

## ASX ANNOUNCEMENT

25 May 2011

### TB09 WELL TEST – INITIAL GAS FLOW ~ 850,000 SCF/DAY

#### Highlights

- **Initial gas flow of 850,000 scf/day (pre-stimulation) achieved on TB09 Gas Discovery Well**
- **TB09 is currently being ‘flow tested’ before determining next step**

#### Initial gas flow of 850,000 scf/day (pre-stimulation) achieved on TB09 Gas Discovery Well

Sino Gas & Energy Holdings Limited (“Sino Gas”, the “Company”; ASX: SEH), an Australian company developing unconventional gas assets within the Ordos Basin, Shanxi Province China, is pleased to announce an initial gas flow of approximately 850,000 scf/day on its TB09 Gas Discovery Well.



As of 14:00 hours yesterday, 24 May 2011, Sino Gas’s testing contractor, CCDC Changqing Downhole Service Company (CCDC) had completed the ‘rig up’ and all safety checks and set the tubing conveyed perforating gun at the required depth. The perforation was then successfully carried out on a single zone.

The well flowed gas relatively quickly and after a reasonably constant flow was obtained was then directed to the gas separation equipment to commence the process of measuring the gas flow rate.

The well has now flowed overnight for a period of 20 hours with a relatively stable flow rate of approximately 850,000 scf/day at a relatively high tubing head pressure of around 660 psi, significantly in excess of Sino Gas’s initial commercial flowrate requirements.

Forward operations are to continue to flow the well and to confirm all relevant test measurements.

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Commenting on the TB09 test, Sino Gas Managing Director, Stephen Lyons, said he was very pleased with another successful flow test on the Linxing PSC.

“The TB09 Gas Discovery well was drilled in close proximity to the very successful TB07 well that flowed at 1,800,000 scf/day with a 600psi tubing head pressure from a single zone with an estimated deliverability of 2,900,000 scf/day at a tubing head pressure of 200 psi.

The initial result on TB09, obtained without stimulation of the well from a single zone, has delivered yet another result well above Sino Gas’s commerciality threshold.

Sino Gas will now continue to flow back the well and determine whether to hydraulically fracture stimulate TB09 before proceeding to conduct the test on the next Gas Discovery well,” said Mr Lyons.

Further updates will be provided as the test program proceeds.

**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 unconventional gas assets. The Company has operated in Beijing since 2005 and holds a portfolio of unconventional gas assets in China through Production Sharing Contracts (PSC’s).

The PSC’s are located in Shanxi province in the Ordos Basin and cover an area of over 3,700km<sup>2</sup>. 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.

On Sino Gas’s Tuban prospect, 10 wells have been drilled, the latest being TB-09 in Q4, 2010. Extensive seismic and other subsurface studies have also been conducted. Multiple wells have been flow tested with commercial flow rates achieved on many of the wells, including significant commercial rates on the TB-07 well.

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (SPE PRMS) standards by internationally recognized oil and gas consultants RISC Pty Ltd. All resource figures quoted are mid case - 100%.

Additional information on Sino Gas can be found at [www.sinogasenergy.com](http://www.sinogasenergy.com)