

20 May 2024

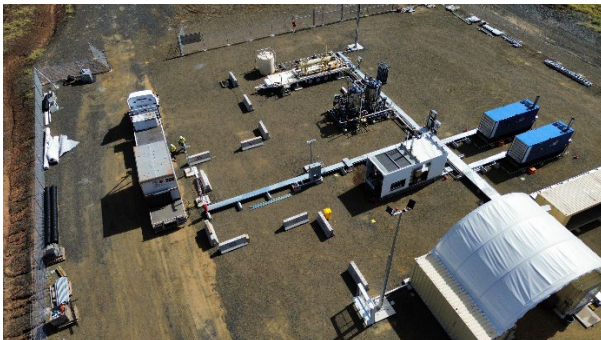
## First Shipment of HDNG

### HIGHLIGHTS:

- First cargos of HDNG successfully shipped
- Building a sustainable cashflow stream for the Company
- Substantial opportunity set for HDNG supply and application of gas compression technology

State Gas Limited (ASX: GAS) (“State Gas” or “the Company”) has successfully shipped its first cargos of high-density natural gas (“HDNG”) using its Virtual Pipeline trailers (“VP”). These are the first shipments of HDNG under the offtake arrangement announced on 5 April 2024, that will see State Gas’ HDNG used in the ongoing trial of hybrid (diesel/natural gas) mine-truck engine technology at a major coal mine in Central Queensland.

HDNG volumes will increase progressively over coming weeks in parallel with the ramp up of gas production from State Gas’s HDNG Facility and the efficient integration of the hybrid truck engines into the operating mine-truck fleet at the customer’s site.



*Figure 1: First HDNG trailer being filled at plant*



*Figure 2: First cargo of HDNG leaves facility*

The provision of HDNG is a bundled gas supply solution, which reflects significant value when compared to raw natural gas sourced from the traditional pipeline network. The ability to supply flexible quantities of natural gas to locations remote from traditional pipeline infrastructure means that State Gas’ HDNG will be at a sustainable premium to the spot price of raw pipeline gas.

The HDNG technology developed by State Gas provides the Company with significant first mover advantage in providing alternative fuel sources to diesel, as part of reducing the emission profile of various industrial activities. Natural gas has lower carbon content than diesel and produces around 25% less CO2 per unit of energy during combustion. In addition, natural gas contains significantly lower levels of other harmful particulates when compared with diesel. The State Gas HDNG plant also provides a reliable method for capturing and commercialising production testing gas which has historically been released to the atmosphere.

Since commissioning of the HDNG plant, State Gas has received unsolicited inquiries for, not only the supply of HDNG, but also the wider application of its HDNG technology to support a variety of diesel substitution applications.

State Gas' Executive Chairman, Mr Richard Cottee said, "The task of delivering innovation of this scale in the CSG industry has posed challenges in both time and cost. However, in the HDNG Facility, the Company has created an asset of substantial strategic and commercial value. State Gas has brought to market a flexible fuel source at a time when environmentally superior alternatives to diesel are urgently required. We believe supporting diesel substitution in the coal industry is the first of many potential large-scale applications of HDNG. In conjunction with the recently announced exploration grant funding, State Gas is now extremely well positioned to deliver improved returns to shareholders, by generating initial cashflow from its existing assets but, more importantly, through becoming a credible energy and technology provider."

State Gas' Chief Executive Officer, Mr Doug McAlpine said, "Success from the fully funded exploration program announced by the Company last week, means that additional production testing gas will likely be available for HDNG production and sales early next calendar year. This will allow State Gas to meet increasing demand for HDNG."

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

#### **FOR FURTHER INFORMATION**

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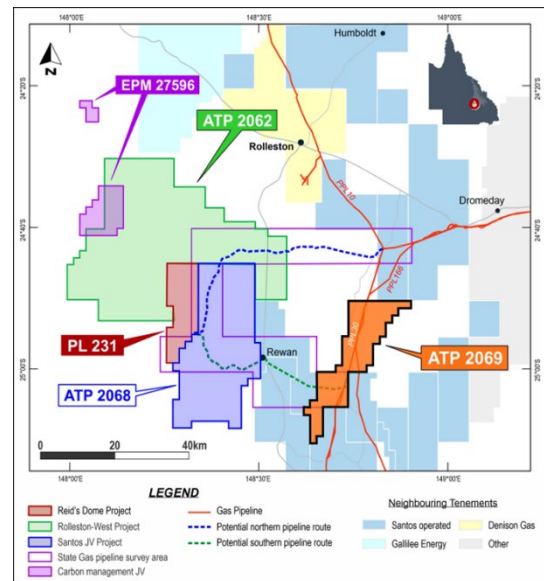
## ABOUT STATE GAS LIMITED

**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 1,595km<sup>2</sup>, 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.

State Gas is also participating in a carbon capture and sequestration initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 which is located on the western border of ATP 2062. This project is investigating the potential of the unique basalts located in the Buckland Basaltic Sequence (located in EPM 27596) to provide a variety of in-situ and ex-situ carbon capture applications.



## 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 m<sup>3</sup>/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 FACILITY

State Gas has developed a "first of its kind" in Australia CSG to High Density Natural Gas plant ("the HDNG Facility"). HDNG is natural gas compressed to a much higher pressure and energy density than is typical in a gas pipeline. HDNG is stored in specially designed pressure vessels that can be safely transported by road. 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.