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**ASX RELEASE**

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## **CNG Facility Construction Update**

**State Gas Limited** (ASX: GAS) (“State Gas” or “the Company”) is pleased to provide an update on the construction of its compressed natural gas (“CNG”) facility which will support the processing and initial sale of production testing gas from the Company’s Rolleston West Project.

State Gas remains on schedule for mechanical completion and commissioning of the CNG Facility by Christmas. The Company anticipates that first gas will be produced in conjunction with commissioning activities and production will be ramped up progressively over subsequent weeks as the Rougemont 2/3 dual lateral well is brought back on-line. First gas sales should therefore begin in January 2024 in line with the demand profile of our initial customer.

Weather conditions during site civil and construction works have been challenging with bushfires, followed by periods of rain which have impacted site productivity. Ground conditions have proven to be more challenging than initially expected, with the gathering system requiring more civil preparatory work and the CNG Facility pad needing a greater level stabilisation to ensure safe and reliable operation of the plant. The cumulative impact of these externalities has added approximately three weeks to the construction schedule.

The Company has continued to complete pre-commissioning and compliance activities on the compressor and dehydrator in Brisbane with the objective of reducing in-field commissioning times when civil site works are complete. These activities have identified a small number of equipment compliance issues which required additional parts procurement and electrical work. It has been highly efficient from a cost and time perspective to address these minor compliance issues in Brisbane. The cost impact of these additional civil and construction works is within the contingency allowance for the project.

Executive Chairman, Richard Cottee, said: “Not unexpectedly, there have been some weather-related challenges with initial site civil construction activities. However, ongoing wet weather-related risks are now largely ameliorated. The Company realised significant upfront cost and time efficiencies from procuring the compressor and dehydrator offshore. Although additional costs have been incurred to make these assets compliant to Australian Standards, we have delivered a cheaper and faster path to first gas than if critical components of the CNG Facility had been fabricated by domestic suppliers. The Company remains focussed on delivery of initial cargoes of CNG in January 2024.”

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This announcement was approved for release by the Board of Directors.

## FOR FURTHER INFORMATION

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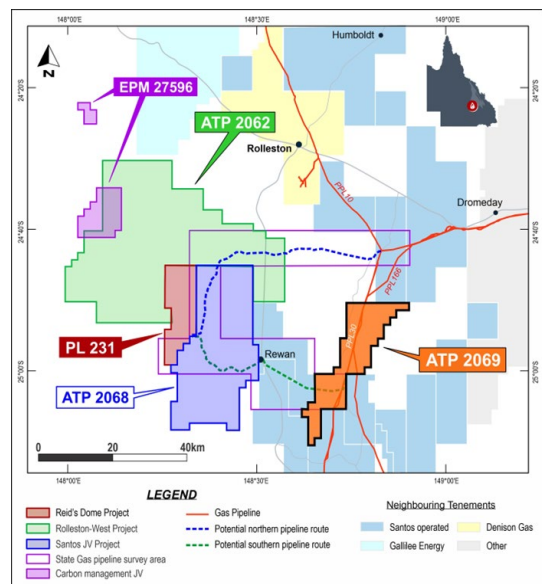
## ABOUT STATE GAS LIMITED

**STATE GAS LIMITED (ASX: GAS)** is a Queensland-based gas exploration and development company with highly prospective gas exploration assets located in the southern Bowen Basin. State Gas Limited's mission is to support east coast energy markets through the efficient identification and development of new high quality gas assets. It will do this by applying an agile, sustainable but low-cost development approach and opportunistically expanding its portfolio in areas that are well located to gas pipeline infrastructure.

State Gas is 100%-owner of the contiguous Reid's Dome (PL-231) and Rolleston-West (ATP 2062) gas projects, both of which contain CSG and conventional gas. The Projects, together some 1,595km<sup>2</sup>, are located south of Rolleston, approximately 50 and 30 kilometres respectively from the Queensland Gas Pipeline and interconnected east coast gas network. State Gas intends to accelerate commercialisation of these assets through the application of an innovative virtual pipeline ("VP") solution which will see the Company transport compressed gas by truck to existing pipeline infrastructure or to an end user.

State Gas also holds a 35% interest in ATP 2068 and ATP 2069 in joint venture with Santos QNT Pty Ltd (65%). These two new areas lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the region, providing for the potential of an alignment in ownership interests across the region over time and enabling synergies in operations and development.

State Gas is also participating in a carbon capture and sequestration initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 which is located on the western border of ATP 2062. This project is investigating the potential of the unique basalts located in the Buckland Basaltic Sequence (located in EPM 27596) to provide a variety of in-situ and ex-situ carbon capture applications.



## ABOUT THE ROLLESTON WEST PROJECT

**The Rolleston West Project (ATP 2062)**, is 100% owned by State Gas Limited and is focussed on evaluating the viability of conventional and coal seam gas (CSG) production from Bandanna Formation coals, which are extensive across large areas of this and adjoining permits. The capability to produce CSG at commercial levels has already been established at the Arcadia Valley field to the south-east, and at Mahalo to the north-east.

The recent drilling program undertaken in the eastern part of the tenement (Rougemont 1,2 and 3) has intersected approximately 8 metres of net coal, with the thickest seams laterally continuous over many kilometres. The gas content of the coals is between 5 and 6 m<sup>3</sup>/tonne dry ash free. Gas is at or near pipeline quality, between 93.8% and 96% methane.

Production testing has established sustainable commercial gas flow rates and confirmed excellent permeability within the targeted coal seams State Gas is seeking to expand the project ("Rougemont") and move to early-stage production. The Company is currently evaluating a further step-out drilling campaign to confirm the continuity and permeability of the coal down dip of Rougemont 1 and 2 and establish initial gas resource and reserve estimates for the project.