

24 February 2026

East-coast gas entrant ready to drill the productive Walloon CSG fairway

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NEED TO KNOW

- Large CSG and tight gas contingent resources ideally located in Queensland to be unlocked with latest technologies and capital investment. New IPO from spin-off of gas assets, wholly owned by hydrogen-focused Pure One Corporation (ASX:P1E)
- Favourable industry with a short-gas market and high prices.
- Listed gas industry peers provide asset-level value benchmarks.

Wholly owned acreage in Qld's Surat Basin Walloon CSG fairway and Cooper Basin with 479PJ of 2C Contingent gas resources to be unlocked by applying latest horizontal wells and stimulation methods. Peers in nearby areas have applied these techniques with success, in similar geological settings.

The gas industry is gaining support. The east-coast gas market shortfall and persistent high gas prices have resulted in Government recognition of the need for gas in the energy transition, particularly in Qld. This has boosted investor confidence and is driving renewed activity across the sector.

P1E is spinning-off its gas assets into a new ASX-listed entity, Eastern Gas Corporation Ltd by way of an IPO, with funds raised for appraisal and advancement to a commercial status. A prospectus was lodged on 8 December 2025. The \$5.5M IPO was over-subscribed and the Offer is now closed.

Information and general background.

The domestic gas market has improved since the company's last drilling activities several years ago. Gas prices have risen and new markets are emerging in gas-fired power generation.

A substantial investment has already been made (~\$40M) in Projects Venus (Surat Basin CSG) and Windorah (Cooper Basin tight gas) to understand the geological and commercial potential and inform ongoing field appraisal.

Value creation pathway. The contingent and prospective resource base is very large but it is not commercially proven and more drilling and appraisal is needed to generate commercial gas production. The work required is contingent on funding.

Enterprise valuation \$47m (mean), range \$28M-75M

Eastern Gas is in an appraisal pre-production phase. We adopt appropriate valuation tools in the absence of cash flow, specifically an EV/GJ valuation measure. We reference regional peers in the valuation section.

Risks

The key risks are in unlocking the commercial potential in tight and unconventional geologies. Planned appraisal wells may fail in establishing commercial gas rates. Appraisal well costs are high particularly in the Windorah trough and the company will likely require additional funds to move forward and these may not be forthcoming. Other risks are maintaining title to the projects and retaining and recruiting skilled personnel.



Eastern Gas has petroleum leases in Qld which have contingent CSG gas and tight-gas resources assigned from historic drilling. These are well located with respect to production infrastructure in the Surat basin, and Eastern Cooper Basin. Domestic gas industry dynamics favour further investment.

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New East Coast gas player, drill ready

ASX-listed Pure One Corporation Ltd (ASX:P1E) intends to spin-off its wholly-owned gas assets into a special purpose, gas- focused company, Eastern Gas Corporation Ltd. A Prospectus was issued on 8 December for the issue of 27.5M shares at A\$0.20 to raise A\$5.5M before costs. On 30 January 2026 P1E announced the IPO was over-subscribed and on 9 February 2026 the Offer was closed. As per the prospectus, the expected date for quotation is 24 February 2026.

This report is not a prospectus, does not contain all material information, and investors should rely on the prospectus for authoritative disclosure.

The assets are petroleum exploration tenements in Queensland, which have contingent gas resources assigned due to previous wells, however exploration and appraisal has not taken place since 2020, with Pure One (previously known as Real Energy (ASX:RLE) then Pure Hydrogen (ASX:PH2) prioritising capital investment into hydrogen mobility.

Changing gas industry dynamics in recent years create an opportunity for PH2 and Eastern Gas to reactivate field activity and progress toward commerciality.

Company background & historical summary

P1E have owned and operated these assets since 2012. By 2020 the company had invested ~\$40M in drilling activities, predominantly in Project Windorah (~\$36M) and Project Venus (~\$4M), confirming geological models and discovering gas in tight reservoirs. However, subsequent events including capital constraints, Covid and increasing regulatory uncertainty in the gas industry drove P1E's strategic shift into the hydrogen, leaving work to prove up the gas assets incomplete.

Currently, the industry conditions for a new-entrant to the domestic gas industry are vastly attractive. Governments at every level acknowledge the role for gas and policies are being put in place to stimulate industry investment. Gas prices are high driven by the outlook for shortages on the eastern and southern gas markets. Technologies (i.e horizontal wells and fracking) for commercialising gas in tight and unconventional formations perfected in the USA are being applied successfully.

Technologies are in place if the capital is available for Eastern Gas to exploit its resources.

Figure 1: Locations of ATP927 ("Windorah") and ATP2051 ("Venus") in western and eastern Qld.



Source: Eastern Gas Pty Lt

Industry macro setting: Greatly improved

Since P1E's last round of drilling several years ago, the domestic gas industry has dramatically changed, for the better from the perspective of gas exploration companies. There are three key drivers behind the commercial opportunity that is at its strongest now in a decade.

- Continuing high east coast gas prices, amid wide-spread predictions of ongoing shortfalls to create the market opportunity for new gas production entrants.

- Government support emerging at State and Federal level in recognition of the need for gas as a "transition fuel " to net zero and improved regulatory certainty.
- Rapidly evolving technologies for the production of gas from tight formations and shales, perfected in the USA are becoming locally available and applied in parts of the N.T and Qld with considerable success.

East coast gas markets

When Real Energy (now Pure One Corporation, ASX-P1E) drilled its wells in the Windorah Trough between 2014 and 2018, east coast gas prices were ~\$4/GJ and an oil price crash in 2015 made economics and access to risk-capital for exploration and appraisal very challenging. Equipment and technologies required were either absent, expensive, or unproven. Over-arching these conditions, Government responses to environmental activism and ensuing regulatory uncertainty slowed the gas industry particularly for smaller companies.

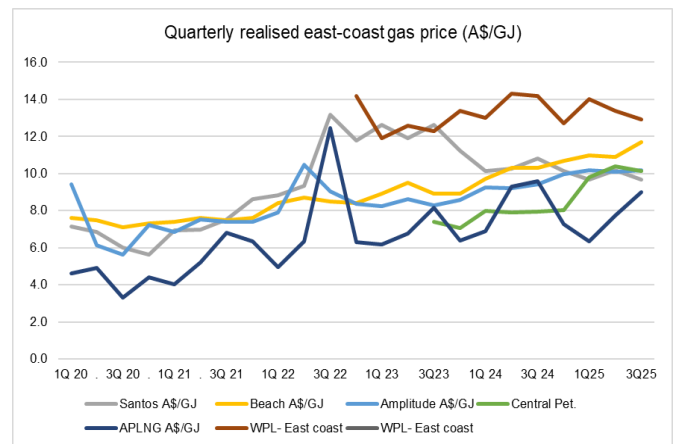
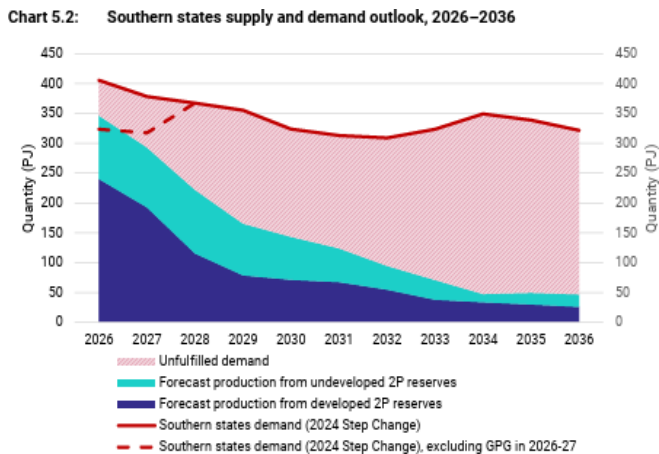
That situation has changed, with shortages being acknowledged by the ACCC (Figure 2) and AEMO, and persistent high gas prices as a result. Federal Government intervention in 2023 to limit domestic prices to \$12/GJ has only served as a floor and since that time, prices have remained high, with figure 3 showing actual average realised prices for major listed suppliers into southern and eastern Australia.

