03

2013 Activities Report

DELIVERING ON OUR STRATEGY— FURTHER MILESTONES REACHED

- ▶ Drilling program 29 wells drilled to date
- Well testing program—Testing of 19 zones underway
- First horizontal well for Sino Gas drilled to total depth
- ▶ RISC Q3 2013 Updated Assessment Released
- Supplementary Linxing Gas Sales Agreement signed
- ► First CRR submission on Linxing (East) completed

Moving into the third quarter Sino Gas & Energy Holdings Limited (ASX:SEH, "Sino Gas", "the Company") continued the focus of delivering on the 2013 strategy. Through the end of Q3, over 1,000,000 incident free-man hours were recorded executing the extensive drilling and seismic programs. In addition, excellent progress was made with the submission of the first Chinese Reserve Report ("CRR"), obtaining a three year exploration extension on the Linxing Production Sharing Contract ("PSC") and the signing of a supplementary Gas Sales Agreement ("GSA") to accelerate the monetisation of the Company's gas assets.

Due to the significant amount of work completed this year, RISC was engaged to conduct an updated independent assessment of our Ordos Basin projects which allowed Sino Gas to significantly increase its attributable booked reserves and resource base. The RISC independent assessment, which incorporated drilling results from 20 new wells and 1,235km of seismic lines, increased the Project's mid-case 2P Reserves by 168% to 877 bcf (with Sino Gas' share at 233 bcf); and almost doubled the percentage of acreage classified as prospective resources from approximately 22% to 39%¹. As a result, 70% of the 3000km² acreage has reserves or resources assigned, and with the remaining under-explored 30% providing the potential for further upside.

Excellent progress continues to be made in the drilling program with over 55,000 metres drilled in 29 wells. After visiting Sino Gas' first horizontal well this month, and seeing it operated at a world-class standard, I am pleased to report that drilling of the lateral section has now reached total depth and is expected to be flow and pressure tested in late Q4.

Testing teams continued operations on Sanjiaobei and Linxing (West) during the quarter and have fracced twenty wells of the testing program. Multiple zones in each well are planned to be tested to determine overall well productivity for Chinese Reserve Reporting and development planning in order to maximise reservoir efficiency and recovery. Encouraging results have been received from this quarter's flow tests, with rates of around a hundred thousand standard cubic feet per day being recorded from the less productive lower zones in five wells over a thirty five day period, while one well has recorded results of around one million standard cubic feet per day over a period of thirty days. TB-11 was fracced and then tested for a period of forty days, achieving stable flow rates of approximately 670 thousand standard cubic feet per day. As previously announced, under a production scenario, multiple zones with similar pressures are planned to be comingled to maximise well output.

Following the submission of the CRR on the Linxing PSC in August, the CRR was formally ratified by both PSC partners at the Joint Management Committee ("JMC") meeting held in September and provided to the Chinese Ministry of Land & Resources ("MOLAR") for review and approval. Further, SGE signed a tenth modification agreement with Linxing PSC Partner China United Coalbed Methane ("CUCBM"), which extends the exploration period of the Linxing Production Sharing Contract to August 2016 with no relinquishment of acreage.

Subsequent to the quarter end, Linxing PSC partner CUCBM, signed a supplementary gas agreement to supply Compressed Natural Gas ("CNG") to a division of the Shanxi International Energy Group (SIEG), who is also the purchaser for the GSA signed in June 2013. The agreement allows for early production to be transported by road to a major distribution facility in Q4 2013, and accelerates the long-term testing of selected wells that will provide important reservoir information without excessive flaring.

Steady progress continues to be made on the pipeline pilot programs on both PSCs, with the long-lead items for the central gathering stations sourced and surveying completed for the pipeline routes. Land lease negotiations have also been completed for the central gathering stations, with ground clearing work and civil works commenced at one site.

With demonstrated results in the work programs and the ongoing progress being made towards commercial production, we continue to see increases in the Company's reserves and resources, further de-risking of our Ordos Basin projects, and a recognition of our accomplishments reflected by the increased share price and market capitalisation during the quarter.

