



*Supplying East Coast Australia's energy needs, sustainably and environmentally responsibly*

# Investor Update at APPEA Conference

May 2022

ASX:GAS



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The material in this presentation has been previously released to the ASX

# Highlights

- 🔥 Long term high gas pricing
  - Market signals are presenting the opportunity
- 🔥 2-stage plan for quick market access
  - Reid's Dome conventional gas
  - Rolleston-West gas project
- 🔥 Strategically located
  - Close to infrastructure networks & Wallumbilla price hub
- 🔥 Market optionality
  - CSG & conventional gas, no domestic reservation
- 🔥 2 new blocks in JV with Santos awarded
  - Partnership for regional synergistic development
- 🔥 Carbon Management initiative
  - Ensuring sustainability



# Gas Market Dynamics

## Demand:

- Europe looking for non-Russian gas supply
- Asian LNG demand strong
- Support required for volatile renewables
- Long term requirement for gas for commercial & industrial uses

## Supply:

- Bass Strait in long term decline
- Major LNG Projects cancelled /deferred
- Uncertainty around new domestic gas supply

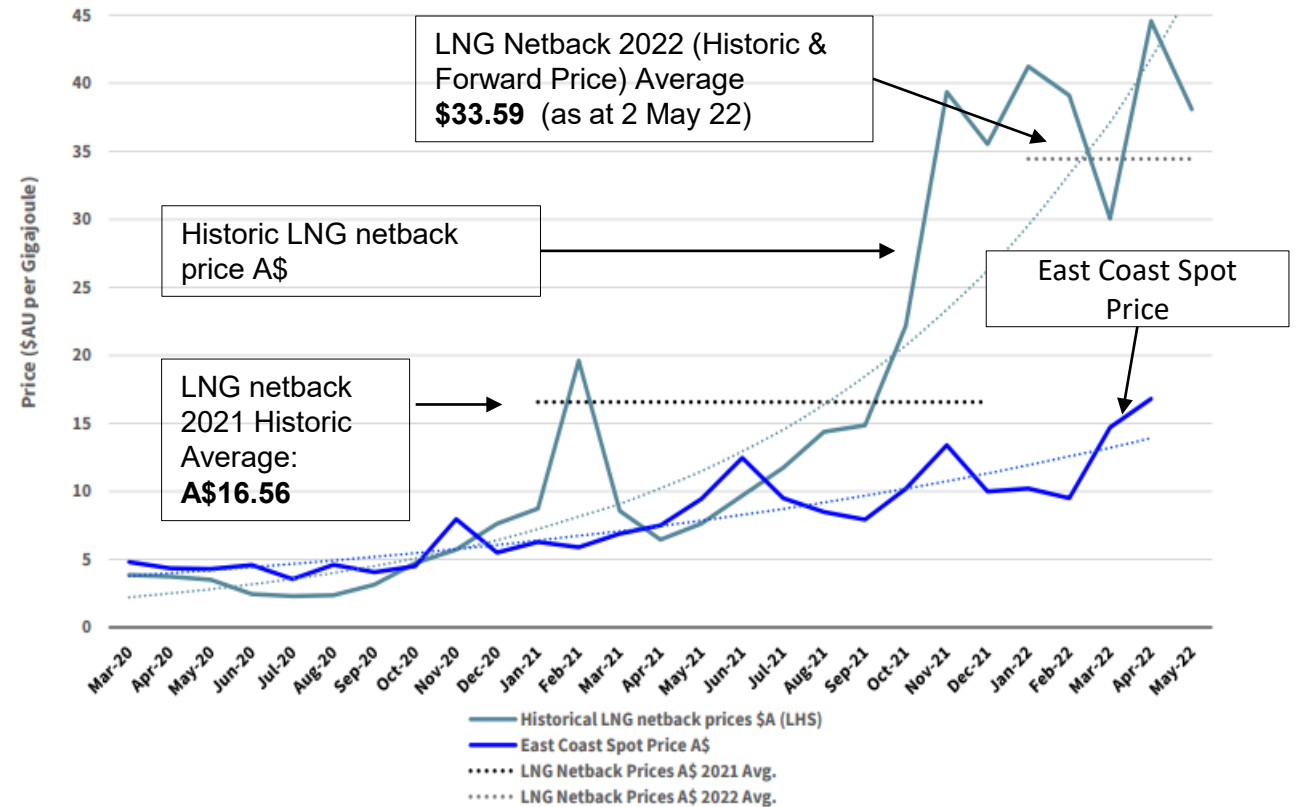
## Policy

- Strong Federal & State policy support

## Impacts:

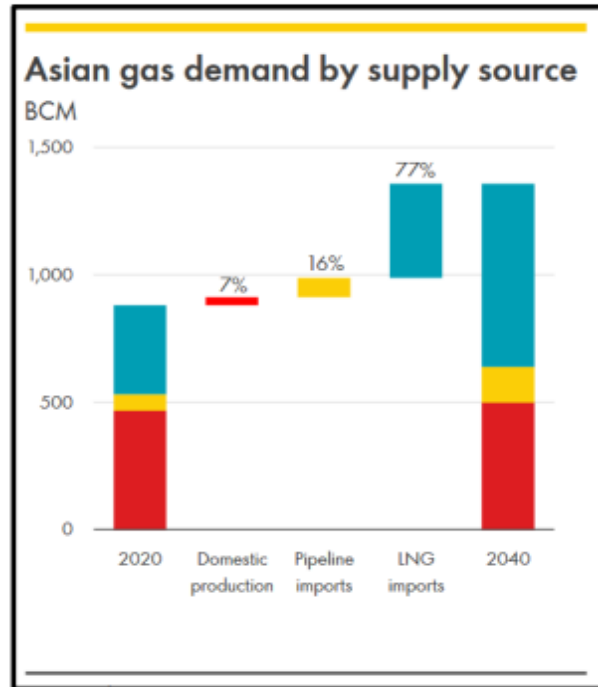
- Shortfalls
- High prices
- Volatility

## Australian Gas Prices Rising



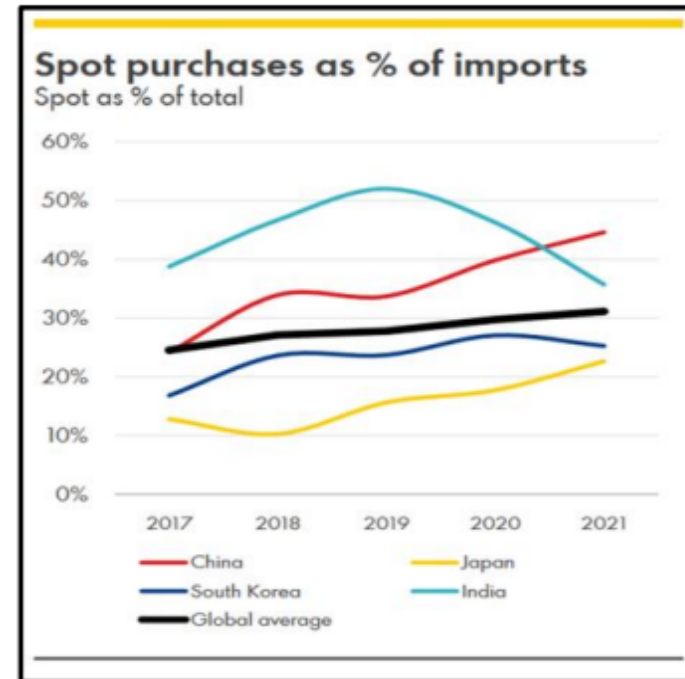
Source: ACCC, AEMO STTM.

