



# INVESTOR UPDATE

July 2020

ASX:GAS



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Material (other than Current Activities updates) previously announced in Company Presentations and Releases.

Authorised for release by Richard Cottee Executive Director

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The material in this presentation has been previously released to the ASX in QUPEX Presentation 8.10.2019; Announcement dated 4.10.2019 and Announcement dated 18.10.2019

# Market Driven Development

1. Domestic gas market to remain tight to 2023 as:
  - International LNG demand increases whilst new LNG projects deferred
  - Traditional gas sources decline
  - Use of gas as the “reliable” power generation is needed more often

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2. LNG demand in Asia is growing whilst oil demand is declining:
  - Asian LNG customers less affected by pandemic
  - LNG – Oil linkage will break if new LNG is required in era of low oil price

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3. The domestic market will become more volatile if significant gas-fired generation is required when “the wind don’t blow and the sun don’t shine”

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4. New supply urgently needed to cap prices at LNG netback

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5. State Gas is ideally positioned to take full advantage of this opportunity with a combination of conventional gas and CSG

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6. TARGET 22 purpose is to commission facilities in late 2022 for first gas in early 2023 just when the market needs it



# East Coast Market Dynamics

Traditionally, domestic market supplied primarily from Bass Strait ('60s) and Cooper Basin ('70s)

Cooper Basin new supply barely arresting depletion

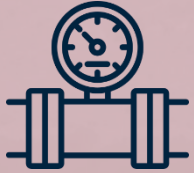
Bass Strait arresting decline through enhanced production techniques - not new supply

Gas fired generation has been consistently targeted by Australia's Energy Minister as back-up for intermittent renewable energy

## Major Issues:

1. When Bass Strait hits the wall
2. The role of gas in future electricity generation
3. Victorian summer & winter demand

# What Makes State Gas Different?



## 100% Owner of PL 231

- Production Licence with no Joint Venture partners
- 2035 expiry, renewal entitlement
- Large Area (174 km<sup>2</sup>)
- No domestic gas supply restrictions
- 100% uncommitted gas



## New Province - Large CSG Opportunity

- Gas discovered in 1954, stranded by price and historic lack of infrastructure
- Conventional gas, tight gas and CSG accumulations
- High gas-content coals: average 13.75m<sup>3</sup>/t in Nyanda-4



## Simple Development

- No Native Title negotiations
- No overlapping tenure negotiations
- Only two landholders in area of interest



## Good Timing

- PL enables rapid approvals (eg only 10 days for drilling)
- Favourable markets, infrastructure and gas prices
- Near-term development – Target 2023 Gas-to-Market

