



State Gas Limited
ACN 617 322 488
PO Box 10348
BRISBANE QLD 4000

ASX RELEASE

29 February 2024

Mechanical Completion of CNG Facility

State Gas Limited (ASX: GAS) ("State Gas" or "the Company") has achieved mechanical completion and commenced commissioning of its compressed natural gas ("CNG") facility. When commissioned the CNG Facility will enable State Gas to process and sell up to 1.7TJ/day of production testing gas from the Company's Rolleston West Project.

Construction of the CNG Facility commenced on 19 October 2023 and experienced approximately forty-five weather interrupted days during the construction program. Ninety-two uninterrupted construction days for achieve mechanical completion for a project of this type is an excellent outcome and generally in line with the company's original time estimates. Through the discipline and collaboration of its construction teams, the landholder and other stakeholder groups, the construction phase was completed with no reportable incidents and no lost time injuries.

The Rougemont 2/3 dual lateral coal seams gas well ("Rougemont 2/3") has been connected to the new surface processing equipment and gathering system and dewatering has recommenced in preparation for first gas production and sales. Pleasingly, observed water flow rates are greater than those achieved when Rougemont 2/3 was first dewatered in early calendar year 2023. Since Rougemont 2/3 was shut-in in May 2023, pressure in the coal seam gas reservoirs has naturally re-charged. The re-charge and increased water production rate indicate the productive coal seams have good lateral continuity and permeability and potential for gas flow greater than the previous 474,000 cubic feet per day. The wells are being continuously monitored and a program is in place to accelerate the desorption process while preserving the integrity of the underlying coal seams.

Initial cargoes of CNG will be sold to a local coal mine, that is in advanced stages of trialling diesel/gas hybrid truck engines as part of their coal mining truck fleet. The Company is working closely with that customer to align the gas production timetable with the customer's readiness timetable to receive cargoes of compressed gas.

State Gas believes that this "first-of-its-kind" in Australia CNG supply approach will create substantial opportunities for natural gas (an environmentally superior fuel source to diesel) to be used in a range of commercial applications which support lower carbon emissions. The CNG technology developed by State Gas provides it with significant first mover advantage in this regard.

For personal use only

For personal use only



Figure 1: Completed CNG Facility with virtual pipeline trailer parked at the filling post, in preparation for commissioning

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

FOR FURTHER INFORMATION

Richard Cottee
Executive Chairman
Phone: 0458 517 850
Email: richard@stategas.com

Doug McAlpine
Chief Executive Officer
Phone: 0439 557 400
Email: doug@stategas.com

www.stategas.com

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.

