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ASX RELEASE

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State Gas & MES sign MOU for CNG Virtual Pipeline Infrastructure

State Gas Limited (ASX:GAS) (State Gas or the Company) has entered into a Memorandum of Understanding with Mine Energy Solutions Pty Ltd (**MES**) securing access to compressed natural gas (CNG) Virtual Pipeline infrastructure.

As previously announced¹, State Gas is planning to truck compressed natural gas to the market to commercialise its proven gas resource at Reid's Dome (PL 231), as soon as possible. The transport of compressed gas by truck, creating a 'virtual pipeline', is a globally recognised and safe process for the movement of gas. State Gas will be utilising this process to transport the gas to the pipeline infrastructure network approximately 60km away.

The gas, once produced, will be compressed and dehydrated at site to pipeline standard and loaded into new generation high pressure carbon fibre cylinders typically employed in the aerospace industry and which are compatible with hydrogen for transport by truck to the pipeline.

MES is a Queensland based technology developer which has successfully demonstrated the conversion of mobile mining equipment to operate on domestically produced gas, thereby displacing up to 80% of imported diesel in this equipment providing an immediate decarbonisation benefit. As part of the conversion, carbon fibre cylinders are installed on the equipment in a unique configuration allowing the equipment to operate safely and efficiently in all open pit mine site operations. MES and State Gas are collaborating to develop the "Virtual Pipeline" solution for State Gas.

"I am delighted to enter into this alignment with MES" said State Gas Executive Chairman Mr Richard Cottee. "MES is a locally based company finding innovative ways to do things better, just like State Gas."

"The demand for gas has never been greater and attention is moving to ensuring every possible molecule is used. I see a big future for CNG as a means of capturing gas that is otherwise too far from the market or pipeline infrastructure", Mr Cottee added.

MES Chief Executive Mr Adrian Abbott agreed: "Our Board is committed to assist the resource industry to decarbonise, and collaborating with State Gas will assist some of our clients to achieve their carbon reduction commitments through the use of domestically produced gas."

MES and State Gas share aligned environmental and commercial objectives which this project will catalyse.

¹ Announced on 30 August 2022



Above: State Gas Executive Chairman Mr Richard Cottee (left) and MES CEO Adrian Abbott sign the MOU



Above: Type 4 Carbon Fibre Cylinders similar to those being used in the State Gas Virtual Pipeline

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

FOR FURTHER INFORMATION

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ABOUT MES

Mine Energy Solutions Pty Ltd (MES) is an incorporated joint venture between Sime Darby, a Malaysian based multi-national corporation and Intelligas, a Queensland based gas technology company. MES, based in Brisbane, has developed innovative “dual fuel” technology to convert diesel engines to compressed natural gas, enabling significant cost and emission savings to be achieved. With a focus on the mining and resources sector, MES is creating new and augmented fuel supply chains from energy source to point of use.

ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based gas exploration and development company focussing on the Bowen Basin in Central Queensland. State Gas is 100%-owner of the contiguous Reid’s Dome (PL-231) and Rolleston-West (ATP 2062) Gas Projects, both of which contain both CSG and conventional gas. The Projects, together some 1,595km², are located south of Rolleston, approximately 50 and 30 kilometres respectively from the Queensland Gas Pipeline and interconnected east coast gas network. Neither project is restricted by domestic gas reservation requirements.



State Gas also holds a 35% interest in new permit ATP 2068 in joint venture with Santos QNT Pty Ltd (65%), and, also in the same joint venture, has been appointed Preferred Tenderer for an additional new exploration block PLR2021-1-3. These two new areas lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the area, providing for an alignment of ownership interests across the region, enabling synergies in operations and development.

None of State Gas' permits are restricted by domestic gas reservation requirements. State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet shortfalls in the east coast domestic gas market.

State Gas is also undertaking a carbon management initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 on the western border of ATP 2062. This project is investigating the potential of basalts in the Buckland Basaltic Sequence to provide long term secure sequestration of carbon through mineralisation².

² For more information see State Gas Ltd announcement on 9 May 2022