# Management

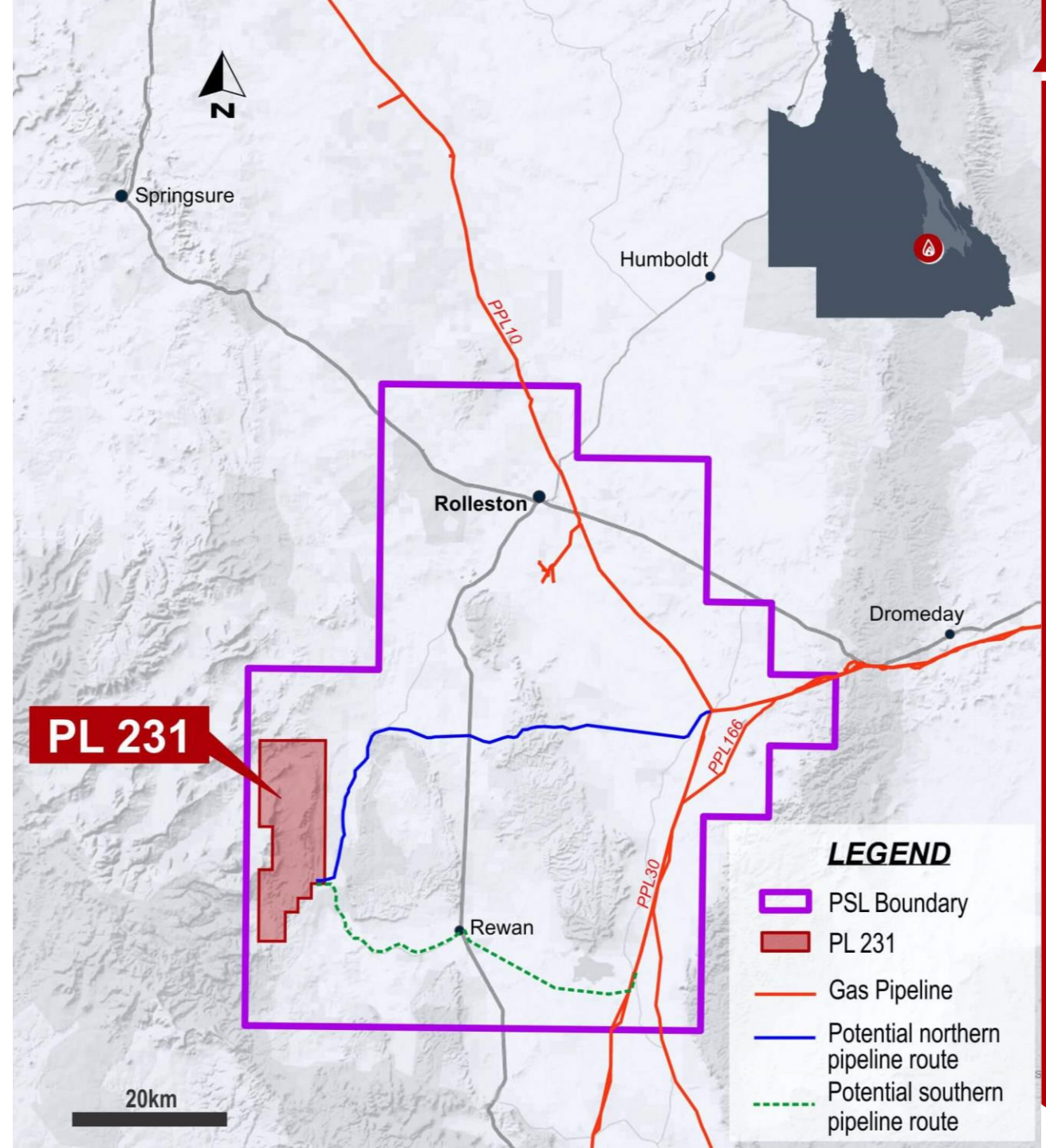
Highly experienced management team with track record of value creation

- **Richard Cottee**; Executive Chairman
  - QGC, Central Petroleum, CS Energy, Santos
- **Mike Herrington**; Chief Operating Officer
  - QGC, Senex, Santos, Enron
- **Lucy Snelling**; Head Corporate & Commercial
  - AGL, Cross River Rail, Carter-Newell, QLD Dept of Transport
- **James Crowley**; Executive GM Exploration & Production
  - AGL, Senex, Origin, Apache
- **Canh Nguyen**; GM Well Engineering
  - QGC, Senex, APLNG, Santos, Schlumberger



# Route to Market

- Pipeline Survey Licence 2028 in place
- Desk-top route studies completed February 2020
- 2 options short-listed
  - ~50 km to Queensland Gas Pipeline network (PPL 30/116)
  - Utilizes road reserve where possible
  - Possible synergies with Santos/ Origin's ATP 1191 and PL 451
  - Possible synergies with successful bidder of PLR2020-1-5
- State Gas does not intend to be a pipeline owner