# Regional Demand Growth will be Long-term



Asian demand growth to 2040 by source

Source: Shell LNG Outlook 2022

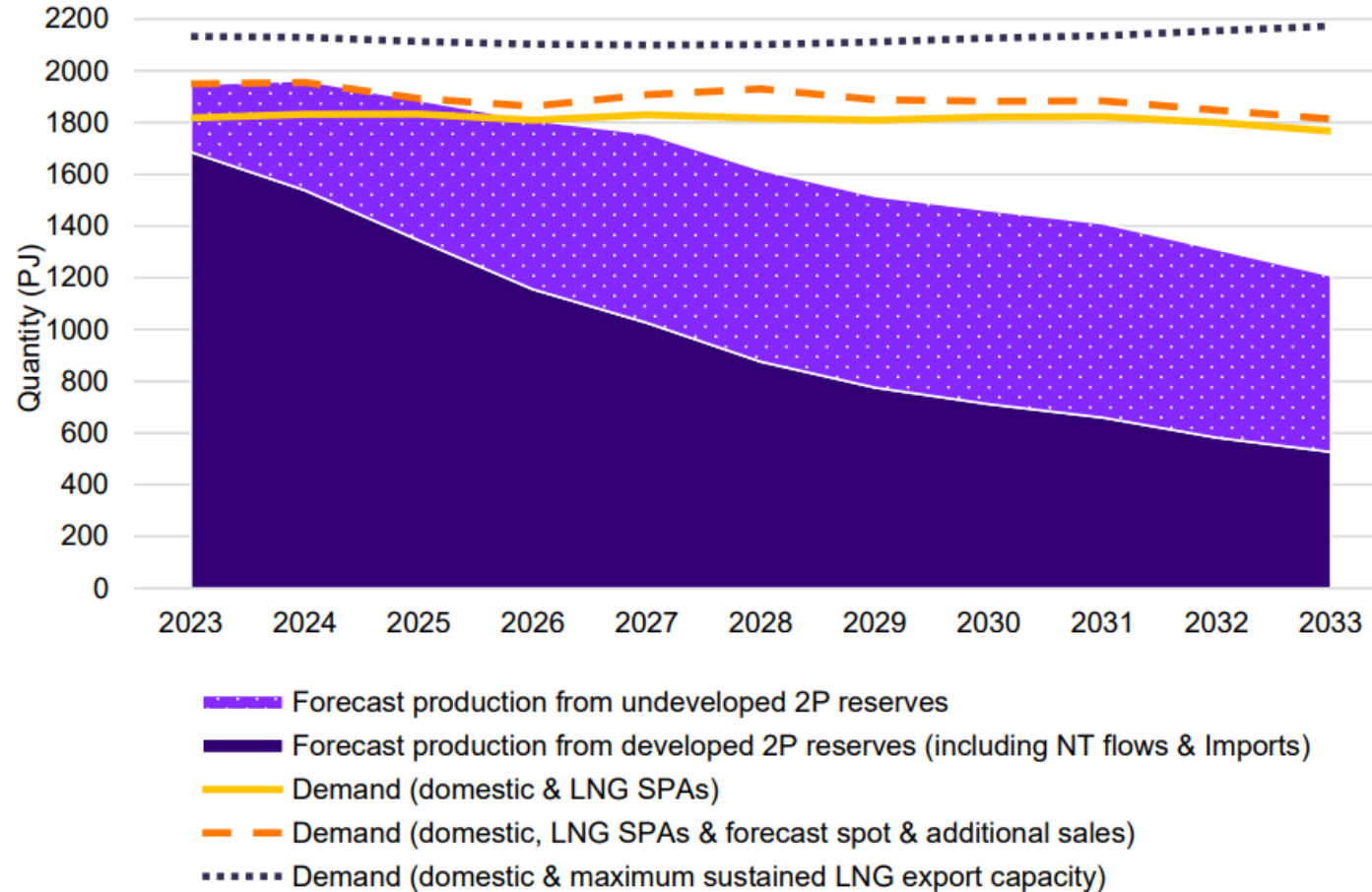


Asian spot purchases as % of imports

Will result in sustained export demand and price pressure

# East Coast: Looming Mid-term Supply Shortages

ACCC Forecast Gas Supply and Demand, Southern States



Big opportunities for new supplies

Source: ACCC Gas Inquiry January 2022 Interim Report

# Seizing the market window...



## Target 2024

Reid's Dome -a strategic launch pad:

- ✓ Conventional gas pipeline quality
- ✓ Permitting Project & export route
- ✓ Early development supported by Rolleston-West volumes



## Growth to come

- ✓ Rolleston-West
- ✓ 2 new land release blocks
- ✓ Established gas producing formations in all



## Synergistic Development

- ✓ Adjacent Projects
  - ✓ Aligned ownership across region
- ↓
- ✓ Coordinated development
  - ✓ Economies of scale
  - ✓ Operational optionality