In addition, as a consequence of massive and ongoing development in renewables, the need for new gas supply to drive back-up power (aka. "firming") is new widely recognized but comes as the once prolific Bass Strait gas fields enter a period of steep and irreversible decline.

According to the ACCC's "Gas Inquiry 2017-2030" updated in January 2025, there is a forecast of 2710PJ of unfulfilled demand between 2026 and 2036, with the shortfall expected to reach 300PJ p.a. by the mid 2030's.

Figure 2: Southern states supply & demand 2026-2036

Figure 3: Realised average quarterly gas price (A\$/GJ)



Source: ACCC, Chart 5.2, ACCC Gas Inquiry 2017-2030, January 2015

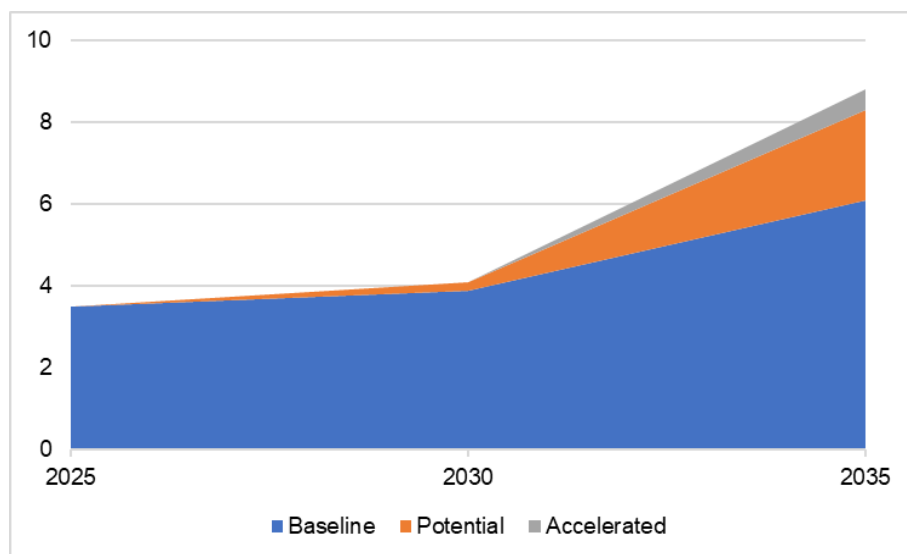
Source: ASX listed company quarterly reports: STO, AEL,BPT,ORG,WPL, CTP

Queensland Government is leading renewed support for the gas industry

On 8 October 2025 the Queensland Government released its "Energy Roadmap 2025" which outlines the Government's position on delivering affordable, reliable and sustainable energy for Queenslanders. According to the Minister for Energy, Home Ownership and Treasurer, the roadmap outlines a practical path (quote) "based on economics and science, not ideology" .

Of specific relevance to the Qld gas industry is modeling that indicates the Qld power system needs an additional 4.1GWh of capacity by 2030, and rising to 6.1-8.3GWh by 2035, compared to the current 3.5GWh. This is more than a 2X increase in installed capacity. The growth is driven by the need to have increasing amounts of readily dispatchable power (aka "firming") as renewables grow, and as Government owned base-load coal fired power plants approach end of life between 2030 and 2040. This can only come from fast-start gas-fired power plants.

Figure 4: Existing and planned gas-fired plant capacity in Qld (GW)



Source: Queensland Government "Energy Roadmap 2025", released on October 8, 2025

Investor gateway and the QIC.

The Qld Government is backing its energy roadmap via the QIC which is the Qld Governments' sovereign wealth fund. The QIC is to set up a new "Queensland Energy Fund" initially seeded with \$400M available to invest directly or indirectly into new energy projects, in conjunction with, or independent from private operators, in new energy projects including gas fired power.

One of the QIC's most immediate actions is to "sound the market" in late 2025 for the competitive tender of a 400MW gas-fired power plant, the "Central Queensland Gas Power Tender". Tenders are expected to open in early 2026 and have the plant commissioned by 2032. This is planned to be located in Central Queensland.

Central Queensland is chosen as a strategic location for a number of reasons, the main one being an existing large coal-fired generation capacity, and a substantial embedded high-voltage transmission network taking that power south (to the Brisbane area) and major industrial centres on the Central coast from Gladstone to Rockhampton.

A 400MW gas-fired power station would be potentially a very large gas consumer, depending on run-time and will require gas resource owners in Queensland to significantly expand production. If the Government is to achieve its desired capacity growth, several more plants of this size will be required.

Eastern Gas assets are ideally located in Qld.

Eastern Gas acreage in eastern Qld (ATP 2051) is close to an enormous CSG gas gathering and pipeline networks taking gas to key hubs at Wallumbillah and to the LNG export terminals at Gladstone, and to major markets in the Brisbane areas. It seems likely that the location of any new power plants will be close to pipelines in addition to electricity transmission networks.

ATP 927 in the west of Qld is more remote, but the company has negotiated access to the Santos-operated S.A gas network, through Santos' Mt. Howitt gas field, and onward to Moomba and the southern markets.

Assets summary

Eastern Gas assets are 100%-owned exploration tenements in Qld. These are:

- ATP 2051 covering 78km² in the Surat Basin, which is prospective for coal seam gas (CSG) in the prolific "Walloon" fairway. The ATP was granted in March 2020 for 6 years and expires on 22 March 2026, unless renewed. The company has re-applied for renewal for a further 6 years. **Exploitation in this permit is termed "project Venus"**.
- ATP 927 covering 488km² on the eastern flank of the Cooper Basin in western Qld. This acreage is considered prospective for gas and liquids trapped in unconventional "Basin Centered gas" (BCG) reservoirs. **Exploitation of gas in this ATP is named the "Windorah Gas Project"**. In June 2025, the company was granted a Potential Commercial Area (PCA 341) over the same area, effectively extending tenure to June 2040. Additionally, there is PPL 2041 which is a license to tie-in to nearby Santos infrastructure.