Robert Bearden, Managing Director & CEO



Independent Reserves and Resources Assessment

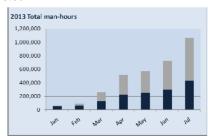
RISC completed its Q3 2013 independent Reserves and Resources assessment in October (as released to the ASX on 17 October 2013), using the SPE (Society of Petroleum Engineers) PRMS (Petroleum Resource Management System) Guidelines¹. Results from twenty new wells drilled up to 30 September 2013 and the interpretation of 1,235km of seismic lines were reviewed for the updated assessment.

RISC identified a 168% increase in Project 2P Reserves to 877 bcf, with Sino Gas' share at 233 bcf. Furthermore, Project Contingent Resources increased 10% to 2.5 tcf (Sino Gas' share increasing to 713 bcf), while project Prospective Resources increased 64% to 5.2 tcf (Sino Gas' share increasing to 1.3 tcf). As a result, Sino Gas' share of Project EMV increased by a further 51% to US\$2.4 billion².

Occupational Health & Safety

Over 1,000,000 OH&S incident free man-hours have been recorded from the seismic, drilling and testing programs to the end of Q3 2013. This compares to 578,000 hours recorded in the second half of 2012, in which 12 wells were drilled and data acquisition on the 270km seismic program was completed.





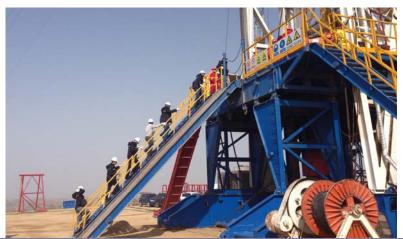
Strengthening of Financial & Technical teams

Linxing Sanjiaobei

During the quarter a number of core financial and technical positions were filled in Beijing. The team's technical expertise has been boosted with the addition of Mike Cao (Technical Manager) and Fei Xiong (Senior Reservoir Engineer). Jim Hodgson (Chief Financial Officer) and Peter Chen (Senior Financial Manager) joined the financial team.

Investor Relations and Marketing

During October, the Company hosted two site visits for Australian based fund managers and analysts. The Australian Ambassador to China, Her Excellency Ms Frances Adamson, and embassy staff also joined the group which met with Shanxi provincial and local city officials and management from Shanxi International Energy Group (the purchaser of the Linxing Pilot Program Gas). The tours visited Sino Gas' first horizontal drilling rig, a well undergoing testing and the Baiwen metering station of the main SIEG Linlin north-south provincial pipeline.



HIGHLIGHTS

- ► Results of RISC Q3 2013 Reserves and Resources assessment announced in October.
- ➤ 2013 drilling program progressing to plan 29 wells drilled in 2013 to date.
- ▶ 2013 seismic work program completed - 70% of Sino Gas' acreage considered by RISC to be as discovered or prospective.
- ▶ Linxing Sino Gas' first horizontal well started drilling and has reached total depth. Final vertical well of Linxing (West) continues to drill to total depth. Testing operations commenced on TB-11.
- ➤ First CRR submitted on Linxing PSC and three year exploration extension granted until August 2016 with no relinquishment of acreage.
- Sanjiaobei Seventeen wells completed, with final two wells of the program reaching total depth. Testing operations underway on 17 payzones.
- Supplementary Gas Sales agreement signed on Linxing PSC to accelerate gas sales and longterm well testing.



Photos: Site tour of Sino Gas' first horizontal well



FINANCIAL

Financial Position

Sino Gas' cash position at the end of the quarter was approximately A\$14.9 million.

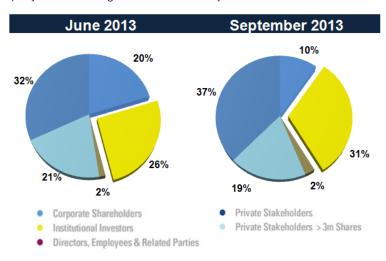
During the quarter 6.75 million options were exercised, providing the Company with A\$535,275 in additional funding.

