

ASX ANNOUNCEMENT

30 September 2011

SINO GAS – ISSUE OF PERFORMANCE RIGHTS

Sino Gas & Energy Holdings Limited (Sino Gas; ASX:SEH) continues to build the organization as it moves towards developing its significant China based gas assets.

As a further milestone in that program, the Company is pleased to announce that it has issued 10,750,000 Performance Rights as an additional incentive to key Chinese employees.

The above Performance Rights were issued in accordance with the Company's Performance Rights Plan (PRP) approved by shareholders on 23 November 2009. The Performance Rights, each exercisable for one ordinary share, can be exercised progressively upon the fulfillment of three future performance hurdles relating to the Company's Pilot Development program, Chinese Reserves Report and Overall Development Plan.

The terms of the Performance Rights, and the particulars of the performance criteria to be satisfied to enable exercise, are consistent with the terms of the 2010 Performance Rights detailed in the Company's Notice of General Meeting dated 8 November 2010 and released to ASX on 12 November 2010.

SECURITIES RELEASED FROM ESCROW AND APPENDIX 3B

Further to the Company's announcement of 31 August 2011, please find attached an Appendix 3B in respect of the securities which were released from escrow on 15 September 2011 and which also takes account of the expiry of the following Options on 15 September 2011:

Security description	Number
Unlisted options exercisable at \$0.25 and expired on 15 September 2011	17,500,000
Unlisted options exercisable at \$0.50 and expired on 15 September 2011	4,400,000

-ENDS-

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 3,000km². 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 its TB07 and TB09 wells. The gas flow rates in this release are estimated at 200 psi Flowing Tubing Head Pressure (THP) unless otherwise noted.

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

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Sino Gas & Energy Holdings Limited

ACN

124 242 422

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares
Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 256,438,446 Ordinary fully paid shares
1,310,000 Unlisted Options |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Securities released from escrow |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state: | a) Yes, the Ordinary fully paid shares rank pari passu with existing Ordinary fully paid shares.

b) No, Unlisted Options at \$0.50 with an expiry date of 13 March 2013 – Ordinary fully paid shares issued upon exercise will |

+ See chapter 19 for defined terms.

	- the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	rank equally with existing Ordinary fully paid shares.								
5	Issue price or consideration	N/A								
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Securities released from escrow.								
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	15 September 2011								
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>970,417,120</td><td>Ordinary fully paid shares</td></tr><tr><td>31,644,345</td><td>SEHOA: Options exercisable at \$0.50 with an expiry date of 31 December 2011</td></tr><tr><td>334,283,757</td><td>SEHOC: Options exercisable at \$0.125 with an expiry date of 31 December 2012</td></tr></table>	Number	⁺ Class	970,417,120	Ordinary fully paid shares	31,644,345	SEHOA: Options exercisable at \$0.50 with an expiry date of 31 December 2011	334,283,757	SEHOC: Options exercisable at \$0.125 with an expiry date of 31 December 2012
Number	⁺ Class									
970,417,120	Ordinary fully paid shares									
31,644,345	SEHOA: Options exercisable at \$0.50 with an expiry date of 31 December 2011									
334,283,757	SEHOC: Options exercisable at \$0.125 with an expiry date of 31 December 2012									
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>1,310,000</td><td>Options exercisable at \$0.50 with an expiry date of 13 March 2013</td></tr></table>	Number	⁺ Class	1,310,000	Options exercisable at \$0.50 with an expiry date of 13 March 2013				
Number	⁺ Class									
1,310,000	Options exercisable at \$0.50 with an expiry date of 13 March 2013									

8,750,000	Options exercisable at \$0.0793 with an expiry date of 25 November 2013
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10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	n/a
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	n/a
12	Is the issue renounceable or non-renounceable?	n/a
13	Ratio in which the ⁺ securities will be offered	n/a
14	⁺ Class of ⁺ securities to which the offer relates	n/a
15	⁺ Record date to determine entitlements	n/a
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	n/a
17	Policy for deciding entitlements in relation to fractions	n/a
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	n/a
19	Closing date for receipt of acceptances or renunciations	n/a
20	Names of any underwriters	n/a
21	Amount of any underwriting fee or commission	n/a

+ See chapter 19 for defined terms.

22	Names of any brokers to the issue	n/a
23	Fee or commission payable to the broker to the issue	n/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	n/a
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	n/a
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	n/a
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	n/a
28	Date rights trading will begin (if applicable)	n/a
29	Date rights trading will end (if applicable)	n/a
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	n/a
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	n/a
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	n/a
33	⁺ Despatch date	n/a

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☐ Securities described in Part 1

(b) ☒ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

35,968,350 (noting that 256,438,446 were released from escrow on 15 September 2011 of which only 35,968,350 were classified by ASX as unquoted)

39 Class of +securities for which quotation is sought

Ordinary fully paid shares

+ See chapter 19 for defined terms.

40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes								
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	Securities released from escrow.								
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>970,417,120</td><td>Fully paid ordinary shares</td></tr><tr><td>31,644,345</td><td>SEHOA: Options exercisable at \$0.50 with an expiry date of 31 December 2011</td></tr><tr><td>334,283,757</td><td>SEHOC: Options exercisable at \$0.125 with an expiry date of 31 December 2012</td></tr></table>	Number	+Class	970,417,120	Fully paid ordinary shares	31,644,345	SEHOA: Options exercisable at \$0.50 with an expiry date of 31 December 2011	334,283,757	SEHOC: Options exercisable at \$0.125 with an expiry date of 31 December 2012
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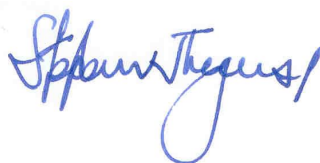
Quotation agreement

- ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 30 September 2011

(Director)

Print name: Stephen J Lyons

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+ See chapter 19 for defined terms.