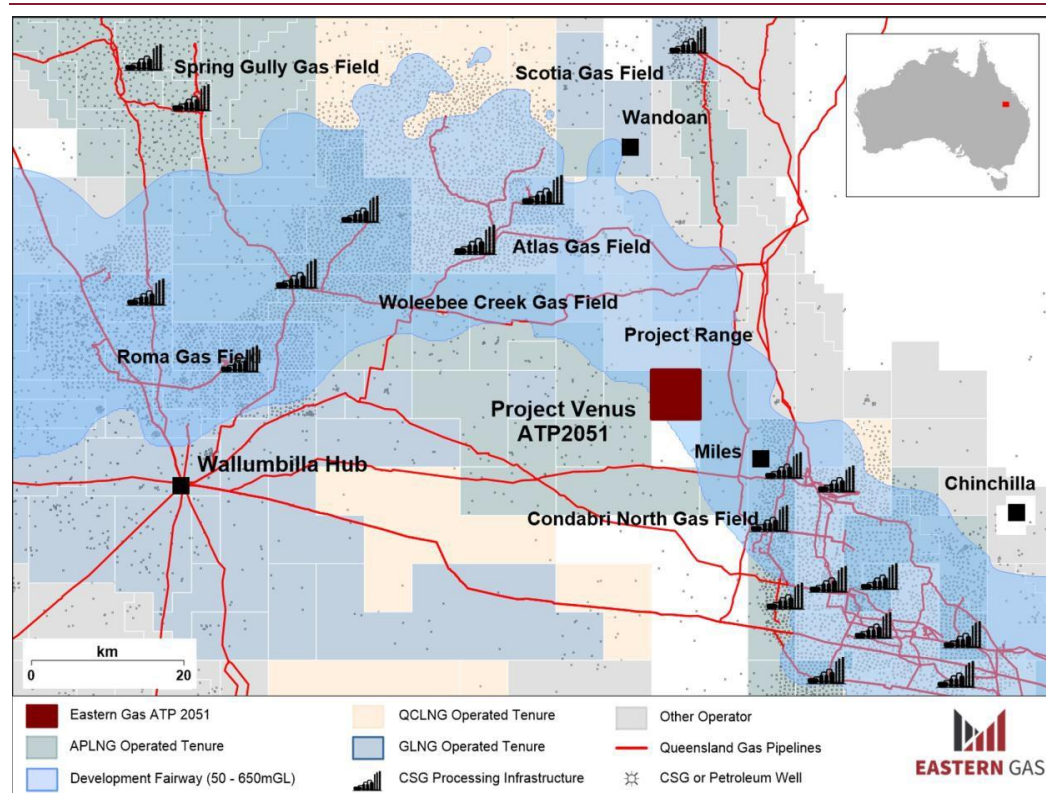
ATP 2051 and the Venus Project

The project is strategically located in the Walloon CSG fairway. It is surrounded by significant and prolific CSG fields operated by Shell, APLNG and Santos delivering gas to Gladstone for LNG export, and to the domestic market via the Wallumbilla hub. Approximately 10,000 CSG wells have been drilled in this broad region since the early 2000's when the CSG potential was first recognised.

This ATP provides the opportunity to develop a reasonably large in-place CSG gas resources in an area where commercial CSG is already in production. However, the block is at the margin of established commercial areas and although wells to date confirm thick, gassy coal seams, flow tests indicate low permeability coals.

The challenge for Eastern Gas will be to establish commercial rates and the key tools to be used are horizontal wells and while these are commonly and successfully applied to low-perm coals through-out the region, this has not been attempted in ATP2051.

Figure 5: Project Venus location and ATP2051 & surrounding CSG fields and gas plants



Source: Eastern Gas Pty Ltd

Timeline and previous activity

Between 1966 and 2020, 6 vertical wells were drilled with the first targeting conventional oil and gas. The more recent wells from 2008-2020 were vertical wells targeting Jurassic coals in the Walloon Coal Measures (WCM).

The WCM is regionally extensive and hosts >60% of all Qld CSG production and reserves. It hosts three main sequences, the Upper Juandah Coal Measure (UJCM), the Lower Juandah Coal Measure (LJCM) and the Taroom Coal Measure (TCM).

Figure 6 summarises wells drilled by previous owner QGC (Connor-1,2,3 and 4) between 2008 and 2014. QGC relinquished the acreage in 2017. In March 2020, the ATP was awarded to Real Energy and Strata-X in a 50/50 joint venture ahead of these two companies merging and subsequently forming PH2.

The most recent well, Venus-1 was drilled by Real Energy (Now P1E) in 2020.

Figure 6: Historical wells in ATP2051 (NOTE: Auburn-1 drilled in 1966 was not a CSG well)

Well Name	Year	Top Wallon(m)	WCM thickness(m)	TD	Av Perm UJCM (mD)	Status
Auburn-1	1966	370	n/a	1864	n/a	P&A Oil exp.
Connor-1	2008	408	338	850	5.3	C&G, CSG
Connor-2	2009	400	345	779	4.8	C&G, CSG
Connor-3	2013	659	280	1055	1	C&G, CSG
Connor-4	2104	622	323	1063	3	P&A, CSG
Venus-1	2020	395	223	715	n/a	C&G, CSG

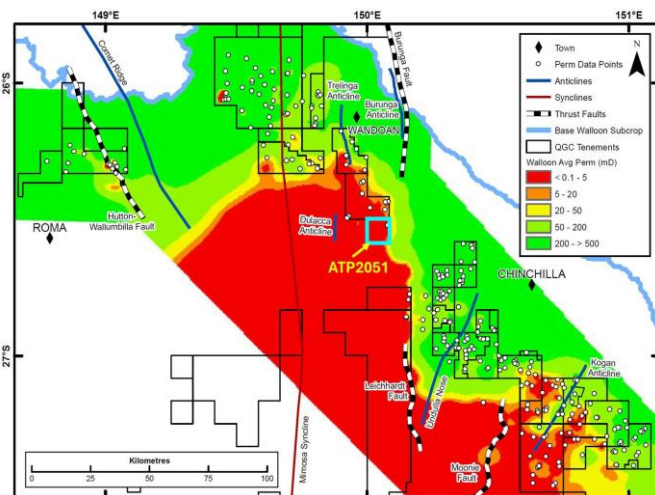
Source: Eastern Gas Pty Ltd

Reservoir parameters

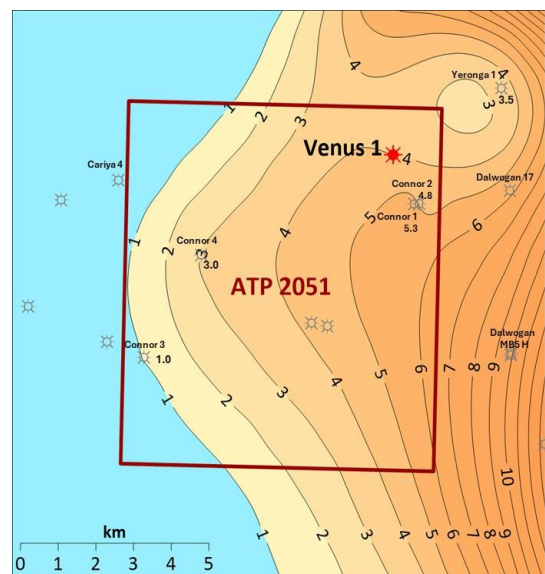
From the wells drilled in the ATP, and nearby offset wells, the following general geological characteristics have been identified.

