



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

Investor Update

*Monetising our gas resource with
unprecedented market conditions*

November 2022

ASX:GAS



Disclaimer

Disclaimer

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

Highlights

- 🔥 Robust market conditions
 - ✓ Significant opportunity to monetise our gas
- 🔥 Staged market access
 - ✓ **Short term:** Compressed Natural Gas (“CNG”) trucking to sell early gas, producing cashflow to drive future exploration and reserve expansion
 - 1 TJ/day of production expected
 - ✓ **Mid:** 60km gas pipeline for larger volumes (expected 2024)
 - 15 TJ/day of production expected
 - ✓ **Long term:** Integrated development of regional portfolio
 - ✓ **Cashflow:** Gas sales revenue towards future exploration costs
- 🔥 Market optionality
 - ✓ CSG & conventional gas, no domestic reservation
- 🔥 2 new blocks in JV with Santos
 - ✓ Partnership for regional synergistic development
- 🔥 Carbon Management initiative
 - ✓ Ensuring sustainability



Reid's Dome conventional (above) and CSG (below) gas flares at PL231

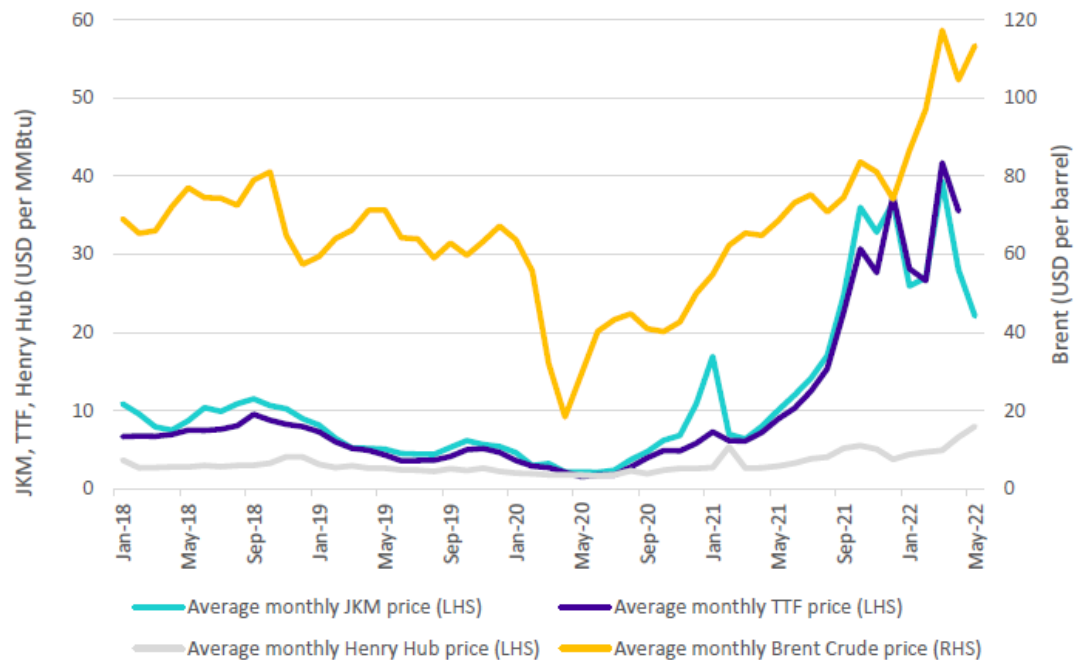


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The Market Opportunity

Gas Market Prices Going Up

Internationally



Source: ICE (JKM), Argus (TTF), S&P Global Platts (Henry Hub), EIA (Brent Crude), ACCC analysis.

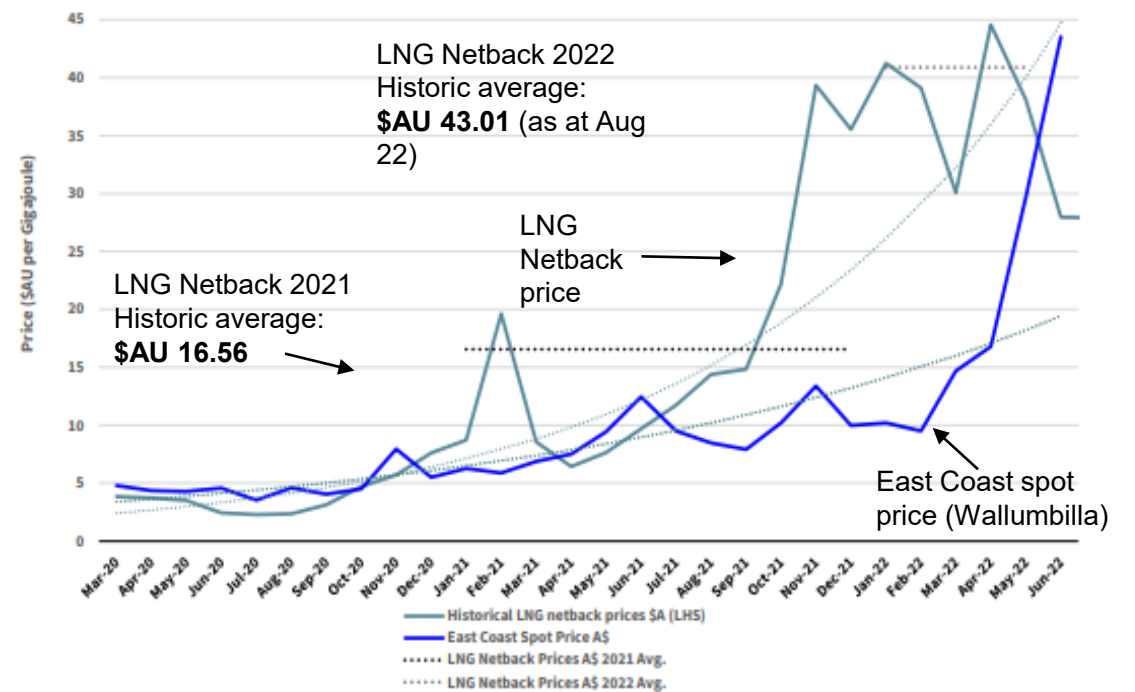
ACCC Gas Inquiry Interim Report July 2022