As at 30 September 2013, SGE had cash called MIE for US\$35.6 million of the US\$90 million for qualifying PSC expenditure. On a commitments basis, US\$71.6 million has been incurred since the signing of the strategic partnership in July 2012 (unaudited).

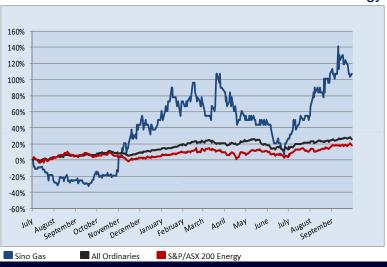
Change in Substantial Holder & Transitioning Share Register

In September, Imdex Limited (ASX:IMD) advised it had sold approximately half of its holding of 130 million shares in Sino Gas via a bookbuild to institutional and sophisticated investors. In its ASX announcement Imdex recognised as a founding shareholder that Sino Gas is developing a world scale gas project in China. Imdex stated that it strongly supports the strategy of the Sino Gas Board and has no current intention to sell the remainder of its shareholding (representing an approximate 9.7% interest in Sino Gas).

As a result of the Imdex sell-down and continuing accumulation, institutional investors accounted for 31% of registry, up from 26% in the previous quarter. This compares to 15.3% from Q3 last year, reflecting a major transitioning of the share register as the company continues to grow and achieve major milestones.



Share Price Performance (ASX:SEH) Relative to All Ordinaries Index and S&P/ASX 200 Energy Indices



2013 OUTLOOK

- Long term flow testing for Chinese Reserve Reports.
- Complete pilot production design and commence construction of central gathering facilities.
- Data gathering and compilation continuing on further Chinese Reserve Report submissions targeted for first half 2014.

SHARE PRICE ACTIVITY FOR THE THIRD QUARTER 2013

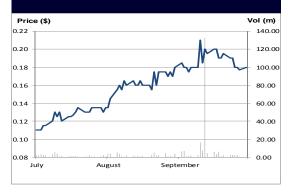
High	\$	0.21
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Low \$0.105

Last \$0.18

Average Daily 4,481,032 **Volume** (2012 Average 1,886,000)

ROLLING 3 MONTH SHARE PRICE PERFORMANCE (ASX:SEH)





PSC WORK PROGRAM UPDATE

Sanjiaobei - Sino Gas 24%

Seismic

Processing and interpretation of the 585km of seismic lines acquired on Sanjiaobei was reviewed by RISC for inclusion in the updated Q3 reserves and resources assessment. This contributed to the prospective area being tripled to 670km², bringing the total area considered to be discovered (including reserves and contingent resources) or prospective under the Society of Petroleum Engineers Petroleum Resource Management Systems (SPE PRMS) to 85% of the 1,123km² block.

Drilling

A total of eight wells completed drilling during Q3 (total 17 in 2013), with an additional two wells spud in September at SJB9 and SJB27 continuing to drill to total depth at quarter end. Initial electronic wireline logs run on SJB20 towards the centre of the block discovered 16.6 metres of pay. Furthermore, wireline logs are being reviewed for the most recently completed well at SBJ22 on the north-east corner of the fine seismic grid to determine the total net pay discovered during drilling.

Testing

By the end of the quarter, testing had been completed on the first three payzones, another twelve had been fracced and undergoing testing and an additional two had been perforated. Encouraging flow rate results have continued to be achieved from three lower zones over a 35 day period, whilst another well on the eastern boundary of the fine seismic grid has flowed in excess of commercial flow rates for a period of 30 days. Following fraccing of the remaining wells, frac fluid extraction and shut-in procedures are being performed with the aim of achieving stable flow rates for Chinese Reserve Reporting and reservoirs information purposes. Multiple zones in each well are planned to be tested to determine overall well productivity.

Linxing (West) - Sino Gas 31.7%

Seismic

Following processing and interpretation of the 650km of seismic lines acquired on Linxing for the Q3 Reserves and Resources assessment, two thirds of the Linxing (West) acreage is now considered to be discovered, with the remaining third being prospective. More prospective resources are expected to be matured into contingent resources in the Q1 2014 reserve and resource assessment as based on successful results of step-out drilling and testing.

