



State Gas Limited
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ASX RELEASE

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State Gas Completes A\$8 Million Placement

Highlights

- Successful placement completed raising A\$8 million from institutional and sophisticated investors.
- The offer received very strong interest, with support from a number of leading energy investors.
- Funds accepted from investors will be used to:
 - commence production testing at Rougemont-2 and undertake additional exploration drilling in the highly prospective Rougemont CSG fairway in the Company's 100% owned ATP 2062
 - undertake further production testing at Nyanda 8 and Serocold 1 in the adjoining Reid's Dome Project (PL 231)
 - expedite the development program for Reid's Dome consistent with the Company's aim to bring gas to market in 2023
 - provide additional working capital in support of these operations and meet costs of the offer.

State Gas Limited (ASX: GAS) is pleased to advise it has successfully completed an A\$8 million placement at \$0.32 per share (**Placement**). The offer received strong interest and was supported by a number of Australian institutional and sophisticated investors in the energy sector.

Richard Cottee, GAS Executive Chairman, said he was very pleased with the robust investor interest and the level of bids received.

"The strong demand for this placement reflects the increasingly high prices for gas and support for the mission the Company has embarked on to bring new supplies to market in 2023. 2023 is the year which the ACCC in its recent report indicates is the start of a critical need for additional gas supplies. The funds accepted will enable us to commence production testing at Rougemont and undertake further drilling, as well as complete the appraisal programme for Reid's Dome", Mr Cottee said.

Placement Overview

GAS will issue 25 million new shares ("New Shares") to accept new capital of A\$8 million, at an issue price of \$0.32 per share.

The placement price of \$0.32 represents a 15.8% discount to the last closing price and a 21.6% discount to the 30 day VWAP of the Company's shares to 21 September 2021.

New Shares issued under the Placement will rank equally with existing ordinary shares from the date of issue. GAS will issue 25,000,000 New Shares without shareholder approval under Listing

Rule 7.1. Settlement is expected to take place on or around 28 September 2021, with New Shares to be issued on 29 September 2021.

The State Gas field team is currently preparing for the next phase of work at the Company's 100%-owned Rougemont and Reid's Dome gas projects in Central Queensland.

Morgans Corporate Limited and CPS Capital Pty Ltd acted as Joint-Lead Managers to the Placement.

Authorised for release by the Board of State Gas Limited.

FOR FURTHER INFORMATION

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ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based developer of the Reid's Dome gas field, originally discovered during drilling in 1955, located in the Bowen Basin in Central Queensland. State Gas is 100%-owner of the Reid's Dome Gas Project (PL-231) a CSG and conventional gas play, which is well-located 30 kilometres southwest of Rolleston, approximately 50 kilometres from the Queensland Gas Pipeline and interconnected east coast gas network.

Permian coal measures within the Reid's Dome Beds are extensive across the entire permit but the area had not been explored for coal seam gas prior to State Gas' ownership. In late 2018 State Gas drilled the first coal seam gas well in the region (Nyanda-4) into the Reid's Dome Beds and established the potential for a significant coal seam gas project in PL 231. The extension of the coal measures into the northern and central areas of the permit was confirmed in late 2019 by the Company's drilling of Aldinga East-1A (12 km north) and Serocold-1 (6 km to the north of Nyanda-4).¹

State Gas is also the 100% holder Authority to Prospect 2062 ("Rolleston-West"), a 1,414 km² permit (eight times larger than PL 231) that is contiguous with the Reid's Dome Gas Project. Rolleston-West contains highly prospective targets for both coal seam gas (CSG) and known conventional gas within the permit area. It is not restricted by domestic gas reservation requirements.

The contiguous areas (Reid's Dome and Rolleston-West), under sole ownership by State Gas, enable integration of activities and a unified super-gasfield development, providing economies of scale, efficient operations, and optionality in marketing.

State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet near term forecast shortfalls in the east coast domestic gas market. The strategy involves progressing a phased appraisal program in parallel with permitting for an export pipeline and development facilities to facilitate the fastest possible delivery of gas to market². State Gas' current focus has been to confirm the producibility of the gas through production testing of the wells.

