Post-frac test gas rate was of 4.974MMscf/day with well head pressure of 2,008psi.
(k) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied.	Nine stages
(l) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur.	Adjacent well TB-11 gas sample from same pay zone shows CH4 85.44%, C2-C6 14.31%, CO2 0.02%, N2 0.24%.
(m) Any other information that is material to understanding the reported results.	Some frac fluid still being expelled during flow testing.

Linxing (West) 573km² – Horizontal well locations



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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.

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.

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.