



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

ASX RELEASE

12 July 2022

STATE GAS LIMITED (ASX: GAS)

QUARTERLY ACTIVITIES REPORT

1st April 2022 – 30th June 2022

QUARTER HIGHLIGHTS:

- Strategic review identifies Reid's Dome conventional gas for initial delivery to east coast gas market; options for rapid gas export under development.
- State Gas awarded two new Central Queensland exploration blocks in joint venture with Santos QNT Pty Ltd.
- JV terms agreed for carbon management project with Rockminolutions Pty Ltd.

ACTIVITIES

Recent months have highlighted the essential role of gas for the Australian and international economies, with intense focus on current and future demand and supply. Internationally gas is emerging as a commodity of strategic importance.

In this context, the June 2022 Quarter has seen State Gas Limited ("**State Gas**" or "**the Company**") focus its efforts to bring new gas supplies to market, with an emphasis on soonest possible delivery. The Company is exploring options to minimise infrastructure and speed deployment to facilitate early delivery and sales. This work has focussed on the Reid's Dome conventional gas in the northern area of PL 231, as well gas from the Rougemont area in Rolleston-West ATP 2062, both of which require only dehydration and compression to meet export quality requirements¹.

During the Quarter the Company undertook initial on-the-ground route survey work for an export pipeline from Reid's Dome, confirming the potential for a northern route that traverses through the Rougemont area to the high pressure pipeline network which provides access to both domestic and international markets. None of the Company's gas is subject to domestic reservation, enabling full optionality in gas sales.

During the Quarter, State Gas was appointed Preferred Tenderer with Santos QNT Pty Ltd for two new Central Queensland gas exploration areas in the most recent Queensland Government land release².

These two new blocks, ATP 2068 and ATP 2069 (previously PLR2021-1-2 and PLR2021-1-3), lie directly adjacent to the east and south of the State Gas' existing tenements PL 231 and ATP 2062, and to the west and in between existing Santos interests, including Arcadia Valley (see

¹ Strategic review announced on 2 May 2022

² Announced on 17 May 2022

Figure 1 below). As such they are of strategic importance to the Company in that they result in a commonality in interest across an entire gas-rich region, providing opportunities for optimisation of exploration and development, and economies of scale. Preliminary environmental and other approvals are currently being obtained, with the permits to be granted once complete.

The Quarter also saw State Gas progressing its carbon management initiative³, agreeing to terms of a joint venture with minerals explorer Rockmin solutions Pty Ltd. The Joint Venture will investigate the potential of the Buckland Basaltic Sequence, located within EPM 27596 (within and adjacent to the western area of State Gas' Rolleston-West Project ATP 2062), to enable significant decarbonisation through carbon mineralisation, either in- and ex-situ.

The Joint Venture will initially investigate the potential of the Buckland basaltic ignimbrite for a range of ex-situ mineral carbonation purposes such as soil mineral carbonation, while also investigating its potential as a supplementary cementitious material to make low-carbon cements. Important information as to potential of the deposit for in-situ mineral carbonation - applying the process currently being successfully implemented by Carbfix⁴ in Iceland - will be revealed as a consequence of this initial work.

Planning is currently underway for the drilling of two chipholes into the area to obtain samples for testing.

Financial Position

At the end of the Quarter the Company had cash at bank of \$3.23m, after expending \$0.56m in Project development costs and \$0.20m in other costs.

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 30 June 2022.

Tenements

The tenements currently held by State Gas are:

Project	Permit	State Gas Interest	Area (km ²)
Reid's Dome	PL 231	100%	181
Rolleston-West	ATP 2062	100%	1,414
Export pipeline survey licence	PSL 2049	100%	1,275

State Gas subsidiary State Gas (CQ) Pty Ltd is preferred tenderer of the following tenements:

Permit	State Gas Interest	Other Interest	Area (km ²)
ATP 2068	35%	Santos QNT Pty Ltd 65%	727
ATP 2069	35%	Santos QNT Pty Ltd 65%	308

³ Announced on 9 May 2022

⁴ See www.carbfix.com and State Gas ASX release dated 5 October 2021

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

FOR FURTHER INFORMATION

Richard Cottee
Executive Chairman
Phone: 0458 517 850
Email: @stategas.com

Lucy Snelling
Head, Corporate & Commercial
Phone: 0439 608 241
Email: lucy@stategas.com

www.stategas.com

ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based gas exploration and development company focussing on the Bowen Basin in Central Queensland. State Gas is 100%-owner of the contiguous Reid's Dome (PL-231) and Rolleston-West (ATP 2062) Gas Projects, both of which contain both CSG and conventional gas. The Projects, together some 1,595km², are located south of Rolleston, approximately 50 and 30 kilometres respectively from the Queensland Gas Pipeline and interconnected east coast gas network.

State Gas (35%) has, together with Santos QNT Pty Ltd (65%), been appointed Preferred Tenderer for new exploration permits ATP 2068 and ATP 2069. These blocks lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the area, providing for an alignment of ownership interests across the region, enabling synergies in operations and development.