¹ The information in this paragraph was previously announced on 31 October 2018, 5 December 2018 and 31 January 2020.

² Strategy announced on 21 August 2019

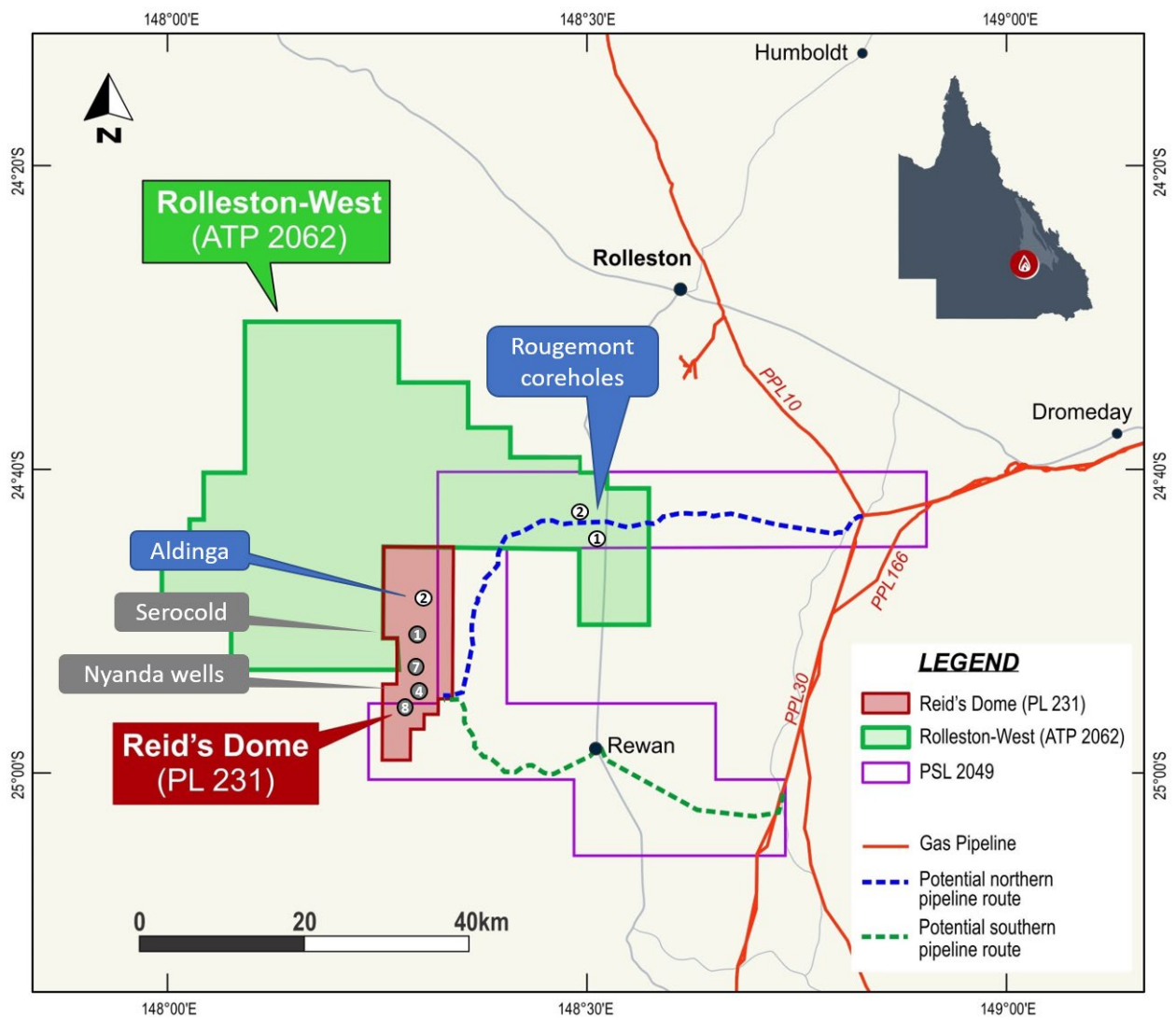


Figure 1: Map showing location of State Gas activities