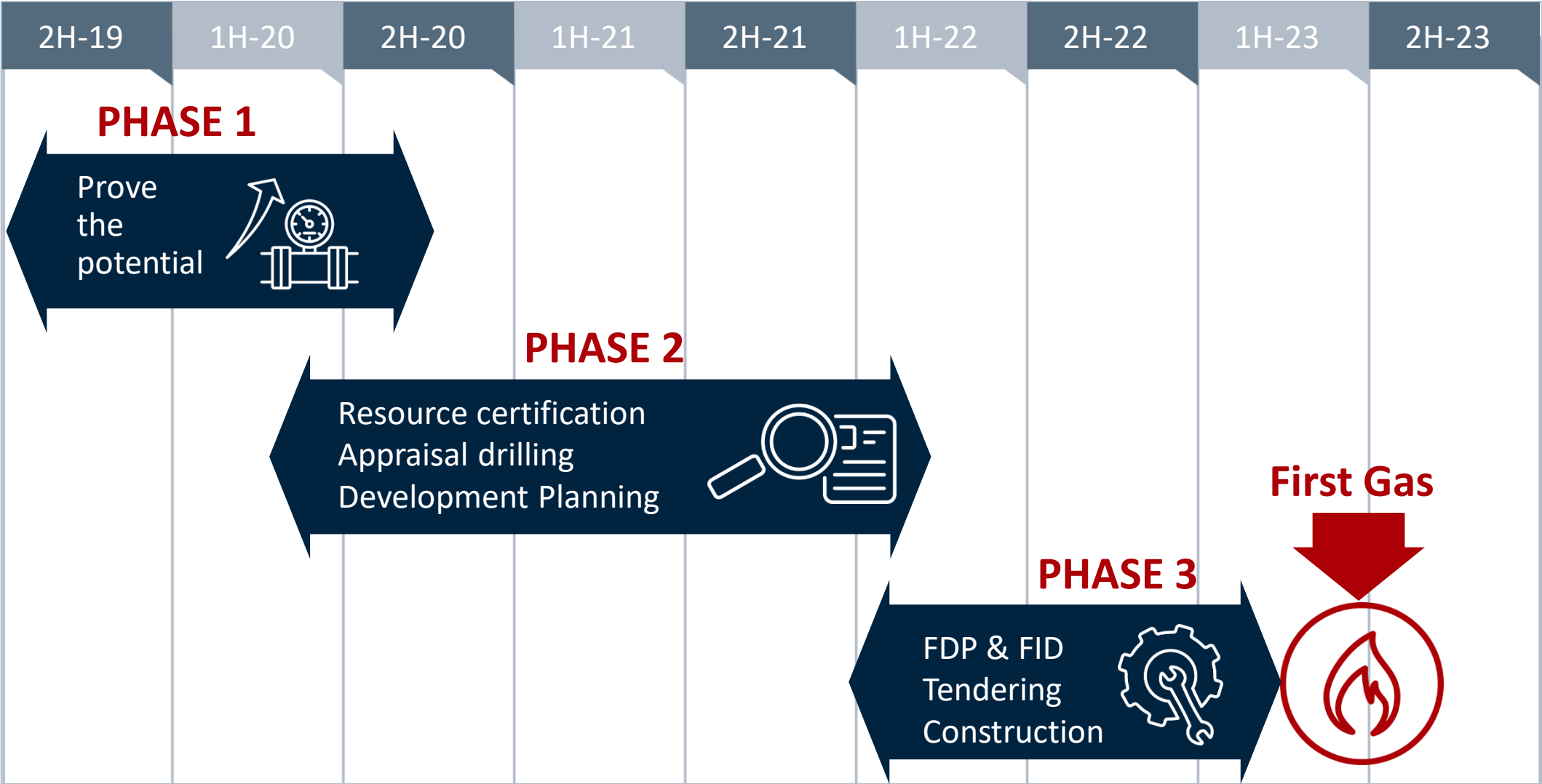
# Current Activities

- Learnings from initial pump failures, wet-weather events and pandemic restrictions are being incorporated into current activities
- Serocold-1
  - Initial pump failed Jan 2020.
  - Revised pump configuration now installed
  - Production test recommenced 12 July
  - Early signs of gas on day 2
- Nyanda-4
  - Max rate 229 mscfd prior to pump failure
  - Revised pump configuration now installed
  - Production test to recommence 15th July
- Aldinga East-1A Corehole
  - Confirms coal seams in northern area
  - Intra-Cattle Creek gas discovery with ~100m gas column
  - Gas pool confirmed by recent test





# Indicative Timetable



# Conclusions

- 100% Owner of PL 231
- Large, unrestricted Production Licence
- Extensive gas across permit area
- Close to pipeline infrastructure
- Simple development expected
- Highly experienced management
- Excellent market dynamics / new gas needed to cap LNG prices and as a transitional fuel





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