



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

Investor Update

September 2021

ASX:GAS



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

Highlights

- ↪ East Coast gas shortages
 - ↪ Market signals presenting the opportunity
- ↪ 2-stage long term project
 - ↪ Reid's Dome
 - ↪ Rolleston-West
- ↪ Strategically located
 - ↪ Close to infrastructure networks & Wallumbilla price hub
- ↪ Reid's Dome
 - ↪ A strategic launch pad providing long term infrastructure
- ↪ Rolleston-West:
 - ↪ 2nd phase gas supply – showing exceptional promise
- ↪ Gas supply & marketing optionality:
 - ↪ Surfing the price peaks



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

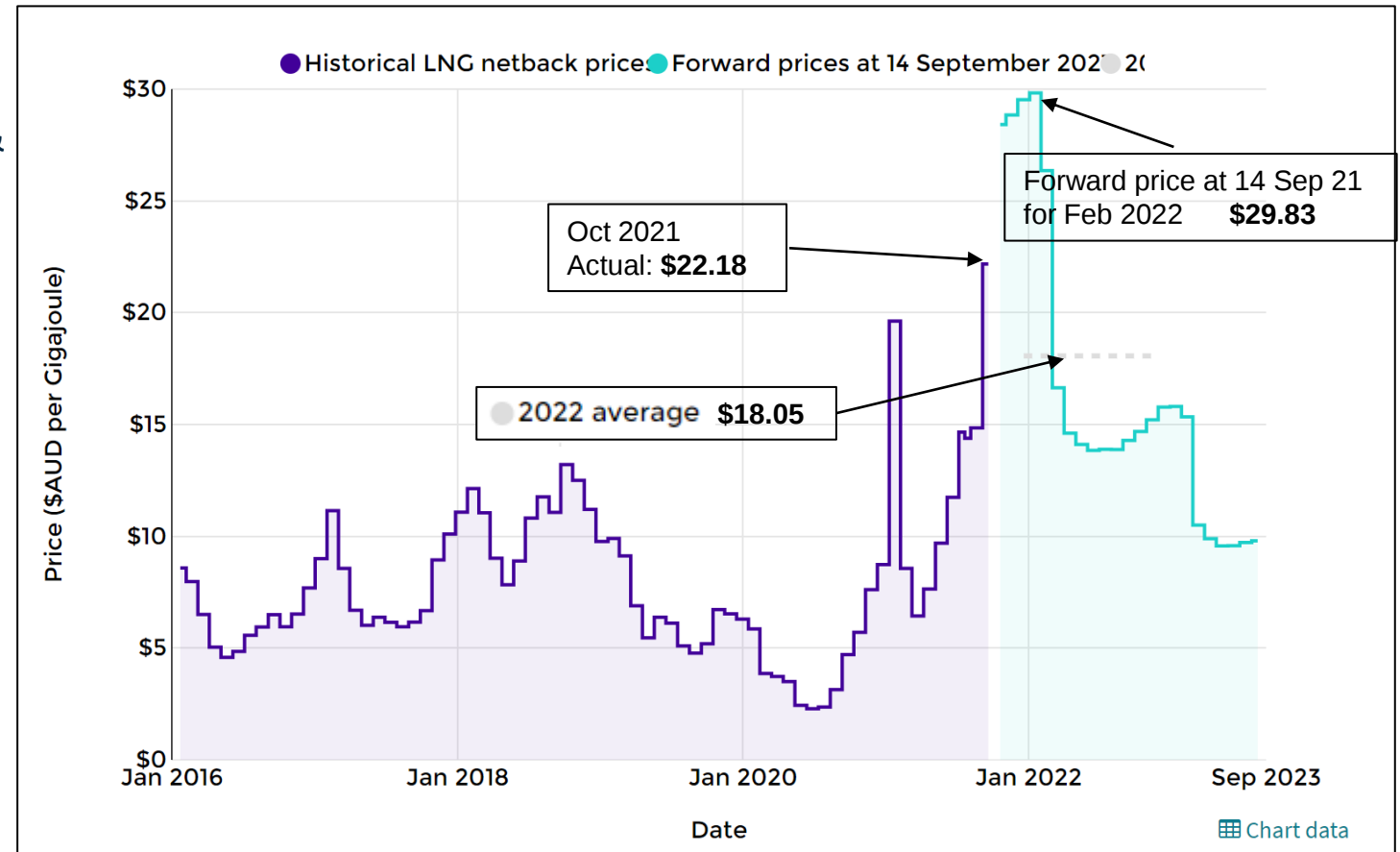
Policy

- Strong Federal & State policy support

Impacts:

- Shortfalls
- High prices
- Volatility

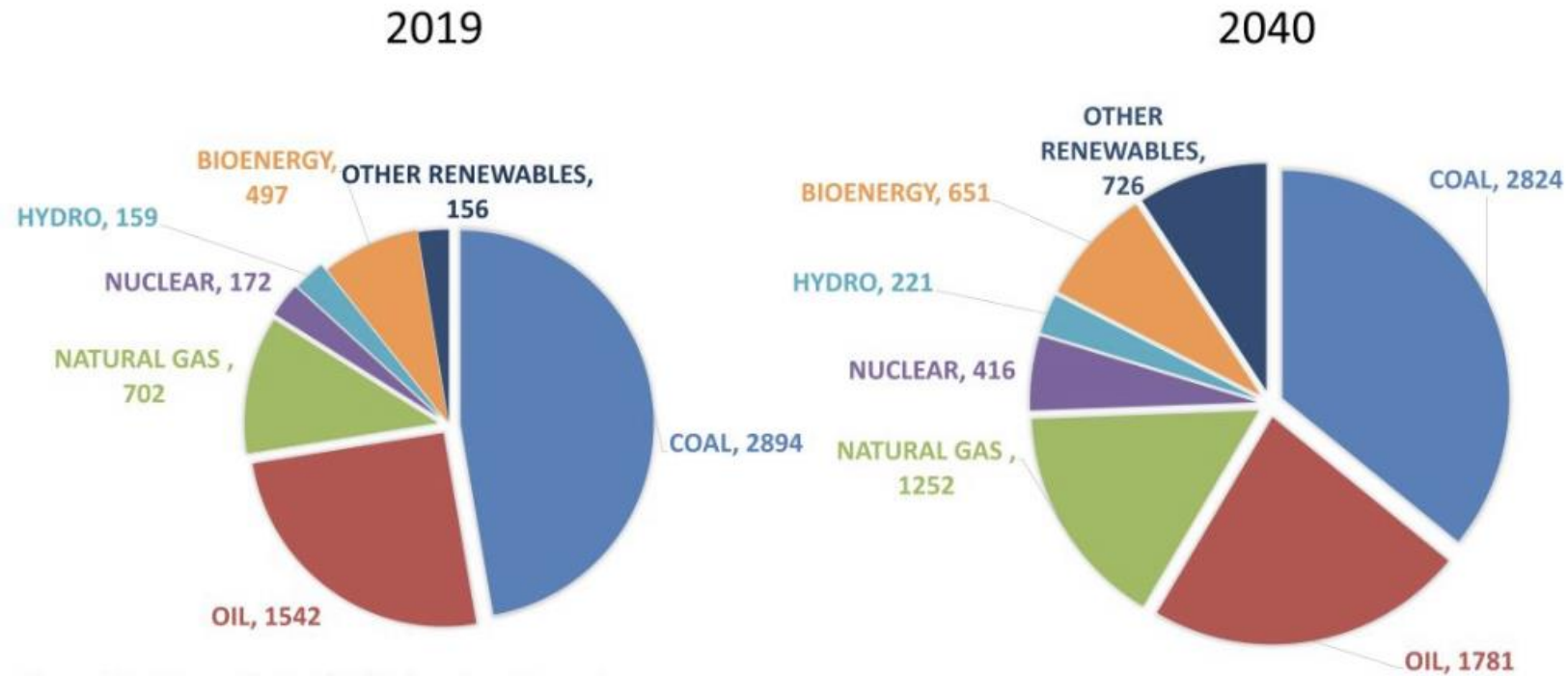
LNG Netback Price



Source: ACCC LNG Netback Price series 16 September 2021 update

Regional Demand will be long term:

Primary energy demand Asia Pacific (Mtoe)



