

## QUARTERLY ACTIVITIES REPORT

1 April 2023 – 30 June 2023

### HIGHLIGHTS:

- Confirmation that State Gas is unaffected by the Gas Mandatory Code of Conduct and other regulatory pricing controls means it can now confidently move forward with its strategy, particularly the development of its Compressed Natural Gas (“CNG”) Project
- Preparatory work is now complete, allowing State Gas to be ready to immediately commence construction of the CNG Facility and begin the production and sale of CNG
- The use of CNG trailers to transport cargoes of gas has enabled the Company to establish flexible offtake arrangements which will more efficiently support increases in daily gas production
- The Company is evaluating the most efficient source of remaining funding for the construction of the CNG facilities which, when built, will enable State Gas to generate operating cashflows and reduce the requirement for equity capital for its ongoing exploration and development activities

**State Gas Limited (ASX: GAS)** (“State Gas or “the Company”) is pleased to provide this update for the quarter ended 30 June 2023 (“the Quarter”). During the period, the Company made significant progress with a range of planning and pre-commissioning activities, which means it is now ready to commence construction of its compressed natural gas facility (“CNG Facility”) and begin saleable gas production immediately thereafter (“the CNG Project”).

### The CNG Project

Following the funding arrangements for the remaining capital to complete the construction stage of the CNG Facility, it is the Company’s intention to immediately install and commission the CNG assets and commence selling compressed natural gas using its virtual

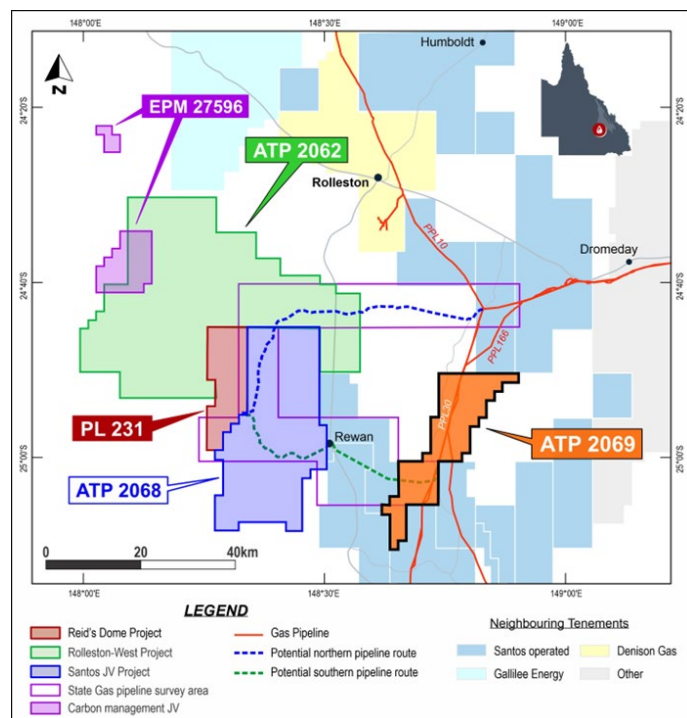


Figure 1: Exploration and development projects in the Southern Bowen Basin

and commence selling compressed natural gas using its virtual

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pipeline trucking solution. The Company is close to finalising offtake arrangements to support short term and longer-term gas production.

Pleasingly, having final confirmation that State Gas is unaffected by the Gas Mandatory Code of Conduct and other regulatory pricing controls means it can now confidently move forward with its strategy, particularly the development of CNG Project and unregulated pricing arrangements.

*A better location for the CNG assets*

In response to the strong production testing results from the Rougemont 2/3 dual lateral well system (“Rougemont 2/3”) during the period from November 2022 to May 2023 (economic flow rates of 0.5TJ per day while only partially de-watered), State Gas has elected to locate the CNG Facility on the eastern side of ATP 2062 rather than within Reid’s Dome on PL231 as was originally planned. This allows the Company to compress and sell gas generated from the ongoing production testing of Rougemont 2/3 and accelerate the move to operating cashflow.

This strategy delivers significant environmental benefit, as it captures the production testing gas from Rougemont which would otherwise be flared. The new location for the CNG Assets also provides a range of longer term operating and capital cost efficiencies for the CNG Project:

- better supports the ramp up of daily gas production to the CNG Facility maximum compression limit of 1.7 TJ/day;
- provides a shorter trucking distance to pipeline tie-in locations and CNG end users;
- avoids extensive road improvement and ongoing maintenance regime which would be associated with trucking gas on private roads out of Reid’s Dome under the original plan; and
- enables immediate access to all weather roads thereby reducing the risk of weather-related interruption to the shipping of CNG cargoes by truck.

The conventional gas accumulation at Reid’s Dome will be held in reserve and delivered later through construction of a pipeline system, which will connect directly into the CNG Facility.

*A short, low risk construction timetable*

State Gas currently anticipates a three-month period to construct and commission the CNG Facility and commence sustainable CNG production of between 0.75TJ and 1.0TJ per day.

