

27 October 2014

SIGNIFICANT FLOW RATE RECORDED ON SECOND HORIZONTAL WELL

Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company"), is pleased to announce the successful testing of TB-2H, the second horizontal well drilled on the Linxing Production Sharing Contract (PSC).

The test was conducted to demonstrate the horizontal well deliverability of the reservoir in the northern area of the Linxing (West) block. After successfully drilling a 1,200 metre horizontal section, a seven-stage frac job was conducted in a 7.8 metre vertical pay zone. The test achieved a sustained flow rate of 3.7 million standard cubic feet (MMscf) per day at a relatively stable flowing tubing head pressure of 1,494psi. This rate was surface constrained and based on the expected field operating conditions at 200psi, the well is estimated to be able to deliver a production rate of over 5.1 MMscf/day. The well will be shut-in and suspended as a future producer. A small volume of liquid condensate was recovered during the test. Refer to page 2 for full exploration results disclosure for the testing of TB-2H.

TB-2H was drilled in the northern area of the Linxing contract area over 25km north of TB-1H. The successful result at TB-2H follows optimisation of the fracture stimulation treatment on vertical and deviated wells, which has seen a significant improvement in single well productivity ahead of pilot pipeline production scheduled to commence as early as November 2014.

Commenting on the result, Sino Gas CEO, Glenn Corrie, "This is an excellent result from only our second horizontal well and underscores the field-wide deliverability of this reservoir. The consistently strong rates observed from our two horizontal well tests provides confirmation that horizontal well technology can be applied to optimise the field development plan and have a positive effect on project economics."

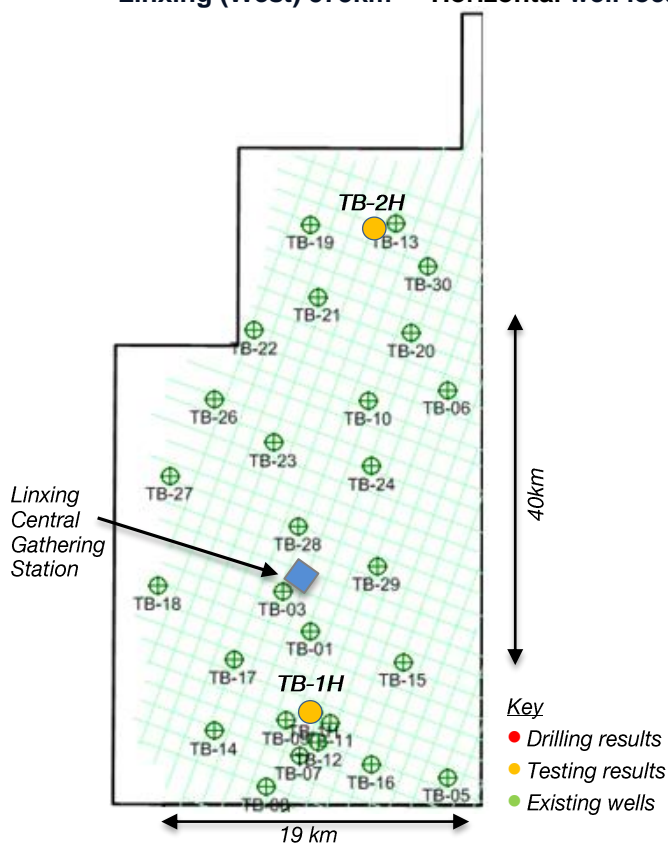
The Company will provide a comprehensive update of activities within the quarter in its Q3 2014 activity report.

"Size, Scale, Market, and Pricing"

Exploration disclosure for the testing of TB-2H is detailed below:

Exploration Disclosure	Testing Result
(a) The name and type of well.	TB-2H (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 7.8m 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 payzone was at a depth of 1,936.3–1,945.8m and horizontal length of 1,200m
(g) The types of test(s) undertaken and the duration of the test(s).	Open hole frac and gas flow tested for 2 days
(h) The hydrocarbon phases recovered in the test(s).	Gas and liquid condensate
(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 8mm. Post-frac test gas rate was 3,677,000 scf/d and liquid condensate 36.2bbl/d with well head pressure of 1,494psi
(k) If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied.	Seven stages
(l) Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur.	TB-13 gas sample from same formation shows CH ₄ 85.67%, C ₂ –C ₆ 13.19%, CO ₂ 0.40%, N ₂ 0.74%
(m) Any other information that is material to understanding the reported results.	None

Linxing (West) 573km² – Horizontal well locations



TB-2H flare pit testing on Linxing (West)

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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.