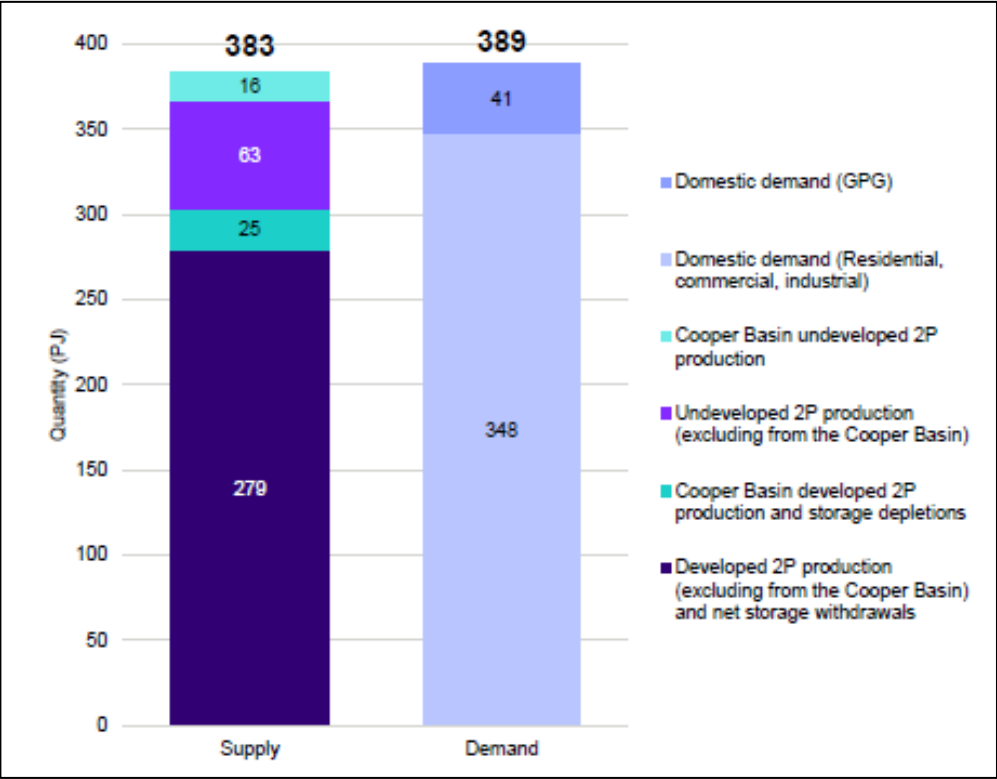
Source: World Energy Outlook 2020, International Energy Agency

Will result in sustained export demand and price pressure

East Coast: Looming Mid-term Supply Shortages

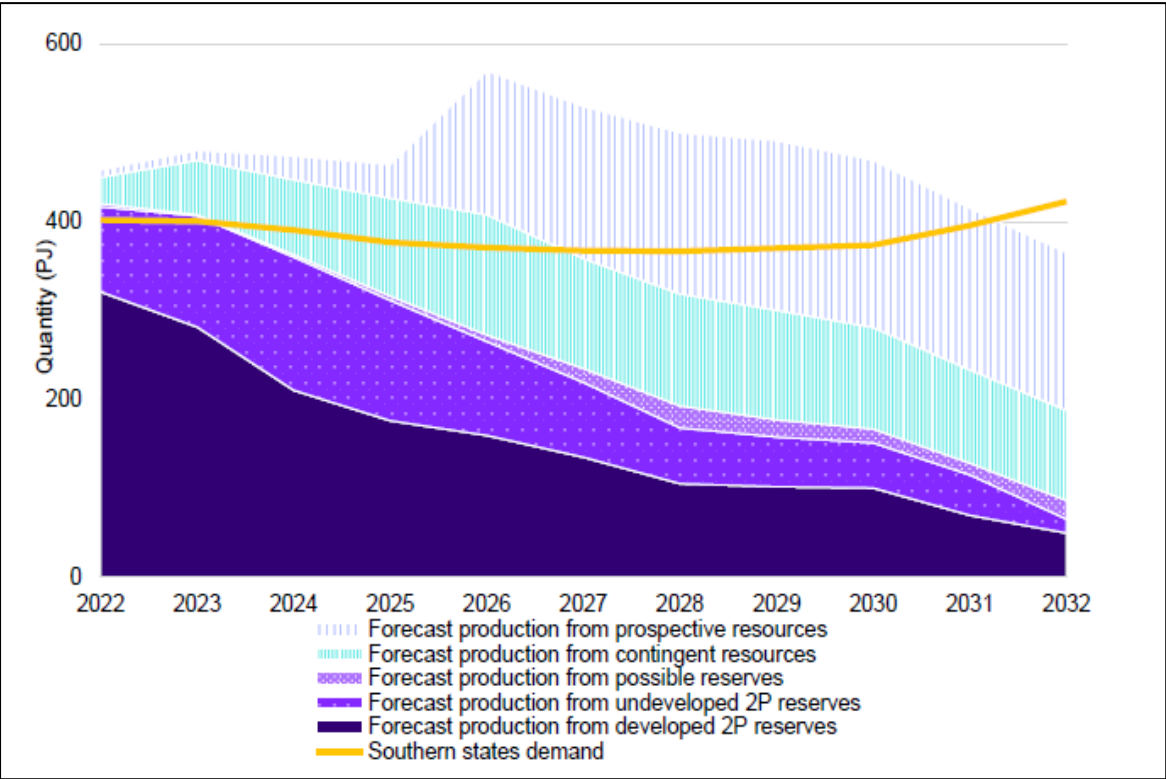
ACCC Forecast Gas Supply and Demand, Southern States

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

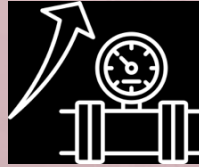
Seizing the market window...