Not just Ukraine

And

Domestically

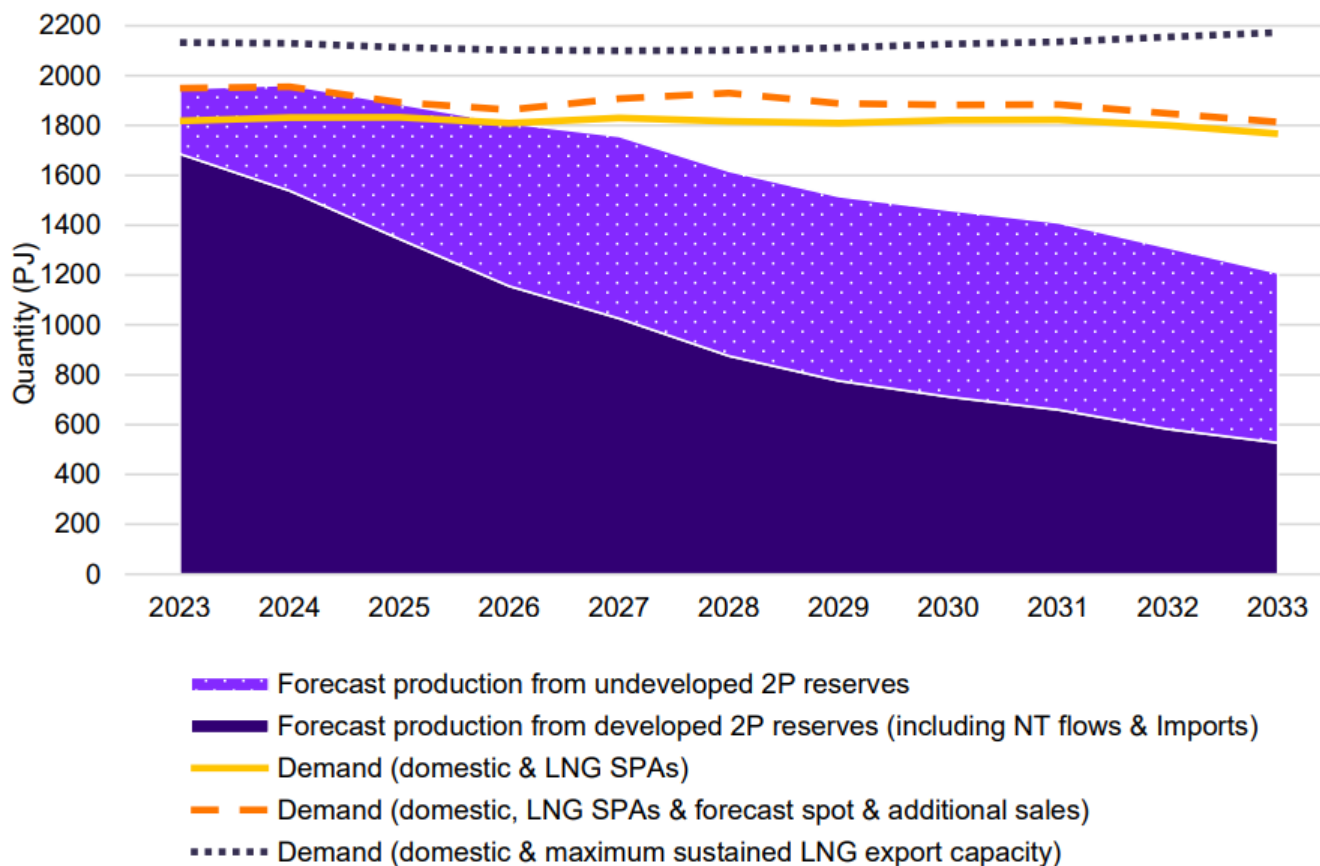
East Coast spot & LNG Netback prices (\$AU/GJ)



Source: ACCC & AEMO STTM

East Coast: Increasing supply shortages forecast

ACCC Forecast Gas Supply and Demand, Southern States



Source: ACCC Gas Inquiry January 2022 Interim Report

“The east coast gas market is facing a 56 PJ **shortfall** in supply in 2023, signifying a substantial risk to Australia’s energy security.”

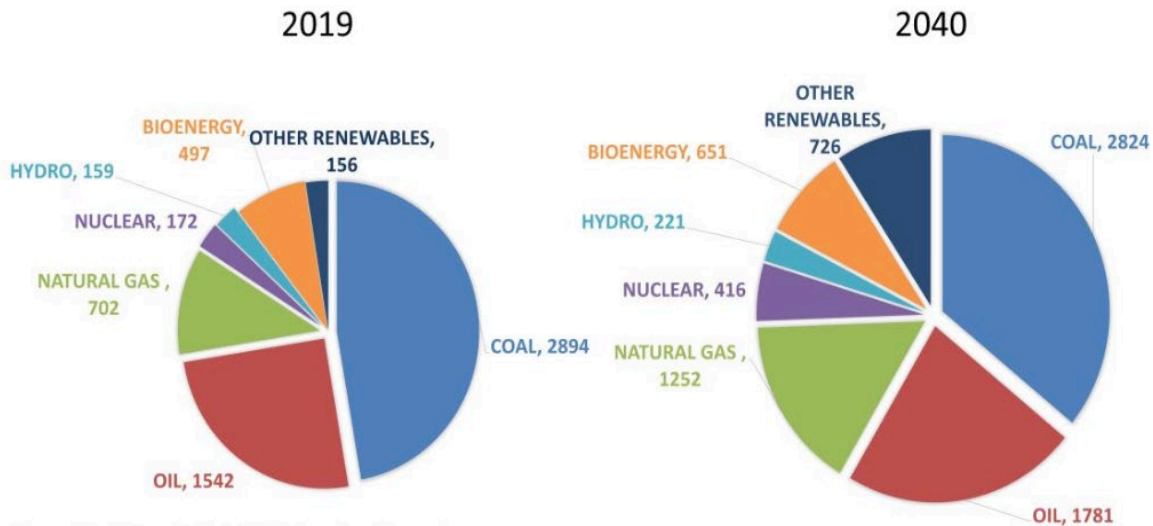
ACCC Gas Inquiry July 2022 Interim Report

*Imposition of unrealistic price caps will **not** increase supply*

Gas Market Dynamics Changing

Demand will be long term

Primary energy demand Asia Pacific (Mtoe)

