

Notice of Annual General Meeting

State Gas Limited ACN 617 322 488

Notice is given that the Annual General Meeting of State Gas Limited (**Company**) will be held at:

Location	BDO Audit Pty Ltd, Level 10, 12 Creek St, Brisbane QLD 4000
Date	Wednesday, 21 November 2018
Time	3.00pm (Brisbane time)

Ordinary business

Financial statements and reports

To consider and receive the Company's financial report, Directors' report and the auditor's report for the year ended 30 June 2018.

Resolution 1: Adoption of 2018 Remuneration Report

To consider and, if in favour, pass the following resolution as an Advisory Resolution in accordance with section 250R(2) Corporations Act:

- 1 'That the Remuneration Report for the year ended 30 June 2018 be adopted.'

Note: This resolution is advisory only and does not bind the Company or the Directors. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the AGM when reviewing the Company's remuneration policies.

Voting exclusions

Voting Restriction Statement pursuant to section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy; and
- (d) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (e) either:
 - 1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - 2) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.

Resolution 2: Re-election of Mr Robert Towner as a director

To consider and, if in favour, pass the following resolution as an Ordinary Resolution:

- 2 'That Mr Robert Towner, who retires by rotation in accordance with the Company's constitution and the ASX Listing Rules and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Note: Information about Mr Towner's qualifications, experience and skills appears in the Explanatory Memorandum.

The Directors (with Mr Robert Towner abstaining) unanimously recommend that you vote in favour of this Resolution.

Special business

Resolution 3: Approval of additional 10% placement capacity

To consider and, if in favour, pass the following resolution as a Special Resolution:

- 3 'That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve State Gas Limited having the additional capacity to issue Shares up to 10% of its issued capital, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Annual General Meeting, at a price no less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Memorandum (**Additional Placement Facility**).'

The Directors unanimously recommend that you vote in favour of this Resolution.

Voting exclusions

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities in the Company pursuant to the Additional Placement Facility (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an Associate of such person (or persons).

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form (e.g. for, against, abstain); or
- (b) the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (e.g. for, against or abstain).

The Company notes that the proposed allottees of any Equity Securities under the Additional Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to Listing Rule 7.1), for a person's vote to be excluded, it must be known that the person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of Resolution 3), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted. In accordance with Listing Rule 14.11.1, there is no reason to exclude the votes, and the votes will not be excluded, of such Shareholders

General business

To consider any other business as may lawfully be put forward in accordance with the Constitution of the Company.

By order of the Board



Suzanne Yeates

Company Secretary

Dated: 5 October 2018

Notes

- (a) A Shareholder who is entitled to attend and cast a vote at the Annual General Meeting is entitled to appoint a proxy.
- (b) The proxy need not be a Shareholder of State Gas Limited. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form. To be effective, the proxy must be received at the share registry of the Company no later than 3.00pm (Brisbane time) on 19 November 2018 (being, no less than 48 hours before the commencement of the Meeting).
- (d) If the proxy form specifies the way the proxy is to vote on a particular resolution the proxy need not vote on a show of hands but if the proxy does so, it must vote as specified in the proxy form.
- (e) If the proxy has two or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands.
- (f) If the proxy is the chair of the AGM, the proxy must vote on a poll or must vote the way specified in the proxy form.
- (g) If the proxy is not the chair of the AGM the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as specified in the proxy form.
- (h) If the proxy form specifies the way the proxy is to vote on a particular resolution and the proxy is not the chair of the AGM and a poll is demanded and either:
 - (i) the proxy is not recorded as attending; or
 - (ii) the proxy does not vote,the chair of the AGM is deemed the proxy for that resolution.
- (i) A corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act in which case State Gas Limited will require written proof of the representative's appointment which must be lodged with or presented to State Gas Limited before the AGM.
- (j) State Gas Limited has determined under regulation 7.11.37 Corporations Regulations that for the purpose of voting at the Annual General Meeting or an adjourned meeting, securities are taken to be held by those persons recorded in State Gas Limited's register of Shareholders as at 7:00pm (Sydney time) on 19 November 2018.
- (k) If you have any queries on how to cast your votes, please call Suzanne Yeates (Company Secretary) on +61 438 173 330 during business hours.