Target 2023

Reid's Dome a strategic launch pad:

- Conventional & CSG targets
- Confirming the scope
- Permitting Project & export route
- Early development supported by Rolleston-West volumes



Growth to Come

Rolleston-West:

- Exceptional promise from Rougemont drilling
- Extensive area
- Established gas producing formations
- Includes highly prospective conventional gas targets



Synergistic Developments

Two 100% owned adjacent projects
Commercial benefits



- Economies of scale
- Operational optionality

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



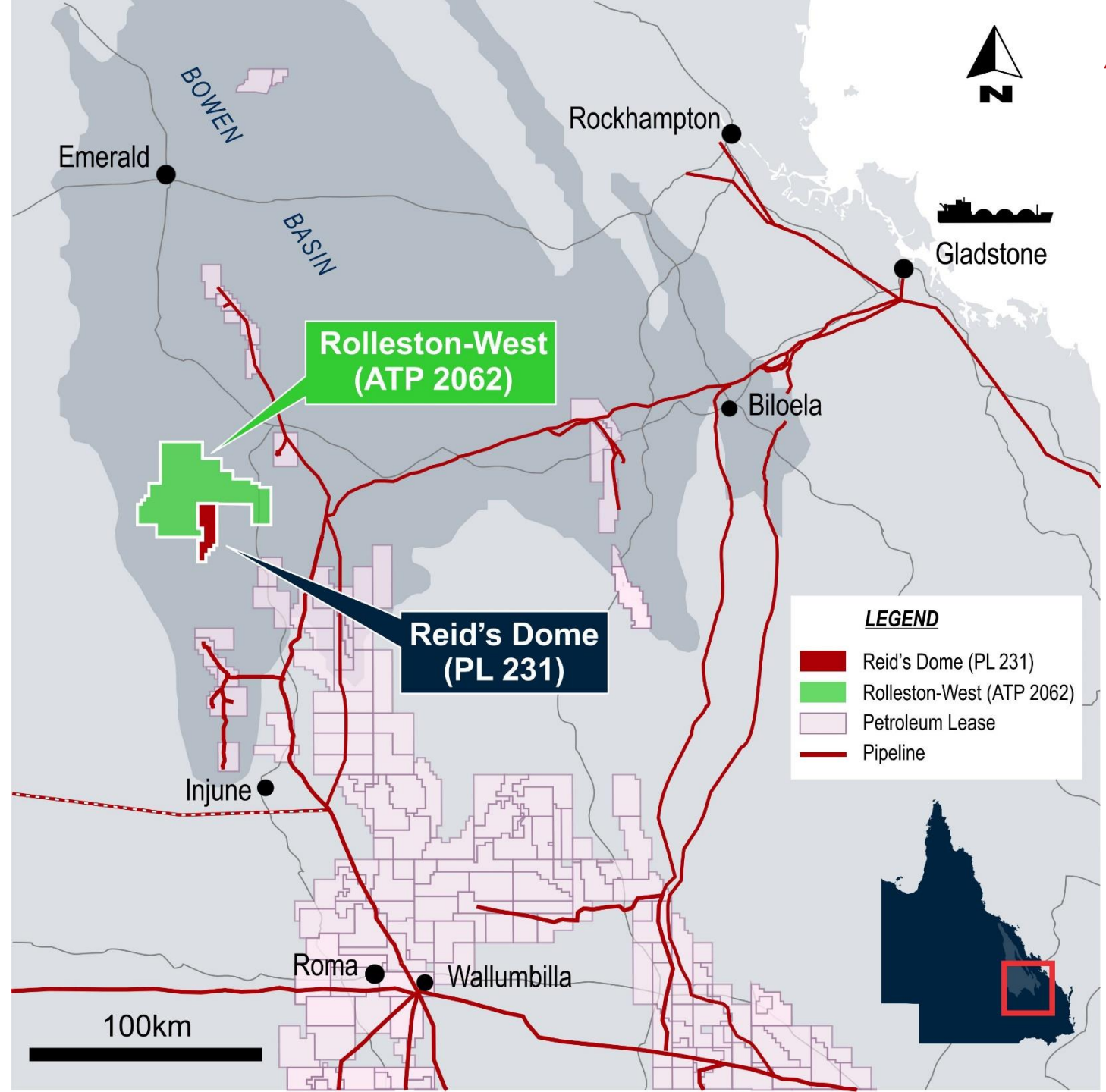
Strategic Location

Location benefits:

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

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



Reid's Dome: a Strategic Launch Pad

Coal seam &
conventional
gas confirmed



Conventional gas confirmed
Production tests of CSG wells establishing project parameters

