



State Gas Limited
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ASX RELEASE

30 November 2023

2023 Annual General Meeting Executive Chairman's Address

The Company's strategy over the past twelve months has been to continue to explore and appraise our project within ATP 2062, called Rougemont. We have also focussed on redefining and delivering the Compressed Natural Gas ("CNG") facility which will enable us to capture and sell production testing gas from the Rougemont Project. There has been a significant level of in-field activity during the year, in particular, over the last two months and we are proud of excellent environmental and safety results with no reportable incidents and no LTIs.

We saw the successful production testing of the Rougemont 2/3 lateral, the results of which were sufficiently encouraging to cause the Company to relocate the planned CNG Plant from PL 231 to the Rougemont location. Rougemont is closer to both customers and pipeline infrastructure, has good quality gas and, when the project is finished, should have a higher degree of all-weather access.

The CNG Project is the first time in Australia where CNG has been manufactured in the field and as far as we can determine the first time that a low pressure unprocessed CSG gas been the source of CNG at the field. Notwithstanding the weather-related delays on the CNG Project, we are working to deliver first gas sales in January 2024.

Commissioning is scheduled to commence in January, subject to favourable weather conditions, with gas sales almost immediate.

Prices for natural Gas remain strong, despite the Federal Governments ill-fated intervention, reflecting the tight supply-demand situation on the Eastern Seaboard. The decline of Bass Strait production, accelerated by the investment uncertainty occasioned by the Federal Government's attempts to overturn the laws of supply and demand, continues unabated. In a decade Bass strait has gone from supplying historically around 80% of the Eastern Seaboard's domestic demand requirements to an expected less than 10% next year.

Gas domestically and worldwide continues its healthy growth particularly with this nation's geo-strategic partners in our region. It is in this climate that State Gas will enter the market. Our ability to capture and compress CSG has a range of commercial applications, but importantly allow us to support decarbonisation efforts across a number of sectors that are looking to substitute gas for higher emission fuel sources. This is consistent with the Queensland government's longer-term strategy for an orderly transition to a greater share of renewable power generation.

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The CNG Project's initial gas sales will be above the spot price but as volume increases will ultimately track the market fluctuations. There is presently a consensus that the supply of natural gas will tighten considerably from 2027 onwards which, if borne out, should benefit State Gas' shareholders considerably.

The ASX has been quite challenging this year for gas exploration and production companies despite the favourable fundamentals in the actual gas market. In many ways it reminds me of the early 2000's market conditions before the dramatic turnaround which followed. In this climate it was pleasing to see the support for the Company from new and existing shareholders in the recent capital raising.

As previously indicated, Mr Rob Towner did not offer himself for re-election to the Board of State Gas at today's AGM. On behalf the Board I would like to thank Rob Towner for his outstanding dedication to the progress of State Gas. He has been a director of State Gas from before its listing on the ASX. We wish him well in any future endeavours on which he may embark.

In the year 2024 State Gas should be a stronger Company in a very dynamic market.

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 1,595km², 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 m³/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.