Voting intentions of the Chairman

The Chairman intends to vote undirected proxies on, and in favour of, all resolutions set out in the Notice of Meeting. If there is a change to how the Chairman intends to vote undirected proxies, State Gas Limited will make an announcement to the market.

Explanatory Memorandum

State Gas Limited ACN 617 322 488

This Explanatory Memorandum accompanies the Notice of Meeting of State Gas Limited (**Company**) to be held at the office of BDO, Level xx, 12 Creek Street, Brisbane, Queensland on Wednesday, 21 November 2018 at 3.00pm (Brisbane time).

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions proposed and ought to be read in conjunction with the Notice of Meeting.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Unless otherwise defined, terms used in this Explanatory Memorandum are defined in 'Interpretation' section below.

Financial statements and reports

- 1 The Corporations Act requires that the report of the Directors, the auditor's report and the financial report for the year ended 30 June 2018 be laid before the Annual General Meeting.
- 2 The Company's financial report, Directors' report and the auditor's report for the year ended 30 June 2018 were despatched to Shareholders and released to ASX Limited on 4 September 2018 and are placed before Shareholders for discussion.
- 3 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.
- 4 Shareholders will be given a reasonable opportunity at the Meeting to raise questions and make comments on these reports.
- 5 In addition to asking questions at the Meeting, Shareholders may address written questions to the chairman about the management of the Company or to the Company's auditor, BDO Audit Pty Ltd, if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the meeting.

Note: Under section 250PA(1) Corporations Act, a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the Annual General Meeting is held.

- 6 Written questions for the auditor must be delivered by 5.00pm on 14 November 2018. Please send any written questions for BDO Audit Pty Ltd to:

Company Secretary
PO Box 10348
BRISBANE QLD 4000

or via email to: suzanne.yeates@oasolutions.com.au.

- 7 The financial report, the Directors' report and the auditor's report are contained in the Annual Report and available on the Company's website www.stategas.com.

Resolution 1: Remuneration Report

- 8 The Board has submitted its Remuneration Report for the financial year ended 30 June 2018 to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with section 250R of the Corporations Act. This report is included in the Directors' report in State Gas Limited's 2018 Annual Report and is available on the Company's website www.stategas.com.
- 9 The Remuneration Report:
- (a) reports and explains the remuneration arrangements in place for Non-Executive Directors, Executive Directors and senior management; and
 - (b) explains Board policies in relation to the nature and value of remuneration paid to Non-Executive Directors, Executives and senior managers within the Company.
- 10 The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or to make comments on, the Remuneration Report at the Meeting.
- 11 This resolution is advisory only and not binding on the Company or the Directors. The Board will take the discussion at the Meeting into consideration when determining the Company's remuneration policy and appropriately respond to any concerns Shareholders may raise in relation to remuneration issues.
- 12 A voting exclusion applies to this Advisory Resolution and is set out in the accompanying Notice of Meeting.

Directors' recommendation

- 13 As Resolution 1 relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) Corporations Act, makes no recommendation regarding this Advisory Resolution.

Resolution 2: Re-election of Mr Robert Towner

- 14 The ASX Listing Rules and the Company's Constitution require the Company to hold an election of Directors each year. The Company's Constitution also requires that the director who has been longest in office since last being elected retire.
- 15 In accordance with the ASX Listing Rules and Rule 18.4(a) of the Company's Constitution, Mr Robert Towner retires from office and, being eligible, offers himself for re-election as a Director.
- 16 Mr Towner was appointed as a Director on 10 February 2017.
- 17 The Directors consider that Mr Towner's skills complement and are valuable to the Board's existing skills and experience. Further information is set out below regarding Mr Towner's qualifications, experience and skills.
- 18 Mr Towner has over 20 years' experience in the corporate advisory and finance sectors. He is currently Managing Director of Triangle Energy Limited and Non-executive director of Botanix Pharmaceuticals Limited.