None of State Gas' permits are restricted by domestic gas reservation requirements. State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet shortfalls in the east coast domestic gas market.

State Gas has embarked upon a carbon management initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 on the western border of ATP 2062. This project is investigating the potential of basalts in the Buckland Basaltic Sequence to provide long term secure sequestration of carbon through mineralisation.

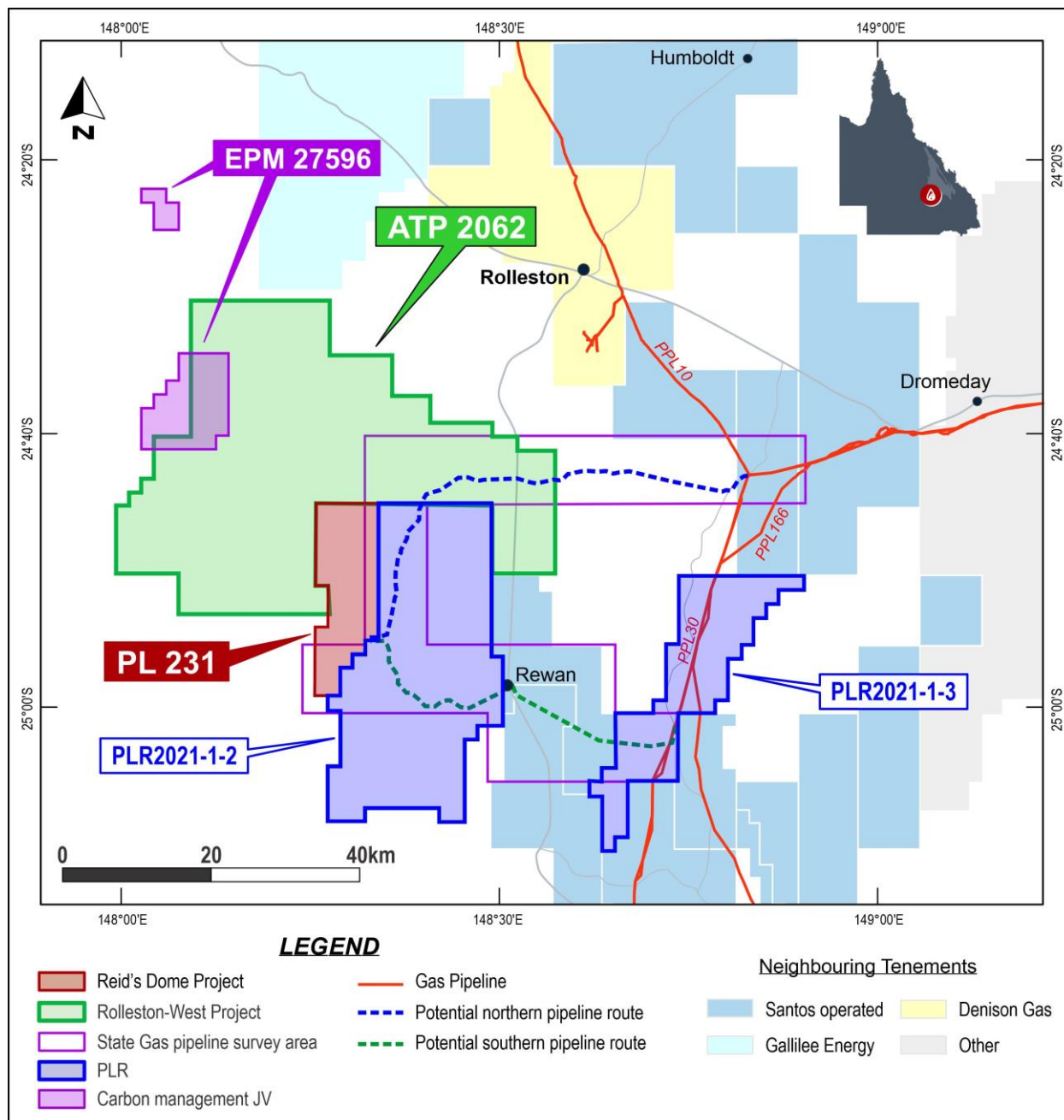


Figure 1: showing location of new land release blocks, State Gas existing projects, and Santos interests in the area

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 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(111)	(684)
	(e) administration and corporate costs	(122)	(1,102)
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	37	587
1.9	Net cash from / (used in) operating activities	(196)	(1,199)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(4)	(4)
	(d) exploration & evaluation (if capitalised)	(535)	(6,210)
	(e) investments	-	-
	(f) other non-current assets	(22)	(22)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(561)	(6,236)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	7,500

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,982	3,160
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(196)	(1,199)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(561)	(6,236)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,500

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,225	3,225

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	303	230
5.2	Call deposits	2,922	3,752
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,225	3,982

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

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

Current quarter \$A'000
81
-

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

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(196)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(535)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(731)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,225
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,225
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.4
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: N/A	
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: N/A	
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: N/A	

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: 12 July 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.