



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

The Gas Market Dichotomy: Implications for State Gas

QUPEX
9 November 2021
ASX:GAS

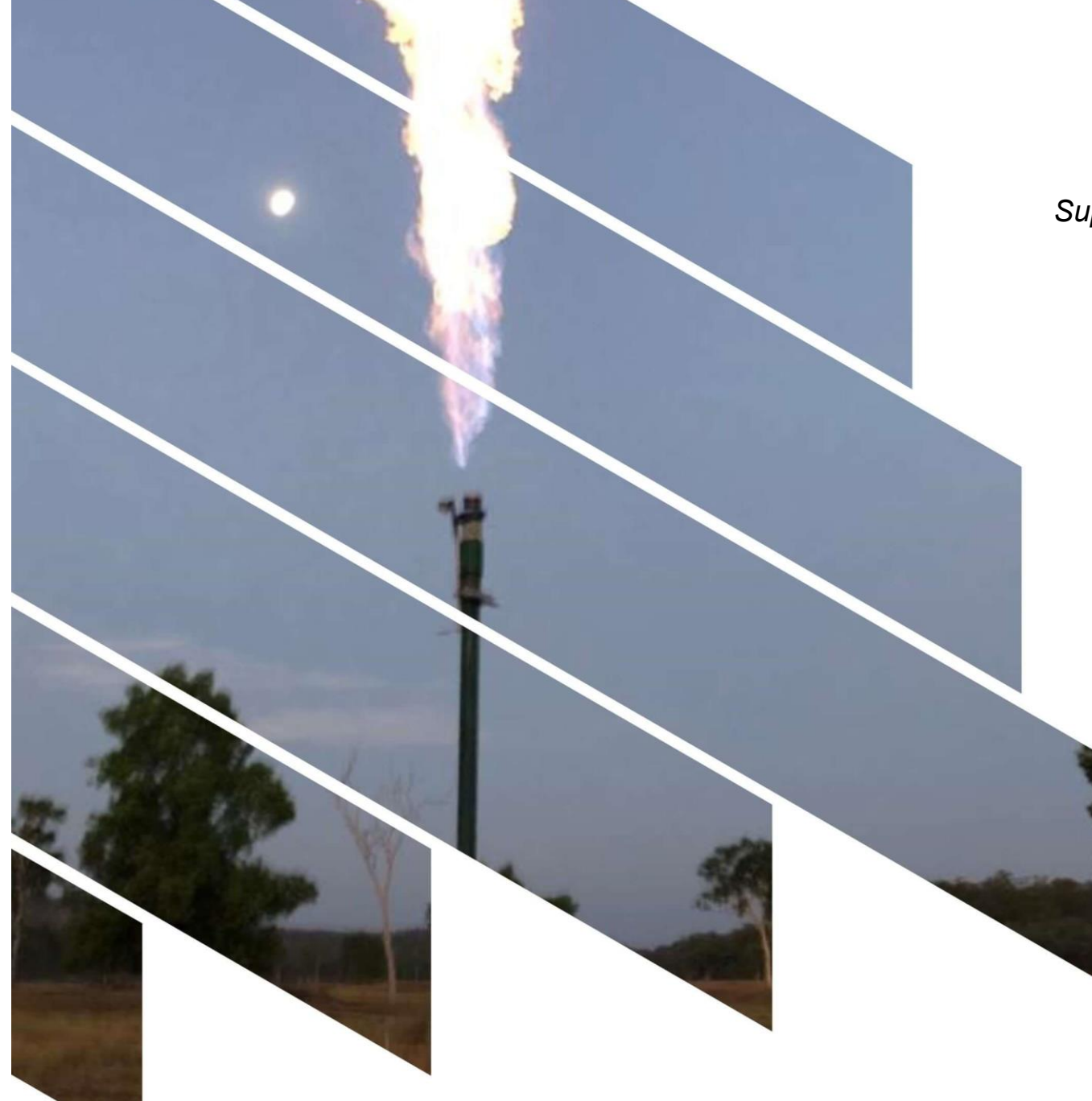


Image: Nyanda-4 gas flare

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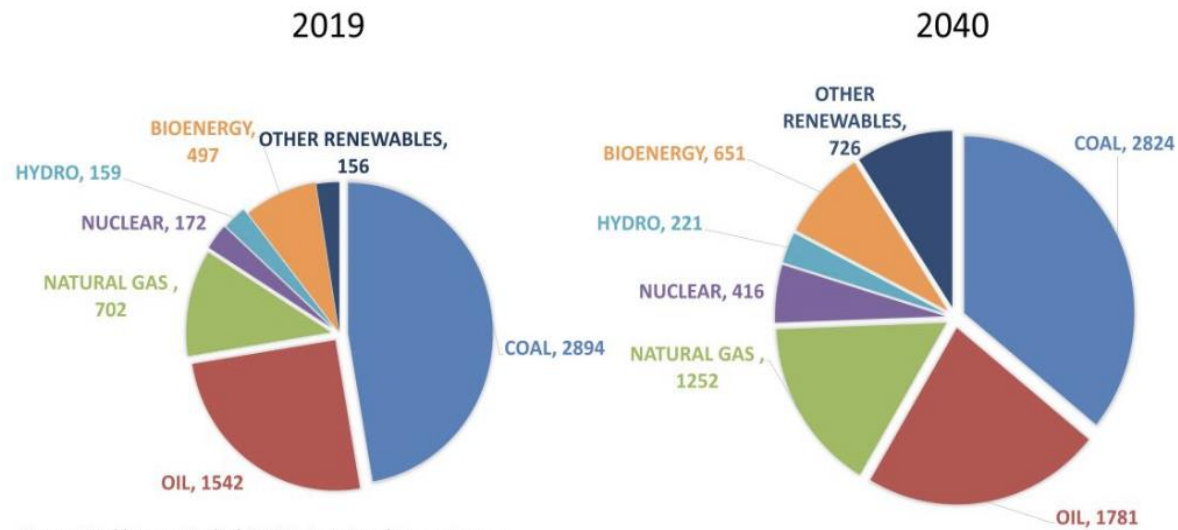