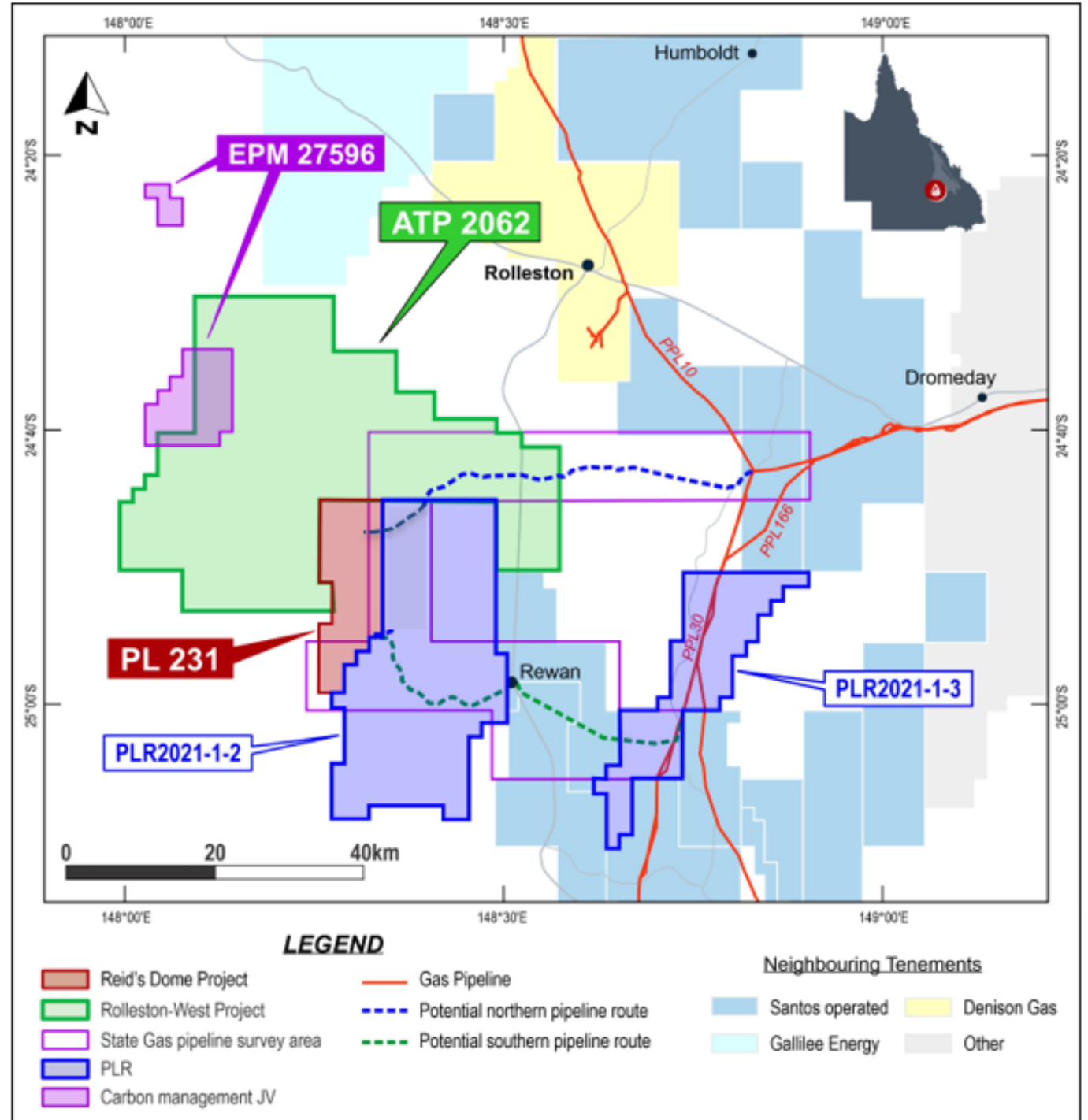
## Optimised supply

- ✓ No domestic gas reservations
- ✓ CSG for regular demand
- ✓ Conventional gas to meet volatility
- ✓ Maximum contracting optionality

**“Surf the peak” pricing**

# Updated Project Areas

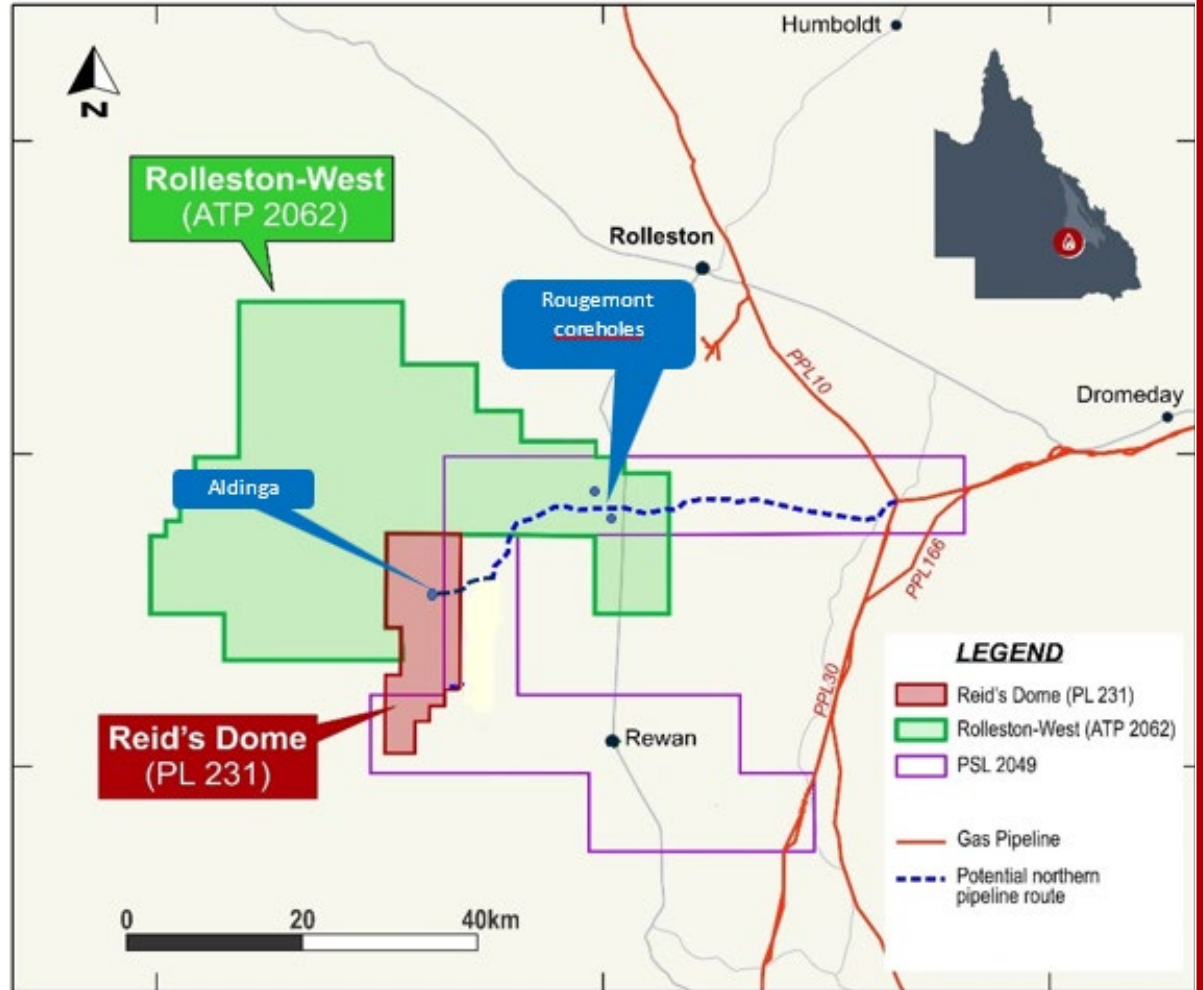
- Reid's Dome, Rolleston-West & New Blocks
  - 2630 km<sup>2</sup> of combined acreage
    - PL 231 – 181 km<sup>2</sup>
    - ATP 2062 – 1414 km<sup>2</sup>
    - New blocks (Santos JV) – 1035 km<sup>2</sup>
  - Highly prospective Bowen Basin sequence
  - Multiple conventional and unconventional targets
  - No domestic gas reservation
- Queensland Gas Pipeline network
  - < 50km Reid's Dome
  - < 30km Rolleston-West
- Pipeline Survey Licence held for routes to market
- Carbon Management Project in EPM 27596