Planning for
development
underway

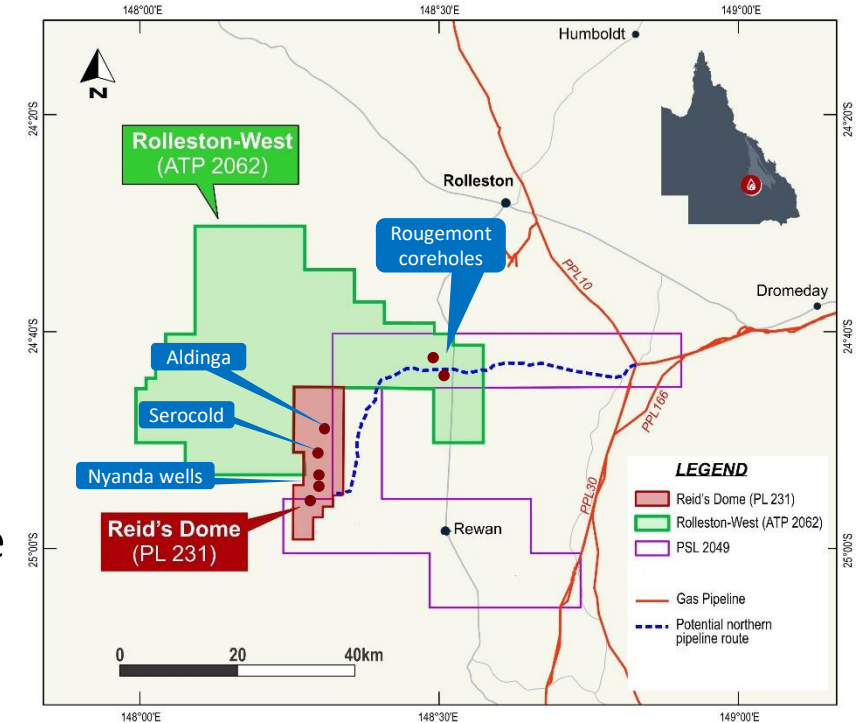


Project and
export pipeline
permitting
commenced

Development,
Operations &
Marketing
optimisation



Rolleston-West enables economies of scale, operational efficiencies & marketing optionalities