Drilling

During the quarter three wells completed drilling, with another four wells continuing to drill toward total depth at quarter end. Drilling at the centrally located TB-14 identified a total of 18.5 metres of pay across 3 payzones. Drilling continued on Sino Gas' first horizontal well spud in August, which had commenced drilling of the lateral section by the end of the quarter, and has now reached total depth. Subsequent to the quarter end, three additional wells have reached total depth, with the final vertical well of the Linxing West drilling program drilling to total depth.

Testing

During Q3 testing operations commenced on Linxing (West) to test drilled wells from the 2012 and 2013 work programs to commenced. TB-11 was fracced and tested for a period of 40 days, achieving stable flow rates of approximately 670 thousand standard cubic feet per day. The remaining wells of the 2013 drilling program are expected be tested in Q4 2013 and assessed for inclusion in the pilot programs.



Photo: Site visit of current well testing program



PSC WORK PROGRAM UPDATE

Linxing (East) - Sino Gas 31.7%

Seismic

The potential for further seismic work on Linxing (East) will be determined following the analysis of a combination of drilling results from the exploration wells and previous seismic analysis. RISC has assigned a discovered area of 265km² for the shallow resources to the east of the block, and a prospective area of 295km² for the deeper resources to the west of the block. More prospective resources are expected to be matured into contingent resources in the Q1 2014 reserve and resource assessment as based on the successful results of step-out drilling and testing.

Drilling

Following the completion of the first well of a two well exploration program to the west of Linxing (East), a rig is now being mobilised to LXDG-02. Drilling is expected to commence in Q4 2013, once land-lease negotiations for the drilling site have been completed.

Testing

The dewatering program continued during the quarter on six wells and gas to surface has been achieved on five of the wells to date. Sufficient data was gathered from these six wells to enable CRR submission at the end of August 2013, and additional wells are expected to commence dewatering prior to a investment decision being made on the installation of production facilities. Meanwhile, testing operations have commenced on the first of the exploration wells to the west of the acreage at LXDG-01, with the aim of achieving stable flow rates for determining well productivity and resource evaluation.

Pilot Program Update

Following the signing of the Company's first Gas Sales Agreement on the Linxing PSC in June 2013, pipeline surveying has been completed on the spur pipeline connecting the central gathering station to the provincial Linlin pipeline and for the seven wells initially expected to be tied-in. Following the completion of land-lease negotiations, construction work orders for the central gathering station are expected to be approved by the JMC in early Q4 2013. Construction of the 60 kilometre pipeline spur by the gas purchaser to the Linlin provincial pipeline is expected to be completed by early Q2 2014, taking into account potential delays caused by winter conditions. The pipeline will be 16 inches in diameter and have a designed annual capacity of approximately 1 billion cubic metres per annum (approximately 35 billion standard cubic feet).

On 29 October 2013, the Company announced that its Linxing Production Sharing Contract ("PSC") partner China United Coalbed Methane ("CUCBM"), has signed a supplementary gas agreement with SIEG in Shanxi Province, China. The supplementary agreement will allow earlier pilot production than anticipated in Q4 2013, through a Compressed Natural Gas ("CNG") facility located adjacent to major transportation infrastructure. CNG production will be transported by road to a major distribution facility until pipeline sales commence under the agreement announced 26 June 2013.

Works are also progressing on a central gathering station on the Sanjiaobei PSC which is expected to be connected to the regional east-west running pipeline. Land clearing has been completed and civil works are underway. Construction has commenced on the 14km pipeline to connect the central gathering station to the regional pipeline and internal pipeline construction connecting the individual wells is expected to commence mid-Q4 2013.