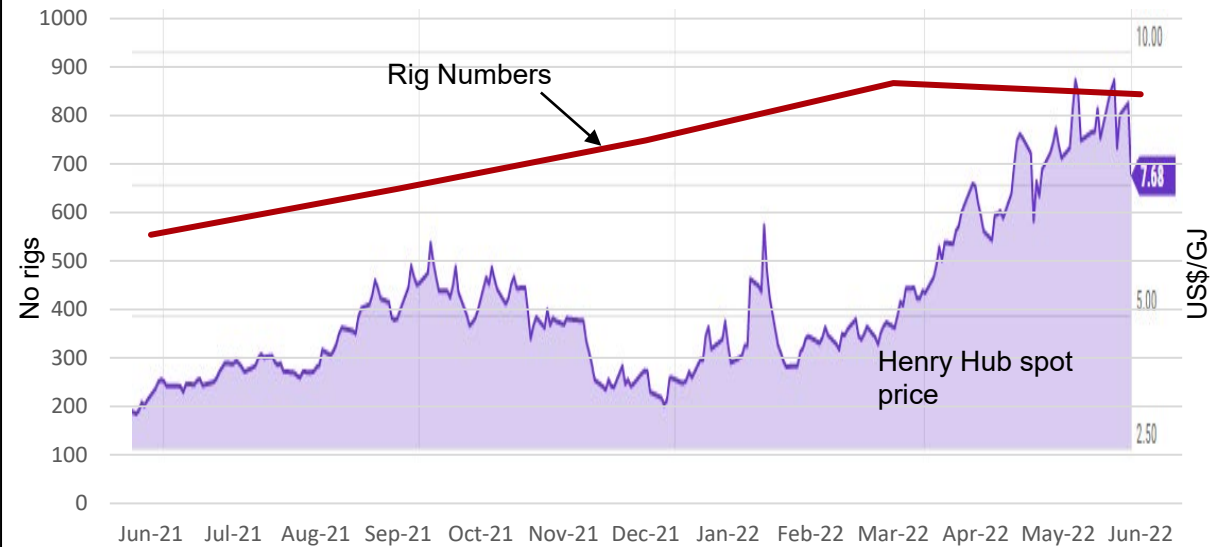


Source: World Energy Outlook 2020, International Energy Agency

Asia Pacific gas demand predicted to grow **78%** by 2040

But supply not responding

Average Nth America Rigs operating v Henry Hub Natural Gas Spot Price



Source: Baker Hughes Rig Count & YCharts Henry Hub Natural Gas Spot Price

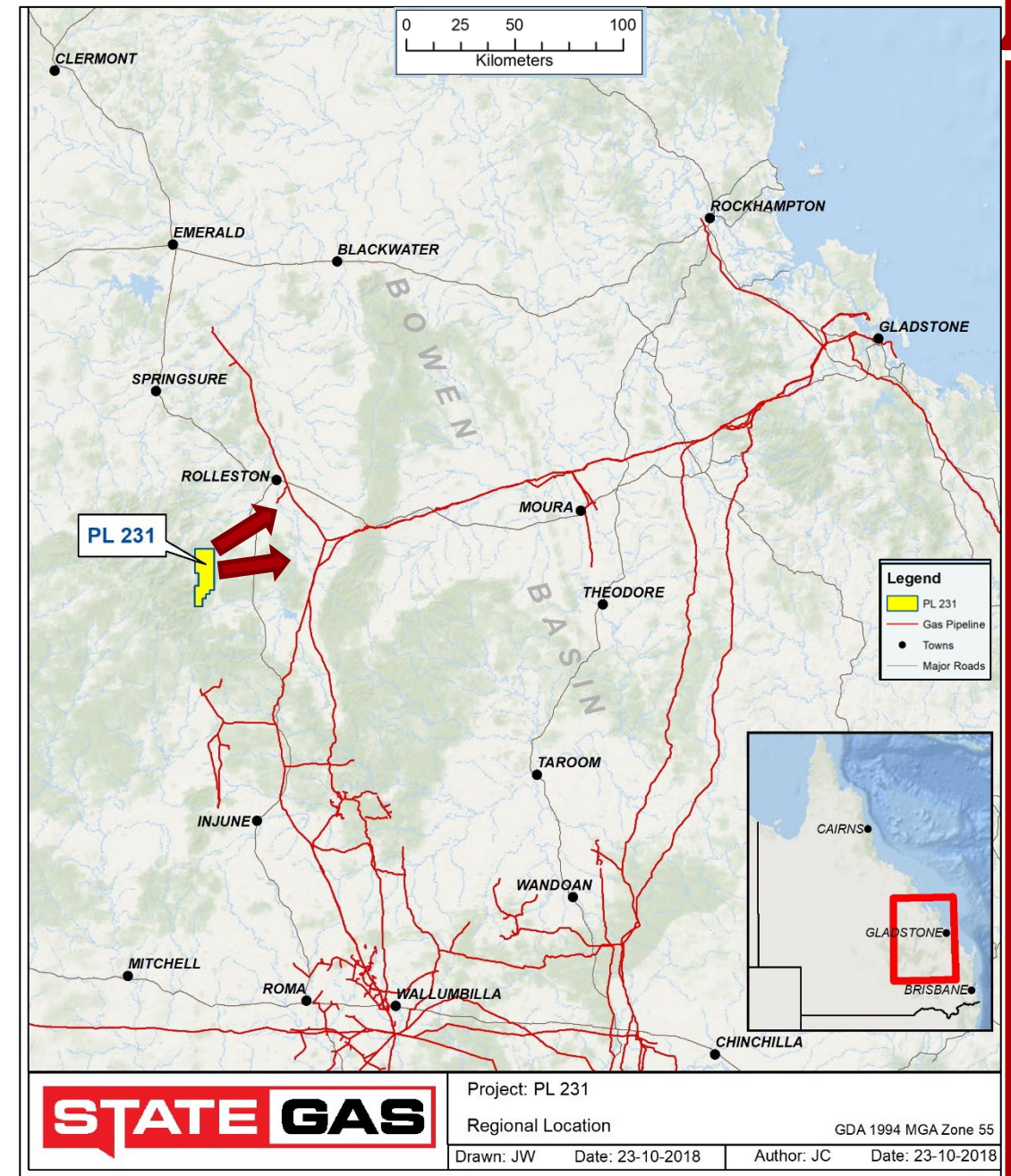
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Cashflow
Opportunity

Phase 1: Revenue from CNG

Cashflow generated invested towards future exploration commitments

- A 'virtual pipeline' to deliver gas to market
 - State Gas intends to truck CNG from PL231 approximately 60km for deployment into existing pipeline infrastructure
 - Expected initial production of 1TJ/day
 - Sales for spot or higher priced customer (under negotiation)
- Reid's Dome conventional gas
 - Pipeline quality gas, no produced water
 - Compression & dehydration the only "processing" required
- Trucking provides revenue stream and early market access until physical pipeline is constructed (expected 2024)
- CNG system is then redeployable for sale of production test gas from other wellsites
- Gas sales revenue to contribute to exploration commitments



CNG Trucking Metrics

- Payback: ~6 months
 - CNG Project Capex of \$2.9m
 - 1 TJ/day average product for ~300 days per annum
 - Assumed gas pricing of >\$25/GJ (i.e < avg price for June & Sep Qtrs '22)
 - Commissioning / first gas delivered Q1-2 2023
- Two CNG trucks, two trailers each
 - 65km each-way trucking distance
 - 8.5 hour round-trip including loading and discharge
- Equipment ownership:
 - 1.7TJ/day compressor owned by State Gas
 - Saleable at end of project with funds recycled
- Downside protection:
 - Interruptible sale arrangements
 - Equipment can be sold or redeployed

