



Progress Update

March 2021

ASX:GAS



Disclaimer

Disclaimer

This presentation (Presentation) has been prepared by State Gas Limited (ACN 617 322 488) (State Gas). The Presentation and information contained in it is being provided to shareholders and investors for information purposes only. Shareholders and investors should undertake their own evaluation of this information and otherwise contact their professional advisers in the event they wish to buy or sell shares. To the extent the information contains any projections, State Gas has provided these projections based upon the information that has been provided to State Gas. None of State Gas or its directors, officers or employees make any representations (express or implied) as to the accuracy or otherwise of any information or opinions in the Presentation and (to the maximum extent permitted by law) no liability or responsibility is accepted by such persons.

Summary Information

This Presentation contains summary information about State Gas and its activities current at the date of this Presentation. The information in this Presentation is of general background and does not purport to be complete. It should be read in conjunction with State Gas' other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange which are available at www.asx.com.au.

ASX Releases

Investors are advised that by their nature as visual aids, presentations provide information in a summary form. The key information can be found in State Gas' ASX releases.

Future Performance

This Presentation contains certain "forward looking statements". Forward-looking statements can be identified by the use of forward-looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe', or 'continue' or the negative or other variations of comparable terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected.

State Gas' expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis, including without limitation, based on the examination of historical operating trends, data contained in State Gas' records and other data available from third parties. There can be no assurance, however, that these expectations will eventuate. Forward looking statements, opinions and estimates are not guarantees of future performance and investors should not place undue reliance on these forward looking statements.

State Gas' expectations as expressed in this Presentation may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserves estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. Such forward looking statements are relevant at the date of this Presentation and State Gas assumes no obligation to update such information.