- The WCM in ATP2051 ranges between 400m and 600m deep, to the top of the UJCM, and has a gross thickness of 370-400m across all the coal seams.
- The net thickness of the WCM in total across all the various sub-seams averages between 30m and 40m, with the thickest individual sub-seam being the "Macalister" which averages 5m thick.
- Measured gas content is high, in the range 4-6m³/tonne, but varies with depth of the coal.
- Permeabilities are typically low, in the 1-5mD range, which is much lower than the more prolific Walloons to the north and east. (Figures 7 & 8). This is an average over all the coals in the UJCM and calculated from a limited data set. The shallower McAlister is expected to have higher permeability.

Figure 7: Regional permeability map (Green = good, red=poor) Figure 8: UJCM average permeability map (mD)



Source: Independent Technical Report and Adavale Energy 2021



Source: Adavale Energy (technical consultants) 2021

The Venus-1 result

Project Venus targets to produce from a single coal seam, the "Macalister" seam with is at the top of the UJCM and is the thickest of the various seams, in the order of 4-6m. The well is located in the north-east corner of the block, where reservoir depth, permeability and gas saturation are expected to be superior that elsewhere.

The Connor wells were flow rate tested by way of "drill stem test" (DST) but were not artificially stimulated and gas flow rates were small. The work undertaken at Venus-1 by Real Energy is the most significant and encouraging to date. In summary:

- The well was drilled in November 2020.
- It encountered 25m of net coal in the UJCM and TCM within the Walloons.
- Two zones within the UJCM were stimulated using abrasive jetting through coiled tubing in 2021.
- The well was later completed with 2-7/8 tubing, and equipped with meters, flare stack, water and gas separators and brought on line in April 2021. A progressive cavity pump (PCP) was used to dewater the well and de-pressure the coal
- Estimated cost of fully equipped Venus well and extended period of flow testing was ~\$4M.

The well was tested between April and August 2021. A sustainable commercial rate was not achieved, however an instantaneous gas rate of 80,000scf/d was reported after 50 barrels of water production.

The test result was disappointing in not achieving a sustained gas flow. However, two key learnings underpin the forward work program.

- The first, is that in-seam laterals are likely to be required to maximise well-bore contact within the coal seam. Horizontal wells are commonly and successfully applied to tight Permian coals in the Bowen basin, and around the world (USA, China) but has not been attempted in this permit.
- The second, is that the abrasive jetting technique that was used to stimulate the coals and open up fractures was ineffective.

Contingent resources

Following the Venus well, in 2021 Real Energy contracted reservoir engineers Sproule Incorporated to undertake a resource assessment. Subsequent analysis by Molyneux Advisors in 2025 returns results which are broadly similar. Figure 9.

Both are only for the UJCM and a permeability cut-off of 2mD.

The resource estimates are contingent and conversion to proved or probable reserves will require sustained gas flows to surface, which is an objective in the forward work program.

Figure 9: Contingent Resources (PJ)

Contingent gas resources (PJ)-UJCM only	1C	2C	3C	Mean
Sproule-2021	88	130	158	
Molyneux-2025	73	137	218	142

Source: Real Energy and PH2 reports

Proposed work program: Drill & test 2 horizontal wells

Eastern Gas proposes to drill and flow test two horizontal wells, Venus-2 and Venus-3 in the Macalister coal seam within the UJCM. This is the thickest individual coal seam, ranging 4-5.8m thick and being the shallowest, maximises the permeability potential. This activity is budgeted to cost A\$4.9M to be funded by IPO proceeds,

Key challenges in drilling laterals of this length will be (1) keeping the drill bit within a narrow seam (2) well-bore stability and (3) lateral continuity of the seam.

Work program objectives are:

- Achieve a sustainable "commercial" flow rate.
- Convert 2C contingent gas resources to reserves.
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Commercial considerations

What is deemed to be a "commercial" rate is not defined and will depend predominantly on the following parameters.

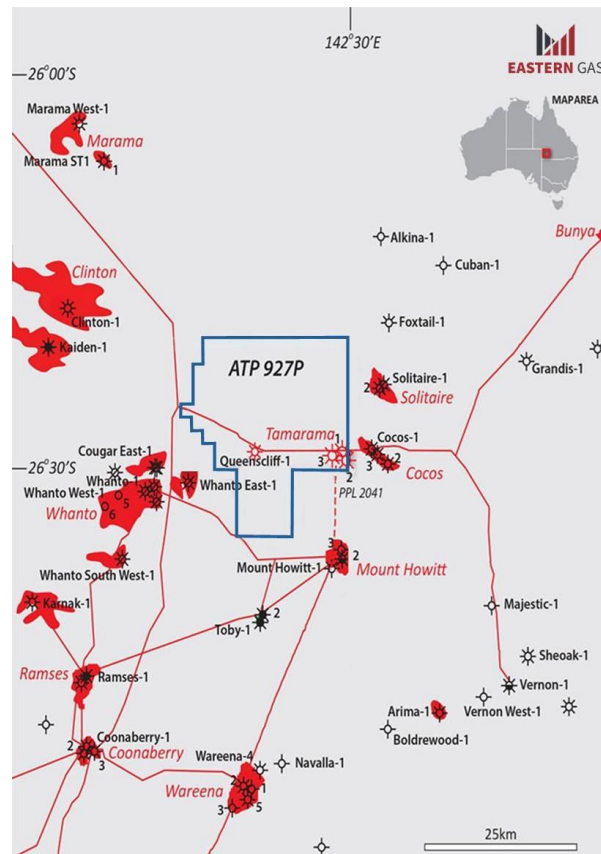
- The first and most obvious is gas price. From discoverable and public data, current prices ex-field are in the \$10-12/GJ range.
- The second critical parameters is the EUR or expected ultimate (gas) recovery per well. The range on this figure varies widely due to variability of data from offset wells. The Independent Technical Report estimates a range of 0.8-1PJ per well, which is lower than the prolific CSG fields to the north however resolving this figure will require test data and flow rates. To fully exploit the in-place gas resource, 60 or more horizontal wells would be required.
- Per-well costs are to be determined. The Venus-1 well which tested over a number of months cost ~\$4M to drill, complete and test. This is expensive for a single CSG well, however Individual well exploration and appraisal costs are typically high because they require one-off investments for site access, ponds or dams to capture water, and all other logistic support. The Eastern Gas Work Program proposes capex of \$5M to drill and test up to two horizontal wells. It would be reasonable to assume that in a development setting, batch drilling would lead to economies of scale and lower per-well costs.

ATP 927: Windorah Gas Project

This acreage is located in the west of Qld in the prolific Cooper Basin and covers an area of 480km². The permit was first awarded to Real Energy in March 2014. In June 2025, the ATP was granted a 15-year Potential Commercial Area (ATP 341) which provides tenure to June 2040.

Prior to Real Energy acquiring the acreage, the previous owner was Drillsearch Energy which was notably active in a joint venture with BG Group Plc for exploration in deep, tight stratigraphic formations, which in oil industry jargon are deemed "unconventional".

Figure 10: ATP 927 location in western Queensland.



Source: Various ASX releases by Real Energy and PH2.