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The material in this presentation has been previously released to the ASX

Gas Market Dynamics Changing

Sustained long term demand

Primary energy demand Asia Pacific (Mtoe)



Source: World Energy Outlook 2020, International Energy Agency

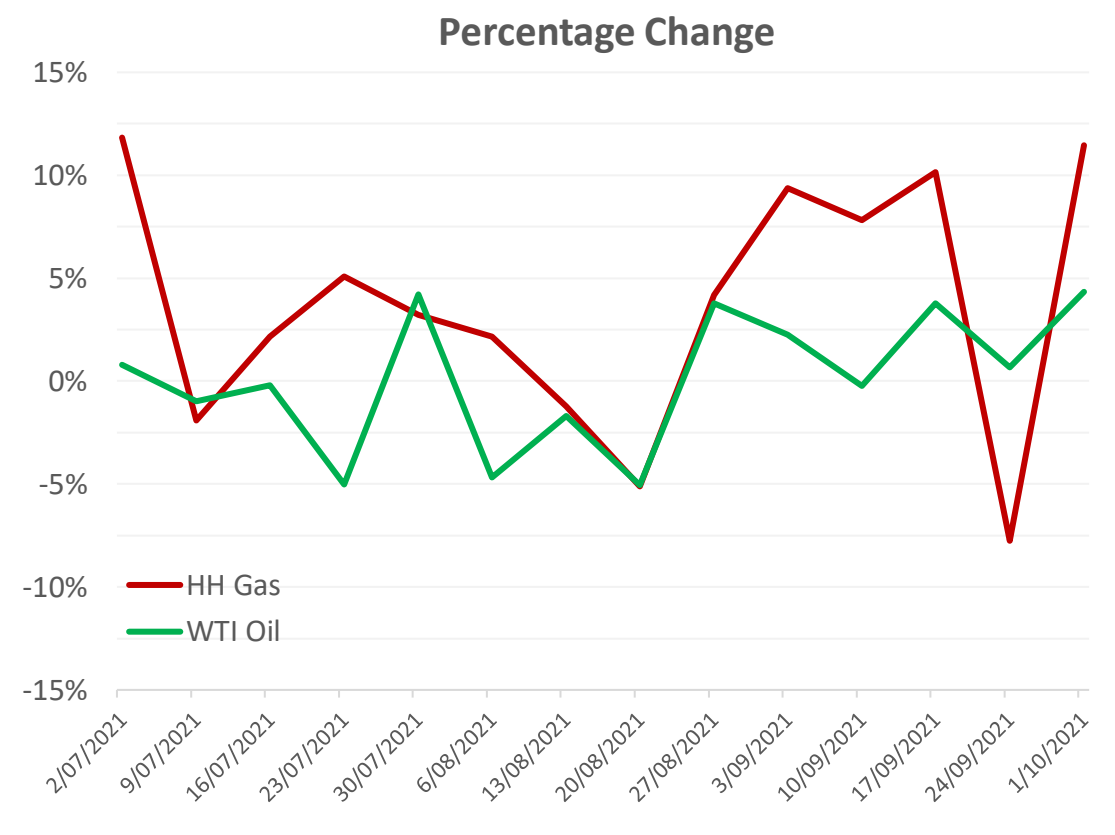
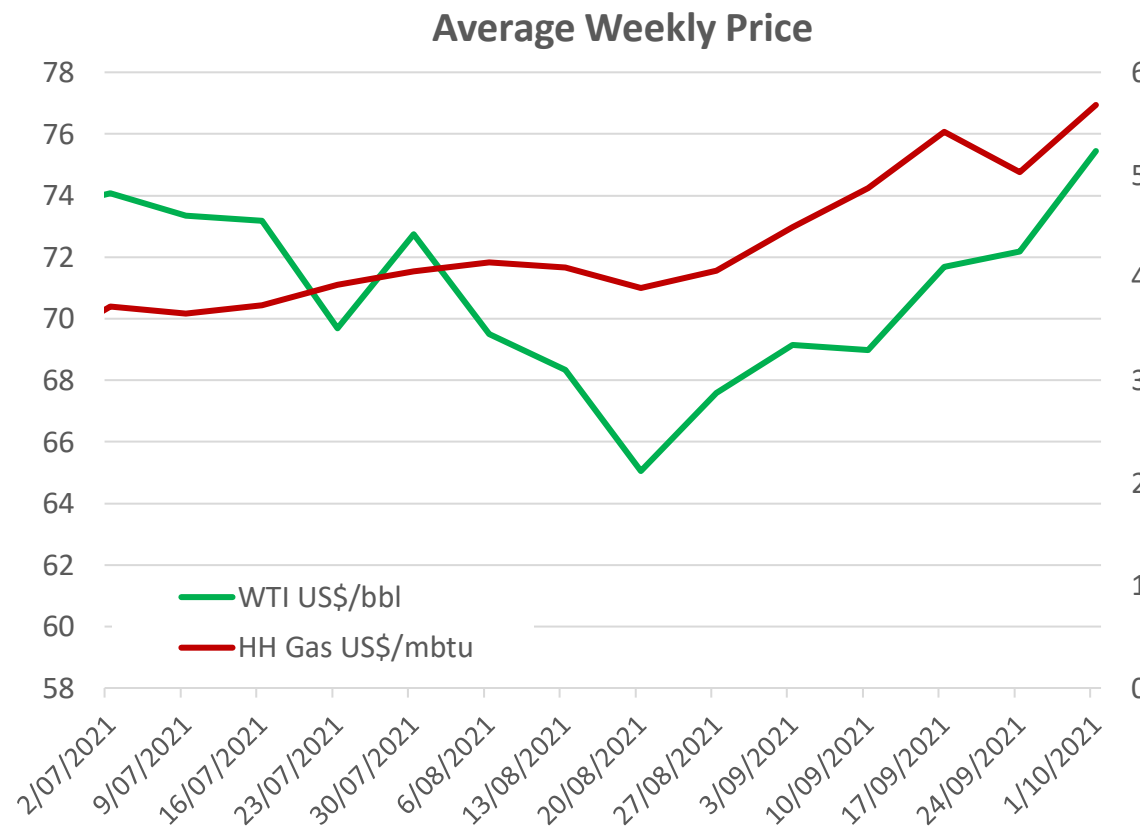
But supply not responding

