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## ASX RELEASE

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# Fully Funded Exploration Program Commences Towards Maiden 2P Reserve of 30-50PJS for Rolleston West Project

## HIGHLIGHTS:

- Exploration has commenced at Rolleston West Project located within ATP 2062;
- Two new vertical wells will be drilled, located close to Rougemont 2/3 in an area that has proven gas content and good permeability;
- Gas from new wells will be able to be immediately captured, with commercialisation of production testing gas through State Gas' high density natural gas ("HDNG") plant, reducing the Company's fugitive emission profile and generating revenues;
- Positive drilling and production testing results will support the Company's gas endowment, with accreditation to be sought for a maiden 2P reserve of 30-50PJs for the Rolleston West Project; and
- The two wells, which are expected to be completed within the next three months, are funded from the \$5.5 million exploration grant provided by the QLD Government's Frontier Gas Exploration Program announced in May 2024.

**State Gas Limited (ASX: GAS)** ("State Gas or "the Company") is pleased to advise that it has commenced its two well exploration program for the Rolleston West Project located within ATP 2062 ("the Exploration Program").

**Managing Director Mr Doug McAlpine said,** "We are very pleased to have re-commenced field work today at the Rolleston West Project. With the continued commitment of our people, service providers and the Queensland Government, we look forward to delivering positive exploration outcomes over the course of the ten-week exploration program."

### HDNG plant will be utilised to capture gas from the new wells, enhance revenue capacity

The two new vertical wells which will be drilled via the Exploration Program are located close to Rougemont 2/3 in an area that has proven gas content and good permeability. State Gas' high density natural gas ("HDNG") plant will enable it to immediately capture and commercialise production testing gas from these new wells, reducing the Company's fugitive emission profile while simultaneously enhancing its revenue generating capacity.

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

The Company anticipates that successful drilling and production testing results from the two new wells will enable it to seek accreditation for a maiden 2P reserve of 30-50PJ's for the Rolleston West Project. Establishing an initial 2P reserve is a critical next step in demonstrating the commercial viability of a substantial gas project at Rougemont West and supporting an application for a petroleum lease over a substantial portion of ATP 2062. A 2P reserve would also allow discussions with potential end users and pipeline infrastructure providers who can connect the Rolleston West Project to the Gladstone to Wallumbilla pipeline network.

### Exploration program fully funded through Queensland Government's \$5.5 million grant

As announced on 10 May 2024, the two new exploration/appraisal wells will be funded from a \$5.5 million exploration grant provided by the Queensland Government's Frontier Gas Exploration Program ("the Grant"). Grant funding is provided progressively as milestones are achieved under the exploration program and the Company has matched the timing of its supplier payments with the grant milestones to ensure it is fully funded for the exploration program.

As announced in February 2025, the grant funding is provided progressively as milestones are achieved under the exploration program. The Company has strategically matched the timing of its supplier payments with the grant milestones to ensure it is fully funded for the exploration program. Approximately 30% of the funding is released upon successful drilling of the two wells to the target depth, a further 40% upon well completion and the remainder once production testing is completed and statutory lodgement obligations associated with the drilling program are satisfied.

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

## FOR FURTHER INFORMATION

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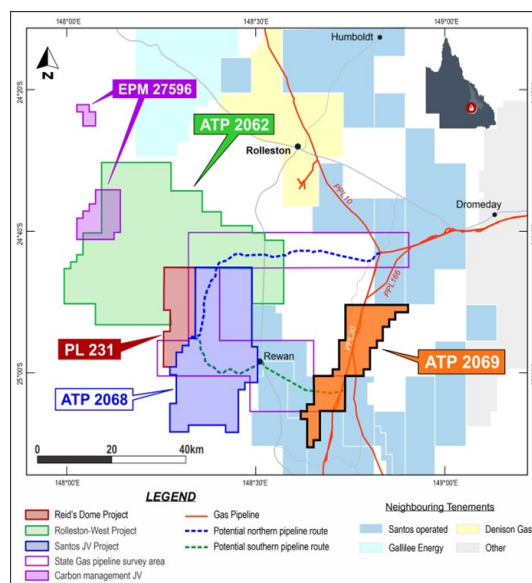
## ABOUT STATE GAS LIMITED

**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 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.