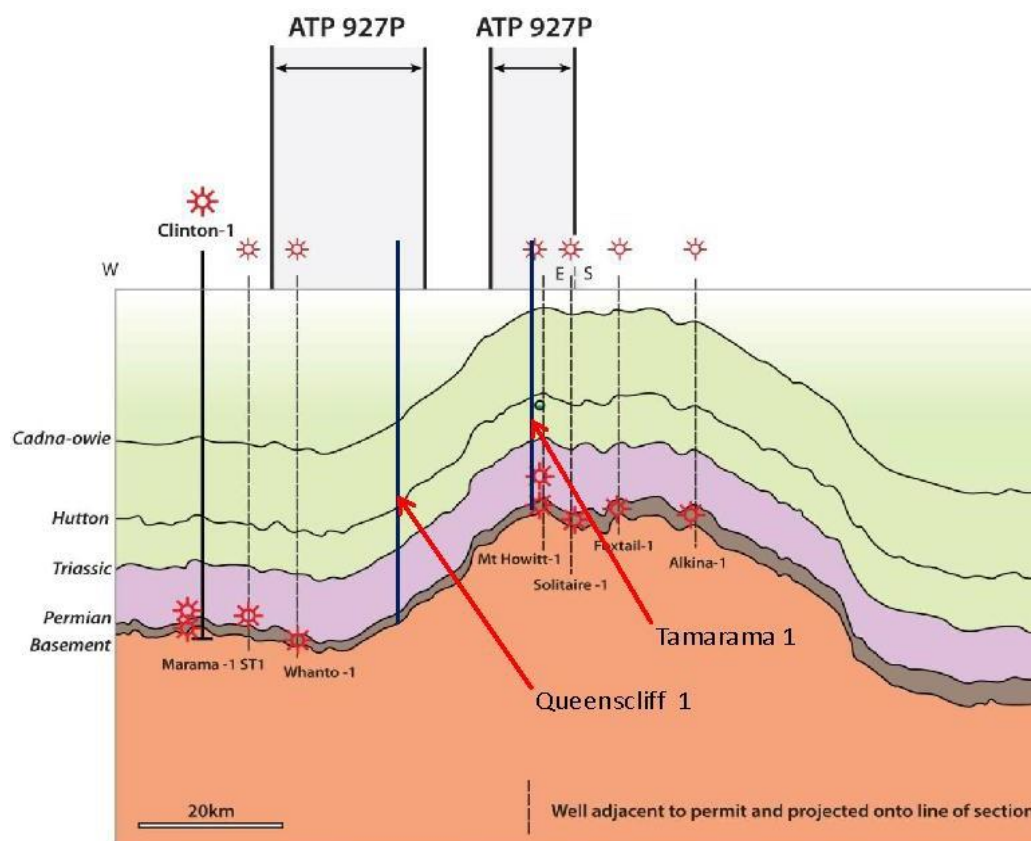
The Windorah Gas Project as an example, targeting gas in a "basin centered gas" (BCG) setting. Refer to Appendix 1 for more detailed explanation of the BCG concept, but in simple terms the gas is generated in-situ and for mechanical and other reasons cannot escape and so remains trapped in tight reservoirs. Production typically requires artificial stimulation methods and the presence of over-pressured reservoirs to drive the gas to surface.

When Real Energy acquired this ATP, pursuit of gas in BCG settings was unique. Recently, with new technologies and improved industry conditions as previously outlined, other companies have joined in the pursuit of BCG, notably in the Taroom Trough where Shell, Santos Elixir and Omega are currently active.

To test the BCG theory, RLE deliberately positioned its first two wells (**Queenscliff-1 and Tamarama-1**) beyond any known structural closure, **targeting proven sandstones in the Toolachee and Patchawarra formations**. These formations are pervasive throughout the Cooper Basin, but in ATP 927 there are no obvious structures. Figure 11 is a schematic of the geological targets.

The geological setting poses additional risks and costs compared to "conventional" wells, in terms of siting wells, use of long-reach horizontal wells and hydraulic fracturing. Offsetting this, is the potential for very large volumes of gas to be stored over a very large geographical area.

Figure 11: Cross section of ATP 927



Source: Real Energy and PH2.

Time-line and drilling history

Key wells are Tamarama 1,2 and 3, and Queenscliff-1 which were drilled between 2014 and 2018 by Eastern Gas predecessor Real Energy. Expenditures on this work approximates A\$36M. All wells targeted Permian clastic sediments in the Toolachee and Patchawarra formations.

Based on earlier seismic surveys (acquired in 1980, 1982, 1984 and 1995), the first two wells were drilled outside of any identifiable structural closure and deliberately targeted gas in a stratigraphic setting (BCG)

All four target zones flowed gas to surface (at rates up to 2.5MMCFD) but these rates were not sustained. In the following few years, a combination of capital constraints, Covid, gas industry regulatory uncertainty and ultimately a strategic shift by RLE into Hydrogen resulted in a pause in ongoing appraisal. However, the results to date broadly validate the BCG geological model.

Figure 12: Well drilling history

Well Name	Year	TD	Result	Status
Tamarama-1	2014	2476	Gas in Patchawarra & Toolachee	Fraced & tested gas to surface
Queenscliff-1	2014	3222	Gas in Patchawarra & Toolachee	Completed, gas to surface
Tamarama-2	2018	2581	Gas in Arrabury, P'warra & T'achee	Fraced & tested gas to surface
Tamarama-3	2018	2639	Gas in Patchawarra & Toolachee	Fraced & tested gas to surface

Source: Real Energy

Well results and key learnings

Real Energy has validated the BCG geological model, established a gas resource with flow potential, and significant geological and commercial de-risking has occurred, but the commercial case is not yet established. For a commercial project, the wells need to flow at stable rates for an extended period. To achieve that, Eastern Gas will need to identify and apply drilling and completion techniques optimised for low permeability reservoirs.

BCG model is partly de-risked. Next steps are to identify appropriate drilling, fracing and completion techniques and establish sustained gas flows to surface

Tamarama-1 was drilled in 2014 to a depth of 2574m. It was located 4 km west of, and 60m down-dip from the conventional Cocos gas field (Santos). It encountered gas bearing sandstones in the Triassic aged Arrabury formation and throughout the Permian Toolachee and Patchawarra. Nine zones in these formations were tested in three separate pre-frac cased hole tests. Results were:

- Test#1 in the lower Patchawarra formation failed to flow, which was interpreted due to tight reservoir
- Test#2 over the main Patchawarra flowed gas to surface, at an initial rate 0.426MMscf/d through a 12/64-inch choke
- Test#3 from the basal Toolachee flowed gas to surface on clean-up at 0.46MMscf/d through a 16/64-inch choke.

In May 2016 the well was re-entered to carry out a 5-stage frac, which was problematic (due to sand and debris in the tubing) but after a work-over in August 2016, the well flowed gas to surface at 1.1MMscf/d however, again the rates dropped rapidly and the well loaded up with water.

After a pause in field activity to raise funds and assess results, Tamarama-2 and 3 were drilled in 2018 to appraise the Tamarama-1 discovery. These wells were located 925m south-east and 440m west of Tamarama-1 respectively. Both wells were directional and fraced to improve reservoir deliverability.

- Tamarama-2 encountered gas in all targets as per T-1, and 5 sections were perforated between 2311 and 2507m. A flow test over 208 hours initially flowed at ~2MMscf/d but declined to 0.25MMscf/d by the end of the test, accompanied by higher water rates.
- At Tamarama-3, 5 zones were perforated between 2446m and 2554m. After a 2-month shut-in, the well was placed on a pre-frac flow for 72 hours. Initial gas rates were 2.5MMscf/d, before declining rapidly, and again accompanied by high water rates.