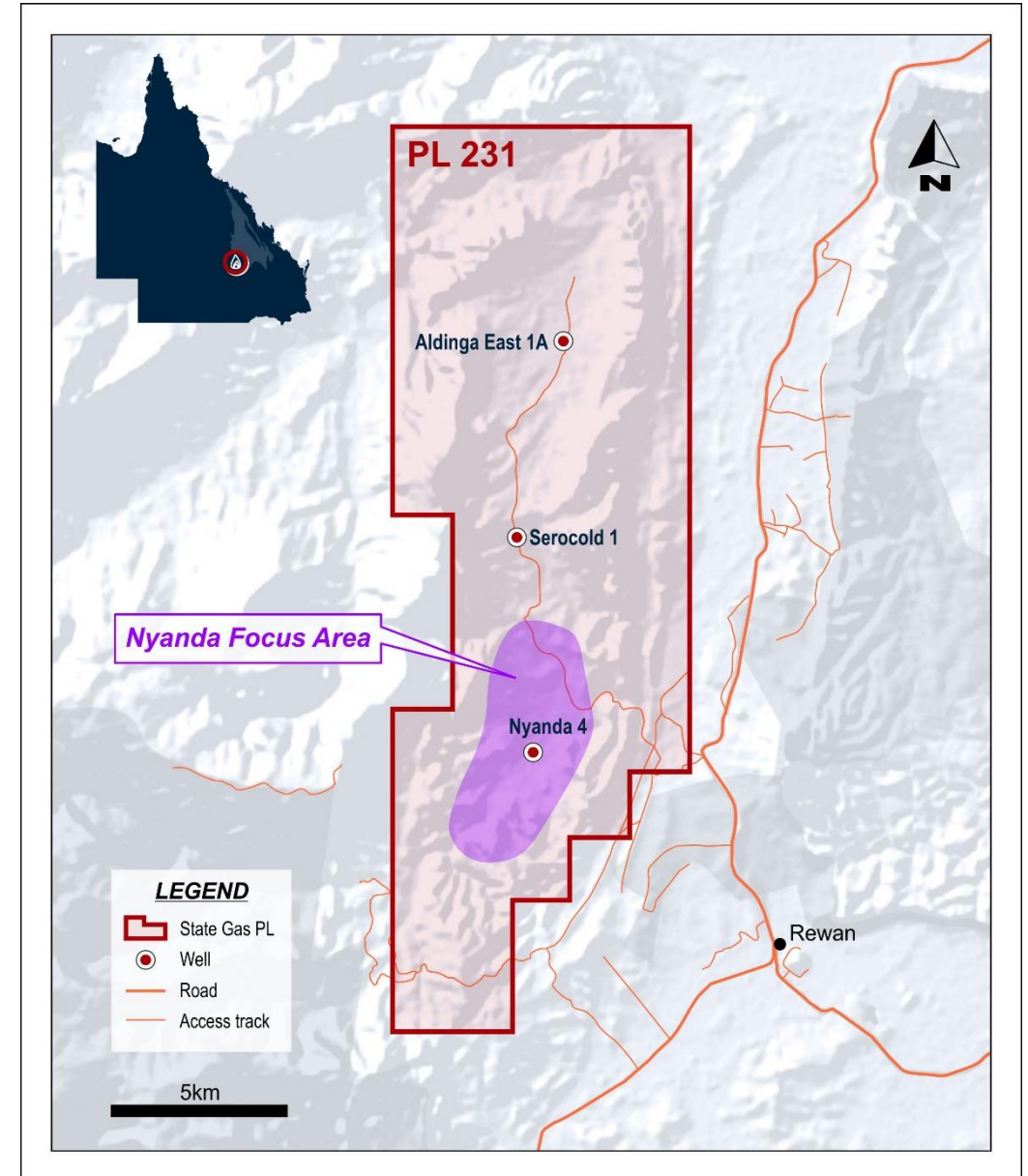


Reid's Dome Project

- 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

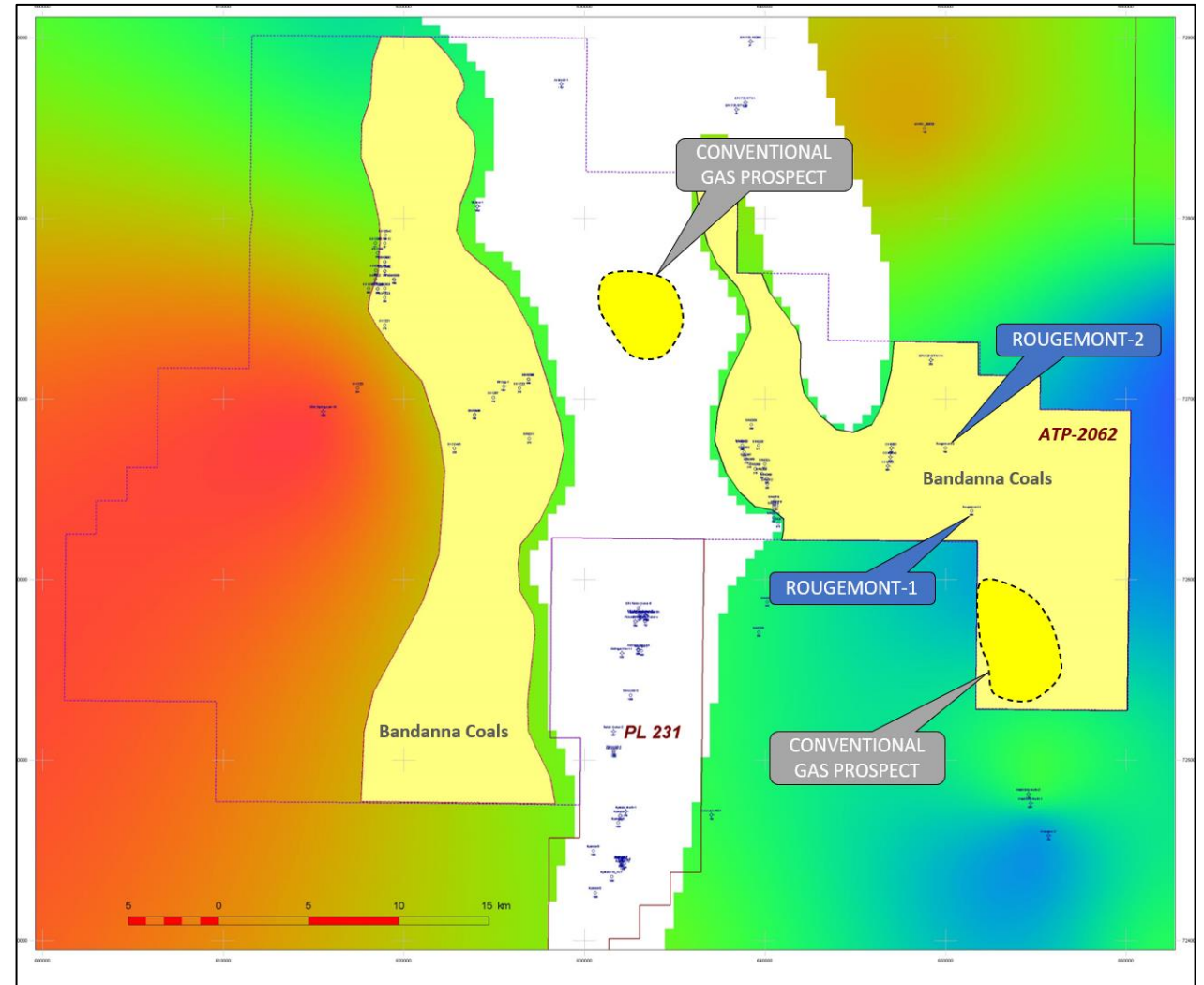
1C	2C	3C
74 PJ	126 PJ	223 PJ



Rolleston-West: Optimising the Future

- ~570 km² Bandanna Formation prospective for CSG
 - Analogous to Arcadia Valley* & Mahalo#
- Drilling of Rougemont 1 & 2 in Q2 2021 established potential of eastern area
 - Continuous coal seams across the area confirmed
 - ~8m coal, with 2 primary seams
 - Gas composition close to pipeline quality
- Plus highly prospective conventional targets:
 - Gas encountered in pre-1992 wells in area
 - New conventional targets at moderate depths

*Arcadia Valley, to the south-east, is a producing field, owned & operated by Santos
Mahalo, to the north-east, is awaiting FID; it is operated by APLNG, owned by APLNG, Santos & Comet Ridge



Rolleston-West CSG + conventional targets

Rolleston-West: East Bandanna Fairway

Exceptional promise at Rougemont-2

Seam	Depth	Thickness	Permeability	Gas content	Composition
1	355.8m	2.8m	25mD	5.15 m ³ /t DAF	>94% CH ₄
2	384m	2.4m	395mD	6.0 m ³ /t DAF	>96% CH ₄

- **Exceptional permeability** resulting in
 - ✓ low cost completions
 - ✓ higher production rates,
 - ✓ more gas drained more quickly
- Shallow coals, enabling low cost drilling
- Gas of pipeline quality after dehydration, enabling low cost processing



