

ASX ANNOUNCEMENT

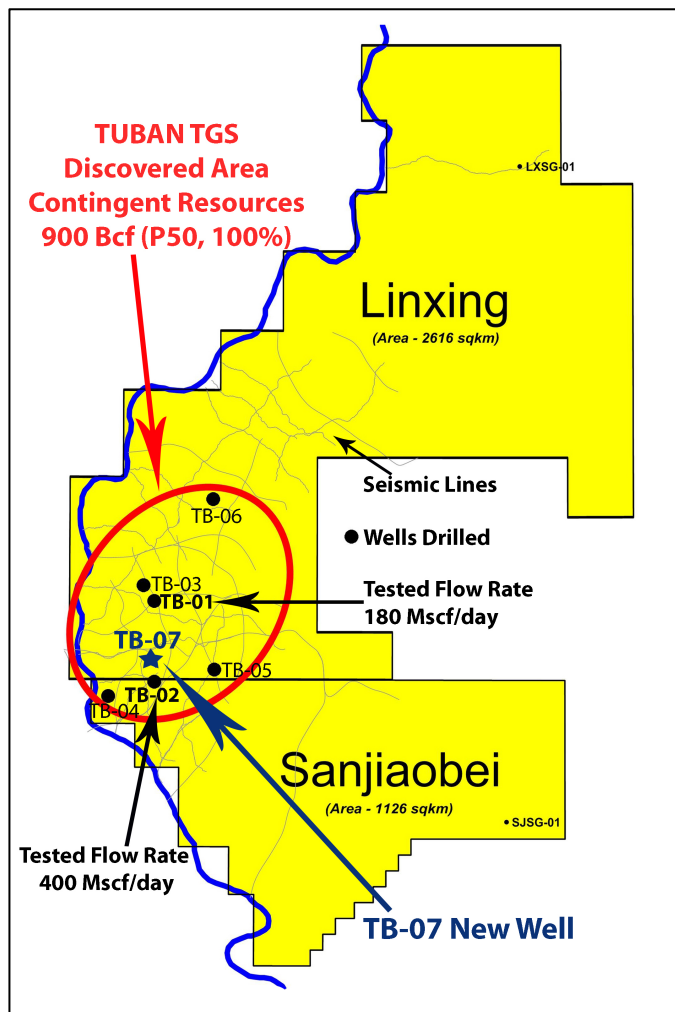
26 October 2009

SINO GAS & ENERGY (SINO GAS) COMMENCES DRILLING THE TB-07 WELL

Sino Gas & Energy Holdings Limited (ASX: SEH) today announced that it had begun drilling operations on its TB-07 well. The well is located in Sino Gas's Linxing Contract Area on which it recently received formal approval by the Chinese Ministry of Commerce for a two-year extension to the exploration period and the increase to a 100% gross working interest.

The TB-07 well continues Sino Gas's active work programme and is planned to reach a depth of 2,200 meters in 23 days.

Prior to listing on the Australian Securities Exchange (ASX) on 15 September 2009, the Company had drilled a total of six wells within its 420 km² Tuban Discovered Area on which 0.9Tcf (P50, 100%) of contingent resources have been independently verified¹. The Tuban Discovered Area straddles the Company's Linxing and Sanjiaobei contract areas that have a total acreage of 3,700 km².



Sino Gas's Linxing & Sanjiaobei Production Sharing Contracts, Shanxi Province, Peoples Republic of China, showing the location of existing wells and the new TB-07 well.

It is Sino Gas's objective to identify a "high graded" area of approximately 50 km² within its Tuban Discovered Area and as part of moving towards development, upgrade its contingent resources to reserves.

The TB-07 well is located in close proximity to other wells that have been drilled and flow tested:

- TB-02 well is 2.7 kilometres south of TB-07 and has previously flow tested gas at a combined rate of 400,000 scf/day from the Taiyuan/Benxi and He8 reservoir intervals
- TB-01 well is 6.0 kilometers north of TB-07 and has flow tested gas at the combined rate of 180,000 scf/day from the Taiyuan, He8 and Shiqianfeng reservoirs

Further updates will be provided when available, and as part of the Company's regular activity reports.

For more information, please contact:

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian company focused on developing Chinese gas assets. The Company has operated in Beijing since 2005 and holds a portfolio of unconventional gas assets in China – tight gas sands and coal bed methane.

Sino Gas's Production Sharing Contracts (PSC's) are located in the Shanxi province in the Ordos Basin. The Ordos Basin is the second largest onshore oil and gas producing basin in China. The area 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's PSC's are located and natural gas is seen as a key component of clean energy supply in China.

Additional information on Sino Gas can be found at www.sino-gas-energy.cn

ⁱ The statements of resources in this announcement have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems standards by internationally recognized oil and gas consultants RISC Pty Ltd. They are based on the Technical Report prepared by RISC Pty Ltd and included in full in the Company's Prospectus dated 29 July 2009.