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

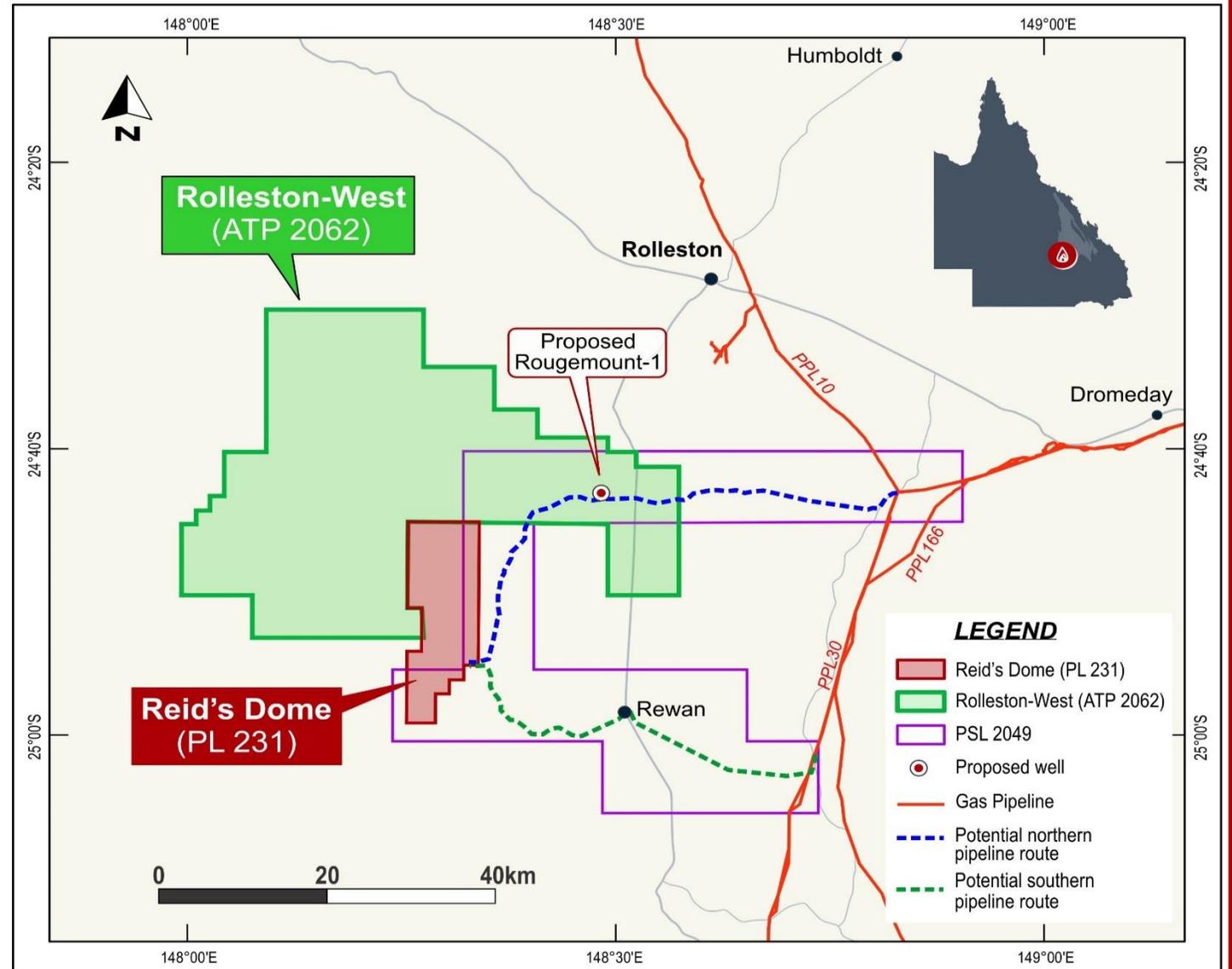
Project Areas

PL 231

- ✓ Nyanda-7 and 8 drilled in Dec. 2020 and together with Nyanda-4, on production test
- ✓ Preparations made for resumption of drilling after wet season

ATP 2062 (granted in Sep. 2020)

- ✓ Land access progressing
- ✓ Drilling targeted for post wet (mid-late Apr)
- ✓ Additional Rougemont well locations sited
- ✓ Increasing confidence from data traded with local coal explorers



Reid's Dome (PL 231) Phase 2 Objectives

Objective

- Confirm producibility at Nyanda north & south west
- Confirm successful well construction techniques
- Obtain indicative gas & water production metrics
 - Through pilot testing on several wells
- Confirm Nyanda area for early development
- Identify which seams are productive
 - Through a production log
- Confirm production potential of centre & north
 - Pilot testing well in north & central areas