Queenscliffe-1 was drilled in 2014 to a depth of 3219m, located 13km west of Tamarama-1 and 88m down-dip. Again, based on historic seismic data, this well was drilled outside any mapped structural closure. Gas bearing sands were found in the Arrabury, Toolachee and Patchawarra formations.

- For testing, five zones were perforated in the middle, upper Patchawarra and lower Toolachee and co-mingled. Gas samples and formation pressure data were acquired. The well flowed gas to surface at a maximum rate of 0.2MMscf/d.

Geology and reservoir parameters

The main targets in ATP 927 are the Permian-aged Toolachee and Patchawarra formations which comprise fluvial sandstones interbedded with siltstones, mudstones, shale and thick, laterally extensive coals. The sandstones tend to be fine to medium-grained quartzose, with variable clay and kaolin content. In general, sandstones deposited in this environment tend to exhibit porosity and permeability which are considered low, and typically require sophisticated drilling, completion and fracing to exploit. Gas trapped in the sandstones is sourced from the coals and shales, and pressure readings and temperatures evidence the reservoirs are over-pressured and evidences a BCG accumulation.

From well logs, core samples and test data, and in the case of the D&M work data from offset wells, the following general formation characteristics at Queenscliff are as follows:

- In the Toolachee formation net pay ~21m, average porosity 9.1%, gas saturation 95%, and water saturation 7.6%
- In the Patchawarra formation, net pay of 54m, average porosity of 10.4%, gas saturation of 77% and water saturation 13.5%

From Tamarama 1,2 and 3 well data the following results averaged for the three wells are:

- In the Toolachee formation, net pay of 15m, average porosity 9.8%, gas saturation 70% and water saturation 17.1%
- In the Patchawarra formation, net pay of 56m, average porosity 10.8%, gas saturation 70% and water saturation 21%

Permeability data is harder to determine due to lack of surface flow rates and flowing pressure. Permian core porosity-Permeability cross-plot data from offset wells indicates low permeabilities in the order of 1-10mD range.

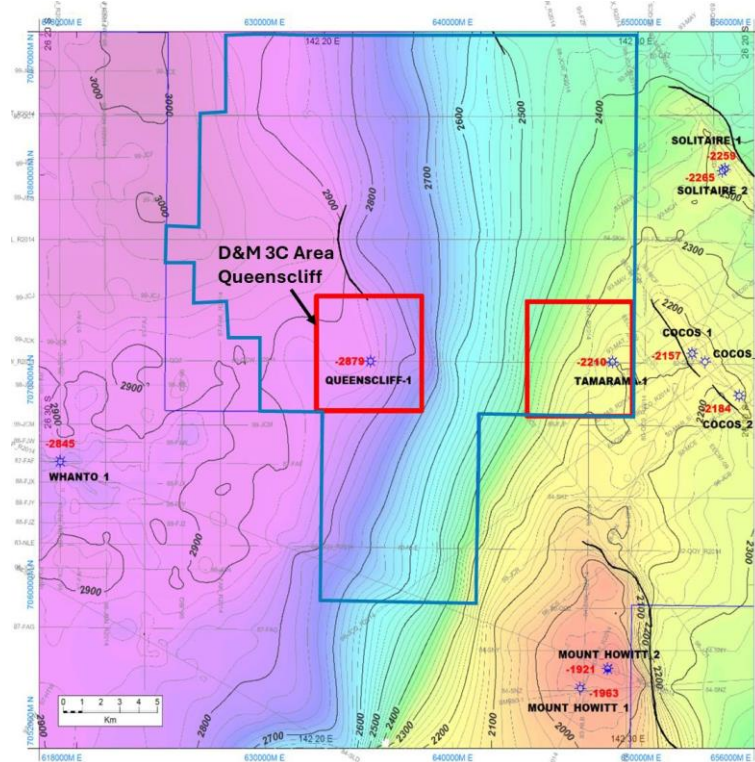
Resources & gas composition

Figure 14 is the 2C contingent Resources estimates for gas (in PJ).

The estimates are based on analysis by DeGolyer & McNaughton (D&M) in 2015 after the drilling of Tamarama-1 and Queenscliff-1, and subsequent work by Aeon Petroleum Consultants in 2019 after Tamarama 2 & 3.

Note that the contingent resource estimates are constrained to a relatively small area around each well. Resource potential has been evaluated at 4.4TCF of original-gas-in-place (OGIP) and 1.76TCF of 2U Prospective gas resource. Figure 13.

Figure 13: Queenscliff and Tamarama area resource estimates.



Source: Eastern Gas

Figure 14: Contingent resources (PJ)

	Contingent gas resoures EUR (PJ)				Source
	P90	P50	P10	Mean	
Queenscliff-1 area					D&M 2015
Toolachee	17	60	148	74	
Patchawarra	34	123	299	148	
Tamarama Area					AEON 2019
Nappamerri	4	11	22	13	
Toolachee	13	29	68	37	
Patchawatta	57	125	271	149	
Arithmetic sum	124	348	809	420	

Source: Eastern Gas

No downhole test data is available due to unstable test flows, so gas composition data is limited to samples obtained at the wellhead, summarised as follows:

- Dry gas with minimal LPG or condensate yield
- Relatively high CO₂ levels, ranging from 12% to 14.5% in the Toolachee and Patchawarra formations.
- Methane concentration ~84% at Queenscliff and ranging between 70% and 82% at Tamarama.

Key learnings and future work program

Eastern Gas has identified some key learnings, which are predominantly the need for long horizontal well designs, multi-stage multi- fracs and improved frac design including a finer proppant and frac placement. In all Tamarama tests, gas flowed initially at good rates but rapidly declined as water production rose, and identifying the source of the water is yet to be fully understood.

Possible scenarios are:

- Buildup of fines in Tamarama 2 &3.
- Water coming from adjacent coal seams, either as a result of the fracking, or as a result of natural vertical fractures between the coals and the sandstone reservoirs. In one regard, the water rates indicate good fluid conductivity but future wells and frac placement will need to be tightly controlled to the sandstones.
- Rapid closure of induced fracs due to stress regimes and geo-mechanical forces.

Future work programs are to be finalised subject to funding, availability of equipment and receipt of all appropriate regulatory and land-owner consents. Capital to be allocated from IPO proceeds is minimal, but the company's primary objective is to demonstrate commercial flow rates from Queenscliff-1 by working on fracture stimulation techniques.

Commercial considerations

In 2019, a pipeline license PPL2041 was granted for the transportation of Windorah trough gas to the Santos-operate Mt Howitt plant and there-after access to the eastern states via the Moomba central processing facilities. In addition, the award of the PCA implies the project is likely to become viable within 15 years.

Key drivers of economics will be:

- Gas markets and prices. We view this is low risk with market shortfalls and prices discoverable in the public domain.
- Third party processing charges. Initially, it is envisaged that Eastern Gas will deliver raw gas from the field into the Santos system for processing into sales quality. This avoids investment into expensive on-site gas processing but will require toll to the Santos JV for the removal of CO₂ and other gases, and compression.
- Well costs and expected ultimate recovery (EUR) per well are key variables. Given the depth of the wells, need for laterals and fracking, individual wells are likely to be relatively expensive. As a guide, the 4 previous vertical wells cost ~\$40M. In the Taroom Trough, we observe Omega Oil & Gas has invested ~\$50M in its two Canyon wells, with laterals fraced and tested.