Average Nth America Rigs operating per year v Oil price



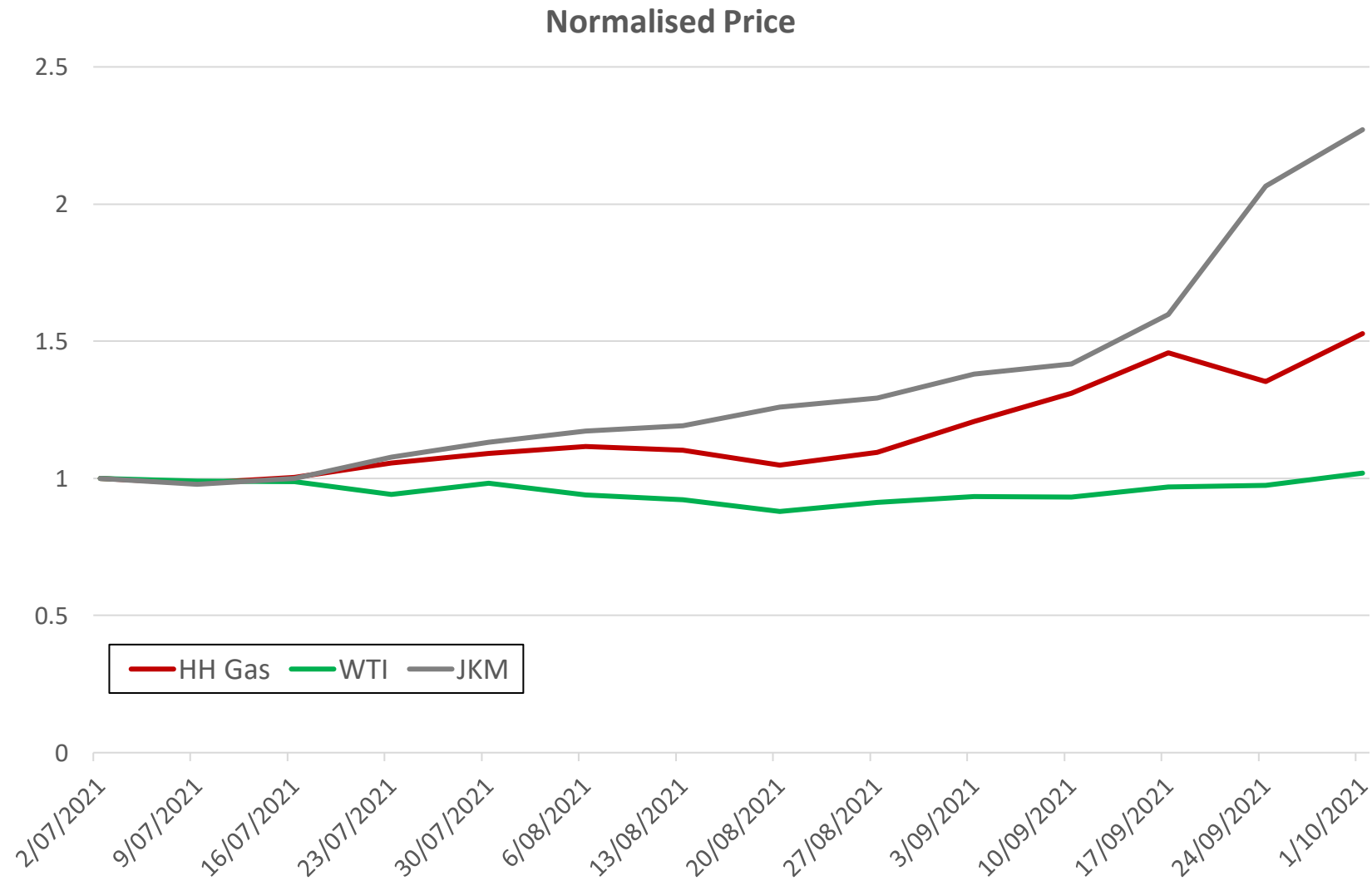
Source: Baker Hughes Rig Count & Trading Economics