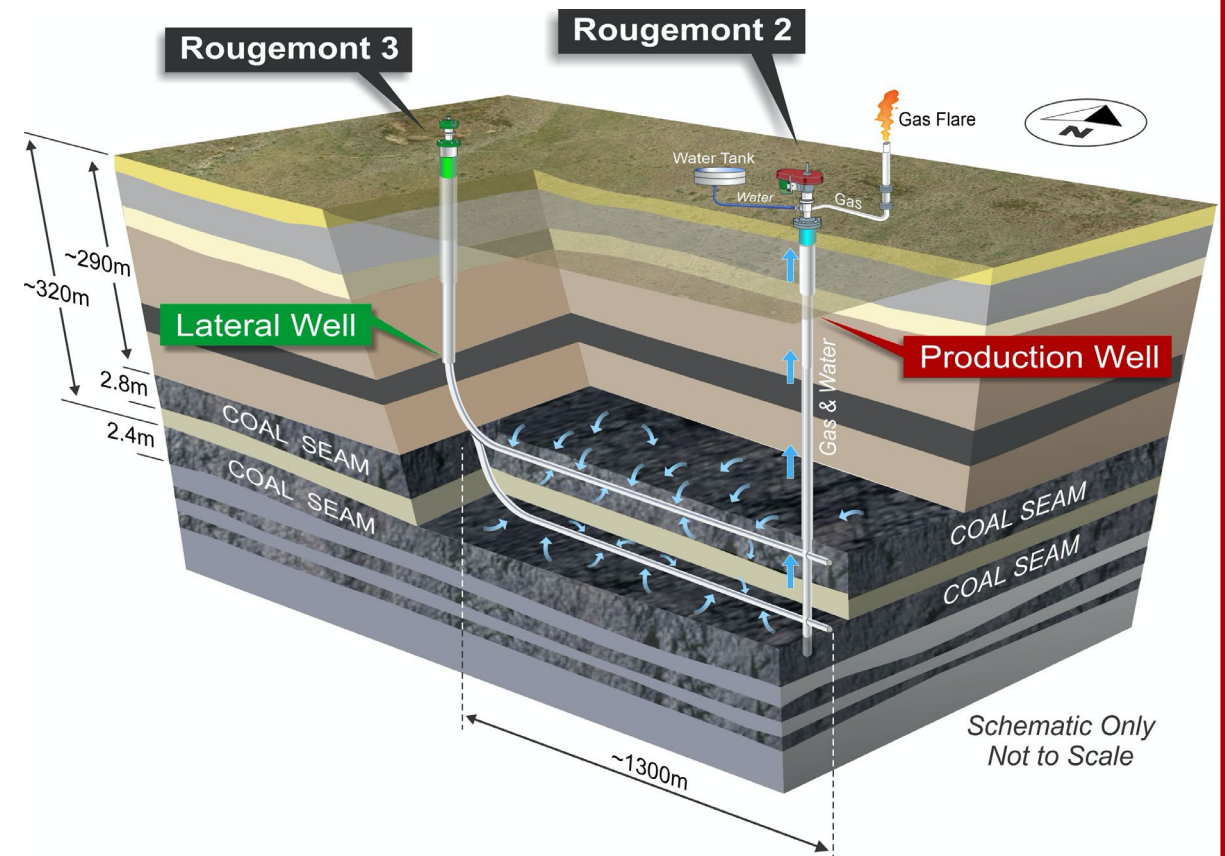


Rougemont-3 Dual Horizontal Well

Delivering greater gas volumes

- “Rougemont-3” horizontal well drilled in ATP 2062
 - Target: Bandanna Coal Measures
 - Number of seams : 2
 - Depth to seams: 320 metres to 380 metres
- Total in-seam length: ~2,400 metres
- Horizontal well advantages:
 - High recovery of gas in place can be achieved in a short period of time relative to vertical wells
 - Delivers a multiple of vertical well production
 - Can be used in areas where hydraulic-fracturing capability is lacking
- This well technique has delivered between 400,000 – 1,700,000 cubic feet per day gas in analogous coals
- Production testing commencing mid- November 2022

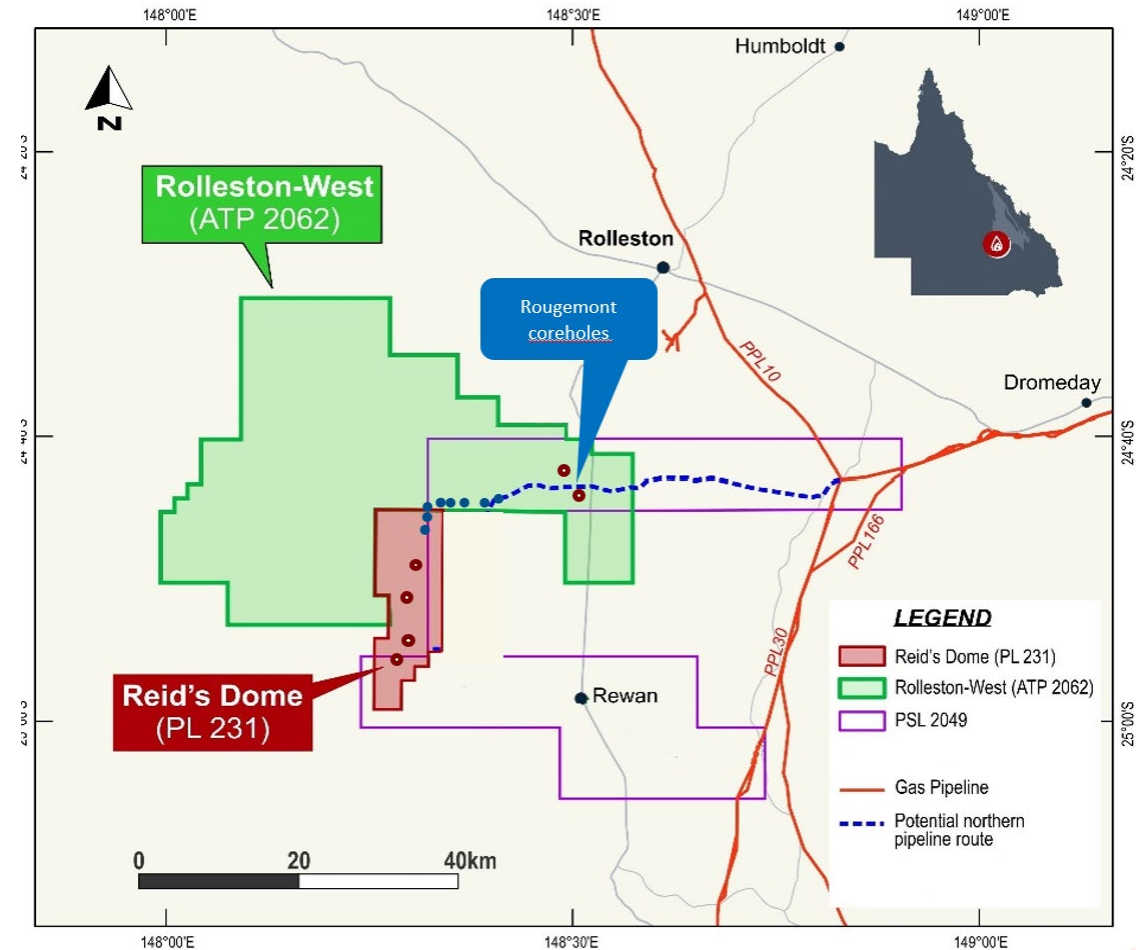
Rougemont-3 Dual Horizontal Well Technique