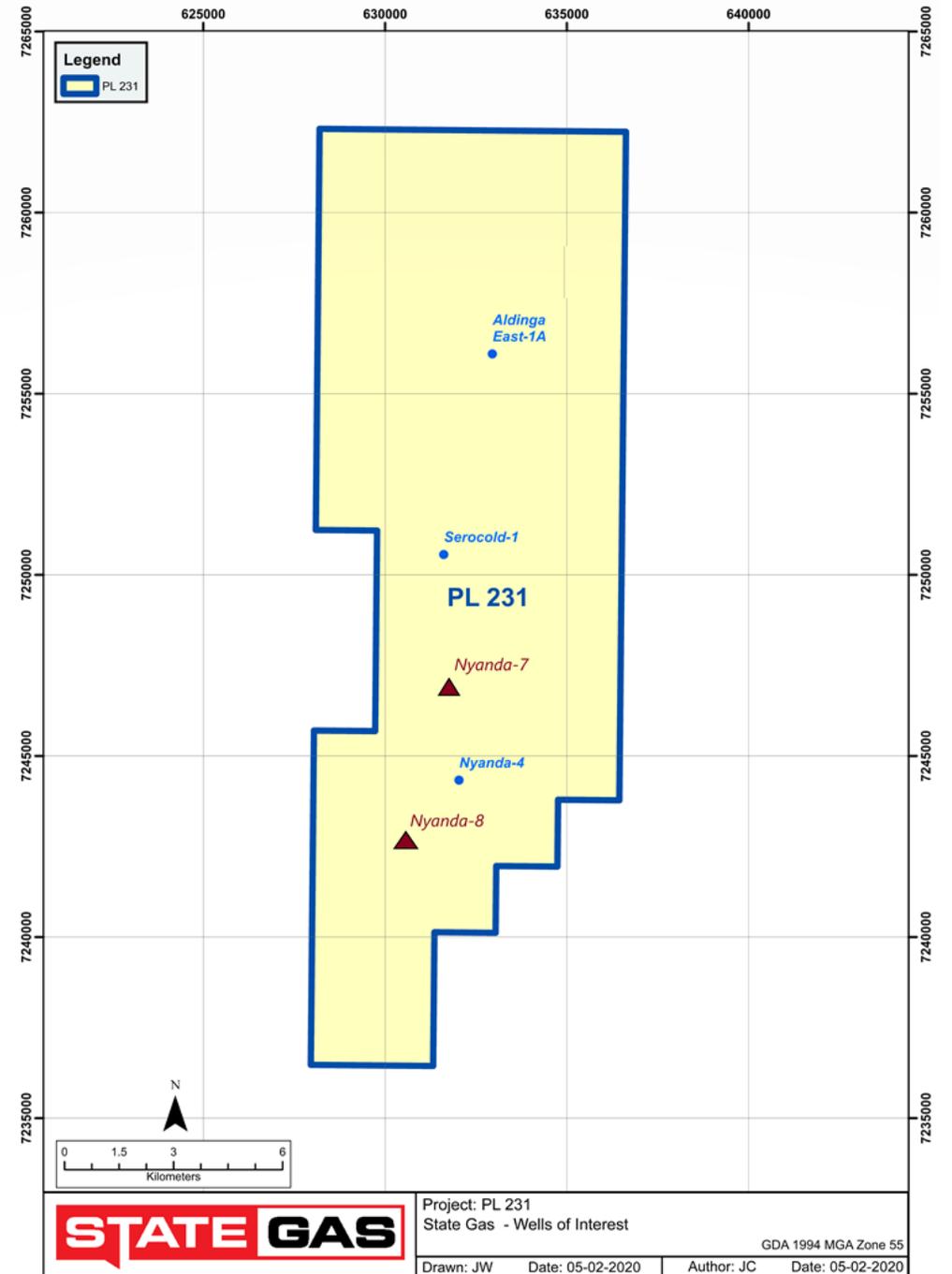
Achieved



In Progress

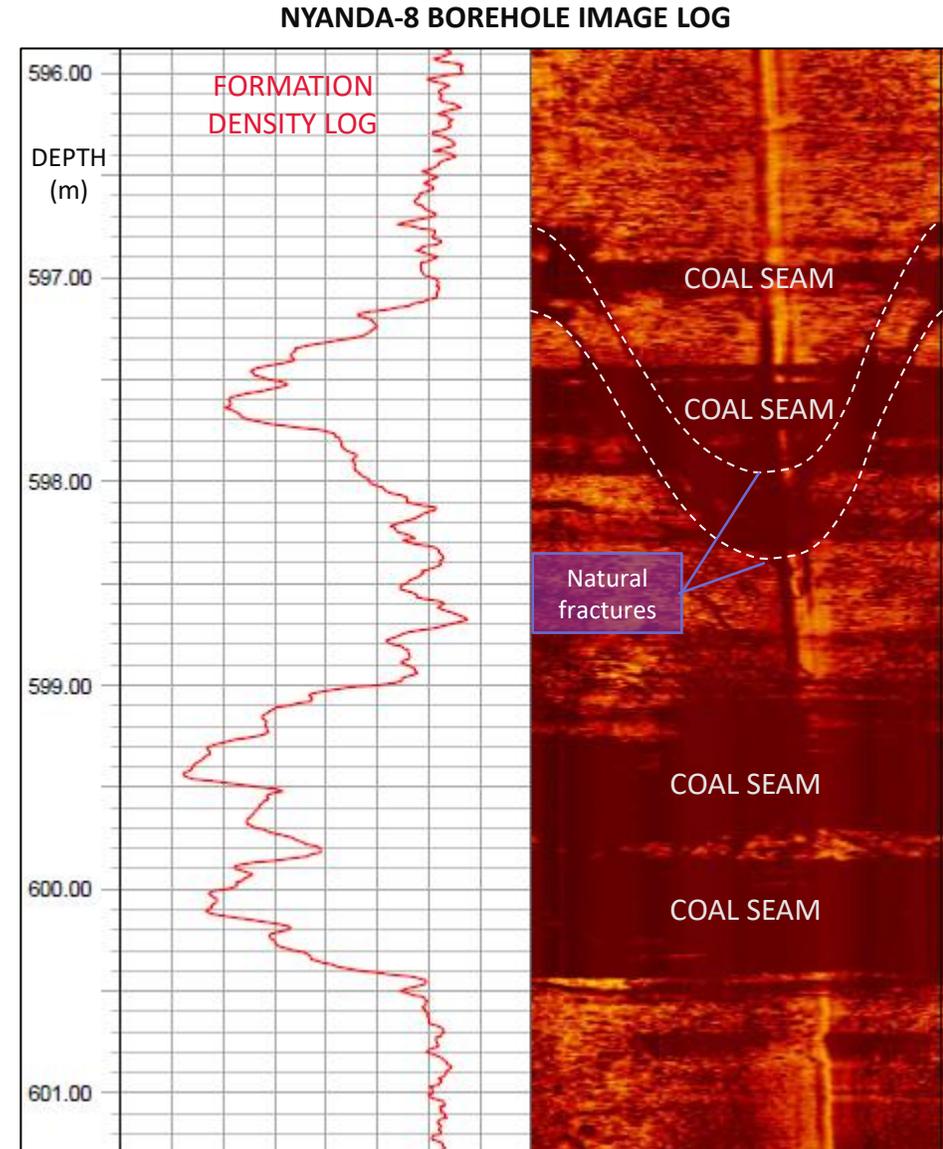