US Oil & Gas prices



Source: US Energy Information Administration
Weekly Oil & Gas prices 1/07/2021 – 30/09/2021

Worldwide Energy Prices Diverging



Sources: 1) US Energy Information Administration Weekly Oil & Gas prices 1/07/2021 – 30/09/2021
2) https://www.barchart.com/futures/quotes/JKM*1/price-history/historical

East Coast Gas Market Dynamics

Demand:

- Asian LNG demand strong
- Support required for volatile renewables
- Long term requirement for gas for commercial & industrial uses

Supply:

- Bass Strait in long term decline
- Major LNG Projects cancelled /deferred
- Uncertainty around new domestic gas supply

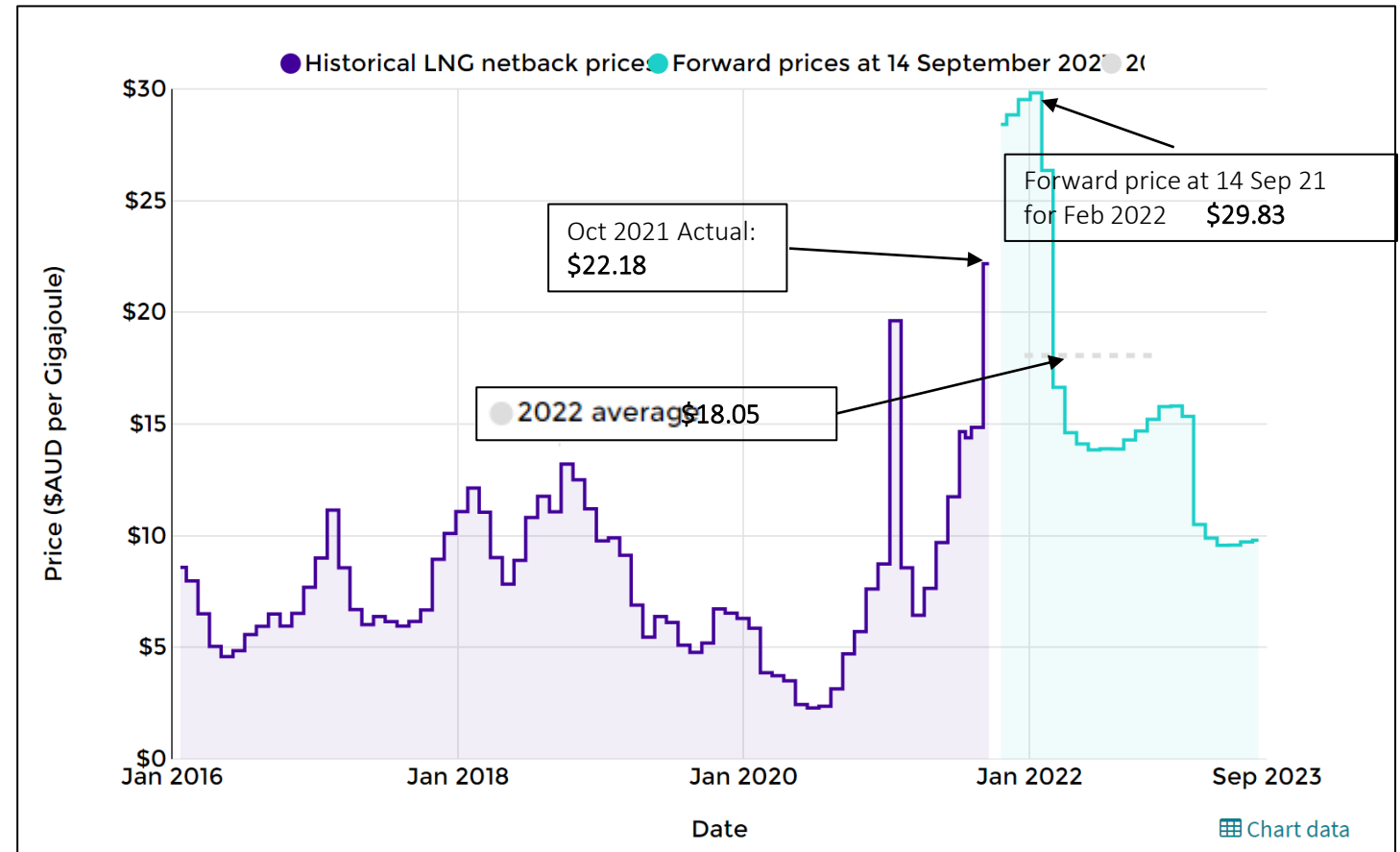
Policy

- Strong Federal & State policy support

Impacts:

- Shortfalls
- High prices
- Volatility

LNG Netback Price

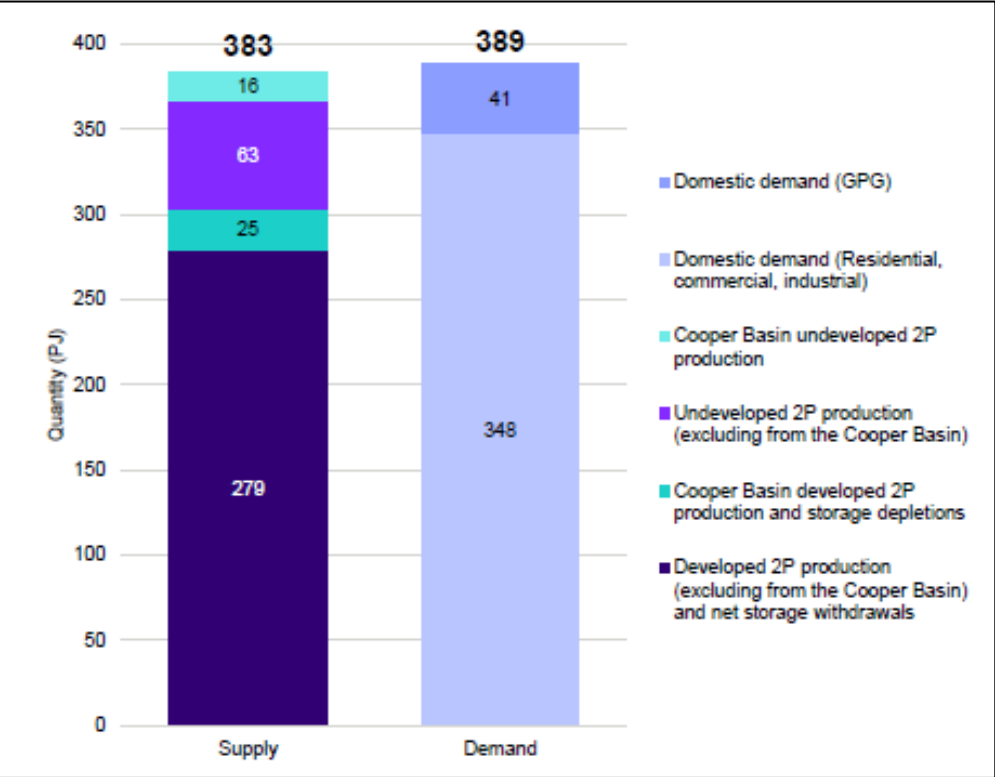


Source: ACCC LNG Netback Price series 16 September 2021 update

East Coast Australia: Looming Mid-term Supply Shortages

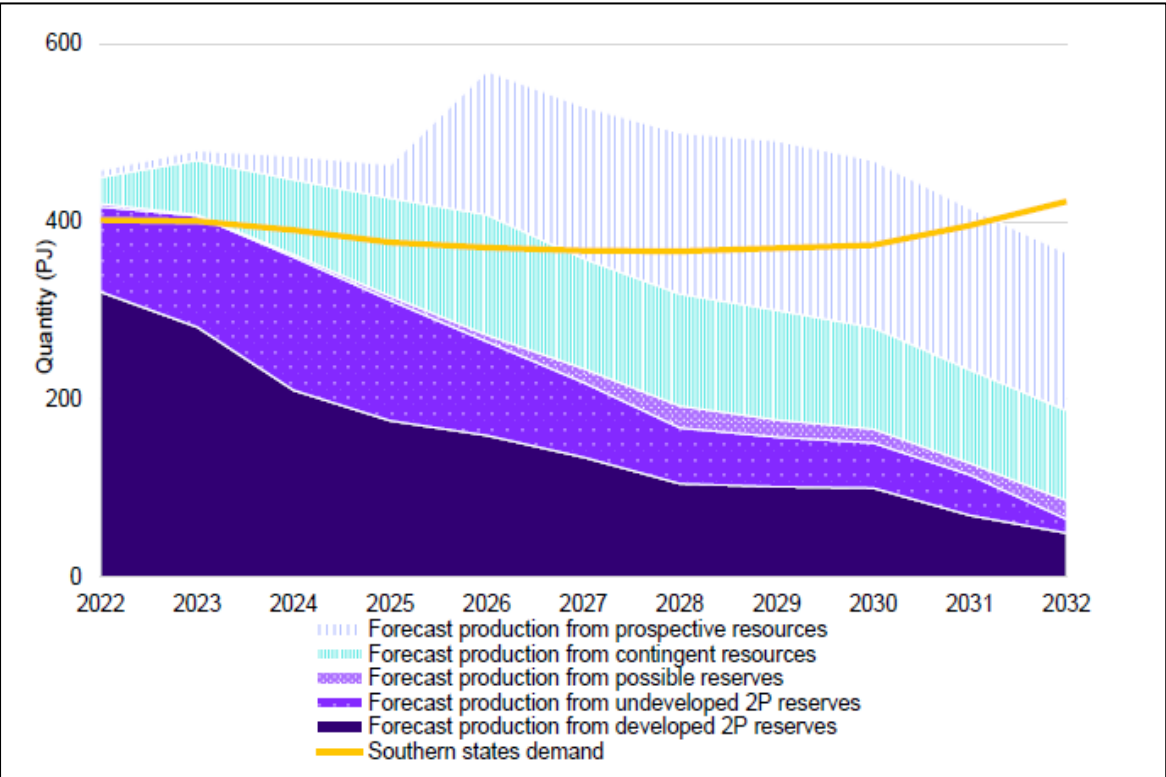
ACCC Forecast Gas Supply and Demand, Southern States

