



ASX RELEASE

31 July 2025

QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

- Rougemont-5 and Rougemont-6 successfully drilled and completed, with ~8 metres of net coal intersected in the Bandanna Formation.
- Wells are now being dewatered as part of the production testing process over the coming quarter.
- Netherland Sewell & Associates Inc ("NSAI") engaged for reserve certification.
- HDNG facility at Rougemont maintained in readiness for recommencement of supply.
- Good progress with capital management plan; sufficient funds available to meet current commitments.

State Gas Limited (ASX: GAS) ("State Gas or "the Company") releases this update for the quarter ending 30 June 2025 ("the Quarter"). During the Quarter the Company completed two new exploration and appraisal wells at its Rolleston West Project (ATP 2062 and "the Project") in Queensland's Southern Bowen Basin. Using new subsurface information obtained from the drilling program, State Gas will establish an independently certified 2P reserve for the Project, with NSAI as the appointed independent certifier. The Company is also conducting production testing of these two new wells over the coming quarter.

EXPLORATION ACTIVITIES

The Company has completed drilling of the Rougemont-5 and Rougemont-6 vertical wells at its Rolleston West Project (ATP 2062). The two new vertical wells are located close to the existing Rougemont 2/3 dual lateral well system which produced saleable gas during the second half of calendar 2024. All previously encountered coal seams from the Rougemont well series were present in the two new wells, 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. Each well intersected approximately 8 metres of net coal within the Bandanna Formation, consistent with geological predictions. Gas shows during drilling confirmed the lateral continuity and prospectivity of the formation to the north and east of the existing dual lateral well system (Rougemont 2/3). Production testing commenced in July 2025, with results expected to enhance both 2P reserve and 2C resource estimates for the Project.

State Gas has engaged NSAI to prepare an independent reserve and resource certification for the Project. NSAI has conducted reserves and resources assessments, technical studies, economic evaluations and advisory work for gas fields with conventional and unconventional reservoirs across global oil and gas markets. NSAI has deep experience in performing similar work for gas explorers and producers in Queensland and their reports and underlying evaluations are highly respected by the oil and gas, industry and financial community.

The Company has updated its geological models to incorporate new data from the two recently completed wells and NSAI is now working to have its Competent Persons Report for the 2P reserve estimate completed by the end of September 2025. Establishment of an independently accredited 2P reserve estimate for the Project will:

1. Independently verify a volume of commercially recoverable coal seam gas (“CSG”) sufficient to underpin long term project economics;
2. Support the Company’s application for a petroleum lease over a substantial portion of ATP 2062;
3. Allow State Gas to begin to negotiate access to pipeline infrastructure which can connect the Project to the Gladstone to Wallumbilla pipeline network; and
4. Enable the Company to pursue financing solutions to progress the Project with gas users and project co-investors.

Successful completion and flow testing of the two new vertical wells is expected to reinforce the Company’s expectation that the Project area has proven gas content and good permeability across a large area. State Gas intends to connect these wells to its high density natural (“HDNG”) plant which will enable it to capture and commercialise production testing gas and increase the revenue generating capacity of the Plant.



Picture 1: Completions activity on R5 well pad

HDNG OPERATIONS

In conjunction with its partners, State Gas continues to pursue opportunities to supply high density natural gas (HDNG) to potential customers in the coal mining industry. Following the success of the initial dual-fuel truck trial during calendar 2024 (for which State Gas was the fuel provider), State Gas remains optimistic that the implementation of dual fuel engine technology in large mining trucks, is a significant opportunity the coal sector, as it:

- Substantially reduces carbon emissions;
- Diversifies fuel risk and drives down operating costs; and
- Extends the life of existing diesel engines and reduces cyclical maintenance costs

State Gas is in discussions with a number of potential clients and the Queensland Government around the most efficient method to support the trial of dual fuel engine technology (supported by State Gas HDNG) at multiple Queensland coal mine sites. Whilst difficult macroeconomic conditions currently impacting the coal industry have slowed the pace of adoption of this important new technology, State Gas remains committed to the commercial opportunities arising from HDNG and plans to continue development of this organic revenue stream in conjunction with its ongoing expansion activities at Rolleston West.

FINANCIAL POSITION AND CAPITAL MANAGEMENT

Further to the announcement on 27 May 2025, State Gas' capital position improved during the quarter:

- The balance of funding under the \$5.5 million Frontier Gas Exploration Grant was received during the quarter and residual payments associated with completion of the drilling program are now being finalised; and
- The Company received an interim payment from its insurer in respect of legal and other costs associated with resolving the access dispute that arose in September 2024. The Company continues to work with its insurers to finalise the claim.