Phase 2: Conveying Greater Gas Volumes

Proposed Physical Gas Pipeline

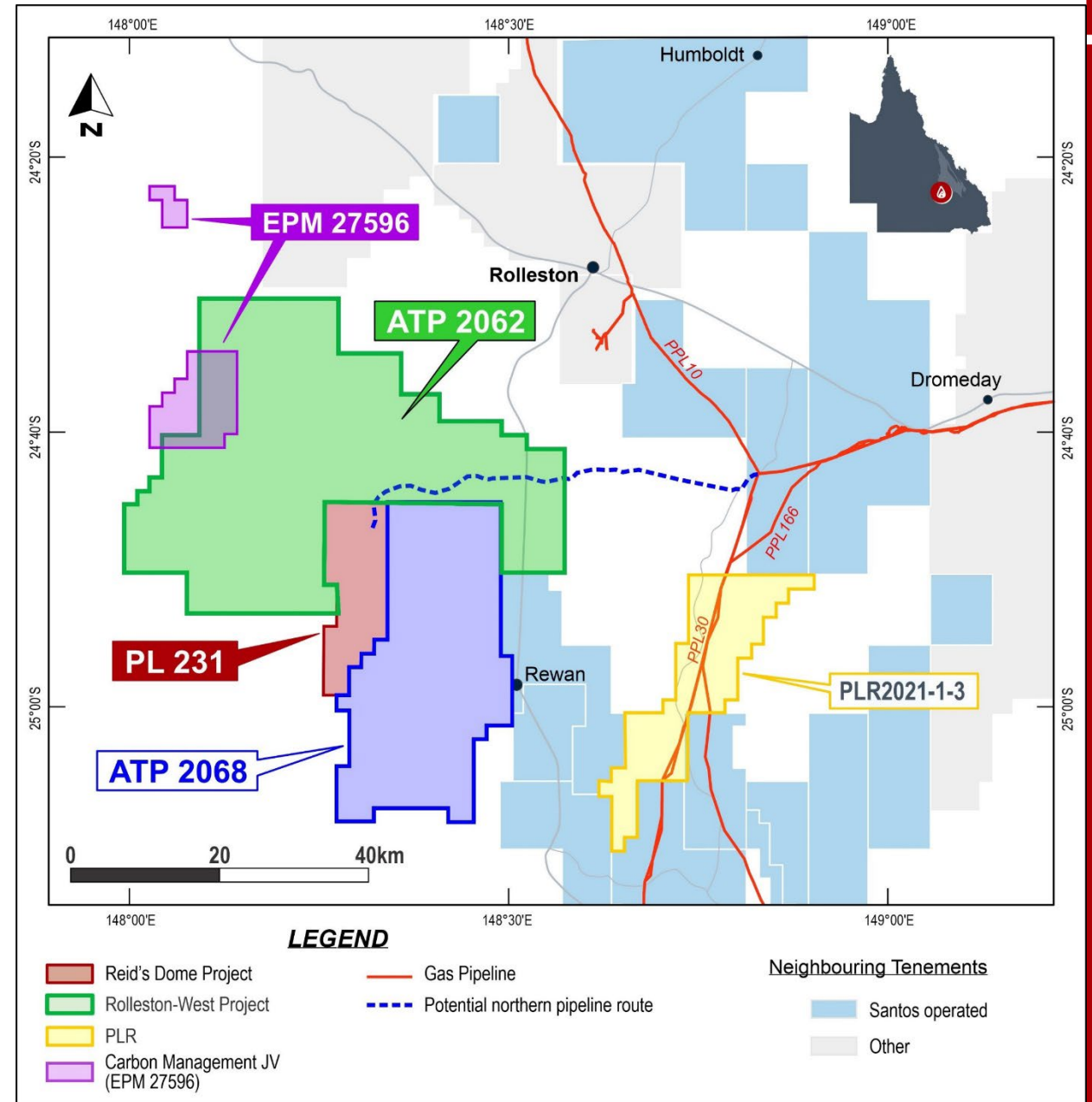
- Proposed export gas pipeline (~15 TJ/d)
 - ~60km length
 - Relatively short, relatively low-cost
- Route through Rougemont area
 - Near pipeline quality gas
 - Enable early-stage sales
 - Minimise development infrastructure
- Permitting and route selection underway
- Target completion 2024



A Portfolio Approach in CQ

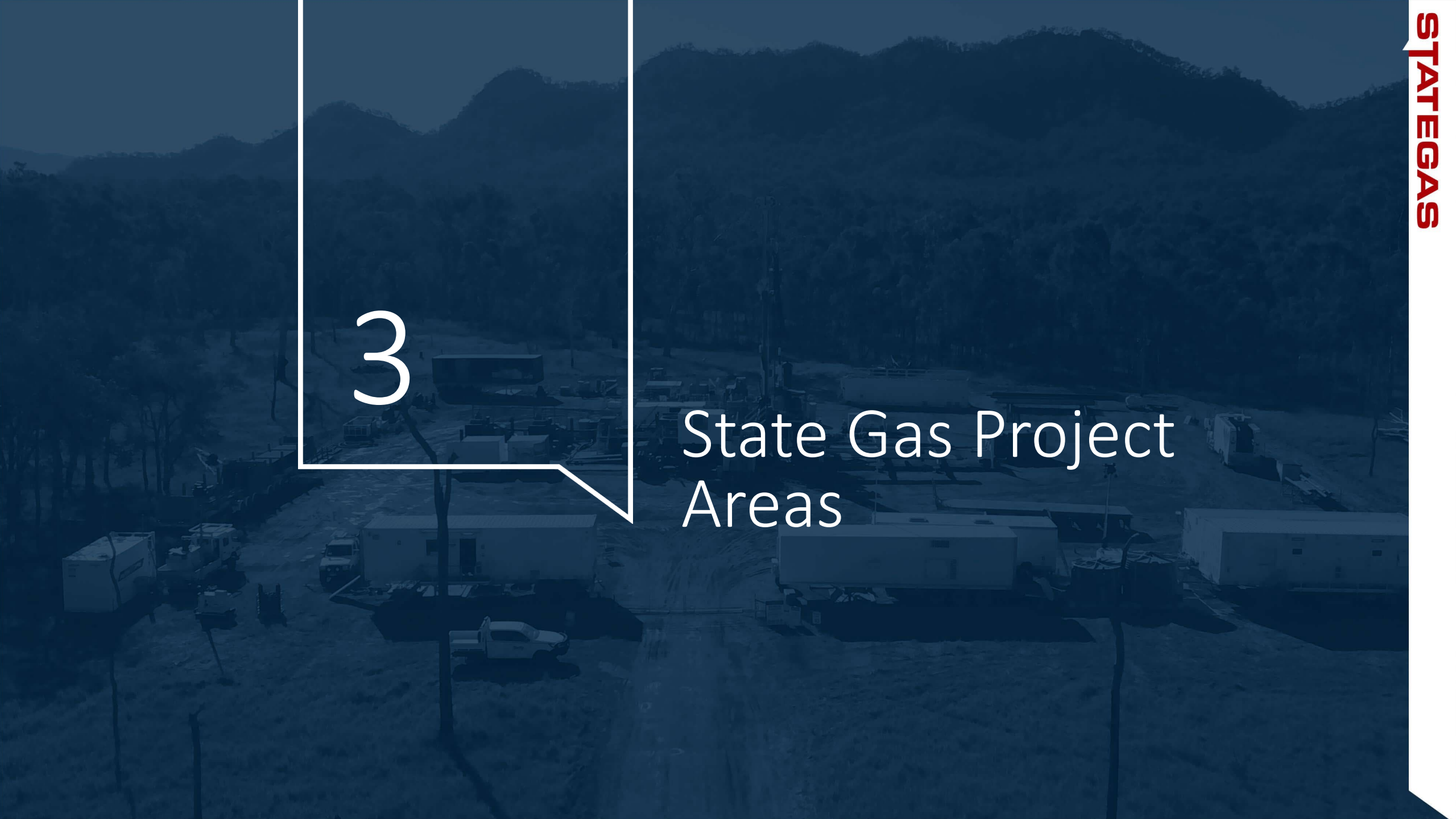
Integrated development of the region

- Interests across the region
 - 2630 km² of combined gross acreage
 - PL 231 – 181 km² - 100%
 - ATP 2062 – 1414 km² - 100%
 - ATP 2068 & PLR2021-1-3 (Santos JV) – 1035 km² - 35%
- Significant Resource potential
 - Highly prospective Bowen Basin sequence
 - Multiple conventional and unconventional targets
 - No domestic gas reservation
- Alignment of interests across region
 - Synergistic development
 - economies of scale
 - operational optionality