2022 forecast: supply less than demand



Source: ACCC Gas Inquiry July 2021 Interim Report

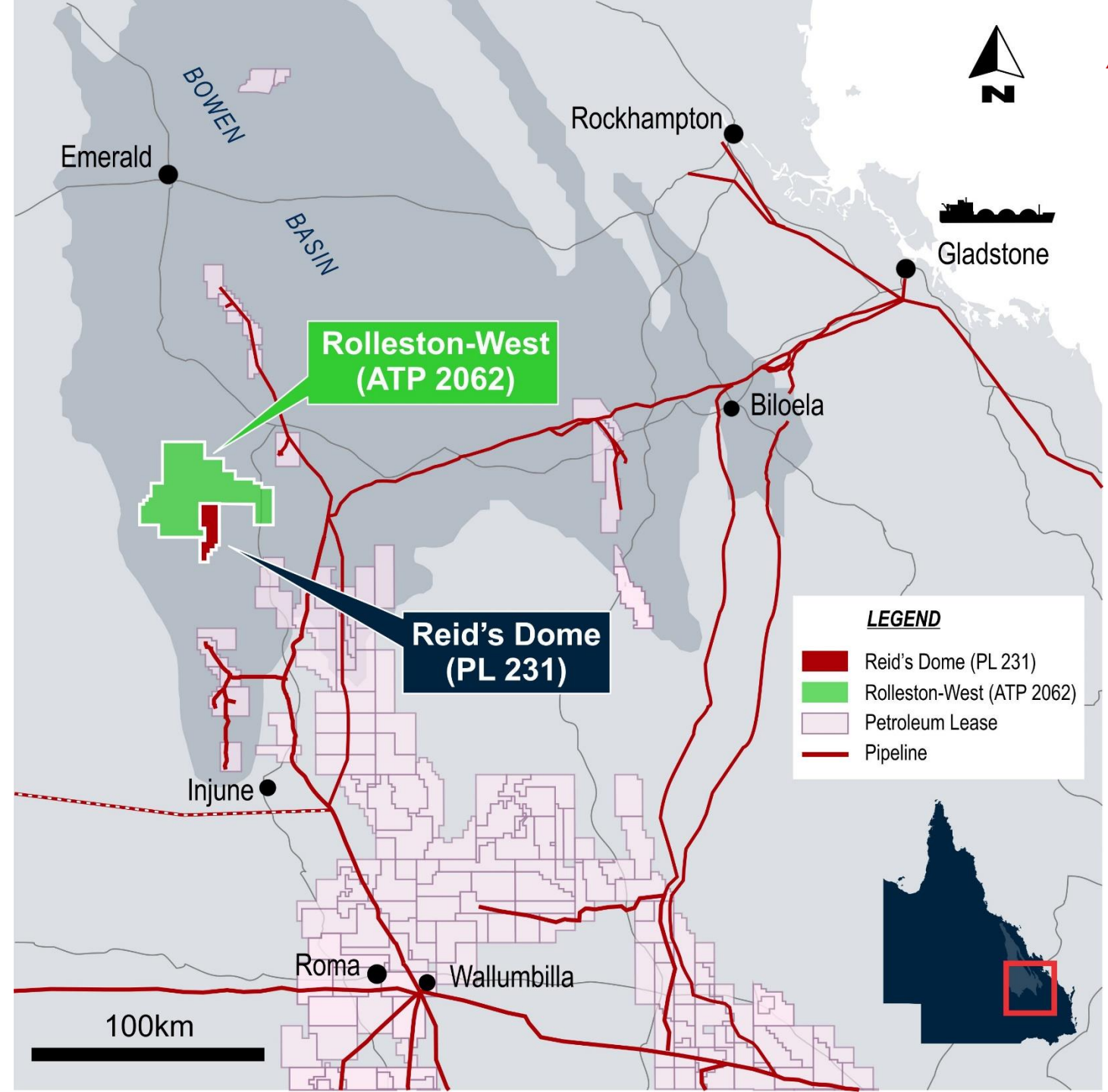
Longer term forecast: big opportunities for new supplies



