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ASX RELEASE

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Reid's Dome Production Testing Update

State Gas Limited (ASX: GAS) ("State Gas" or "the Company") is pleased to provide an update on the early results of production testing at its 100%-owned Reid's Dome Gas Project (PL 231) in Central Queensland.

As previously advised, production testing at Nyanda-4 in the southern area of the project commenced on 4 December 2019 and early results have been very encouraging. After 13 days of dewatering, State Gas reported gas flowing at a rate of 156 mscf/day.

Production volumes at Nyanda-4 have continued to increase steadily during December. The Company is now pleased to advise that Nyanda-4 gas production is currently at 436 mscf/day, with the fluid level in the well at 648 metres below surface.

The main coal seams of the Reid's Dome Beds in Nyanda-4 are located between 396 and 1127 metres, and production is continuing to steadily increase.

Within the central area of the Reid's Dome Gas Project, the new Serocold-1 well was drilled during December and will be placed on production test shortly in the New Year.

The strong gas production results since dewatering commenced at Nyanda-4 are highly encouraging for the Reid's Dome Gas Project and the Company's Target 2021 Gas-to-Market strategy.

Further production updates will be issued in the New Year.

This announcement has been authorised for release to the ASX by the Chairman, Richard Cottee, on behalf of the Board.

ENDS

FOR FURTHER INFORMATION

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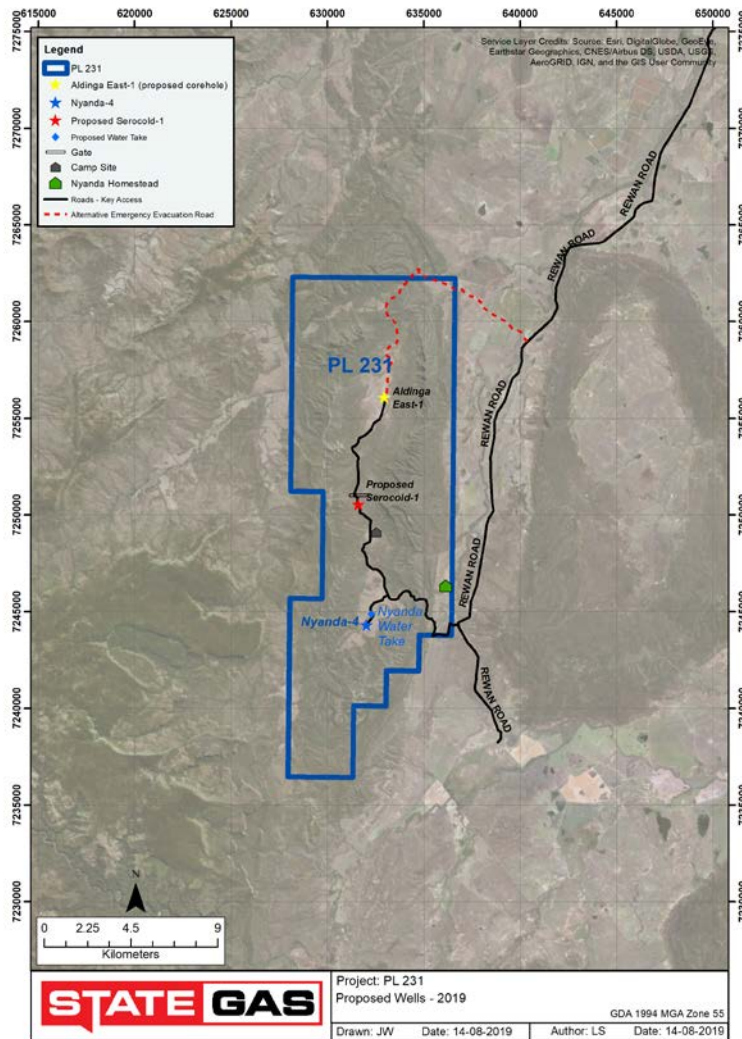


Fig 1: Location of Aldinga East-1A, Nyanda-4 and Serocold-1 wells