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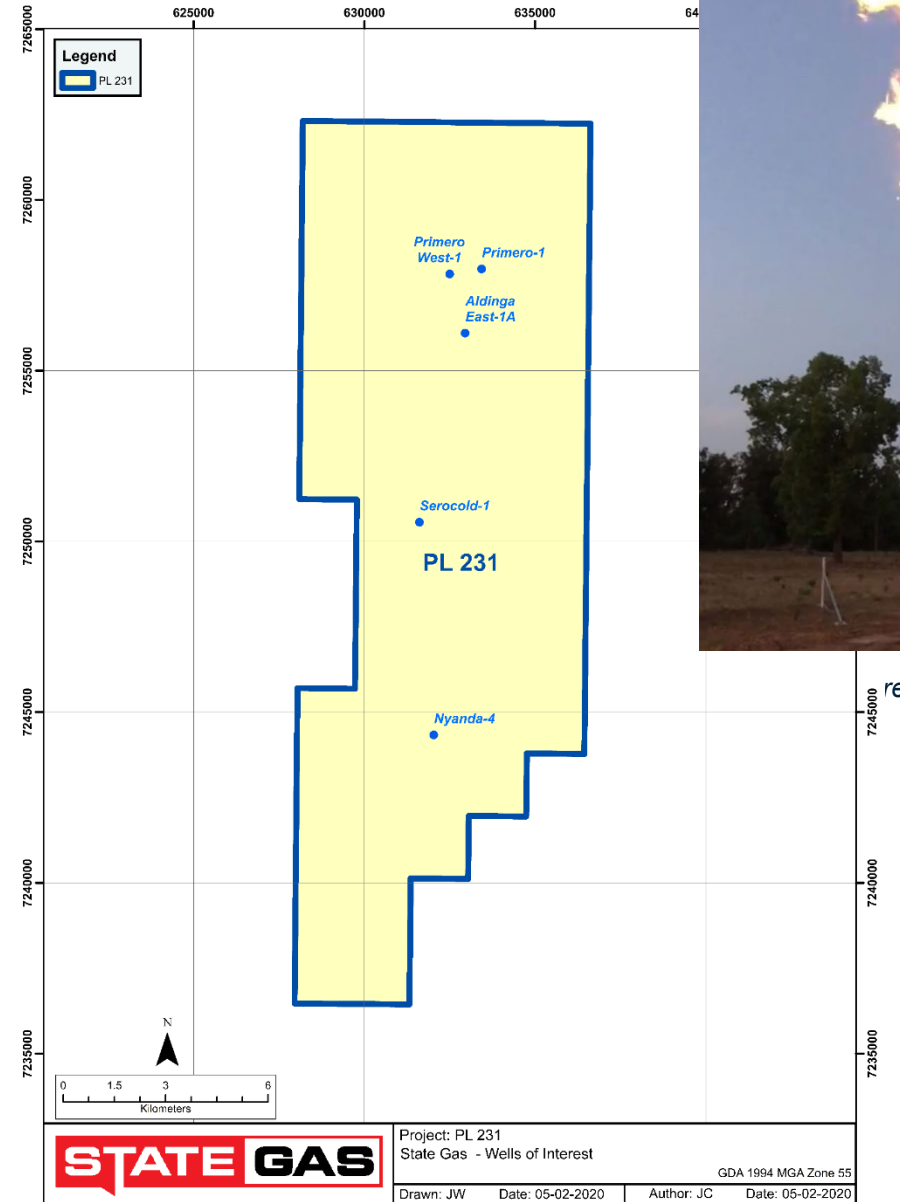
State Gas Project
Areas



PL 231 - Reid's Dome

- Conventional gas in northern area discovered in 1954 before gas market existed:
 - Pipeline specification gas
 - Ready to turn on
- CSG confirmed in coal measures across length of permit
- Nyanda-4 in south producing at highly commercial rates up to 700,000 cubic feet/day

PL 231 Estimated Contingent Resources		
1C	2C	3C
86 PJ	196 PJ	668 PJ



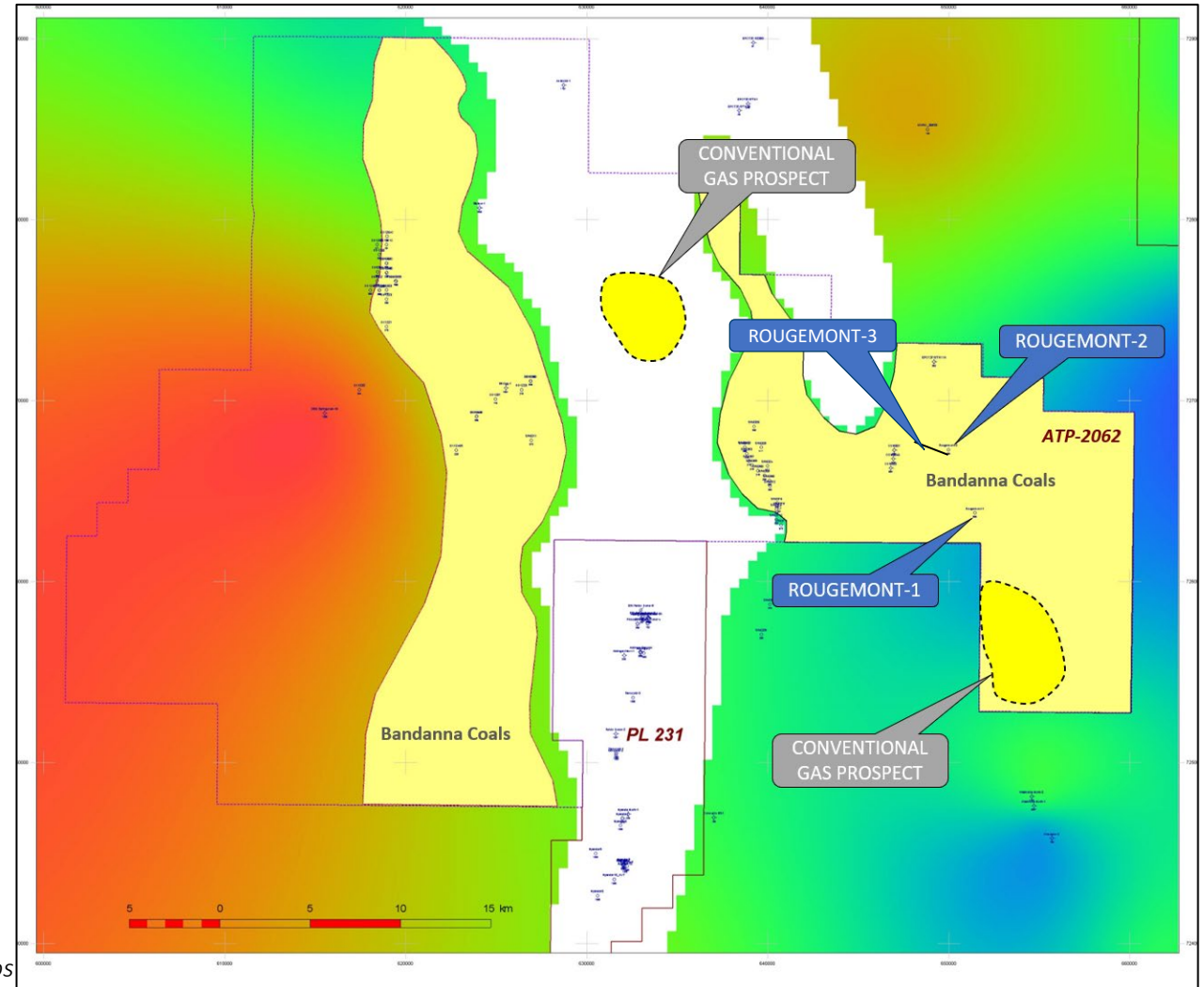
ATP 2062 – Rolleston-West

- ~570 km² Bandanna Formation prospective for CSG
 - Analogous to Arcadia Valley* & Mahalo#
- Drilling of Rougemont 1 & 2 in Q2 2021 established potential of eastern area
 - *Continuous coal seams across the area confirmed*
 - *~8m coal, with 2 primary seams*
 - *Gas composition close to pipeline quality*
- Plus highly prospective conventional targets:
 - Gas encountered in pre-1992 wells in area
 - New conventional targets at moderate depths