Directors' recommendation

- 19 The Directors (with Mr Towner abstaining) recommend that Shareholders vote in favour of Resolution 2.

Resolution 3: Approval of additional 10% placement capacity

- 20 Resolution 3 seeks Shareholder approval to permit State Gas Limited to issue an additional 10% of its issued capital over a 12 month period in accordance with Listing Rule 7.1A (**Additional Placement Facility**).
- 21 Listing Rule 7.1 permits State Gas Limited to issue a maximum of 15% of its capital in any 12 month period without requiring Shareholder approval. Under Listing Rule 7.1A, companies that are outside the S&P/ASX 300 index with a market capitalisation of \$300 million or less can issue a further 10% of their share capital in 12 months on a non-pro rata basis without having to obtain shareholder approval, provided that Shareholders approve this by Special Resolution at the AGM. Consequently, this requires at least 75% of the votes cast in favour of the resolution by Shareholders entitled to vote.
- 22 State Gas Limited is an eligible entity as at the date of the Notice of Meeting.
- 23 Approval of the Additional Placement Facility will last for a period commencing on the date of the Meeting and expiring on the date that is 12 months after the date of the Meeting unless Shareholders approve a transaction under Listing Rules 11.1.2 or 11.2 prior to this date.
- 24 Under the Additional Placement Facility, State Gas Limited must issue Equity Securities belonging to an existing quoted class of the Company's Equity Securities. As at the date of this Notice of Meeting, the Company has the following Equity Securities on issue:

- (a) 134,812,500 fully paid ordinary shares; and
- (b) 7,000,000 unquoted options.

The only current quoted class of the Company's Equity Securities are Shares.

- 25 The number of Equity Securities that may be issued in accordance with Listing Rule 7.1A (if Shareholder approval is obtained at the Annual General Meeting) will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2, as set out below:

(A x D) – E

Where:

A = The number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement,

- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2,
- (ii) plus the number of partly paid ordinary securities that became fully paid in the 12 months,
- (iii) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without Shareholder approval,
- (iv) less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

E = The number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4.

- 26 The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).
- 27 For the purposes of Listing Rule 7.3A, State Gas Limited provides the following information:

Term	Details
Minimum price at which the Equity Securities may be issued	<p>The issue price of each Equity Security must be no less than 75% of the VWAP for the relevant Equity Securities calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <ul style="list-style-type: none"> (a) the date on which the price, at which the Equity Securities are to be issued, is agreed; or (b) if the Equity Securities are not issued within five trading days of the date in paragraph (a), the date on which the Equity Securities are issued.
Risk of economic and voting dilution	<p>An issue of Equity Securities under Listing Rule 7.1A.2 involves the risk of economic and voting dilution for existing Shareholders. These risks include:</p> <ul style="list-style-type: none"> (a) the market price for Equity Securities may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the issue date, <p>which may have an effect on the amount of funds raised by the issue of Equity Securities.</p> <p>In accordance with Listing Rule 7.3A.2, Table [1] below describes the notional possible dilution, based upon various assumptions as stated.</p>
Date by which the Company may issue the Equity Securities	<p>The period commencing on the date of the AGM (to which this Notice relates) at which approval is obtained and expiring on the first to occur:</p> <ul style="list-style-type: none"> (a) the date which is 12 months after the date of the AGM at which approval is obtained; and (b) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 or 11.2. <p>The approval under Listing Rule 7.1A will cease to be valid if Shareholders approve a transaction under Listing Rules 11.1.2 or 11.2.</p>
Purposes for which the Equity Securities may be issued, including whether the Company may issue them for non-cash consideration	<p>It is the Board's current intention that any funds raised under an issue of Equity Securities will be applied towards the Company's growth strategies, including:</p> <ul style="list-style-type: none"> (a) to raise cash to fund working capital; (b) new acquisitions or investments (including their associated expenses); (c) continued exploration, feasibility and development expenditure. <p>The Company reserves the right to issue Equity Securities for non-cash consideration, including for payment of service or consultancy fees and costs and new assets and investments. . If the Company issues Equity Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Equity Securities complies with Listing Rule 7.1A.3.</p>
Details of State Gas Limited's allocation policy for issues under approval	<p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to factors including but not limited to the following:</p> <ul style="list-style-type: none"> (a) the methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing security holders can participate; (b) the effect of the issue of the Listing Rule 7.1A shares on the control of the Company; (c) the financial situation and solvency of the Company; and (d) advice from corporate, financial and broking advisers (if applicable).

