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ASX RELEASE

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GAS-Santos JV Granted New Exploration Permit (Amended)

Highlights

- New exploration permit ATP 2068 has been issued to State Gas in joint venture with Santos QNT Pty Ltd.
- The new permit grant follows the appointment of State Gas and Santos as preferred tenderers for the area (PLR2021-1-2) in May 2022.
- ATP 2068 is adjacent to State Gas' existing projects at Reid's Dome and Rolleston-West, as well as Santos interests to the east, providing connectivity and enabling synergistic development of the wider area.
- The new area is highly prospective for coal seam gas in the Bandanna Formation, as well as hosting conventional targets.
- State Gas holds 35% and Santos 65% of the new permit, with Santos as operator, enabling the JV to benefit from its extensive experience in producing gas from Bandanna coals in the area.
- The permit grant for PLR2021-1-3, the second block to which State Gas and Santos were appointed preferred developers, is expected following resolution of native title processes.
- The new acreage represents a significant expansion of State Gas' portfolio, increasing its future production, access to local production expertise, and providing optionality in development and marketing.

The Queensland Government has issued new exploration permit ATP 2068 to a joint venture of **State Gas Limited (ASX:GAS)** (through its 100% subsidiary State Gas (CQ) Pty Ltd) (**State Gas**) and Santos QNT Pty Ltd (100% subsidiary of Santos Ltd, ASX:STO) (**Santos**).

This new permit grant follows the appointment in May 2022 of State Gas and Santos as Preferred Tenderers of two areas under the recent Queensland Government Petroleum Land Release Program¹.

Constituting approximately 702km², ATP 2068 (formerly PLR2021-1-2) is directly adjacent to State Gas' Reid's Dome (PL 231) and Rolleston-West Projects (ATP 2062) to the west and north, and the 50% Santos owned Warrinilla and Warrinilla North Projects (PL 451 and PCA 301) to the east. The permit provides acreage connectivity between State Gas' Reid's Dome and the Santos interests to the east.

The new permit area is highly prospective for coal seam gas in the Bandanna Formation, as well as containing targets for conventional gas. The Bandanna Formation is currently in production on

1. Appointment as preferred tenderers for PLR2021-1-2 and PLR2021-1-3 announced on 17 May 2022, including information about the area.

Santos operated acreage to the east, and being tested by State Gas at its adjacent Rolleston-West Project.

Under the Joint Venture, State Gas holds 35% of the new permit, with Santos holding the remaining 65% and appointed operator. In addition to the economies of scale available from coordinating operations with Santos, the Joint Venture is expected to benefit from Santos' extensive experience in producing from Bandanna coal formations in the area.

The grant of ATP 2068 to the State Gas–Santos Joint Venture, to be followed (once native title processes are concluded) by the permit for PLR2021-1-3, results in an alignment of the partners' ownership interests across the gas resource in the majority of the southern Bowen Basin, providing the opportunity for coordinated and synergistic development of the whole region.

The rapid grant of the permit, less than two months after appointment of Preferred Tenderers, will enable the parties to move quickly to commence activities on the area. Its proximity to existing projects and infrastructure will facilitate its development in due course.

State Gas Executive Chairman, Mr Richard Cottee noted the increase in the Company's acreage position and portfolio. "Over the last two years the Company has grown and diversified almost exponentially. From an initial position of 181 km², it added 1,414 km² with ATP 2062 two years ago, and now it is adding a further 1,035 km²."

"Importantly, we have achieved significant diversification in our target resource, with several different coal seam gas plays, as well as both conventional shallow and tight gas plays. However, we have done so while maintaining a geographical focus in an area we are established and know well, thereby maximising knowledge, operational efficiencies, and enabling synergies", he said.

"We are creating greater optionality for both operations and marketing," he added.

Year Acquired	Asset	Net Acreage (km ²)	Estimated Contingent Resources (PJ's Net to State Gas)		
			1C	2C	3C
2017	PL231 Reid's Dome	181	85	195	668
2020	ATP 2062 Rolleston-West	1,414	152	283	529
2022	ATP 2068	254	25	43	68
2022-23	PLR2021-1-3	108	13	20	37
Total		1957	275	542	1301

*State Gas estimate as at 20/07/2022

This announcement was approved for release by Mr Richard Cottee, Executive Chairman.