Photo: Land clearing for central gathering station

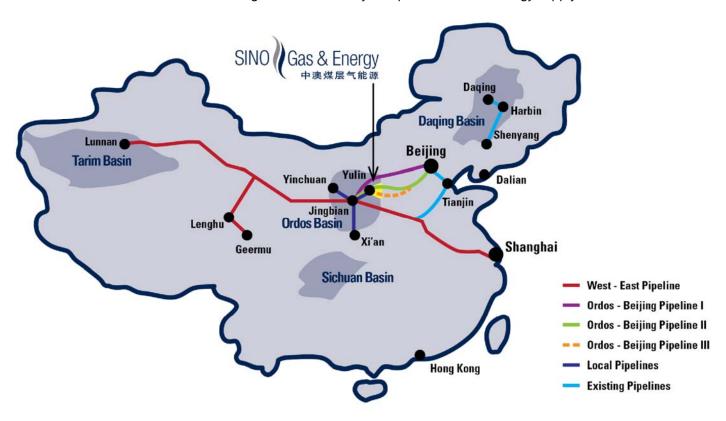


ABOUT SINO GAS & ENERGY HOLDINGS LIMITED

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.



CONTACTS

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Our latest announcements and presentations can be found on our website: www.sinogasenergy.com





SINO GAS' RESERVES & RESOURCES

Sino Gas' Attributable Net Reserves & Resources are summarised below:

Sino Gas' Attributable Net Reserves & Resources	1P RESERVES (Bcf)	2P RESERVES (Bcf)	3P RESERVES (Bcf)	2C CONTINGENT RESOURCES (Bcf)	P50 PROSPECTIVE RESOURCES (Bcf)	EMV ₁₀ (\$US\$m)
October 2013	110	233	374	713	1,341	2,352
March 2013	32	94	199	653	885	1,556
CHANGE (+/-)%	+149% (2P Reserves)			+9%	+51%	+51%
Total Project October 2013	408	877	1,424	2,451	5,211	N/A

Note: Contingent and Prospective Resources have not been risked for the risk of development and discovery.

Sino Gas' share of the project's success case Net Present Value ("NPV") and risk weighted EMV are summarised below:

SINO GAS' ATTRIBUTABLE ECONOMIC VALUE	NPV ₁₀ (\$US\$m)	EMV ₁₀ (\$US\$m)
Reserves	566	592
Contingent Resources	777	686
Prospective Resources	1,722	1,073
TOTAL		2,352

RESOURCES STATEMENT & DISCLAIMER

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (PRMS) standards by internationally recognized oil and gas consultants RISC (October 2013). These statements were not prepared to comply with the China Petroleum Reserves Office (PRO-2005) standards or the U.S. Securities and Exchange Commission regulations and have not been verified by SGE's PSC partners CNPC and CUCBM. EMV is the probability weighted net present value (NPV), including the range of project NPVs and the risk of the project not progressing. Project NPV10 is based on a mid-case gas price of \$US8.79/Mscf and lifting costs (opex+capex) of ~ US\$1.3/Mscf for mid-case Reserves, Contingent & Prospective Resources. All resource figures quoted are unrisked mid-case unless otherwise noted. Sino Gas' attributable net Reserves & Resources assumes PSC partner back-in upon ODP approval, CBM Energy's option to acquire an interest of 5.25% in the Linxing PSC (by paying 7.5% of back costs) is exercised, and MIE fulfil funding obligations under the strategic partnership agreement.

Certain statements included in this announcement constitute forward looking information. This information is based upon a number of estimates and assumptions made 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 announcement 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.

COMPETENT PERSONS STATEMENT

Information on the Resources in this release is based on an independent evaluation conducted by RISC Operations Pty Ltd (RISC), a leading independent petroleum advisory firm. The evaluation was carried out by RISC under the supervision of Mr Peter Stephenson, RISC Partner, in accordance with the SPE-PRMS guidelines. Mr Stephenson has a M.Eng in Petroleum Engineering and 30 years of experience in the oil and gas industry. RISC consents to the inclusion of this information in this release.

ABOUT RISC

RISC is an independent advisory firm that evaluates resources and projects in the oil and gas industry. RISC offers the highest level of technical, commercial and strategic advice to clients around the world. RISC services include the preparation of independent reports for listed companies in accordance with regulatory requirements. RISC is independent with respect to Sino Gas in accordance with the Valmin Code, ASX listing rules and ASIC requirements.