Pre-commissioning of the compressor, dehydrator and associated equipment has been successfully completed in Brisbane and the various hazard and safety risk evaluations of the CNG Facility operating processes have also been completed. The next step will be to transport the CNG Assets to site to be connected to Rougemont 2/3. The level of civil work required to construct the CNG Facility pad and implement the gas gathering system is relatively minor. Due to the pre-commissioning work already conducted in Brisbane, the timetable for compliance and commissioning the CNG Assets on site will be significantly reduced.

Encouraging Results from Pressure Build-Up Testing of Rougemont 2/3

During the quarter, the Company temporarily shut the well to conduct additional pressure build-up testing and gain a more comprehensive understanding of reservoir dynamics. This decision had the important environmental benefit of preserving the high-quality production testing gas until it can be captured for sale. Results of the pressure build-up testing strongly supports our original hypothesis that sustainable daily gas production of between 0.75TJ to 1.0TJ per day is achievable from Rougemont 2/3.

Drilling campaign to establish a 2P reserve and provide incremental gas production

Production testing results from Rougemont are extremely encouraging when compared with other high performance CSG projects (both the Surat Basin and Bowen Basin) at a similar stage of production testing. Gas production levels observed during the Rougemont production test provide an excellent foundation for establishing a substantial gas reserve and accelerating development of a substantial gas project in the region.

A significant 2C contingent resource has already been established for the wider Rolleston West Project, but in conjunction with commencing initial production, the Company is seeking to establish an initial 2P reserve in the range of 20-30PJ in the short to medium term for the area surrounding Rougemont 2/3 on the eastern extremity of ATP 2062. To achieve this target, the Company proposes to drill two additional vertical wells east of Rougemont 2/3 during the coming drilling season, for the purposes of:

- enhancing our geological understanding of the Bandanna coal measures and other localised geology on the eastern side of ATP 2062;
- creating an exploration footprint that, when taken in conjunction with Rougemont 1 and Rougemont 2/3, will support an independent accreditation of a 2P reserve in the range of 20-30PJ; and
- in due course, provide incremental production testing gas which can be processed through the CNG Facility.

A pathway to pipeline infrastructure

In anticipation of establishing the initial 2P reserve, the Company has simultaneously commenced the relevant initial studies and analysis to support application for the required environmental approvals and the pipeline corridor and petroleum leases. In conjunction with the establishment of the 2P reserve, it is the Company's intention to progressively build daily gas production to a level that will support the construction of a 35km gas pipeline that will connect the CNG Facility to the Gladstone - Wallumbilla Pipeline system. State Gas believes that daily production of 4TJ per day in conjunction with a well development plan to expand production to 10TJ per day could provide the platform for pipeline development.

## **Other Projects**

Due to the Company's focus on the CNG project during the quarter, negligible direct expenditure was incurred in respect of the Company's other exploration areas. Limited planning work continues in respect of these areas, but the Company's resources are being primarily focussed on delivery of the CNG Project.

## **Outlook**

During the quarter, it was confirmed that State Gas will not be impacted by the Gas Mandatory Code of Conduct, as it will be producing less than 100PJ of gas per annum over the foreseeable future. As well, the Company remains in the strong position that its permits are not restricted by domestic gas reservation requirements, and therefore, can be sold to either local customers or export markets without the direct imposition of pricing controls.

The Company's intention remains to sell its CNG either directly to end users or into the gas network at prices at least equal to spot. Over the last quarter, the spot price of gas at the Wallumbilla Gas Hub was as high as \$19.50/GJ.

Low initial volumes, the delivery flexibility provided by the CNG trailer solution and the commercial terms of the Company's offtake arrangements support this strategy. Importantly, the offtake arrangements will not convey a fixed delivery obligation on State Gas, which is important during the commissioning and ramp-up phase of the CNG Facility.

State Gas believes that the Rolleston West Project has the hallmarks of a world class development asset and the plan to accelerate production testing an early stage commercialisation of gas from Rougemont 2/3 will enable the Company to support that thesis. State Gas believes in the long-term fundamentals of the gas industry in Australia, and is confident that its assets possess the relevant characteristics to support successful commercialisation:

1. substantial deposits of pipeline quality gas with a low carbon emission profile sourced from a known gas production region;
2. comparable gas projects, targeting similar coal measures suggest that State Gas projects will be low on the cost curve; and
3. gas assets are strategically located in proximity to existing transmission infrastructure and the cost of additional infrastructure to support production is modest.
4. The need for stability in East Coast energy markets creates a significant opportunity for State Gas as the energy sector progressively decarbonises.

## Financial Position

Confirmation that State Gas is not impacted by long term contract pricing controls or the Gas Mandatory Code of Conduct, provide the necessary certainty that the CNG Project can generate an attractive return on capital and the Company's substantial resource base has substantial long-term value.

