



State Gas Limited  
(ACN 617 322 488)  
C/- GPO Box 525  
BRISBANE QLD 4001

## ASX RELEASE

29 April 2022

### QUARTERLY ACTIVITIES REPORT

1<sup>st</sup> January 2022 – 31<sup>st</sup> March 2022

#### QUARTER HIGHLIGHTS:

- Production tests conducted at Reid's Dome (PL231) and Rolleston-West (ATP 2062).
- Projects provide sufficient data to determine optimum design for development wells for the two projects.
- Planning underway for next steps to bring new gas supplies into the east coast market.

#### ACTIVITIES

During the March 22 Quarter **State Gas Limited (ASX: GAS)** continued to progress its 100% owned Reid's Dome (PL 231) and Rolleston-West (ATP 2062) Projects towards delivery of new gas supplies into a heated east coast market.

State Gas has been conducting production testing at each of the Projects during the Quarter. This testing has provided the data necessary to determine the optimum design for development wells in each of the two projects.

At Rolleston-West, analysis of pressure data reveals that careful draw-down of water levels in the Rougemont-2 well has preserved the favourable reservoir characteristics. This data has now been compared with analogue vertical pilot production test wells. Importantly, the analogue data indicates that highly commercial gas flows can be expected from horizontal development wells: analogue horizontal wells have achieved 400,000 to 1,400,000 standard cubic feet of gas per day on long term production test<sup>1</sup>.

Planning has accordingly commenced for State Gas to drill a demonstration horizontal development well at Rougemont. It is anticipated that the well will be drilled in August or September and immediately placed on production test.

Production testing at Reid's Dome has provided a variety of outcomes. The tests demonstrate the potential of the Nyanda-4 area as well as less productive areas of the field, and again, has provided the information to determine the preferred design of wells to be utilised in the development of the field. Next steps for the Reid's Dome Gas Project are currently being planned.

#### Financial Position

At the end of the Quarter the Company had cash at bank of \$3.98m, after expending \$1.88m in Project development costs and \$0.20m in other costs.

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<sup>1</sup> Comet Ridge Ltd ASX releases dated 03/03/2016 & 26/06/2017

## Payments to Related Parties

A total of \$81,000 was paid to directors and their associates for salaries, director fees and superannuation during the quarter ended 31 March 2022.

## Tenements

The tenements held by State Gas are:

Project	Permit	State Gas Interest	Area (km <sup>2</sup> )
Reid's Dome	PL 231	100%	181
Rolleston-West	ATP 2062	100%	1,414

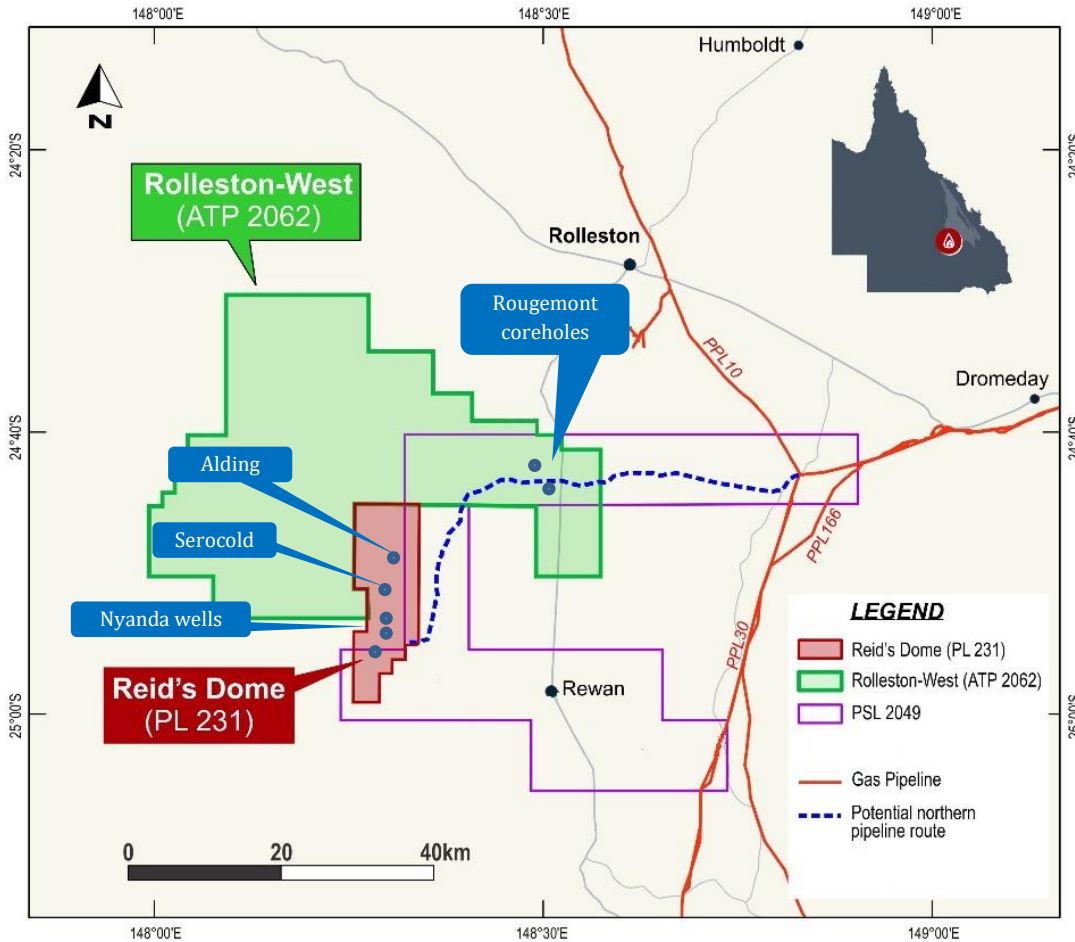
This announcement was approved for release by Mr Richard Cottee, Executive Chairman.

