

State Gas up 75pc on ASX debut as gas crisis fears drive investment

Resources

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State Gas takes off with 60 per cent spike in ASX debut. Pic: Getty

State Gas launched itself onto the ASX today with a memorable ticker — GAS — and rocketed 75 per cent to 35c by early afternoon.

State raised the full \$5.25 million it was aiming for, issuing 26.25 million shares at 20c each at a market cap of \$27 million.

The company was a subsidiary of Triangle Energy (ASX:TEG), which is one of the four businesses behind the much-anticipated Xanadu project in Western Australia.

Triangle retains a 35.47 per cent interest and its managing director Rob Towner will join the board as a director.

Triangle shareholders had priority over the first \$1 million of the initial public offering.

“It’s a fantastic outcome, the timing [of the float] is quite impeccable given the current state of the Australian gas market, particularly on the East Coast, and it’s a great outcome for the Triangle shareholders so we’re rapt,” Mr Towner told Stockhead, moments before he joined the State Gas board to ring the ASX bell.

The newly listed business comes with a single asset: a 60 per cent interest in the Reids Dome PL 231 permit in the Bowen Basin in Queensland.

This is valued in the full year accounts at \$1.8 million.

The permit is a conventional gas project, in marine sandstone source rock with a secondary target in the underlying Reids Dome formation. Both targets have produced gas during the drilling of exploration and appraisal wells on PL 231.

“With the gas industry on the east coast undergoing significant structural change and the growth of demand from the Queensland-based liquefied natural gas (LNG) export industry causing a tight supply market, the board of State Gas will focus on accelerating the commercialisation of the project,” Triangle said.

Mr Towner says the first steps will be to do flow tests on existing wells and they’ve already started the process of reinterpreting the 3d seismic reports available over the area.

State Gas launched with minimal financial data behind it, as Triangle only incorporated the business in February.

Its full year accounts recorded \$205 in revenue and a \$7,500 loss. Triangle at least gave it enough rope to start life with, as State Gas’s accounts note there was just over \$500,000 in cash available by June 30.

Its liabilities however, are also \$500,000.

More Xanadu success

Triangle has finally confirmed shareholder hopes by saying yes, it has indeed found oil in the Xanadu project, in which it owns a 30 per cent interest.

Xanadu operator Norwest Energy said today that it’s found oil in the sands of the upper Irwin River Coal Measures.

Results were expected last week, but a backlog of work at the laboratory means that further details are yet to come.

Those sample analyses are expected to show that it’s on par with a neighbouring field owned by Triangle that produces about 1300 barrels of oil a day.

Triangle shares were up almost 20 per cent to 20c. Norwest (ASX:NWE) shares were up 20 per cent to 1c, and shares in the third listed party in the joint venture, WhiteBark Energy, were flat at 1c.

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