During the quarter, the Company expended \$1.5 million on the CNG Project, including engineering, fabrication and pre-commissioning costs. Company overheads were consistent with the run-rate observed in previous quarters. To improve the Company's short term liquidity position, the Directors agreed to provide financial accommodation by way of short-term loans totalling \$0.4 million, half of which was received before year end and the remainder in early July 2023. The loans are on arm's length terms and attract an annual interest rate of 13% payable at maturity. The loans are repayable from capital the Company may raise in the future. This additional liquidity was essential to ensure the Company could maintain pre-commissioning activities in respect of the CNG Project and be able to mobilise and commence construction quickly. The Company ended the quarter with cash reserves of \$0.5 million. Additional capital will be required to accelerate the Company's development plans for Rolleston West, in particular, the CNG Project described above. The Board is currently considering a variety of options for financing the construction of the CNG Facility and undertaking the drilling of additional wells adjacent to Rougemont 2/3. Importantly, once the CNG Facility is commissioned, the Company will be capable of funding further drilling and development activity from operating cashflows over time.

## Tenements and Resources

| Year         | Asset                                    | Net Acreage (km <sup>2</sup> ) | 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           |
| <b>Total</b> |  | <b>1,957</b>                   | <b>274</b>  | <b>534</b> | <b>1,266</b> |

\*State Gas estimate as at 12/09/2022

### **Payments to Related Parties**

A total of \$50,000 was paid to Directors and their associates for salaries, director fees and superannuation during the quarter ended 30 June 2023.

### **Shareholder Engagement**

State Gas is conscious of shareholder feedback that the quality and frequency of Company communication can be improved. Over the last quarter, the Company has made minor improvements to its website and ensured that all content is updated. The Company commissioned an independent research report by RAAS Advisory and this report can be found via a link on the main web-page. An updated Company presentation was also released to the ASX on 18 July 2023 and contains information on the Company's projects and its long-term strategy.

We encourage shareholders and other interested parties to visit the Company's updated website: [www.stategas.com](http://www.stategas.com). State Gas will continue to keep the market informed of its activities through regular Company updates and third party publications, particularly as it executes the next critical stage of its strategy of moving to production and initial operating 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 1,595km<sup>2</sup>, 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.

State Gas is also participating in a carbon capture and sequestration initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 which is located on the western border of ATP 2062. This project is investigating the potential of the unique basalts located in the Buckland Basaltic Sequence (located in EPM 27596) to provide a variety of in-situ and ex-situ carbon capture applications.

## 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 recent 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 m<sup>3</sup>/tonne dry ash free. Gas is at or near pipeline quality, between 93.8% and 96% methane.

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 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 13.75m<sup>3</sup>/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 Resources estimate

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.

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## 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 2023

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|---|----------------------------|--|
| <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   | (105)                      | (617)                                  |
| (e) administration and corporate costs                    | (280)                      | (1,587)                                |
| 1.3 Dividends received (see note 3)                       |                            |  |
| 1.4 Interest received                                     | 5                          | 21                                     |
| 1.5 Interest and other costs of finance paid              | -                          | -                                      |
| 1.6 Income taxes paid                                     | -                          | -                                      |
| 1.7 Government grants and tax incentives                  | 24                         | 24                                     |
| 1.8 Other (provide details if material)                   |                            |  |
| - GST refunds   | 151                        | 829                                    |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(205)</b>               | <b>(1,330)</b>                         |
| <b>2. Cash flows from investing activities</b>            |                            |  |
| 2.1 Payments to acquire:                                  |                            |  |
| (a) entities  | -                          | -                                      |
| (b) tenements   | -                          | -                                      |
| (c) property, plant and equipment                         | (79)                       | (1,674)                                |
| (d) exploration & evaluation (if capitalised)             | (1,489)                    | (7,586)                                |
| (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<br>\$A'000 | Year to date<br>(12 months)<br>\$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                  | 953                        | 953                                    |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(615)</b>               | <b>(8,307)</b>                         |

|             |   |            |              |
|-------------|---|------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |            |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -          | 7,000        |
| 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 | -          | (334)        |
| 3.5         | Proceeds from borrowings  | 200        | 200          |
| 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>200</b> | <b>6,866</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                             | 1,074 | 3,225   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (205) | (1,330) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (615) | (8,307) |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | 200   | 6,866   |

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

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 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>454</b>                 | <b>454</b>                             |

| 5.         | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|------------|--|----------------------------|-----------------------------|
| 5.1        | Bank balances  | 253                        | 685                         |
| 5.2        | Call deposits  | 201                        | 389                         |
| 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>454</b>                 | <b>1,074</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 | 50 |
| 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.

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

| 7. <b>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.</i>  |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   | 200   | 200  |
| 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. |   |  |

| 8. <b>Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)  | (205)          |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d))   | (1,489)        |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2)   | (1,694)        |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6)  | 454            |
| 8.5 Unused finance facilities available at quarter end (Item 7.5)  | -              |
| 8.6 Total available funding (Item 8.4 + Item 8.5)  | 454            |
| 8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>  | 0.3            |
| 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: The drilling and production testing cost of the Rougemont lateral wells and the capital cost of long lead time items associated with the CNG project are lump sum non-recurring costs and not indicative of the Company's normalised run rate. |                |
| 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: Director loans of \$200k have been received in July 2023.  |                |
| 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: We are able to adjust the Company's expense profile to align with timing of sale/pre-sale of gas. We are also exploring other financing options to free up working capital.  |                |

## 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: 31 July 2023

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.