## FOR FURTHER INFORMATION

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Map showing Reid's Dome, Rolleston-West, and Pipeline Survey area

## ABOUT STATE GAS

**State Gas Limited (ASX: GAS)** (State Gas or the Company) is owner and operator of the Reid's Dome Gas Project (PL 231) in central eastern Queensland, approximately 545 km northwest of Brisbane and 50 km southwest of Rolleston, in the Bowen Basin Central Queensland. The permit hosts both conventional and unconventional gas and is less than 50 km from the high pressure gas pipeline network in Queensland (see Figure-1).

Permian coal measures within the Reid's Dome Beds are extensive across the entire permit but the area had not been explored for coal seam gas prior to State Gas' ownership. In late 2018 State Gas drilled the first coal seam gas well in the region (Nyanda-4) into the Reid's Dome Beds and established the potential for a significant coal seam gas project in PL 231. The extension of the coal measures into the northern and central areas of the permit was confirmed in late 2019 by the Company's drilling of Aldinga East-1A (12 km north) and Serocold-1 (6 km to the north of Nyanda-4).<sup>2</sup>

State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet near term forecast shortfalls in the east coast domestic gas market. The strategy involves progressing a phased appraisal program in parallel with permitting for an export pipeline and development facilities to facilitate the fastest possible delivery of gas to market<sup>3</sup>. State Gas' current focus has been to confirm the producibility of the gas through production testing of the wells.

<sup>2</sup> The information in this paragraph was previously announced on 31 October 2018, 5 December 2018 and 31 January 2020.

<sup>3</sup> Strategy announced on 21 August 2019

## 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")

31 MARCH 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(194)	(573)
(e) administration and corporate costs	(99)	(980)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- GST refunds	93	550
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(200)</b>	<b>(1,003)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(1,880)	(5,675)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,880)</b>	<b>(5,675)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(500)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>7,500</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,062	3,160
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(200)	(1,003)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,880)	(5,675)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,500

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,982</b>	<b>3,982</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	230	160
5.2	Call deposits	3,752	5,902
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,982</b>	<b>6,062</b>

**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	81
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

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 to directors include accrued salaries, director fees and superannuation guarantee.

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>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.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(200)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(1,880)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,080)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,982
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,982
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1.9

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. As is the case for all exploration companies, expenditure levels are not consistent quarter on quarter. Exploration and evaluation spend for the June 2022 quarter is expected to be circa \$0.5M.

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 currently assessing options for fundraising. These include customer prepayments, project finance, third party infrastructure provision, equity and quasi-equity. The Company has no reason to believe any steps taken in this regard won't be successful.

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 Directors believe there is sufficient cash available for the company to continue operating until further development funding is obtained.

## Compliance statement

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

Date: 29 April 2022

Authorised by: By the Chairman of the Board  
(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.