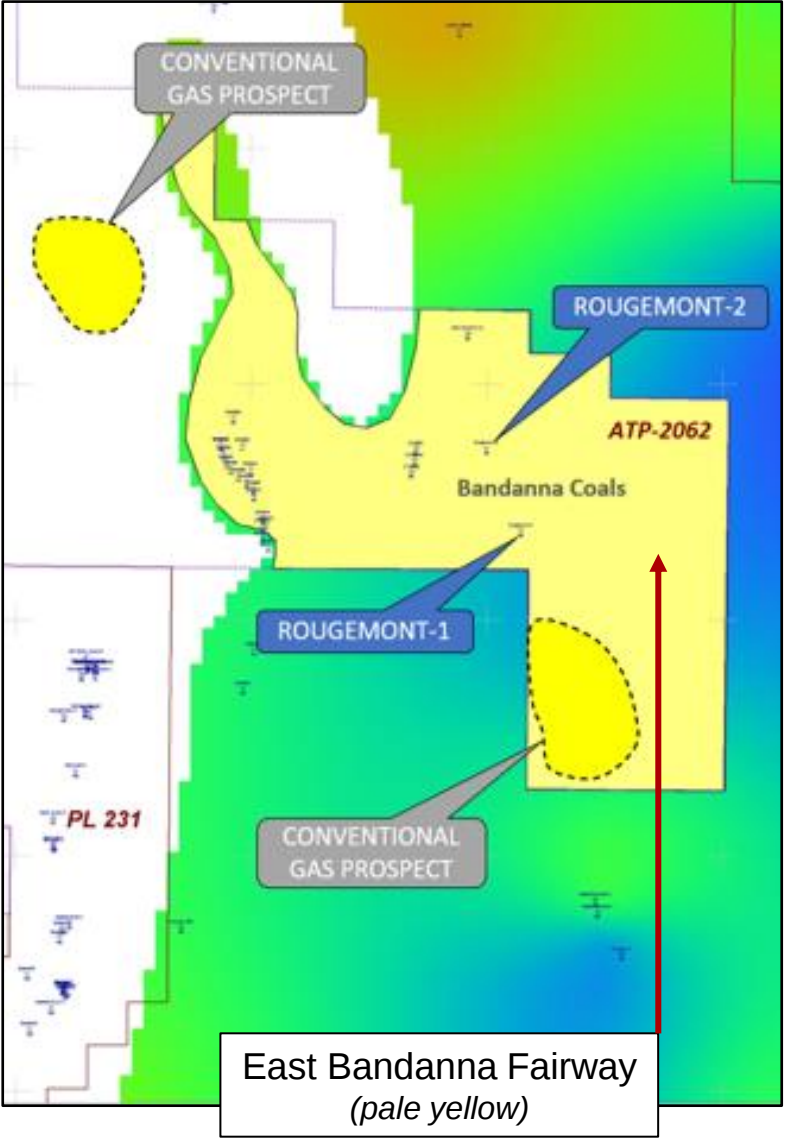
Enhanced Economics



East Bandanna Fairway Resources

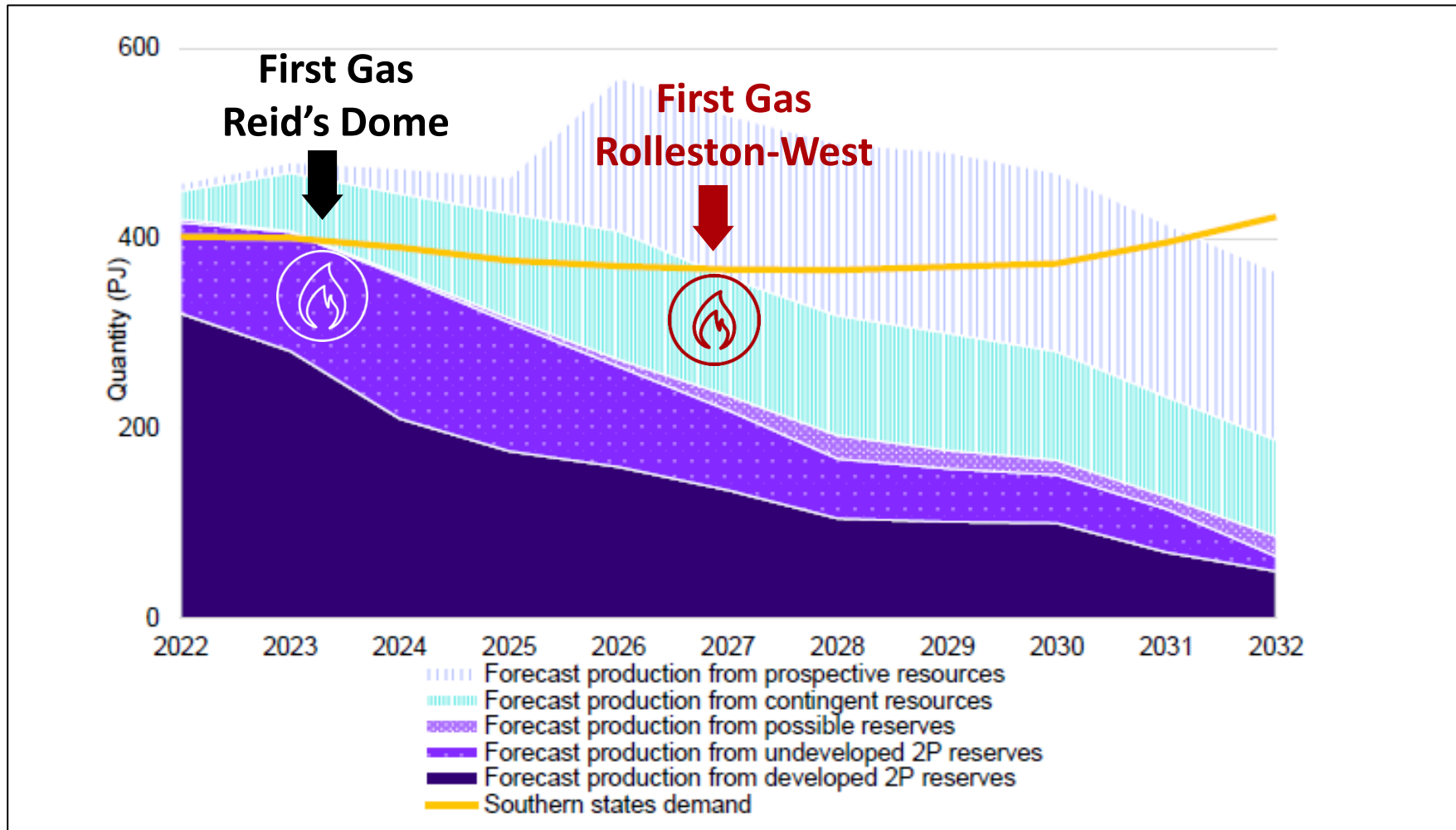
Estimated Resources East Bandanna Fairway		
1C	2C	3C
53 PJ	91 PJ	161 PJ

Does not include conventional targets or western areas of permit



Supply-Demand & Indicative Timing

ACCC Forecast Gas Supply and Demand, Southern States



Source: ACCC Gas Inquiry January 2021 Interim Report

Upcoming Milestones

➤ Rougemont-2 Production Test

- Mobilisation of completion rig to site
- Down-hole pump & surface equipment installed
- Dewatering commenced
- First Gas

➤ Serocold-1

- Mobilisation of rig & equipment to site
- Anti-sanding solution installed
- Down-hole pump installed & de-watering recommenced
- Gas production re-established

➤ Nyanda-8

- Mobilisation of rig & equipment to site
- Jet-cutting of selected coal seams
- Down-hole pump installed & de-watering recommenced
- Gas production re-established

➤ Resource Certification



"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.



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