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ASX RELEASE

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Commencement of Drilling for Maiden 2P Reserve at Rolleston West

HIGHLIGHTS:

- Rougemont 5 and Rougemont 6 wells spudded and cased to an initial depth of 12 metres
- Surface casing successfully set at Rougemont 6 to a depth of 152 metres
- Rougemont 6 expected to reach its total depth of 540 metres by the weekend
- Two-well program remains on track for completion by the end of May 2025
- Fully funded through a \$5.5 million exploration grant from the Queensland Government
- Drilling results will support the establishment of a maiden 2P reserve targeting 30–50 PJ at Rolleston West

State Gas Limited (ASX: GAS) (“State Gas or “the Company”) is pleased to announce commencement of drilling at its Rolleston West Project in Queensland, with two new exploration wells underway within ATP 2062. The program forms part of the Company’s broader Exploration Program targeting a maiden 2P gas reserve of 30–50 petajoules (PJ), supporting State Gas’s strategy to supply high-quality gas to the East Coast energy markets.

State Gas Managing Director, Doug McAlpine, commented: “Our team has done an outstanding job successfully completing the first casing section for the new Rougemont 6 vertical well in accordance with the Company’s drilling strategy and timetable.

“We look forward to sharing initial wireline logging and drilling results in the coming days as we intersect gas-bearing coal seams at around 320 metres and progress to the target depth of 540 metres with the second casing string. Cumulative coal intersected, expected to measure approximately 8 metres, is anticipated to exhibit strong permeability and host high-quality methane, consistent with gas produced from the Rougemont 2/3 dual lateral well.”



Figure 1: Silver City Drilling Rig 34 drilling ahead at State Gas Rougemont 6

Successful drilling will lead to State Gas seeking maiden 2P reserve for Rolleston West Project

Drilling results from Rougemont 5 and 6, including wireline logs and production testing, are expected to confirm the continuity and quality of the coal seams and support accreditation of a maiden 2P reserve of 30-50 PJ for the Rolleston West Project. Successful outcomes from the program will enable the Company to submit a petroleum lease application over a substantial portion of ATP 2062 and advance discussions with potential end users and pipeline infrastructure providers.

Program fully funded through \$5.5 million Government grant

As announced on 10 May 2024, the drilling program at the two new exploration/appraisal wells is fully funded under the \$5.5 million Queensland Government Frontier Gas Exploration Program (“the Grant”).

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

FOR FURTHER INFORMATION

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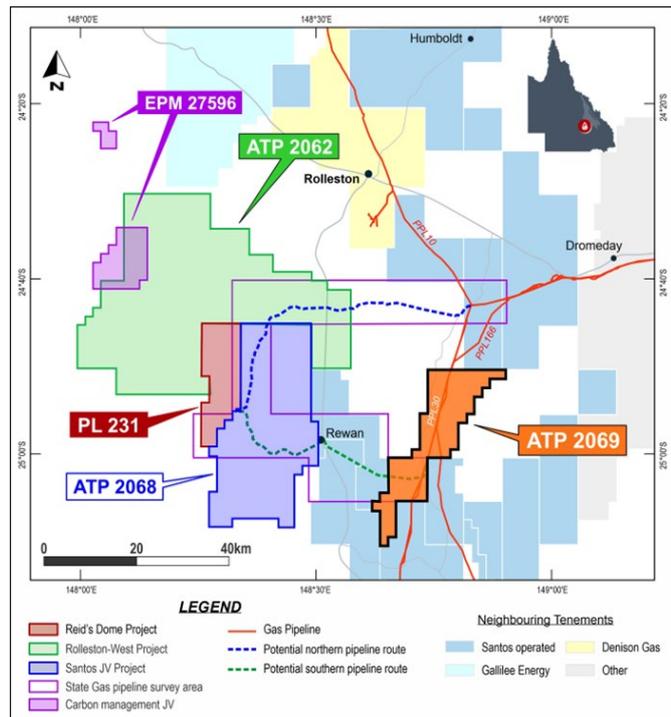
ABOUT STATE GAS LIMITED

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 1,595km², 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 m³/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 PRODUCTION FACILITY

State Gas has developed a "first of its kind" in Australia CSG to HDNG plant ("the HDNG Facility"). 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.