Term	Details
	The allottees under the Additional Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional Placement Facility will be or include the vendors of the new assets or investments.
Previous approvals under ASX Listing Rule 7.1A	No approval has been previously sought.

Information under Listing Rule 7.3A.2

Table 1

Variable 'A' in Listing Rule 7.1A.2		\$0.10 (50% decrease in issue price)	Dilution \$0.20 (issue price)	\$0.40 (100% increase in issue price)
Current variable A* 134,812,500 Shares	10% voting dilution	13,481,250	13,481,250	13,481,250
	Funds raised	\$1,348,125.00	\$2,696,250.00	\$5,392,500
50% increase in current variable A 202,218,750 Shares	10% voting dilution	20,221,875	20,221,875	20,221,875
	Funds raised	\$2,022,187.50	\$4,044,375.00	\$8,088,750.00
100% increase in current variable A 269,625,000 Shares	10% voting dilution	26,962,500	26,962,500	26,962,500
	Funds raised	\$2,696,250.00	\$5,392,500.00	\$10,785,000.00

*Current Variable A refers to securities on issue as at the date of this Notice of Meeting.

28 Table 1 has been prepared on the assumptions set out below.

- The Company issues the Shares for cash under the Additional Placement Facility.
- The Company issues the maximum number of Shares allowed under the Additional Placement Facility (being 10% of the number of the Shares on issue).
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- Table 1 does not show an example of dilution that may be caused to a particular Shareholder by reason of Shares issued under Listing Rule 7.1A, based on that Shareholder's holding at the date of this Notice of Meeting.
- Table 1 shows only the effect of issues of equity securities under Listing Rule 7.1A (i.e. under the Additional Placement Facility), not under the 15% placement capacity under Listing Rule 7.1.
- Other than as indicated in Table 1, the Company does not issue any additional equity securities during the 12 month period.

(g) The issue price is \$0.20, being the closing price of the Shares on ASX on 4 September 2018.

29 Details of the voting exclusions which apply to this Special Resolution are set out in the Notice of Meeting.

Directors' Recommendation

30 The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

Interpretation

Advisory Resolution means a non-binding resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Additional Placement Facility means the facility by which the Company may issue an additional 10% of its issued capital over a 12 month period in accordance with Listing Rule 7.1A, the subject of Resolution 3;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange;

Board means the board of directors of the Company;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

Company means State Gas Limited ACN 617 322 488;

Constitution means the constitution of the Company from time to time;

Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time;

Director means a director of the Company;

Equity Securities has the meaning given in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rule means the official listing rules of the ASX as amended from time to time;

Meeting or **Annual General Meeting** means the annual general meeting of the Company to be held on 21 November 2018;

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Resolution means a resolution proposed at the Meeting;

Share means an ordinary fully paid share in the issued capital of the Company;

Shareholder means a holder of Shares in the Company;


Special Resolution means a resolution passed by more than 75% of the votes cast at a general meeting of shareholders.


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
State Gas Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of State Gas Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (Brisbane time) on Wednesday, 21 November 2018 at BDO Audit Pty Ltd, Level 10, 12 Creek Street, Brisbane QLD 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*
1 Adoption of 2018 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Robert Towner as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm (Brisbane time) on Monday, 19 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

State Gas Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**