ATP 2062 Estimated Contingent Resources		
1C	2C	3C
151 PJ	279 PJ	506 PJ

*Arcadia Valley, to the south-east, is a producing field, owned by GLNG & operated by Santos

Mahalo, to the north-east, is awaiting FID; owned by Santos & Comet Ridge



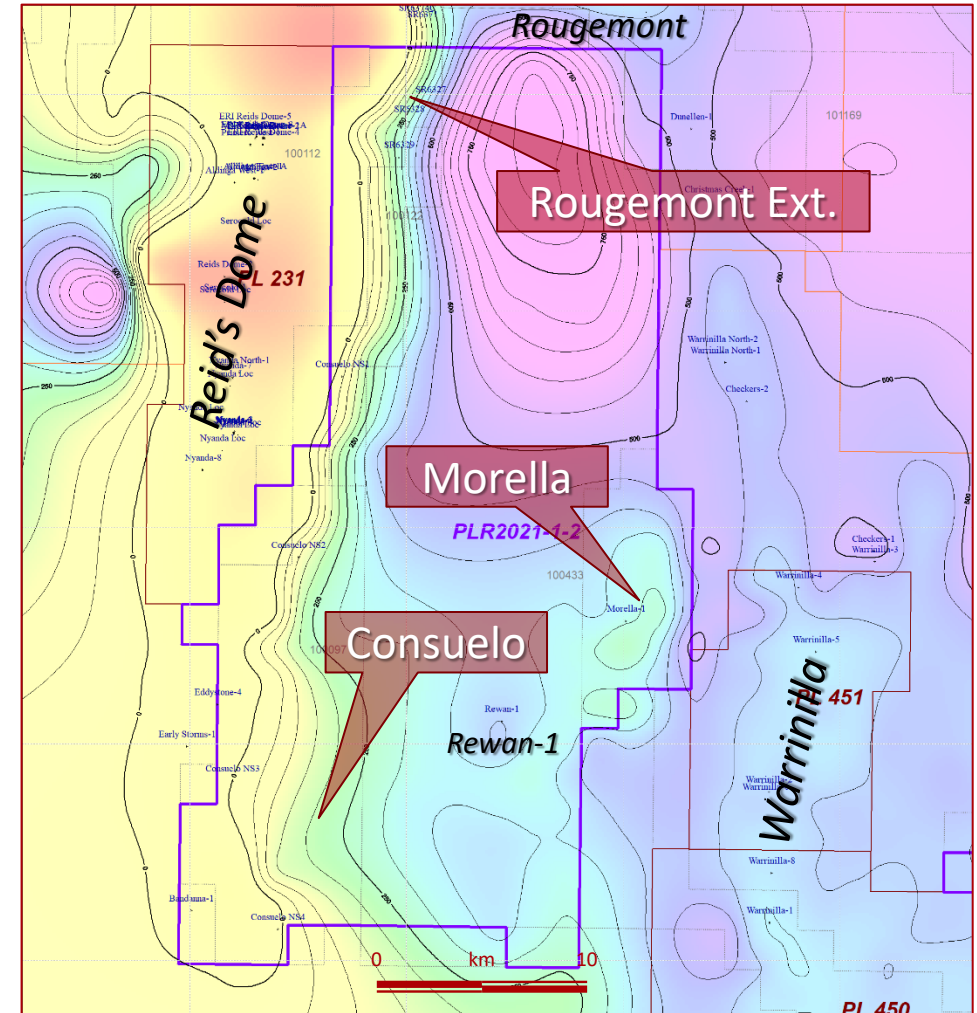
Rolleston-West CSG + conventional targets

ATP 2068 – Santos JV

- Granted 11 July 2022 (formerly PLR2021-1-2)
- State Gas 35%, Santos 65% & Operator
- Large area 727 km²
- Bandanna Formation CSG
 - Net coal demonstrated by Consuelo stratigraphic holes, Rougemont and Rewan-1
 - Gas content proven by Rewan-1 and Rougemont wells
 - Southwest extension of Rougemont

ATP 2068		
Estimated Contingent Resources* Net to State Gas		
1C	2C	3C
25 PJ	43 PJ	68 PJ

* State Gas estimate



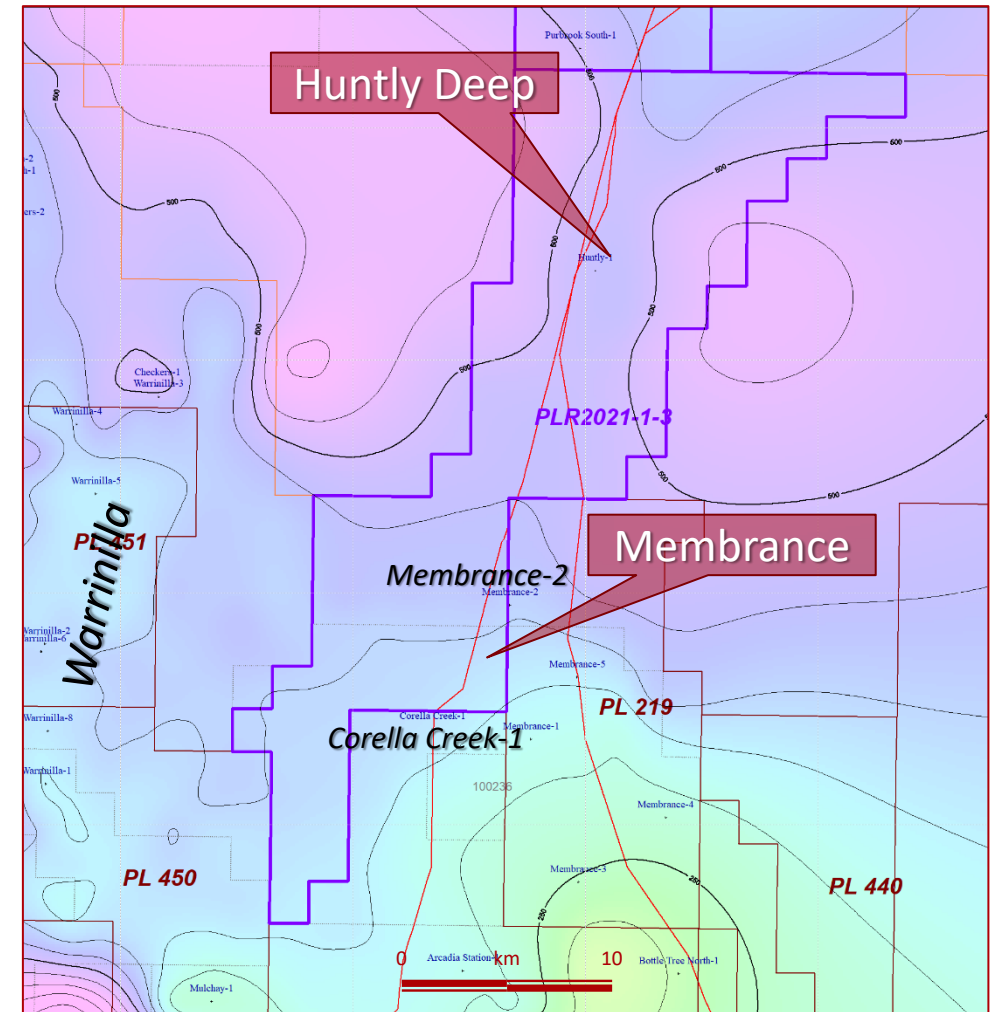
Bandanna Formation Two-Way Time map showing prospect areas (State Gas map)

