State Gas Limited
ACN 617 322 488
PO Box 10348
BRISBANE QLD 4000

ASX RELEASE

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Rougemont 5 drilling confirms continuity of gas-bearing coal seams at Rolleston West

HIGHLIGHTS:

- Rougemont-5 well successfully drilled to a total depth of 579 metres as part of the Rolleston West maiden 2P reserve program
- Coal seams intersected from ~419 metres, with 7.8 metres of net coal logged within the Bandanna Formation
- Elevated gas shows recorded during drilling, consistent with Rougemont 6, reinforcing gas potential
- Rougemont-5 and 6 wells on track for completion by mid-May 2025, with flow testing to assess permeability and gas deliverability

State Gas Limited (ASX: GAS) ("State Gas or "the Company") is pleased to announce the successful drilling, wireline logging and casing of the Rougemont-5 vertical well at its Rolleston West Project (ATP 2062) in Queensland's Southern Bowen Basin. Rougemont-5 is located approximately three kilometres south of the recently drilled Rougemont 6 vertical well, and four kilometres south-east of the existing Rougemont 2/3 dual lateral well system, which was producing gas in late 2024.

The well intersected 7.8 metres of net coal in the Bandanna Formation, between depths of 419 and 520 metres. Elevated gas shows during drilling further support the commercial gas potential of the formation. All previously encountered coal seams from the Rougemont well series were present, confirming lateral continuity of coal seams in a large area bounded by Rougemont-6 in the north, Rougemont-1 to the south and Rougemont-2/3 to the west. Rougemont-5 and 6 will be completed and flow tested to confirm reservoir permeability.

State Gas Managing Director, Doug McAlpine, said**:** *"Drilling results from Rougemont-5 continue to demonstrate strong coal and gas consistency across the Rolleston West Project area. With drilling now complete, our focus shifts to flow testing both wells, which will provide key data to underpin a maiden 2P*

reserve. These results strengthen our confidence in the scale and potential of Rolleston West as a new east coast gas supply source."

Picture 1: Rougemont 5 drilling. Photo credits: Molly McEwin

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

FOR FURTHER INFORMATION

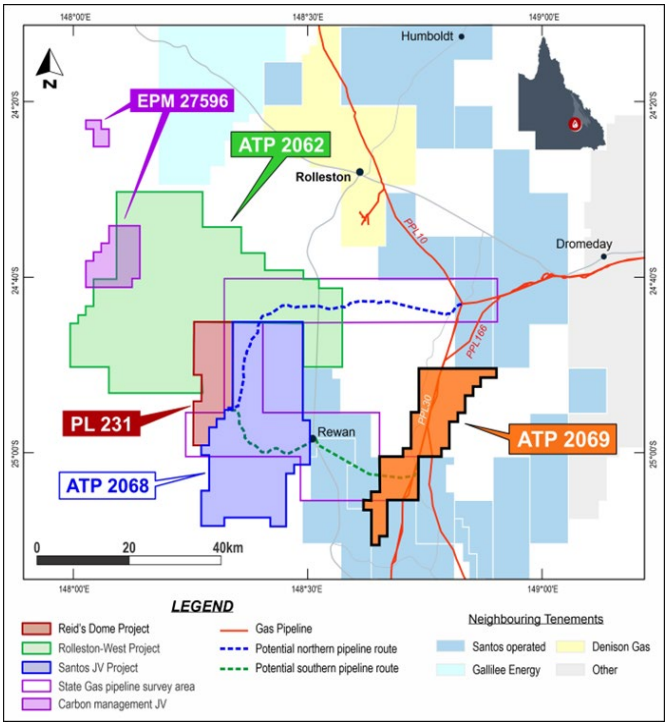
Doug McAlpine
Managing Director
Phone: 0439 557 400
Email: doug@stategas.com
Web: www.stategas.com

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^2, 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 Rockminsolutions 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.