To Come



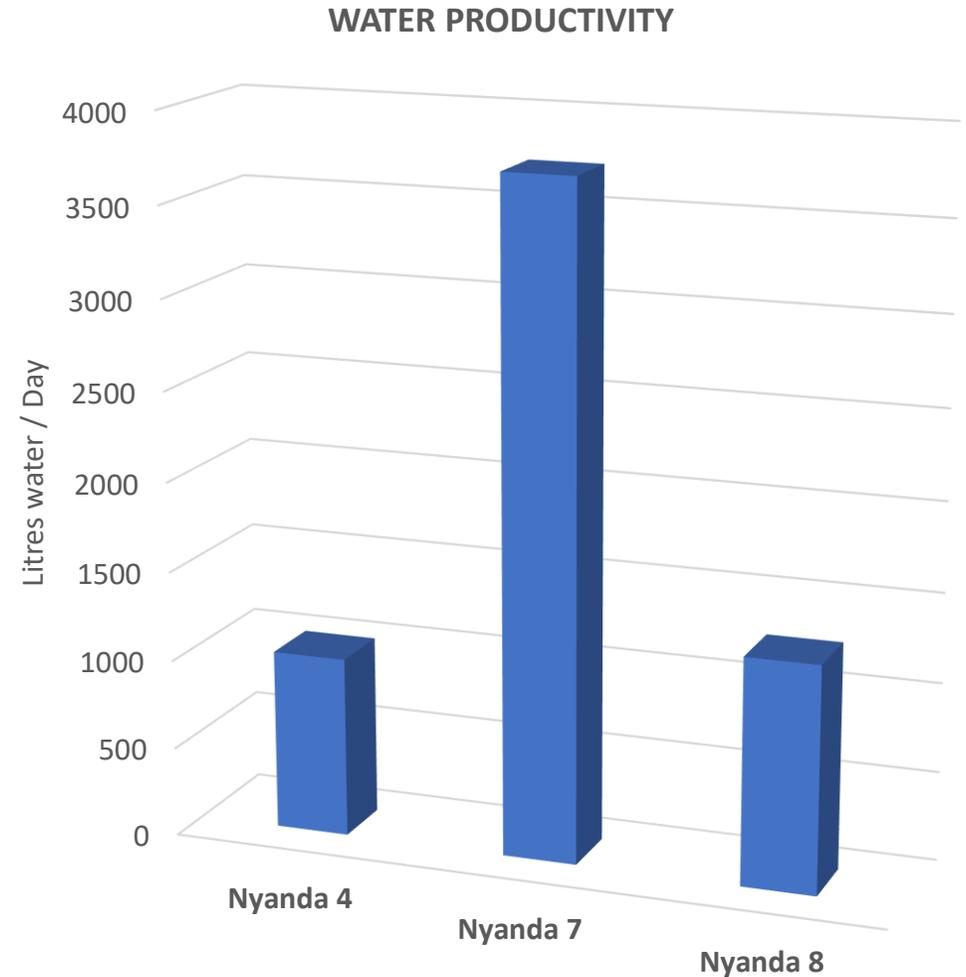
PL-231- What Have We Found ?