PLR2021-1-3 – Santos JV

- Awaiting permit grant
- State Gas 35%, Santos 65% & Operator
- 308 km²
- Bandanna Formation CSG
 - Net coal and gas content demonstrated by Membrane and Corella Creek wells
 - Analogous to Arcadia Valley (Bandanna CSG)
- Conventional gas
 - Mantuan Formation and Aldebaran Sandstone

PLR2021-1-3 Estimated Contingent Resources* Net to State Gas		
1C	2C	3C
12 PJ	17 PJ	24 PJ

* State Gas estimate



Bandanna Formation Two-Way Time map showing prospect areas (State Gas map)

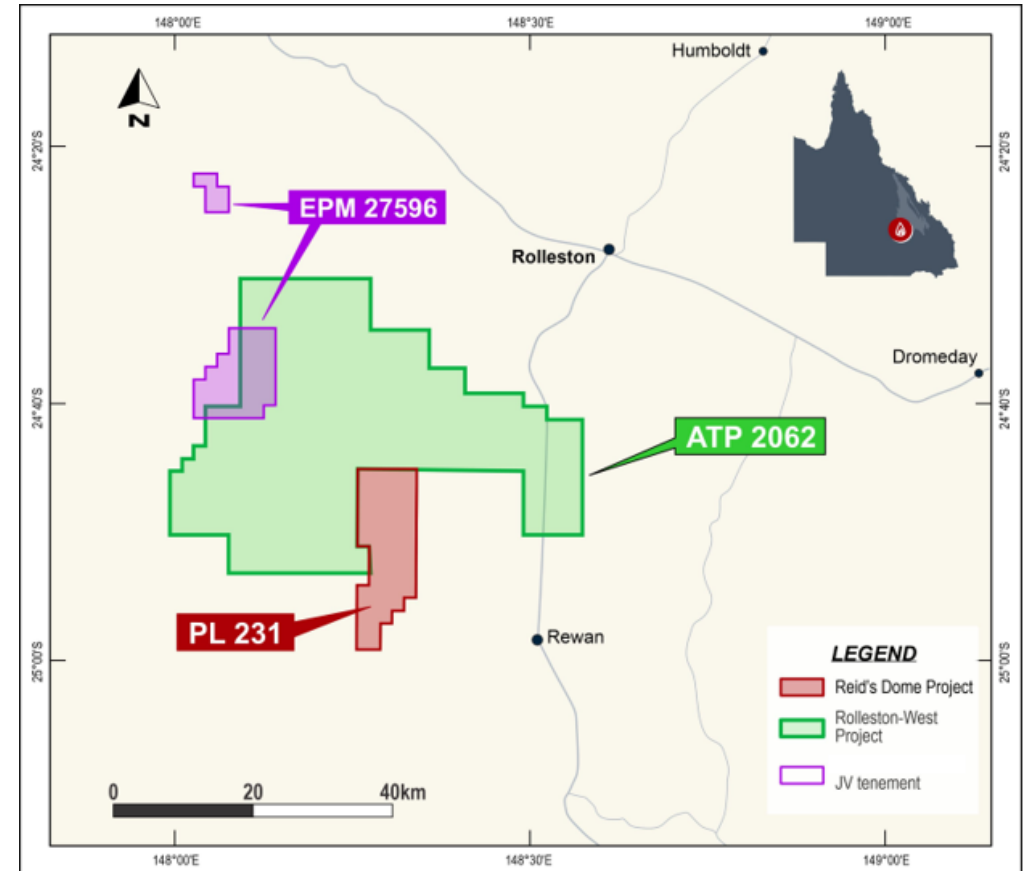
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Sustainability

Emission-free
production -
A sustainable future

CQ Decarbonisation Project

- JV with minerals explorer Rockminolutions Pty Ltd
- Buckland Basaltic Formation
 - 70 km² area
 - 200 – 330 m 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



Map showing location of Joint-Venture Project

Carbfix Process

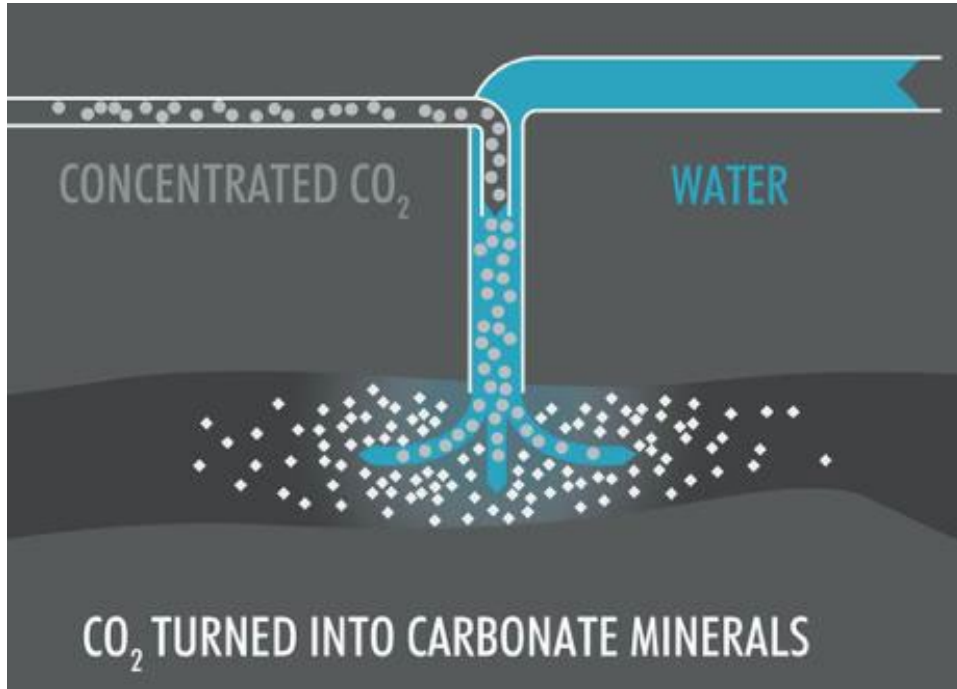


Illustration depicting the process of carbon mineralisation into underground basaltic rock formations

Image showing calcium carbonate (calcite) formed from CO₂ charged water injected into basalt at the Carbfix site in Hellisheioi, Iceland

- Permanent storage of CO₂ by conversion to mineral calcite
- Successfully trialed in Iceland
- Low temperature and low pressure requirements = LOW COST

Upcoming Milestones



- Early Cashflows
 - Commence CNG trucking from Reid's Dome conventional gas
 - Revenue from gas sales
 - Payback CNG project capex within six months
 - Cashflows towards exploration commitments and new gas discoveries

- Confirming the potential of the Rougemont area
 - Rougemont-3 horizontal well drilled October 2022
 - Commence production test of Rougemont -2/3 well pair
 - Further wells to expand footprint

- Progressing the Export Pipeline
 - Route constructability and environmental surveys
 - Land access negotiations
 - Permitting and design

- Carbon Management initiative
 - Drill 2 chip holes to confirm mineralization potential
 - Drill further holes to confirm extent

"With 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



Appendix – Additional information about Contingent Resource Estimate

Additional information about Contingent Resource 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 are as at 12 September 2022. They 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.



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