During FY24, the Company made a substantial investment in developing a first-of-its-kind HDNG Pilot Plant as part of an eligible Research and Development ("R & D") Project. The Pilot Plant is designed to produce HDNG directly from raw coal seam gas ("CSG flare gas") and support a variety of industrial applications for customers who are remote from traditional gas pipeline infrastructure (a process not previously attempted in Australia). Further to successful prior year claims linked to the design process, the Company is confident that further material R & D claims can be made in respect of the capital costs of the Pilot Plant. The Company is now in the final stages of obtaining credit approval for funding secured against those R & D claims. Further successful claims and associated financing solutions have the potential to materially strengthen the Company's financial position over the next two quarters.

Now that the two well exploration program is complete, the Company has full discretion over future exploration expenditure and has aligned overheads with near-term objectives and the availability of capital.

OUTLOOK

Funding secured against the R&D claim, and establishment of the 2P reserve for Rolleston West are the Company's critical near-term priorities. The positive exploration results achieved to date and the upcoming certification of Rougemont gas reserves both support the Company's previous comments that this will be an important and productive year for the Company. On 4 June 2025, State Gas and the Rougemont Landowner entered into a settlement arrangement allowing the Company to immediately resume activities on the Landowner's property.

The macroeconomic outlook for energy markets in Australia remains positive for the Company, with a continuing recognition that natural gas will play a substantial role in the provision of base load power, along with diesel fuel displacement while battery technology continues to improve over the long term. Based on the Company's ongoing exploration and development strategy, with particular focus on the Rolleston West Project and application of its unique HDNG capability, State Gas is well-positioned to support the growing energy demand on the East Coast of Australia.

Tenements and Resources

Year	Asset	Net Acreage (km ²)	Estimated Contingent Resources* (PJ's Net to State Gas)		
			1C	2C	3C
2017	PL231 Reid's Dome (unconventional)	181	84	192	660
	PL231 Reid's Dome (conventional)		1.7	3.6	7.9
2020	ATP 2062 Rolleston-West (unconventional)	1,414	145	261	454
	ATP 2062 Rolleston-West (conventional)		6	18	52
2022	ATP 2068 (unconventional)	254	25	43	68
2022-23	ATP 2069 (unconventional)	108	12	17	24
Total		1,957	274	534	1,266

*State Gas estimate as at 12/09/2022

Payments to Related Parties

A total of \$105,000 was paid to the Managing Director in accordance with his remuneration arrangements during the quarter ended 31 March 2025. Non-executive Directors have agreed to defer payment of their remuneration until such time as the Company has executed its Capital Management Strategy.

Shareholder Engagement

We encourage shareholders and other parties to visit the Company's website: www.stategas.com to access information about the Company's projects. State Gas will continue to keep the market informed of its activities through regular Company updates and third-party publications, particularly as it moves into initial production and cashflows.

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.

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 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. Recent drilling results from two new vertical wells (Rougemont 5 and 6) support the Company's existing geological hypothesis and the premise that the area can support a commercial scale CSG project.

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 FACILITY

State Gas has developed a “first of its kind” in Australia CSG to CNG plant (“the CNG Facility”). When implemented in conjunction with virtual pipeline (“VP”) trailer technology, the CNG 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.

ABOUT THE REID’S DOME PROJECT

The Reid’s Dome Project (PL 231) is targeting conventional and coal seam gas assets associated with the Reid’s Dome anticline, an area of sharply uplifted coals, shales and sandstone formations.

State Gas’ exploration activities have established in excess of 30 m of net coals, with gas contents averaging a very high 13.75m³/tonne dry ash free. Commercial levels of sustainable production of conventional gas have been established at the Nyanda-4 well and the Company continues to evaluate a range of techniques to successfully liberate gas from the deeper formations.

The Company is now evaluating how to best develop Reid’s Dome in conjunction with Rolleston West to most efficiently leverage infrastructure and reduce operating costs.

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

Additional Information about Contingent Resource Estimates

The Contingent Resource estimates for the Reid’s Dome and Rougemont Gas Projects (State Gas 100%) and State Gas’ 35% interest in ATP 2068 and PLR 2021-1-3, were estimated utilising the probabilistic method with totals summed arithmetically and have not been adjusted for commercial risk.

The Contingent Resource estimates are based on technical data for the permits, regional geologic and production interpretations, and in the case of the Reid’s Dome and Rolleston-West Projects, data derived by State Gas from exploration activities on the permits, including reprocessing of seismic, drilling, core analyses, production testing and analyses of produced gas and water.

Additional exploration and appraisal is required to address the contingencies associated with these resources to confirm commercial viability and areal extent. If the contingencies are successfully addressed, some part of the Contingent Gas Resources may be reclassified as reserves. The estimates of Contingent Resources have not been risked to account for the possibility that the contingencies are not successfully addressed.

