



State Gas Limited  
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**ASX RELEASE**  
**(ASX: GAS)**

18 November 2020

## **2020 Annual General Meeting Executive Chairman's Address**

It is somewhat disappointing that this year's AGM is being held virtually as I do enjoy the physical interaction with fellow shareholders and the feedback the Company receives from its owners. This is felt even more so given the remarkable progress State Gas has made in the last 12 months. The first phase of our development programme was commenced this year and the results have been very encouraging. The flow rates from production testing at Nyanda 4, reaching nearly 500,000 scf/day in 8 weeks, has led your Board to the view that the Nyanda area is destined to be the first production hub on the Company's acreage. The results from both the Serocold production well and the borehole at Aldinga East 1A indicates a spine in the Reid's Dome area which extends to the north of Nyanda.

In September we announced that State Gas was successful in its application for new acreage west of Rolleston contiguous to our existing PL231, increasing our footprint eightfold from 180 square kilometres to nearly 1600 square kilometres (1593 km<sup>2</sup>). We are excited by the variety of prospects available at Rolleston-West, particularly the Bandanna Coals which have proved to be CSG prone, with Mahalo to the north and Arcadia Valley to the south. The proximity of AtP 2062 to PL231 means that, provided our next phase meets our expectations, both areas will be economically developed as one seamless area sharing common infrastructure. By doing so, later developments will be funded out of cashflows derived from prior developments.

We have all necessary approvals now to proceed with the next phase of our programme and access roads and pads are being constructed as I speak. Silver City has been contracted to do the drilling on PL231. With La Nina forecasted the timing of the spudding of the first well is difficult to predict but all hands are on deck to cause it to occur earlier rather than later and mitigation strategies have been developed to minimise any impact of wet weather. The aim of the PL231 drilling programme is twofold namely:-

- to prove up the Nyanda area as our initial production hub. We will have up to 4 production wells being tested there;
- to prove through production testing at Serocold and Aldinga that the economic CSG producing area in Reid's Dome extends northward from Nyanda along the spine of Reid's Dome.

With the award of AtP 2062 in October this year, we are seeking all necessary approvals to commence drilling core holes at Rougemont 1 & 2 early in the next year. Those wells are targeting the Bandanna Coals at depths between 300 – 700 metres - the traditional sweet spot for CSG. The locations have been selected due to two plunging noses which may enhance permeability.

What an exciting year lies ahead building upon a successful 2020, keeping our target of commissioning plant etc in late 2022 with first Gas in 2023- the very year that our nation desperately needs not only new production but new entrants in the Domestic Gas Markets.

Thank you and I wish you all a Covidsafe festive season.

Yours faithfully

Richard Cottee  
Executive Chairman  
STATE GAS LIMITED

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

**ENDS**

**FOR FURTHER INFORMATION**

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