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ASX RELEASE

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State Gas advances Rolleston West with new wells entering production testing phase

HIGHLIGHTS:

- Rougemont-5 and Rougemont-6 successfully intersected ~8 metres of net coal within the Bandanna Formation, beginning at depths of approximately 420 metres, consistent with geological predictions
- Both wells have been completed with production tubing and downhole pumps installed, enabling immediate commencement of dewatering and production testing
- Drilling results will be incorporated into the Company's resource model to support initial 2P reserve accreditation
- Drilling was fully funded under the \$5.5M Queensland Government Frontier Gas Exploration Program

State Gas Limited (ASX: GAS) ("State Gas or "the Company") is pleased to announce the successful completion of the Rougemont-5 and Rougemont-6 vertical wells at its Rolleston West Project (ATP 2062) in Queensland's Southern Bowen Basin. These two new vertical wells build on the Company's earlier success with the Rougemont 2/3 dual lateral well, which demonstrated commercial gas flows of 474,000 standard cubic feet per day during an extended production test conducted between May 2024 to November 2024.

State Gas Managing Director, Doug McAlpine, commented: "With more than 2.3 kilometres of exploration drilling now completed across three well systems, State Gas is in a strong position to seek third party accreditation of an initial reserves estimate for the Rolleston West Project. These results continue to progress us toward the development of a significant new gas supply source in the eastern area of ATP 2062. As the need for reliable, lower-emission energy continues to rise, Rolleston West is shaping up as a project of real scale with a clear pathway to near-term development."

Rougemont-5 and Rougemont-6 both each intersected 7.8 metres of net coal within the key Bandanna Formation, between depths of 419 and 520 metres. Elevated gas shows were recorded during drilling, reinforcing the commercial gas potential of the formation across the project area. Preliminary results confirm lateral continuity of the target coal seams over a broad area, extending from Rougemont-6 in the north to Rougemont-1 in the south, and Rougemont-2/3 to the west (Figure 1).