The estimates reported relate to unconventional petroleum reserves. The details of the project area, the method of extraction and number of wells that may be required are not yet finalised. The Contingent Resources estimated have been prepared in accordance with the definitions and guidelines set forth in the SPE–PRMS 2018. The estimates reported are not contingent on technology that remains under development.

Competent Persons Statement

The estimate of Contingent Resources for the Reid’s Dome and Rolleston-West Gas Projects (of which State Gas holds 100%), and State Gas’ 35% interest in ATP 2068 and PLR2021-1-3, provided in this document, 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 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 36 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 Rolleston-West Gas Projects, and ATP 2068 and PLR2021-1-3, in the form and context in which they appear in this Presentation.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STATE GAS LIMITED

ABN

49 617 322 488

Quarter ended ("current quarter")

30 JUNE 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	130
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(108)	(759)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(182)	(657)
	(e) administration and corporate costs	(138)	(1,503)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(1)	(48)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	- GST refunds	(9)	281
1.9	Net cash from / (used in) operating activities	(438)	(2,555)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(106)	(2,010)
	(d) exploration & evaluation (if capitalised)	(2,246)	(4,206)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	Government grants and tax incentives	4,500	6,027
2.6	Net cash from / (used in) investing activities	2,148	(189)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,365
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	8
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(438)
3.5	Proceeds from borrowings	-	1,183
3.6	Repayment of borrowings	(53)	(247)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(53)	4,871

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	503	33
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(438)	(2,555)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,148	(189)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(53)	4,871

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,160	2,160

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,160	503
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,160	503

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
105
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments included at 6.1 above is the remuneration paid to the Managing Director. Non-executive Directors have agreed to defer payment of their remuneration until such time as the Company has executed its Capital Management Strategy.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,219	1,219
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,219	1,219

7.5 Unused financing facilities available at quarter end

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

- Loan agreement with director Jon Stretch for \$425,000 of which \$54,067 was offset against his entitlement under the ANREO and a further \$128,465 was offset against his ANREO shortfall allocation. As at 30 June 2025 the loan has been fully drawn down. The loan accrues interest at 15% per annum. \$250,000 of the loan is repayable following the refinance the CNG Facility.
- Loan agreement with Monte Vista Holdings Pty Ltd, a related party of director Philip St Baker, for \$200,000. As at 30 June 2025 the loan has been fully drawn down. The loan accrues interest at 15% per annum. The loan is repayable following the refinance the CNG Facility.
- Loan agreement with The P&L St Baker Family Trust, a related party of director Philip St Baker, for \$1,225,000, of which \$485,562 was offset against his entitlement under the ANREO and a further \$514,438 was offset against his ANREO shortfall allocation. As at 30 June 2025 the loan has been fully drawn down. The loan accrues interest at 15% per annum. \$50,000 of the loan is repayable following the refinance the CNG Facility.
- Loan agreement with Allegro Capital Nominees Pty Ltd, a related party of director Greg Baynton, for \$425,000 of which \$175,000 was offset against his entitlement under the ANREO. As at 30 June 2025 the loan has been fully drawn down. The loan accrues interest at 15% per annum. The remaining loan is repayable following the refinance the CNG Facility.
- Loan agreement with Loch Explorations Pty Ltd, a related party of director Tony Bellas, for \$250,000. As at 30 June 2025 the loan has been fully drawn down. The loan accrues interest at 15% per annum. The loan is repayable following the refinance the CNG Facility.
- Loan agreement with AG Super Pty Ltd, a related party of director Tony Bellas, for \$175,000 of which \$152,102 was offset against his entitlement under the ANREO. As at 30 June 2025, the balance has been fully drawn down. The loan accrues interest at 15% per annum.
- Loan agreement with Richard Cottee for \$60,000, of which \$39,172 was offset against his entitlement under the ANREO. As at 30 June 2025, the balance has been fully drawn down. The loan accrued interest at 15% per annum.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(438)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(2,246)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,684)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	2,160
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	2,160
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.80

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions: -

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? -

Answer: No. Exploration expenditure in the current quarter of \$2.246M was funded by grant funding. The Company can control the timing of further discretionary expenditure (such as exploration activity beyond that funded by government grant) to coincide with the availability of the relevant source of capital. The Company is working to recommence HDNG sales as soon as possible in calendar 2025 and continues to operate the Company on a low overhead cost base. The Company's overhead cost structure is expected to remain consistent with prior periods.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is securing further working capital under the continued program of grant funding arising from the Company's R & D expenditure incurred in developing the HDNG plant.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company can control the timing of further discretionary expenditure (such as exploration activity beyond that funded by government grant) to coincide with the availability of the relevant source of capital. The Company's cashflow will improve as it increases HDNG gas sales. The Company anticipates that it has sufficient capital to continue its operations and meet its short-term business objectives.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2025

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.