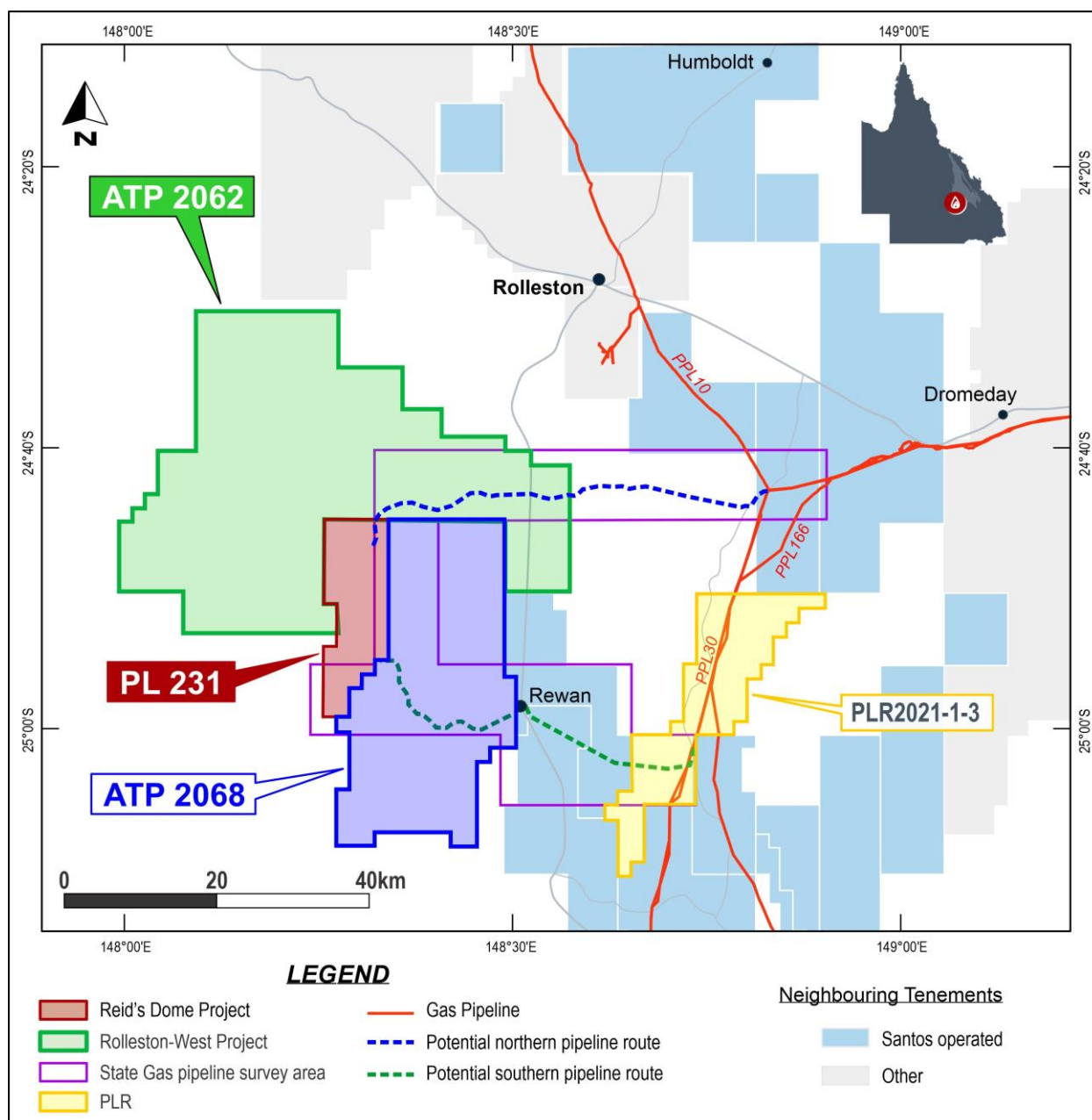


Figure 1: showing location of new ATP 2068, State Gas existing projects, and Santos interests in the area

FOR FURTHER INFORMATION

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ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based gas exploration and development company focussing on the Bowen Basin in Central Queensland. State Gas is 100%-owner of the contiguous Reid's Dome (PL-231) and Rolleston-West (ATP 2062) Gas Projects, both of which contain both 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. Neither project is restricted by domestic gas reservation requirements.

State Gas also holds a 35% interest in new permit ATP 2068 in joint venture with Santos QNT Pty Ltd (65%), and, also in the same joint venture, has been appointed Preferred Tenderer for an additional new exploration block PLR2021-1-3. These two new areas lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the area, providing for an alignment of ownership interests across the region, enabling synergies in operations and development.

None of State Gas' permits are restricted by domestic gas reservation requirements. State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet shortfalls in the east coast domestic gas market.

State Gas is also undertaking a carbon management initiative with minerals explorer Rockmin Solutions Pty Ltd in respect of EPM 27596 on the western border of ATP 2062. This project is investigating the potential of basalts in the Buckland Basaltic Sequence to provide long term secure sequestration of carbon through mineralisation².

ASX Listing Rules Chapter 5 - Reporting on Oil and Gas Activities

Additional Information about Contingent Resources estimate

The Contingent Resource estimates for the Reid's Dome and Rougemont Gas Projects (State Gas 100%) and State Gas' 35% interest in ATP 2068 and PLR 2021-1-3, were estimated utilising the probabilistic method with totals summed arithmetically and have not been adjusted for commercial risk.

The Contingent Resource estimates are based on technical data for the permits, regional geologic and production interpretations, and in the case of the Reid's Dome and Rolleston-West Projects, data derived by State Gas from exploration activities on the permits, including reprocessing of seismic, drilling, core analyses, production testing and analyses of produced gas and water.

Additional exploration and appraisal is required to address the contingencies associated with these resources to confirm commercial viability and areal extent. If the contingencies are successfully addressed, some part of the Contingent Gas Resources may be reclassified as reserves. The estimates of Contingent Resources have not been risked to account for the possibility that the contingencies are not successfully addressed.

The estimates reported relate to unconventional petroleum reserves. The details of the project area, the method of extraction and number of wells that may be required are not yet finalised. The Contingent Resources estimated have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS 2018.

The estimates reported are not contingent on technology that remains under development.

Competent Persons Statement

The estimate of Contingent Resources for the Reid's Dome and Rolleston-West Gas Projects (of which State Gas holds 100%), and State Gas' 35% interest in ATP 2068 and PLR2021-1-3, provided in this document, is based on, and fairly represents, information and supporting documentation prepared by Mr James Crowley in accordance with Petroleum Resource Management System guidelines.

Mr Crowley is a full-time employee of State Gas, and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Crowley holds a Bachelor of Science (Honours) from Macquarie University, Sydney and has over 36 years' experience in the industry. He is a member of The Petroleum Exploration Society of Australia and The Society of Petroleum Engineers. Mr Crowley has consented to the publication of the Contingent Resource estimates for the Reid's Dome and Rolleston-West Gas Projects, and ATP 2068 and PLR2021-1-3, in the form and context in which they appear in this Presentation.

² For more information see State Gas Ltd announcement on 9 May 2022