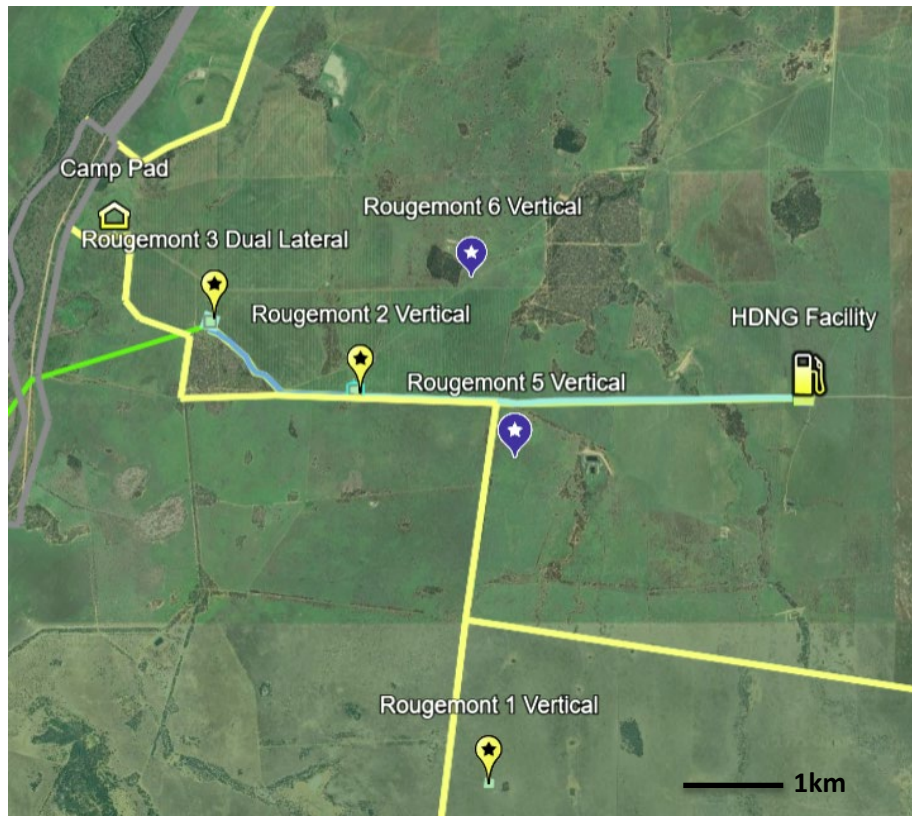


Figure 1: Well locations within the Rolleston West Project Area

Rougemont-5 and Rougemont-6 were drilled to expand the productive footprint initially defined by the Rougemont-2/3 dual lateral well. These locations were selected with well spacings to maximise the potential addition of 2P reserves and establish a broader minimum productive area for the Rolleston West Project.

Drilling results strongly support the Company's geological and commercial assessment that a significant, pipeline-quality coal seam gas (CSG) resource exists in the eastern portion of ATP 2062. These results strengthen the case for a future large-scale natural gas development in the Denison Trough region.

State Gas is well positioned to capture gas from production testing at Rougemont-5 and Rougemont-6 using its High-Density Natural Gas (HDNG) technology and virtual pipeline transport solution. This

integrated approach provides a pathway to deliver gas directly to users who lack traditional pipeline access.

Funding under the Queensland Government's Frontier Gas Exploration Grant Program has enabled State Gas to accelerate drilling of these two new exploration/appraisal wells and to further delineate the commercial potential of the Rolleston West Project.



Figure 2: Workover Rig undertaking completion activities at Rougemont-6

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

FOR FURTHER INFORMATION

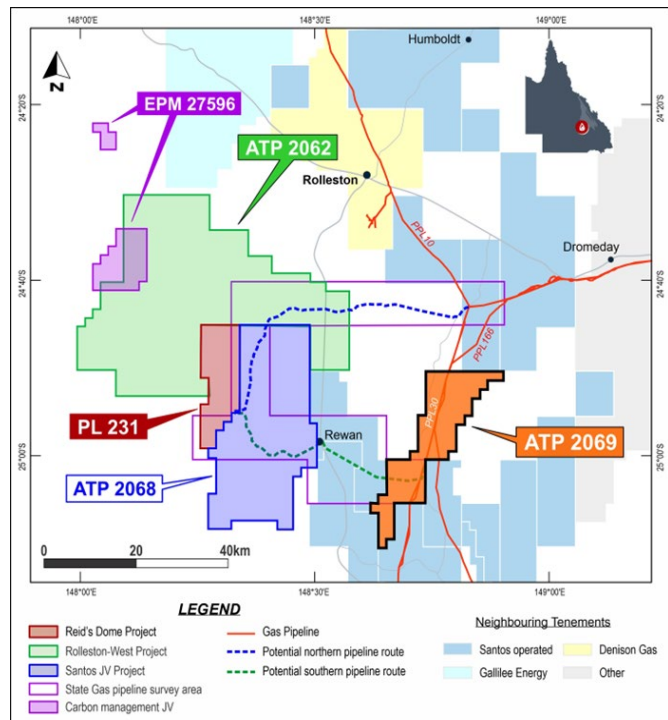
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ABOUT STATE GAS LIMITED

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.



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.

ABOUT THE HDNG PRODUCTION FACILITY

State Gas has developed a "first of its kind" in Australia CSG to HDNG plant ("the HDNG Facility"). When implemented in conjunction with virtual pipeline ("VP") trailer technology, the HDNG Facility will be able to deliver up to 1.7TJ/day of pipeline quality natural gas to end users in the Southern Bowen Basin and surrounding areas. This technology has a range of benefits and potential use cases:

- delivers substantial environmental benefits to gas producers, as it provides a reliable method for capturing and commercialising production testing gas which has historically been released to the atmosphere;
- provides a new path to market for pipeline quality natural gas which the Company believes will become increasingly important across a range of industries, including critical minerals, while the economy continues its long-term transition to renewable energy sources;
- is modular and can be efficiently expanded and easily relocated to support gas testing and processing opportunities in new locations; and
- provides access to a new fuel source for end users who are seeking access to smaller, flexible quantities of natural gas, but don't have access to traditional pipeline infrastructure and need to accelerate a transition away from diesel.