



ASX RELEASE

8 August 2024

DESPATCH OF PROSPECTUS AND ENTITLEMENT FORMS TO ELIGIBLE SHAREHOLDERS

State Gas Limited (Company) (ASX:GAS) announced on 5 August 2024 that it would be offering to eligible retail shareholders the opportunity to participate in a pro rata non-renounceable entitlement offer to subscribe for 1 new fully paid ordinary share in the Company for every 2 existing fully paid ordinary shares in the Company held as at 7:00pm AEST on 7 August 2024 (**Record Date**) at an issue price of \$0.05 per new share including 1 free attaching option for every 2 new shares, with an exercise price of \$0.08 and expiry on 30 August 2025 (**Retail Entitlement Offer**). The eligible retail shareholders are those who at the Record Date had a registered address in Australia or New Zealand (**Eligible Shareholders**). The Retail Entitlement Offer opens on 8 August 2024 and will close at 5:00pm (AEST) on 22 August 2024 (unless modified by the Company's Board).

To the Eligible Shareholders for whom the Company has an email address, it has today despatched a letter in the form enclosed with this announcement, confirming their eligibility and the prospectus including a link to personalised entitlement and acceptance forms for the Retail Entitlement Offer. Physical copies of the prospectus have also been mailed to the Eligible Shareholders who have opted out of receiving electronic communications.

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 1,595km², are located south of Rolleston, approximately 50 and 30 kilometres respectively from the Queensland Gas Pipeline and interconnected east coast gas network. State Gas 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 m³/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 HDNG FACILITY

State Gas has developed a "first of its kind" in Australia CSG to HDNG plant ("the HDNG Facility"). When implemented in conjunction with virtual pipeline ("VP") trailer technology, the HDNG Facility will be able to deliver up to 1.7TJ/day of pipeline quality natural gas to end users in the Southern Bowen Basin and surrounding areas. This technology has a range of benefits and potential use cases:

- delivers substantial environmental benefits to gas producers, as it provides a reliable method for capturing and commercialising production testing gas which has historically been released to the atmosphere;
- provides a new path to market for pipeline quality natural gas which the Company believes will become increasingly important across a range of industries, including critical minerals, while the economy continues its long-term transition to renewable energy sources;
- is modular and can be efficiently expanded and easily relocated to support gas testing and processing opportunities in new locations; and
- provides access to a new fuel source for end users who are seeking access to smaller, flexible quantities of natural gas, but don't have access to traditional pipeline infrastructure and need to accelerate a transition away from diesel.

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 13.75m³/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.



State Gas Limited
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Dear Eligible Shareholder

8 August 2024

Dear Shareholder

**State Gas Limited ACN 617 322 488
Placement and Accelerated non-renounceable entitlement offer**

On 5 August 2024, State Gas Limited ACN 617 322 488 (ASX: GAS) (**Company**) announced that it would be offering eligible shareholders the opportunity to participate in a pro rata non-renounceable entitlement offer to subscribe for 1 new fully paid ordinary share in the Company for every 2 existing fully paid ordinary shares in the Company held as at 7:00pm AEST on the record date (being 7 August 2024) (**Record Date**) at an issue price of \$0.05 per new share, to raise up to approximately \$6,900,000 (**Entitlement Offer**) before costs. The Entitlement Offer includes 1 free attaching option for every 2 new shares, with an exercise price of \$0.08 and expiry on 30 August 2025.

The Company at the same time announced that it has made an institutional placement of shares and attaching options to raise approximately \$2,000,000 (**Placement**) on the same terms as the Entitlement Offer. The shares and options under the Placement rank equally to the shares and options under the Entitlement Offer (together, **New Shares** and **New Options**).

The Entitlement Offer is comprised of both an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (**Retail Entitlement Offer**). Eligible retail shareholders who have taken up their full entitlement under the Retail Entitlement Offer can apply to take up additional New Shares and attaching New Options in excess of their pro rata entitlement (**Shortfall Offer**), subject to restrictions under Chapter 6 of the *Corporations Act 2001* (Cth). Applications under the Shortfall Offer will only be considered to the extent that there is a shortfall under the Retail Entitlement Offer.

Eligible Shareholders

Only shareholders with a registered address in Australia and New Zealand will be eligible to participate in the Retail Entitlement Offer (**Eligible Shareholders**). Eligible shareholders under the Institutional Entitlement Offer are anyone whom the joint lead managers determine have successfully received an offer to subscribe for New Shares and attaching New Options.

Assuming no options are exercised before the Record Date:

- approximately 137,033,157 New Shares and 68,516,579 New Options will be issued under the Entitlement Offer; and
- approximately 40,949,472 New Shares and 20,474,736 New Options will be issued under the Placement.

As the rights to New Shares and attaching New Options are non-renounceable, they cannot be traded on the ASX nor can they be sold, transferred or otherwise disposed of.

New Shares will rank equally with the Company's existing shares.

The Retail Entitlement Offer will be made by way of a prospectus (**Prospectus**). The Prospectus will be available on the Company's website at www.stategas.com and on the ASX website at www.asx.com.au on 5 August 2024. The Institutional Entitlement Offer closed on 2 August 2024 and

approximately 59.3 million New Shares and approximately 29.6 million New Options are expected to be issued on or around 9 August 2024. The issue of New Shares under the Placement will be settled at the same time as the Institutional Entitlement Offer, while the attaching New Options will be issued subject to Shareholder approval under ASX Listing Rule 7.1, which is expected during September 2024.