- New step out wells appear better than, or on par with Nyanda-4:
 - Nyanda-7: more coal and better permeability than Nyanda-4
 - Nyanda-8: coal appears similar to Nyanda-4
 - Image logs (not obtained for N4) show natural open fractures throughout the well bores, providing significant additional access to the gas-bearing reservoir
- Initial production testing results exceed expectations:
 - Nyanda-4 production similar to prior period
 - Nyanda-7 water productivity 3 times Nyanda-4 consistent with better permeability
 - Nyanda-8 water productivity equal to Nyanda-4



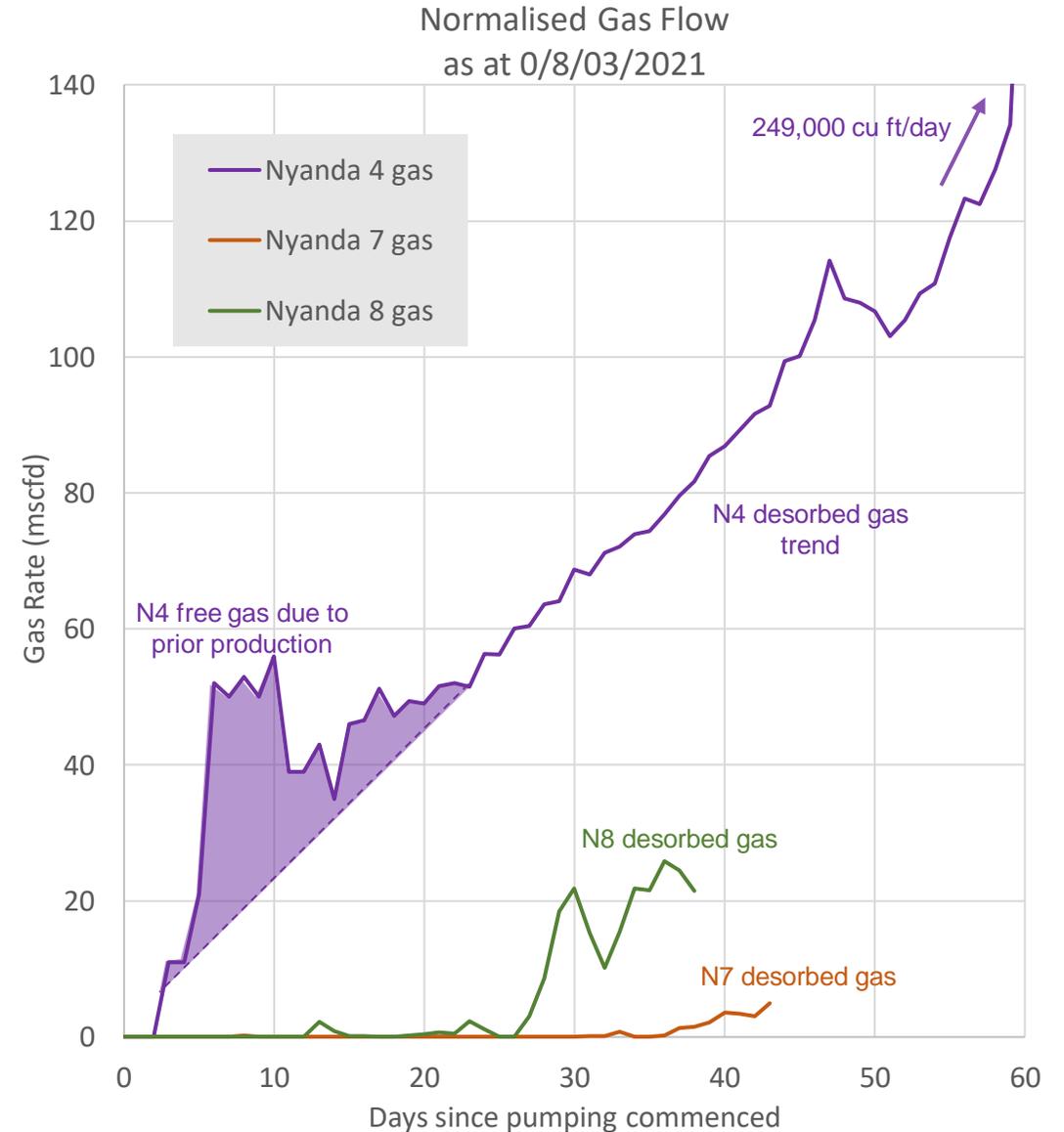
Why Water Productivity is Important

- Production of gas depends on:
 - a) Gas moving through the coal to the well bore; and
 - b) Gas being desorbed from the coal.
- Desorption occurs when the pressure in the coal seam is reduced - by removal of the water in the coal
- Water and gas will move through the coal using the same paths:
 - So, the ease by which water moves through the coal indicates the ease by which the gas will move
 - High water production coupled with high gas saturation suggests high gas rates to come



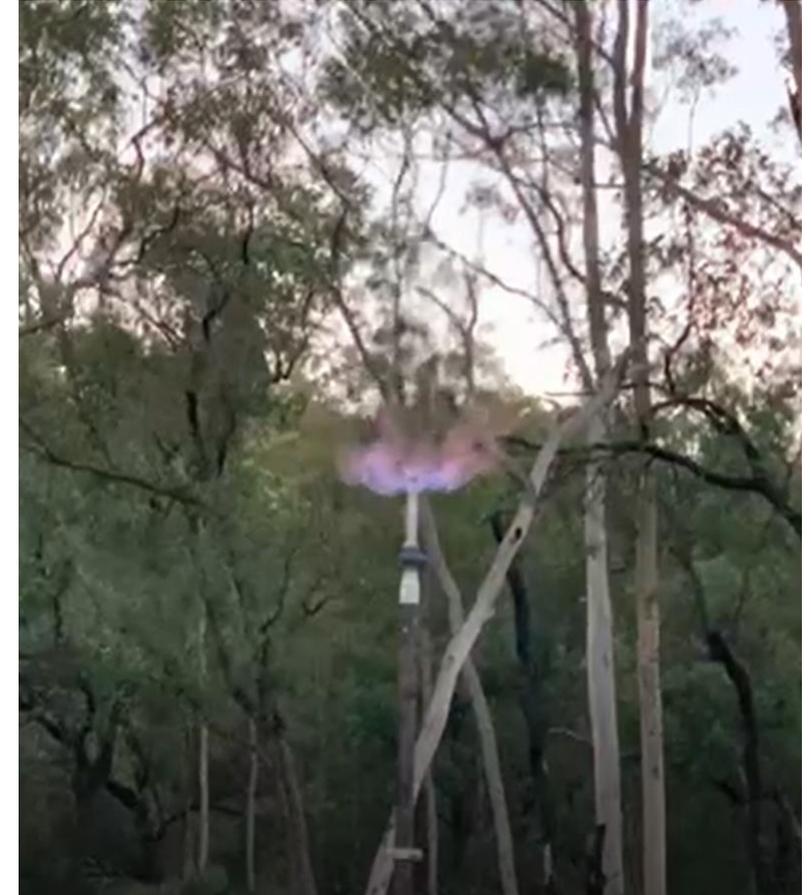
Nyanda Pilot Test Gas Production

- Nyanda-4, 7 and 8 currently on production test and all have similar gas saturation
- Nyanda-4 production aided by free gas at crest of structure and prior production period
- Nyanda-7 and 8 gas flow commences as reservoir pressure reduced by water extraction
- Nyanda-7 has highest water productivity, therefore takes longest to reach desorption pressure and commence gas flow
- Nyanda-8 water productivity similar to Nyanda-4, but not aided by free gas



Implications

- Phase 2 at PL 231 results fortify our confidence that early development at Nyanda area should be commercial
- Further data obtained through data trade with coal explorers enhances our already positive view of the prospectivity of the recently awarded ATP 2062 (Rolleston West)
- Bandanna CSG play within ATP 1062 is in close proximity to PL 231 and will be developed synergistically



Gas production at Nyanda-8, Feb 2021

Gas Flow Rates as at 08/03/2021



- Production test gas flow rates steadily increasing
- Gas flow rate as at 08/03/2021
 - Nyanda 4; 249,000 cu ft / day
 - Nyanda-7; 4,990 cu ft / day
 - Nyanda-8; 21,460 cu ft / day



Contact

Level 8
46 Edward Street
Brisbane QLD 4000
Australia

Email
info@stategas.com

stategas.com

