

ASX ANNOUNCEMENT

30 October 2009

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2009

Highlights

- Successful listing on the Australian Securities Exchange (ASX) after completing a Rights Issue and Public Offering that raised gross funds of \$7.9 million;
- Secured formal approval of a two year extension and a move to a 100% gross working interest on the company's Linxing Production Sharing Contract (PSC); and
- Commenced the 2009 / 2010 work program.

Successfully listed on the ASX

Sino Gas & Energy Holdings Limited (Sino Gas) successfully listed on the ASX on 15 September 2009 after raising gross funds of \$7.9 million from existing and new shareholders through an underwritten rights issue and initial public offering (IPO).

As a result of the listing 31.6 million new shares were issued (together with one free attaching 2010 Option and one free attaching 2011 Option for each new share issued). Following the listing Sino Gas now has 149.2 million shares on issue.

Sino Gas was the first oil & gas company to IPO on the ASX since January 2008.

The outlook for the development of the clean energy sector in China is extremely positive. China's economy grew at 8.9% in the 3rd quarter of 2009 underscoring its resilience and the effectiveness of the Chinese Government's \$646 billion stimulus package.

Sino Gas operates in the Ordos Basin, Shanxi Province. The Ordos is the second largest basin in China producing around 30% of China's oil and gas. Within Shanxi construction of the third Ordos to Beijing gas pipeline has commenced and there are numerous major infrastructure projects underway.

Our ASX listing better positions Sino Gas to respond to the growing demand for clean energy in China.

Formal approval in relation to the Linxing PSC

During the quarter, Sino Gas successfully concluded negotiations with China United Coal Bed Methane (CUCBM), the Chinese Government State Owned Partner in Sino Gas's Linxing Production Sharing Contract (PSC).

The agreement resulted in the extension of the exploration period on the Linxing PSC for two years through to 31 August 2011. It also formalized Sino Gas's move to a 100% gross working interest in the PSC.

The agreement was executed on 27 July 2009 and Sino Gas received formal approval from the Chinese Ministry of Finance and Commerce (MOFCOM), on 20 August 2009.

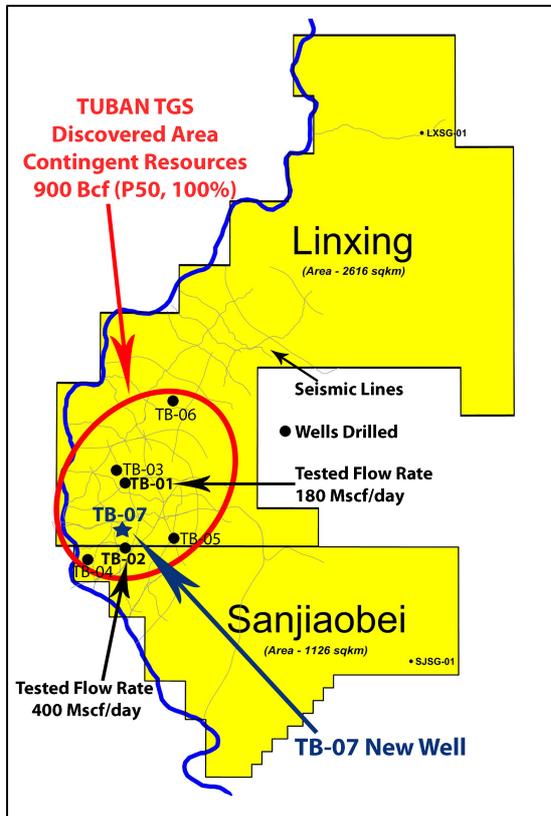
To have concluded negotiations in such a short period of time and receive MOFCOM approval reflects the strength of the relationship between Sino Gas and CUCBM.

The approval also formalises a substantial increase in Sino Gas's independently verified recoverable resources on the Linxing PSC, with total recoverable resources increasing by 691Bcf to 1.38Tcf (Sino Gas's share of Contingent and Prospective resources).

The Company's underlying asset valuation on the Linxing PSC has also doubled as a result of this approval (these matters were contemplated in the Prospectus used for the IPO).

Commencement of the 2009/2010 Work Program

On 26 October 2009, Sino Gas announced that it had begun drilling operations on its TB-07 well. Drilling is currently proceeding as planned.



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.

The well is expected to reach target depth of 2,200 meters towards the end of November 2009 and will appraise the key Taiyuan/Benxi and He8 gas reservoirs.

Once target depth is achieved the well will be 'logged' with electric wire-line logging tools to locate and quantify potential hydrocarbon bearing zones. Depending on the logging results the well will then be cased and suspended for future fracture stimulation to confirm gas flow.



Sino Gas's TB-07 well being drilled on the Linxing Production Sharing Contract

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

The TB-07 well is designed to facilitate these objectives as it 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.

Facilitating shareholder communication

Sino Gas is pleased to announce that it has developed a new corporate web site designed to facilitate communication with our shareholders. It contains an "Investor Registration" option, that distributes releases to shareholders as they are released to the ASX. All shareholders are encouraged to register for this facility at www.sino-gas-energy.cn.

- ENDS -

For more information, please contact:

Stephen Lyons: Managing Director, Sino Gas and Energy,
+86 139 1148 1669, +86 10 6530 9260,
slyons@sino-gas-energy.cn

Sam Snyder: Non Executive Chairman, Sino Gas & Energy, ssnyder@sino-gas-energy.cn

Sino Gas, Investor Relations: Ronn Bechler, Managing Director, Market Eye, +61 400 009 774, +61 3 9595 3857,
ronn.bechler@marketeye.com.au

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

Resource Statements: *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.*