The Placement and the Entitlement Offer (**Offer**) are jointly managed by Aitken Mount Capital Partners Pty Ltd and Morgans Corporate Limited. No options will be issued to either of the lead managers in consideration for their services with regards to the Offer.

Purpose of Offer

Successful completion of the Placement and the Entitlement Offer will raise up to approximately \$8,900,000 (before costs). Funds raised will be applied towards the remaining costs associated with the HDNG production facilities at Rolleston-West, working capital, costs associated with the Offer, and subject to the Offer take-up also to accelerate exploration and appraisal activities and improve efficiency and productions capability of the HDNG plant.

How to apply for new Shares

The number of new Shares for which you are entitled to apply for under the Offer is shown on your personalised Entitlement and Acceptance Form. If you wish to accept all, or part of your

Entitlement, you can either:

1. complete and submit the personalised Application Form online by visiting <https://events.miraqle.com/gas-anreo> ; or

2. New Zealand shareholders only are permitted to email their completed Application Form, together with confirmation of electronic funds transfer of the relevant Application Money, to the following email address: capitalmarkets@linkmarketservices.com.au

Payment methods

Payments must be in Australian currency and are to be completed by using either of the following methods:

Option 1: Paying by Bpay®

You can apply for the offer and access your payment details (including the BPAY® payment details) via the following <https://events.miraqle.com/gas-anreo>. You will need to provide your Securityholder Reference Number (SRN), Holder Identification Number (HIN), or Employee Number and postcode and follow the instructions to apply for New Shares.

Option 2: Paying by EFT Payment (New Zealand shareholders only)

EFT payment details can be accessed by New Zealand shareholders only via the following link <https://events.miraqle.com/gas-anreo>. You will need to provide your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode and follow the instructions to apply for New Shares. When submitting an application via EFT, your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) must be used as reference for the payment. If you are applying via EFT, you must return your application form via email to capitalmarkets@linkmarketservices.com.au otherwise your application will not be accepted.

Indicative Timetable

The timetable for the Offer is as follows:

Event	Date
Trading halt requested	30 July 2024
<ul style="list-style-type: none">Company requests one day voluntary suspension from trading to comply with ASX timetable rulesPlacement and Entitlement Offer announcedProspectus lodged with ASIC and ASXAppendix 3B lodged with ASX	5 August 2024
<ul style="list-style-type: none">Company announces results of Institutional Entitlement Offer and PlacementTrading resumes on an ex-entitlement basis	6 August 2024
Record Date	7 August 2024 (7:00pm AEST)
<ul style="list-style-type: none">Institutional Placement and Entitlement Offer settleAppendix 2A relating to Institutional Entitlement Offer and Placement lodged with ASXProspectus and entitlement forms despatched to shareholdersOpening Date for Retail Entitlement Offer	8 August 2024
Last day to extend Retail Entitlement Offer	19 August 2024
Closing Date for Retail Entitlement Offer	22 August 2024 (5:00 pm AEST)
<ul style="list-style-type: none">Company announces results of the Retail Entitlement Offer and issues New Shares and New Options under the Retail Entitlement OfferAppendix 2A lodged with ASX for Retail Entitlement Offer	29 August 2024
Trading in New Shares under Retail Entitlement Offer commences	30 August 2024

**The above timetable is indicative only and all dates may be subject to change. The Company's directors reserve the right to extend the Closing Date for the Entitlement Offer at their discretion.*

Capital structure

The share capital structure of the Company before, and upon the completion of, the Placement and the Entitlement Offer as follows:

Securities	Number
Current capital structure	
Existing Shares	274,226,789
Existing Options	8,400,000
Securities under the Offers	
New Shares to be issued under the Placement	40,949,472
New Shares to be issued under the Entitlement Offer ¹	137,033,157
New Options to be issued under the Placement	20,474,736
New Options to be issued under the Entitlement Offer	68,516,579
Maximum Securities on issue after the Offer	
Shares	452,209,418
Options	97,391,315

Prospectus

Details of the Entitlement Offer will be contained in the Prospectus. Eligible Shareholders should consider the Prospectus carefully before deciding whether to participate in the Retail Entitlement Offer and consult with their professional advisors if they have any queries.

On behalf of the Board and management of the Company, I would like to thank you for your continued support.

Yours sincerely

Doug McAlpine

Chief Executive Officer

Authorised for release by the Board of Directors of State Gas Limited.

This letter is not a prospectus or offering document under Australian law or under any other law and has not been and will not be filed or lodged with or approved by the Australian Securities and Investments Commission or any other regulatory authority in Australia or any other jurisdiction. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Shares or New Options in the Company. This letter does not and will not form any part of any contract for the acquisition of entitlements or New Shares or New Options in the Company.

This letter may not be released or distributed in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares and New Options have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares and New Options may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The New Shares and New Options to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

¹ Subject to rounding.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

IMPORTANT NOTICE TO NOMINEES

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Entitlement Offer to any of your clients (or any other person) acting for the account or benefit of any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.