Enterprise Valuation Range \$28-78M, Mean \$47M.

Our key methodology in assessing Eastern Gas Ltd enterprise asset value is by comparing and benchmarking with ASX-listed gas resource peers that are in an exploration or pre-development phase.

These companies and a brief description is outlined below.

In our evaluation we considered a range of valuation tools.

- A DCF of future production. The company is not in production and the timing and likelihood is uncertain, making a determination of potential future cashflows highly speculative. We consider a DCF is not appropriate at this time.
- Asset transactions, such as sale of exploration acreage for cash, or by way of farm-out. Precedent industry transactions specific to Qld CSG assets are considered and documented in this section.
- Implied valuation for resources or exploration acreage in ASX-listed companies active in Qld CSG, or elsewhere in unconventional gas. Many of these companies and those listed here as relevant peers are in an exploration phase and market values are for acreage or resources which are not commercially proved. Typical measures for un-proven resources are EV-per-GJ of gas, with the most widely referenced in investment literature being $EV/(2P+2C)$.

Given these choices, we consider a resource-based multiple is the most appropriate valuation tool at this juncture and in order to derive an asset value two inputs are required. The first is the quantum of resource (2P, 2C, 3C). The second is an appropriate per-unit value.

Figure 15 addresses Eastern Gas resource base. Figure 16 addresses an appropriate per-GJ multiple, determined from peer group analysis.

Figure 15: Company contingent gas resources

Contingent gas resources (PJ)				
	1C	2C	3C	Mean
Venus	88	130	158	
Windorah	124	348	812	420
Total resources Base	212	478	970	

Source: Eastern Gas, and PH2

Peers and EV/GJ multiples.

We discuss ASX-listed peers here and in figure 16. Prices and market EV's are as of market close February 20, 2026. Some of these companies have experienced strong share market gains in the past ~year, due to drilling activity and positive well results. Capital raising for exploration has in general, been well supported and evidences renewed appetite for investment in this industry.

There is a very wide range in resource values, from a low of 1c/GJ to 30c/GJ for 2P+2C resources reflecting differences in each companies corporate journey from grass roots exploration to pre-production, location, key partnerships, funding and geological qualities.

For a peer group comparison we have selected companies with assets in analogous areas or geologies. We observe a number of ASX-listed companies have overseas CSG assets in RSA, Indonesia, Botswana and Mongolia. These are excluded from the group due to vastly different market dynamics and fiscal terms in these countries. We include in our analysis, asset transactions which we believe are directly relevant.

Comet Ridge (ASX: COI) Price \$.14, EV \$154M). COI is a well-established Surat Basin CSG company at a pre-production phase at its flagship Mahalo gas project. Test wells have flowed gas at commercial rates resulting in reserve bookings. A FEED process is underway for a proposed development and sale of gas to Qld state-owned power generator "CleanCo".

Elixir Energy (ASX:EXR) Price \$0.09, EV \$168M). Elixir has a large acreage position in Qld's Taroom Trough focused on appraisal of BCG, tight gas sands and deep coals. It has drilled and flow-tested a number of vertical wells and booked a very large contingent resource.

Omega Oil & Gas (ASX:OMA) Price A\$0.57, EV \$268M). Omega has extensive acreage in the Taroom basin and is pursuing a BCG play at its Canyon project, where two wells have been drilled and flowed oil and gas to surface. It is planning further appraisal with long laterals.

Vintage Energy (ASX: VEN) Price \$0.005, EV \$17M). Vintage is a producer from its Vali and Odin conventional gas fields in the S.A Cooper Basin, from the Toolachee and Patchawarra formations. It also has a Co2 gas discovery and contingent gas reserves in the Qld Galilee Basin.

Blue Energy (ASX: BLU) Price \$0.005, EV \$17). Blue has large contingent gas resources in acreage in the Surat and Bowen basin, Qld. Testing is underway at its Sapphire CSG project in the Bown Basin. It also has extensive exploration acreage in the N.T's Wiso Basin.

Beetaloo Energy (ASX: BTL) Price: \$0.26, EV \$301M). Beetaloo is in an exploration phase targeting shale reservoirs in the Beetaloo Basin. It has drilled a number of long horizontal laterals at its flagship "Carpentaria" project and is about to enter an extended test phase. It has acquired a production plant and has agreements in place for sale and transportation of gas to the N.T. Government.

Lakes Blue Energy (ASX:LKO) Price \$1.18, EV \$84M) is focused on developing tight gas formations in permits located onshore Gippsland with drilling and testing underway at its "Wombat" location

The one asset deal we include is the sale of Central Petroleum's 50% share in its "Range" CSG project. At the time, Range was in an exploration phase and had contingent resources.

Peer group multiples and Eastern Gas EV range

From figure 16, there is a very wide range of resource asset multiples. We adopt an EV/(2P+2C) estimate, noting that not all companies report 3P/3C or 1P/1C.

The volume weighted average EV/(2P+2C) is A\$0.098/GJ and applying this to Eastern Gas 479PJ (2C) results in an EV of A\$47M.

However, there is a very wide range, from 1c/GJ in the case of BLU to 36c/GJ for COI, with the latter's value likely supported by booked 2P reserves. The per-GJ values for LKO, EXR if applied to Eastern Gas book-end the low case at ~\$28M, while per-GJ values for OMA and BTL indicate a high case (\$75M) reflecting these companies current activities and well results.

Figure 16: Peer group EV multiples for contingent resources

Company	Ticker	Price	EV	2P	3P	1C	2C	3C	EV/(2P+2C)	Type
		A\$	A\$M	PJ	PJ		PJ	PJ		
Comet Ridge	COI	0.14	154	247	529	109	180	294	0.36	CSG
Elixir Energy	EXR	0.09	168	0	0	1111	2961	8152	0.06	BCG
Omega Oil & Gas	OMA	0.57	268			450	1700	4500	0.16	BCG
Vintage Energy	VEN	0.005	17	71.4			46		0.14	Conv
Blue Energy	BLU	0.005	17	91	293	518	1617	4017	0.01	CSG
Beetaloo Energy	BTL	0.26	301				1927		0.16	Shale
Lakes Blue Energy	LKO	1.18	84				1420	3677	0.06	Tight gas
Asset deals			12.5				135		0.09	CSG
Total			1022	409			9986		0.10	
Weighted av.									0.098	
Median									0.119	

Source: MST, from company Reserve & resource reports, and FACTSET for market data at 20 February 2026

Precedent transactions.

We summarise industry asset transactions below. All of these deals were for assets in the eastern Qld CSG industry, and broadly subject to the same economics and industry backdrop to Eastern Gas.

- May 2019: APLNG acquired Ironbark for \$231M. Deal metric: 129PJ (2P) = A\$1.79/GJ.
- January 2022: Senex acquired specific APLNG assets for \$80M. Deal metric: 34PJ (2P) = \$2.35/GJ.
- Nov 2023: Senex bought 50% of Project Ranges from Central Petroleum for \$12.5M.
- May 2022: POSCO/Hancock acquired Senex for \$884M. Deal metric: 767PJ (2P) = \$1.15/GJ

There is a very large gap between metrics for probable (2P) gas and contingent (2C) reflecting the value uplift in the event of reserves bookings, and recognising the investment required and commercial potential implied in a reserve estimate.

