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ASX RELEASE

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CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

Welcome to our Company's first AGM since listing on the ASX in October last year.

As you will be aware, we conducted our IPO last year to raise the funds to explore and appraise the PL 231 permit area as sole Operator and 60% holder of the Permit.

Soon after listing last year, we successfully flow-tested the existing suitable wells within the Permit area and took gas samples for analysis.

We spent the majority of 2018 planning the initial program, including reprocessing of the available historical seismic data, interpreting the results using modern geophysical techniques and identifying and prioritizing drilling targets.

As part of the extensive planning activities for the current drilling program, the Company undertook environmental investigations, access arrangements with landholders and selected contractors through a comprehensive tender process.

This year also saw the grant of our Pipeline Survey Licence to investigate options to interconnect with the Queensland Gas Pipeline and broader east coast gas market.

In terms of personnel, we have been able to recruit Lucy Snelling, an experienced executive from the oil and gas sector with legal, commercial and operational experience as our Chief Executive Officer.

Following Lucy's appointment, we recruited James Crowley as our Chief Operating Officer. James's career in the industry includes 34 years in Australia, Egypt, New Zealand and the North Sea. He held senior executive roles with AGL Energy, Senex Ltd, Origin Energy Ltd, and Apache Corporation.

One of the tasks James undertook was a detailed review of the geology of the Permit and the results of historical drilling.

As previously advised, this review has indicated that in addition to conventional gas, PL 231 may have potential for significant quantities of coal seam gas due to both the presence of Permian coal seams and positive pressure maintenance. Surprisingly, the PL 231 permit area has not previously been explored for coal seam gas.

Following that geological review the Company refocused its planning for drilling to include the investigation of the coal seam gas potential in PL 231.

That drilling program is now well underway, with the completion of our Primero West-1 well last week and the imminent commencement of drilling at Nyanda-4.

Lucy will be elaborating on the drilling program in her presentation.

As most market observers will be aware, the east coast gas market remains buoyant and gas shortages in the domestic market, and a strong international market present significant opportunities for new gas developments in Queensland.

As Australia and most other developed economies transition to a lower carbon environment, gas is likely to become more important as a transitional fuel, supporting intermittent renewable generation such as wind and solar.

Granted under the 1923 Act, our Permit conditions are not currently subject to the domestic gas reservation policies applicable to some of the more recent permit areas offered by the Queensland Government.

Subject to exploration success and infrastructure investment, we see long-term opportunities for the Reid's Dome Project to provide gas to both the domestic and international markets.

Clearly this is an exciting period ahead for the Company and we look forward to providing updates to shareholders and the broader market on the Project and our Company as we progress our exploration and development program.



Tony Bellas
Chairman

ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based developer of the Reid's Dome Gas Project (PL-231), originally discovered during drilling in 1955, located in the Bowen Basin in Central Queensland. State Gas is Sole Operator and 60% owner of the Reid's Dome Gas Project which is located 30 kilometres southwest of Rolleston, approximately 50 kilometres from the Queensland Gas Pipeline.

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