# A Path to Rapid Development

- Reid's Dome conventional gas
  - Pipeline quality gas, no produced water
  - Compression & dehydration the only "processing" required
- Small-scale export pipeline
  - Lower cost composite
  - ~60km length
- Route through Rougemont area
  - Near pipeline quality gas
  - Enable early-stage sales
  - Minimise development infrastructure



# The Path Forward

Confirm Pipeline



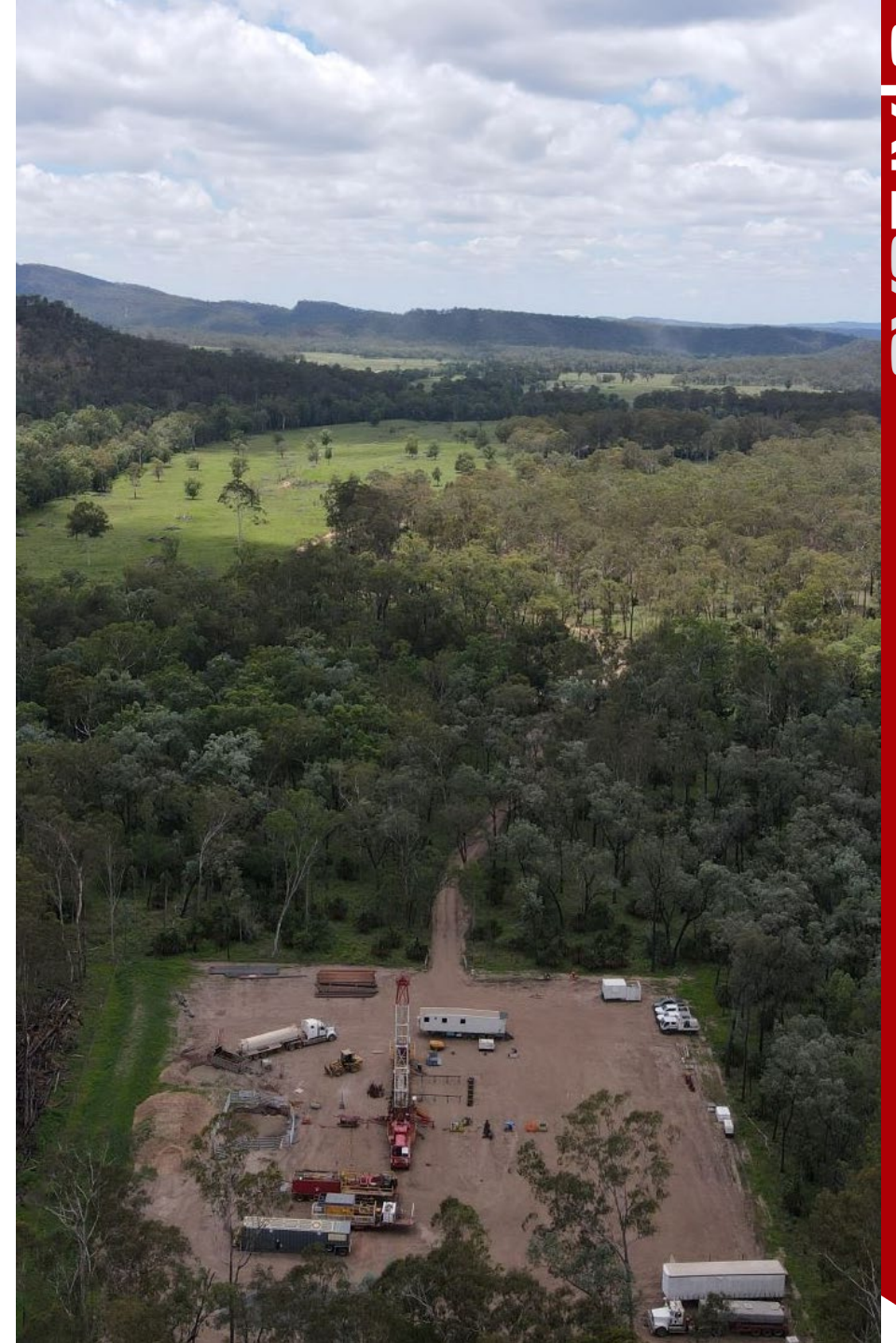
- Confirm route
- Design
- Permit

Confirm Rougemont potential



- New horizontal well
- Production test threshold reached

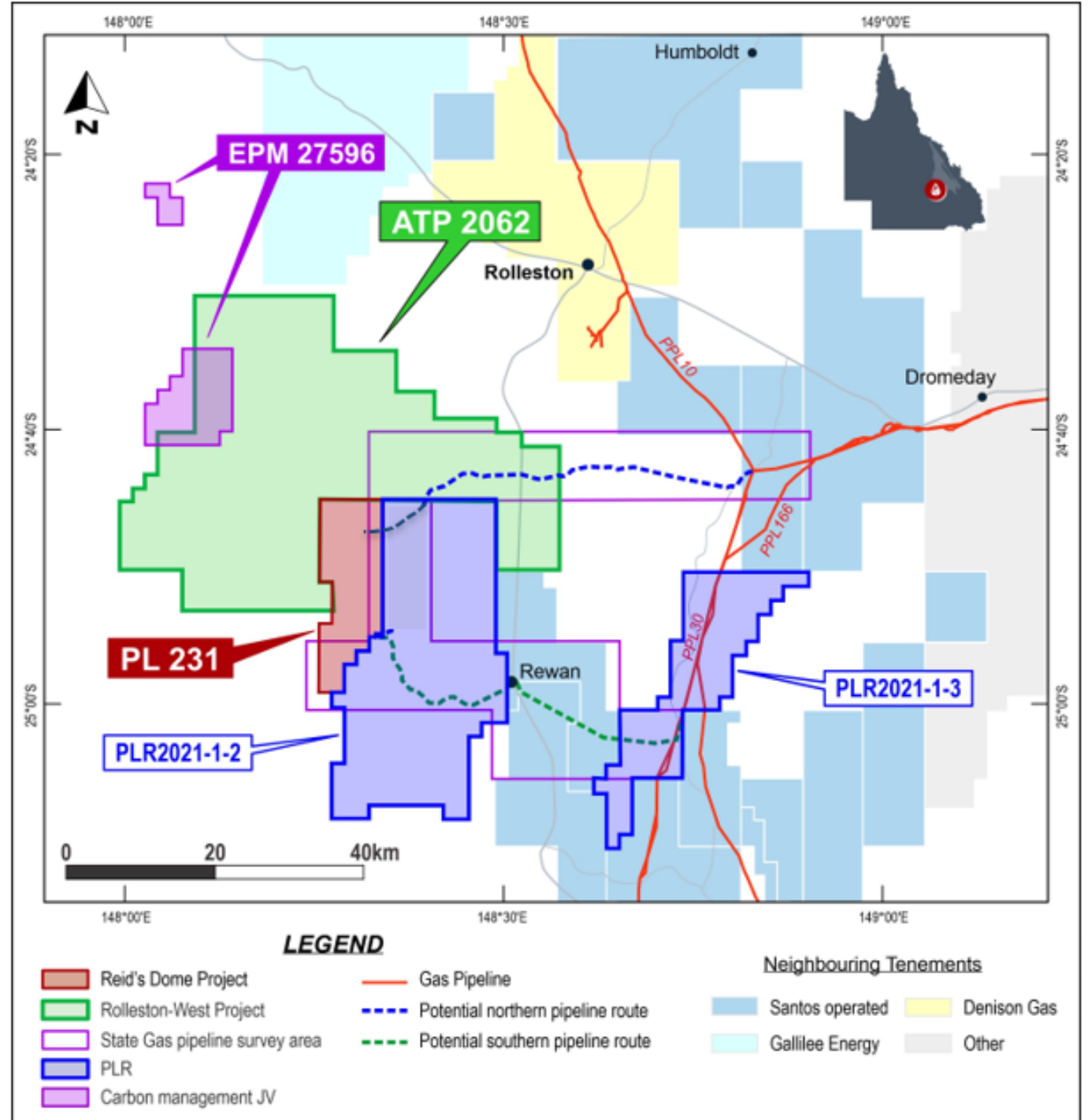
Build,  
Operate,  
Sell



# New Acreage Award

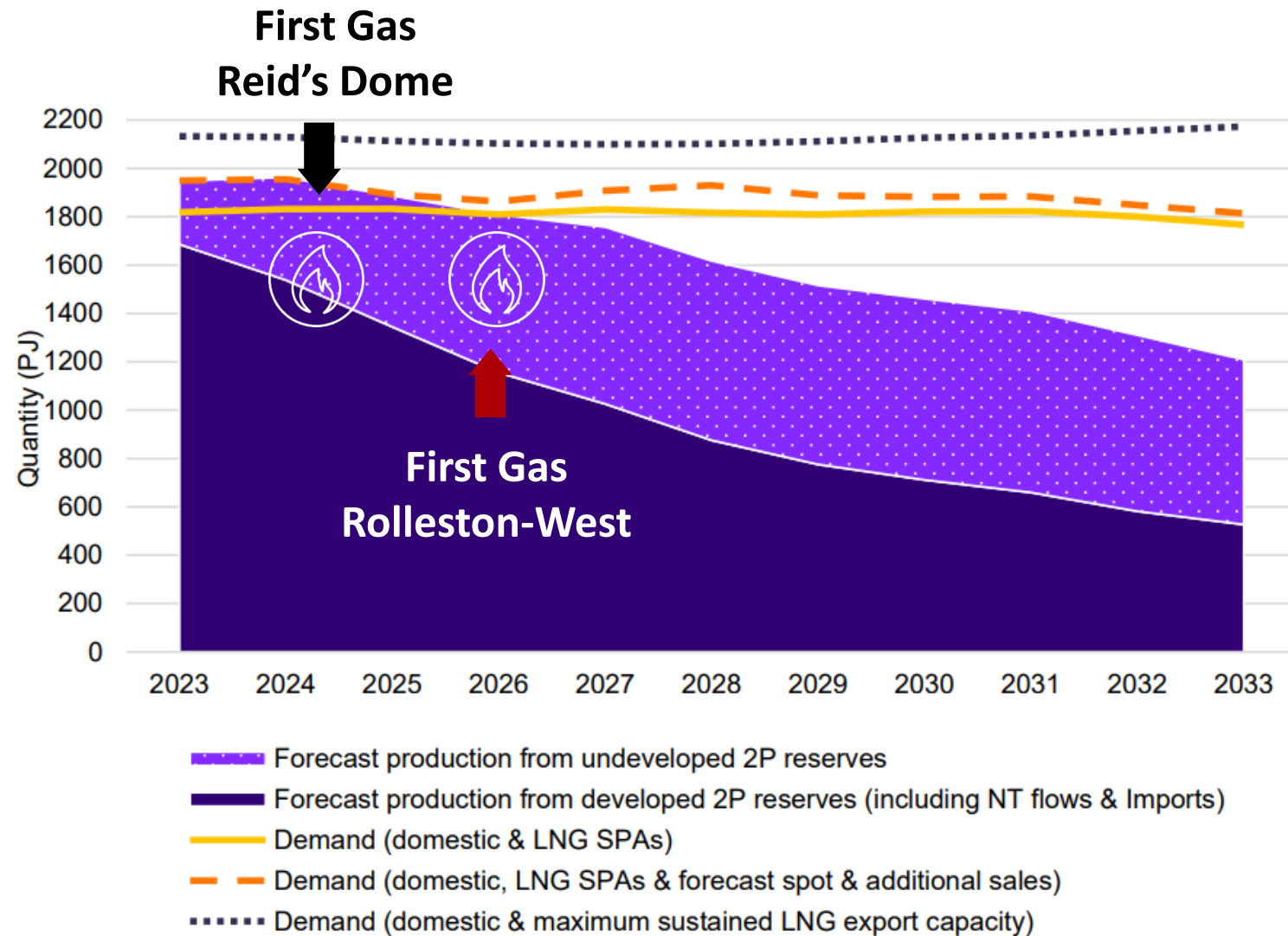
- State Gas & Santos QNT preferred tenderers
- State Gas 35%, Santos 65% & operator
  - **PLR2021-1-2**
    - 727 km<sup>2</sup>
    - Connecting State Gas' Reid's Dome & Santos interests to east
  - **PLR2021-1-3**
    - 308 km<sup>2</sup>
    - two export pipelines passing through
- Target: Bandanna coals – in production nearby
- Additional conventional targets
- No domestic gas reservation constraints
- Carbon management project in area of interest