Key risks

- **Geological and technical risk.** The formations at Project Venus and Windorah are geologically quite different but pose a common challenge which is to produce sustainable gas as commercial rates from low permeability formation's and this will require determination of appropriate drilling, completion and production technologies. These technologies are broadly available but finding the best outcome is an exploratory process requiring time, investment and a continuous learning process. Ultimately, if commercial rates cannot be achieved then these projects would be unviable.
- **Drilling and completion risks.** Drilling and completing horizontal wells in thin seams, and then conducting successful fracture stimulation requires considerable scientific and engineering skill. Failure to execute long-laterals, or place fracs may render the wells unable to produce.
- **There is regulatory risk.** Although the political and social landscape for gas exploitation has improved, a change of Government at any level or the adoption of radical "green" agendas brings unforeseen risks. Eastern Gas and industry participants planning to invest in projects that have 10 or 20 year life require regulatory certainty.
- **Access to people and equipment.** As a small company, it has limited in-house resources and relies on third-part technical advice and input may be unreliable or ineffective. The company uses oil field contractors for drilling and completion on an in-frequent basis and may not be able to procure necessary equipment in the way that much larger companies can.
- **Future funding risk.** A planned IPO will bring funds for immediate field activity, it is likely that a move to development will require more appraisal and ultimately development capital. This may not be available when needed. Additionally, the company's initial modest size and ownership may constrain the quantum and source of future funds.
- **ATP 2051 tenure.** The current work program at ATP2051 expires on 22 March 2026 and its unlikely the proposed work program at Venus will be completed by that time. The company will need to seek an extension to allow the planned work program to be carried out, and this is not certain.
- **Land access and Native Title.** Field operations requires the company to negotiate access with affected land-owners and native title holders. To date, the company and predecessors have successfully negotiated access but this could be withdrawn at any time.
- **EHS hazards.** Gas exploration and production is hazardous and exposes site personnel to injury from accidents or uncontrolled release of flammable gases.
- **Unexpected "Lawfare".** There have been numerous challenges in recent years by environmental lobby groups which have impacted the timely delivery of gas projects, notably in the Northern Territory and Queensland. Legal processes to defend the right to operate involves considerable time and money to resolve, and impose a heavy burden, particularly on small companies.

Board and key management

James Canning-Ure, BCom

Non-Executive Chair.

Mr Canning-Ure has +40 years' experience in business, property, capital formation and corporate advisory. Previously he held CEO, MD, Director and Chair roles at ASX and TSX listed companies including ICS Global, Moreton Resources, Orion Metals, and Macarthur Minerals.

He has extensive experience in private and public company capital formation, advisory and leadership at executive and Board levels.

Scott Brown, B.Bus, M.Commerce

Non-Executive Director

Scott has +30 years' experience in finance and as a director and executive of public companies.

Mr Brown holds a Bachelor of Business and a Master of Commerce and is a member of the Institute of Chartered Accountants and the Petroleum Exploration Society of Australia (PESA). Scott was the COE and co-founder of Real Energy Corporation and was instrumental in this company's merger with Strata-X Ltd to create Pure Hydrogen or the current PH2 Ltd. He is currently the MD of Pure Hydrogen, and a non-Executive Director of the Trisil Group.

Previously he was CFO of ASX listed Mosaic Oil (ASX: MOS) where he was instrumental in that company's sale to AGL Ltd. Scott has also worked at accounting firms KPMG, Ernst & Young, was Finance Director of Objective Corporation. Allegiance Mining NL, Garratts' Ltd and FTR Holdings Ltd.

David Spring, BSc (Hons), GAICD

Managing Director & CEO.

Mr Spring has ~40 years of technical and commercial experience in upstream oil and gas production and has delivered onshore and offshore projects globally.

Previous senior executive positions are as VP Maersk Oil and Board member of Maersk Plc, Senex Energy, Mubadala Global Manager, and BHP Global Leadership Team, where he was responsible for major gas projects in Trinidad and Algeria.

Mr Spring brings deep experience in gas exploration, production and development and his roles at Senex focused on gas assets in the Cooper Basin and Qld, which are complimentary to Eastern Gas's assets.

Appendix 1: Basin Centered Gas

The “Windorah Trough” is an unconventional gas play and as such, has associated geological and engineering risks which are not well understood in Australia as it is an emerging play. In recent years, there appears to be considerable success in the Taroom trough area of eastern Qld, by listed companies Omega Oil & Gas (ASX:OMA) and Elixir Energy(ASX:EXR), as well as larger players Shell and Santos.

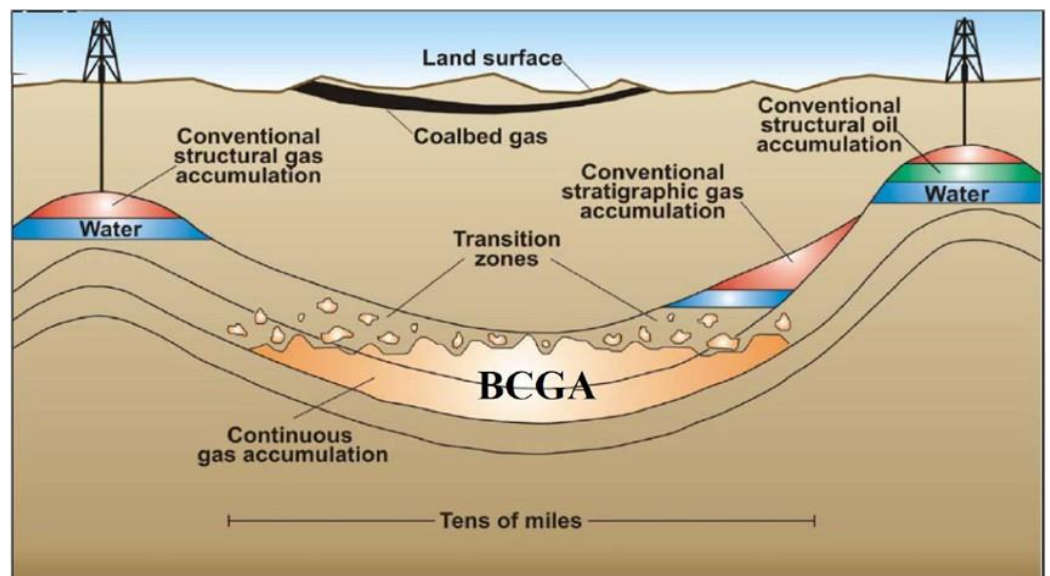
For these mentioned companies, success has been generally from the use of long horizontal wells and hydraulic fracturing.

Basin-centered gas is unconventional in the sense that the gas is trapped stratigraphically in tight sandstones. It requires over-pressure to drive out the gas, and commonly, artificial stimulation is required to enhance permeability and aid commercial flow rates.

Basin centered gas is just another form of unconventional geology that was once considered too hard to exploit commercially, but increasingly around the world and in particular the USA, production companies are successfully developing and producing from low permeability formations such as BCG reservoirs, shales and coals.

Attempts to replicate this success in Australia so far began in the Cooper basin between ~2010 and 2014 and there some pioneering advances and encouraging results from wells in the Cooper Basins' Nappamerrie trough.

Figure 17: BCG geological schematic



Source: From Real Energy

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