Source: ACCC Gas Inquiry January 2021 Interim Report

Project Areas

- **Reid's Dome & Rolleston-West**
 - 1594 km² of combined acreage
 - PL 231 – 180 km²
 - ATP 2062 – 1414 km²
 - Highly prospective Bowen Basin sequence
 - Multiple conventional and unconventional targets
 - No domestic gas reservation
- **Queensland Gas Pipeline network**
 - < 50km Reid's Dome
 - < 30km Rolleston-West
- **Single owner** (100% State Gas)
- **Pipeline Survey Licence** held for routes to market



Seizing the market window



Supply Flexibility

Optimised supply

- No domestic gas reservations
- CSG for regular demand
- Conventional gas to meet volatility
- Maximum contracting optionality



“Surf the peak” pricing



Strategic Location

Location benefits:

- Strategically close to
 - Wallumbilla pricing hub: 200km
 - Gladstone LNG: 290km
- Pipeline infrastructure:
 - Reid's Dome <50km
 - Rolleston-West <30km

Upcoming Milestones

➤ Rougemont-2 Production Test

- Completion rig mobilized to site
- Installation of down-hole pump & surface equipment
- Dewatering commences
- First gas

➤ Serocold-1

- Mobilisation of rig & equipment to site
- Installation of anti-sanding solution
- Installation of down-hole pump & recommencement of de-watering
- Re-establishment of gas production

➤ Nyanda-8

- Mobilisation of rig & equipment to site
- Jet-cutting of selected coal seams
- Installation of down-hole pump & recommencement of de-watering
- Re-establishment of gas production