Synergistic development potential



# Supply-Demand & Indicative Timing

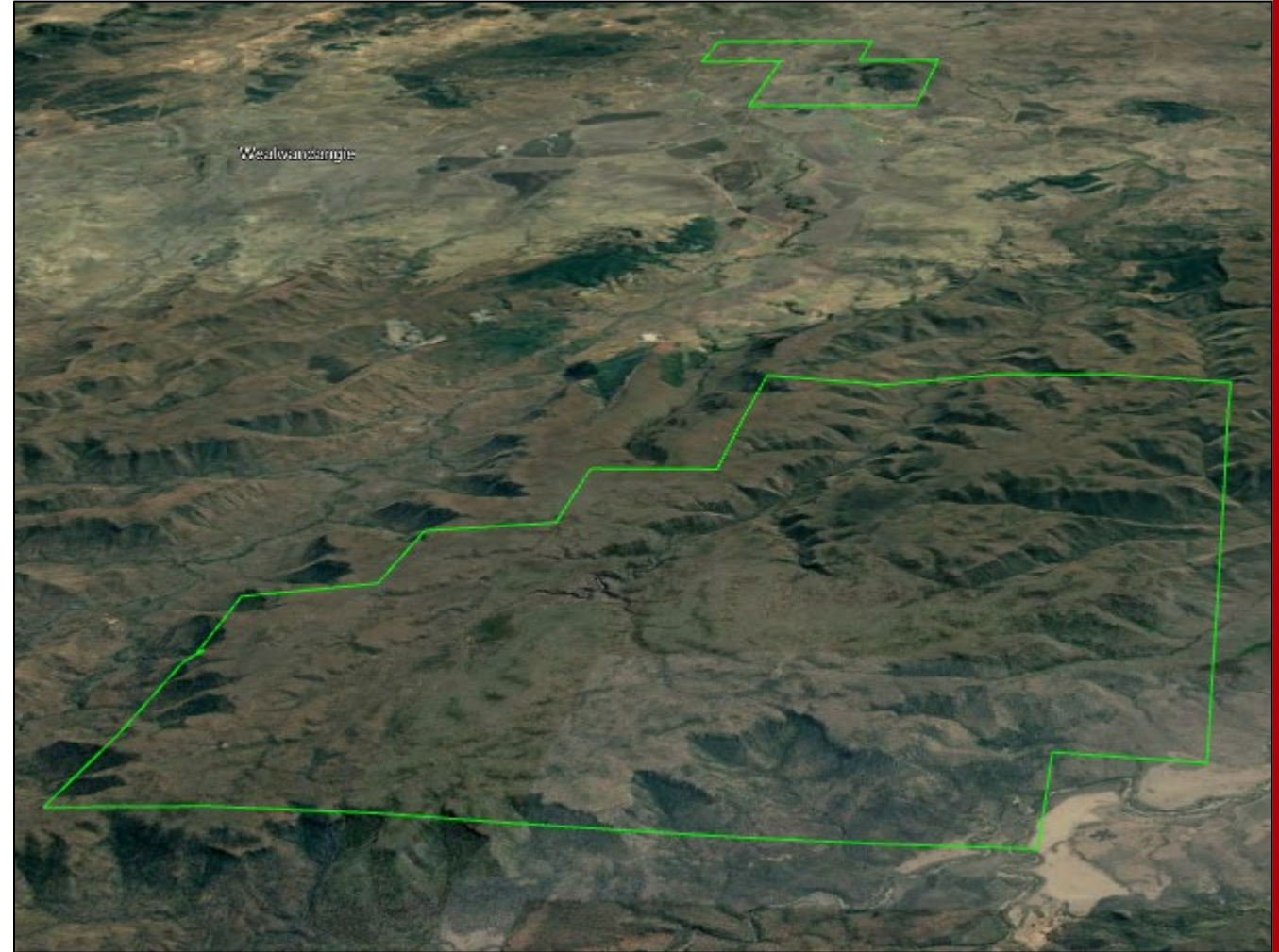
## ACCC Forecast Gas Supply and Demand, Southern States



Source: ACCC Gas Inquiry January 2022 Interim Report

# Carbon Management Project

- JV with minerals explorer Rockminolutions Pty Ltd
- Buckland Basaltic Formation
  - 70km<sup>2</sup> area
  - 200m-330m thick
- Investigating decarbonisation options:
  - Advanced weathering
  - Low carbon cementitious material
  - In-situ carbon mineralisation (Carbfix process)
- Western edge of Rolleston-West Project
- Drilling of 2 x ~300m chip holes in 2022



*The Buckland Basaltic Formation and EPM27596*

*“With nearly 400 PJs of geographically blessed 3C Resource in a tight gas market, State Gas’ task is to convert that resource into reserves in time to address the upcoming national gas shortage.”*

Richard Cottee

Executive Chairman State Gas





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