

11 September 2020

Production Update - Reid's Dome

State Gas Limited (ASX: GAS) ("the Company") is pleased to advise that gas flow rates at its Nyanda-4 and Serocold-1 wells continue to build, with the Nyanda-4 well this morning flowing gas at 128 mscf (or 128,000 standard cubic feet) per day.

As previously advised, the Company has been investigating the potential for a significant coal seam gas (CSG) resource at its 100% owned Reid's Dome Gas Project (PL231), undertaking Phase 1 of an exploration and appraisal programme to confirm the widespread presence of CSG across PL231. The successful Phase 1 confirmed significant coal seam gas across more than 12 kilometres within PL 231 through drilling and testing of three wells, Nyanda-4, Serocold-1 and Aldinga East-1A. It is currently production testing the Nyanda-4 well in the south of the permit and Serocold-1 in the centre¹.

Gas production at the Serocold-1 well is also increasing. Previously advised damage to the well bore limited the depth at which the pump could be placed, resulting in approximately 46% of the targeted coal seams below the pump and unlikely contributors to this test¹. The gradual increase in flow rates is encouraging and bodes well for the future. Water production at both wells remains low, providing further positive signs for future production from the Reid's Dome CSG field.



Gas production testing at Serocold-1, September 2020

¹ Previously announced on 18 August 2020 and in prior announcements

This announcement was approved for release by Mr Richard Cottee, Executive Chairman.

FOR FURTHER INFORMATION

Richard Cottee
Executive Chairman
Phone: 0458 517 850
Email: richard@stategas.com

Lucy Snelling
Head, Corporate & Commercial
Phone: 0439 608 241
Email: lucy@stategas.com

www.stategas.com

ABOUT STATE GAS

STATE GAS LIMITED (ASX: GAS) is a Queensland-based developer of the Reid's Dome gas field, originally discovered during drilling in 1955, located in the Bowen Basin in Central Queensland. State Gas is 100%-owner of the Reid's Dome Gas Project (PL-231) a CSG and conventional gas play, which is well-located 30 kilometres southwest of Rolleston, approximately 50 kilometres from the Queensland Gas Pipeline and interconnected east coast gas network.

Permian coal measures within the Reid's Dome Beds are extensive across the entire permit but the area had not been explored for coal seam gas prior to State Gas' ownership. In late 2018 State Gas drilled the first coal seam gas well in the region (Nyanda-4) into the Reid's Dome Beds and established the potential for a significant coal seam gas project in PL 231. The extension of the coal measures into the northern and central areas of the permit was confirmed in late 2019 by the Company's drilling of Aldinga East-1A (12 km north) and Serocold-1 (6 km to the north of Nyanda-4).²

State Gas is implementing its strategic plan to bring gas to market from PL 231 to meet near term forecast shortfalls in the east coast domestic gas market. The strategy involves progressing a phased appraisal program in parallel with permitting for an export pipeline and development facilities to facilitate the fastest possible delivery of gas to market³. State Gas' current focus has been to confirm the producibility of the gas through production testing of the wells.

² The information in this paragraph was previously announced on 31 October 2018, 5 December 2018 and 31 January 2020.

³ Strategy announced on 21 August 2019