➤ Resource Certification

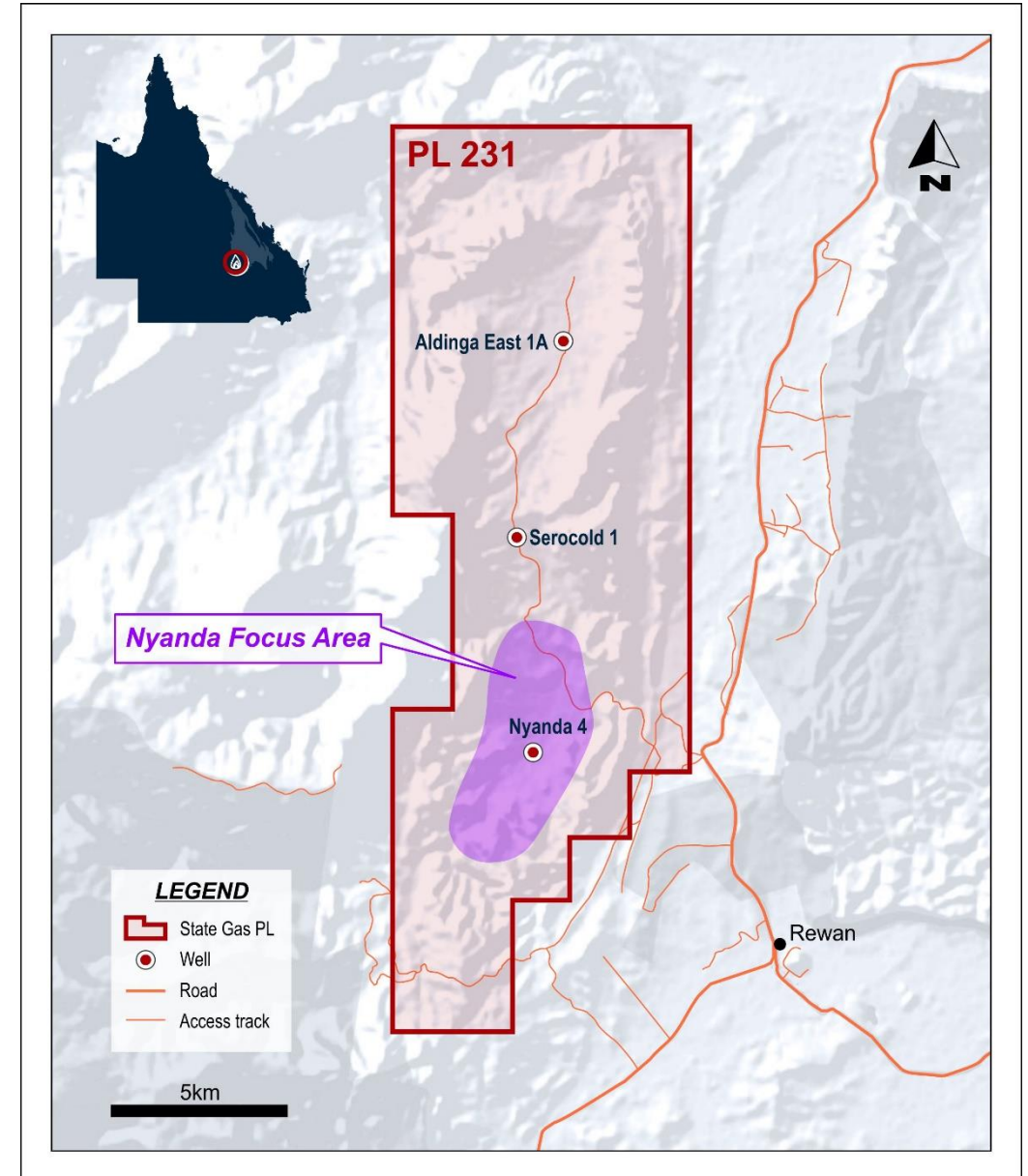


Reid's Dome Project

- Conventional gas (pipeline quality) established in northern province of permit – with additional prospects
- CSG confirmed in Reid's Dome coal measures across length of permit
- Nyanda-4 well in southern province producing at highly commercial rates up to 700,000 cubic feet per day
- Further production enhancements and ongoing tests required to establish project parameters

Estimated Resources Reid's Dome

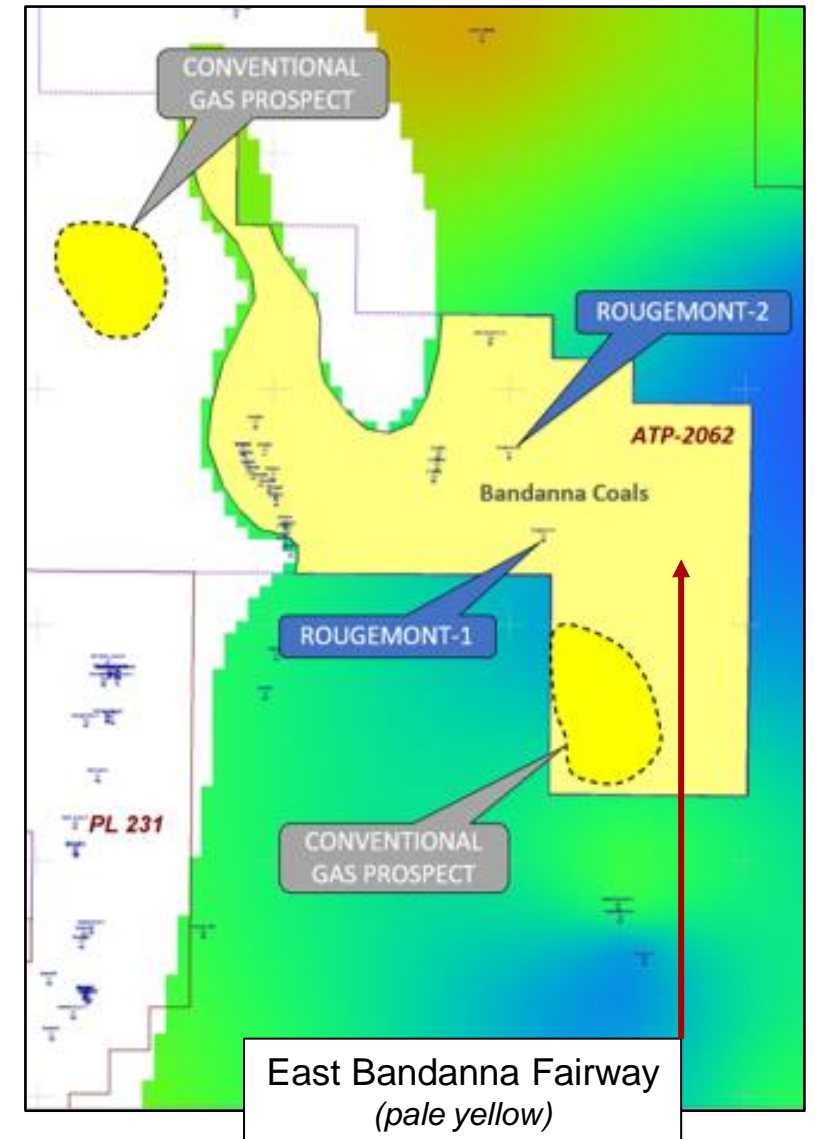
1C	2C	3C
74 PJ	126 PJ	223 PJ



East Bandanna Fairway Resources

Estimated Resources East Bandanna Fairway		
1C	2C	3C
53 PJ	91 PJ	161 PJ

Does not include conventional targets or western areas of permit



"With nearly 400 PJs of 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 – Competent Person Statement

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

The estimate of Reserves and Contingent Resources for the Reid's Dome and Rougemont Gas Projects provided in this Presentation, 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 35 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 Rougemont Gas Projects in the form and context in which they appear in this Presentation.

The Contingent Resource estimates for the Reid's Dome and Rougemont Gas Projects, of which State Gas holds 100%, were estimated utilising the probabilistic method and have not been adjusted for commercial risk.



Contact

Level 8
46 Edward Street
Brisbane QLD 4000
Australia

Email
info@stategas.com

stategas.com

