

STATE GAS

Notice of Annual General Meeting

The Annual General Meeting of the Company will be held:

- by the Virtual Meeting Facility; and
- at 12:00pm (AEST) on Tuesday 30 November 2021.

In accordance with the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021* which came into force on 14 August 2021, the notice of meeting, accompanying explanatory statement, and annexures (the **Meeting Materials**) are being made available to shareholders electronically.

This notice of Annual General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting. Please contact the Company Secretary on 0439 310 818 or suzanne.yeates@oasolutions.com.au if you wish to discuss any matter concerning the Meeting.

State Gas Limited
ACN 617 322 488

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of State Gas Limited will be held by the Virtual Meeting Facility at 12:00pm (AEST) on 30 November 2021 via the online platform at <https://meetings.linkgroup.com/GAS21> (the **Meeting**).

Given the significant and ongoing health concerns attributed to the COVID-19 pandemic, and in addition to the guidelines and restrictions issued by the Australian State and Federal governments, the Company considers it necessary to hold the Meeting as a completely virtual meeting. There will not be a physical venue for Shareholders or proxyholders to attend.

The Company will provide Shareholders with the opportunity to attend and participate in the virtual Meeting through an online meeting platform, where Shareholders will be able to watch, listen, ask questions and vote online. Shareholders will also be able to ask verbal questions by phone. Further instructions for attending via the online platform and ask questions by phone are set out in the Voting Notes below. All Shareholders and proxyholders will have an equal opportunity to participate in the Meeting regardless of their physical location.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form forms part of this Notice of Meeting.

Proxy Forms must be received by no later than 12:00pm (AEST) on 28 November 2021.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

The business of the Meeting affects your shareholding and your vote is important. This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 13:00pm (AEDT) on 28 November 2021.

AGENDA

ANNUAL REPORT

To receive and consider the financial statements of the Company and the reports of the Directors (**Directors' Report**) and Auditors for the financial year ended on 30 June 2021 (**Annual Report**).

RESOLUTION 1 - REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass the following as a **non-binding resolution**:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Directors’ Report for the financial year ended on 30 June 2021.”

A voting exclusion statement is set out below.

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 - RE-ELECTION OF DIRECTOR - MR IAN PATON

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purpose of rule 18.4(b) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Ian Paton, a Director, retires by rotation, and being eligible and offering himself for re-election, is re-elected as a Director.”

RESOLUTION 3 - APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, and otherwise on the terms and conditions in the Explanatory Statement.”

RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 25,000,000 Shares at an issue price of \$0.32 per Share to institutional and sophisticated investors, and otherwise on the terms set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Corporations Act

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by any of the following persons:

Resolution	Persons Excluded from Voting
Resolution 1 - Remuneration Report (Non-Binding)	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:</p> <ul style="list-style-type: none"> (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. <p>However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (d) the voter is the Chair of the Meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

ASX Listing Rules

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of a resolution by or on behalf of:

- (a) the below named person or class of persons excluded from voting; or
- (b) an associate of that person or those persons:

Resolution	Persons excluded from voting
Resolution 4 - Ratification of prior issue of Shares under Placement	Persons who participated in the issue or is a counterparty to the agreement being approved, or any associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board of Directors



Ms Suzanne Yeates
Company Secretary
29 October 2021

Explanatory Statement

1 INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held by the Virtual Meeting Facility at 12:00pm (AEST) on 30 November 2021. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of this Explanatory Statement.

ASX takes no responsibility for the contents of the Notice or Explanatory Statement.

Please contact the Company Secretary on 0439 310 818 or suzanne.yeates@oasolutions.com.au if you wish to discuss any matter concerning the Meeting.

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2.1 Participating in the meeting through the Virtual Meeting Facility

Due to the COVID-19 pandemic and in adhering to current restrictions on physical gatherings implemented by the Australian governments, the Company will not be holding a physical Meeting. Instead, the Company invites Shareholders or proxyholders to attend the Meeting online via <https://meetings.linkgroup.com/GAS21>. Shareholders and proxyholders will be able to view a live webcast of the Meeting, ask the Directors of the Company questions online and submit your votes in real time. Shareholders will also be able to ask questions verbally by phone.

We recommend logging in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below:

- Enter <https://meetings.linkgroup.com/GAS21> into a web browser on your computer or online device;
- Shareholders will need their SRN or HIN (printed at the top of the Proxy Form); and
- Proxyholders will need their proxy code which Link Market Services will provide via email prior to the Meeting.

Further information on how to participate virtually is set out in this Notice and the Online Platform Guide at www.stategas.com.

Shareholder Questions

A discussion will be held on all items to be considered at the Meeting.

Shareholders and proxyholders will also be able to participate in the Meeting, including voting and asking questions either online or via telephone. If your holding cannot be verified by the phone moderator, you will attend the Meeting as a visitor and will not be able to ask a question.

Please contact Link Market Services on 1800 990 363 or +61 1800 990 363 before 5:00pm on Monday, 29 November 2021 to obtain a personalised PIN number to ask a question via the telephone.

You will receive instructions on how to ask a question during the Meeting from the phone moderator.

To ensure that as many Shareholders as possible have the opportunity to ask questions, Shareholders are requested to observe the following:

- (a) all Shareholder questions should be stated clearly and should be relevant to the business of the Meeting;
- (b) if a Shareholder has more than one question on an item, all questions should be asked at the one time; and
- (c) Shareholders should not ask questions at the Meeting regarding personal matters or those that are commercial in confidence.

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at suzanne.yeates@oasolutions.com.au by 25 November 2021.

Each resolution considered at the Meeting will be conducted by poll, rather than a show of hands. The Chair considers voting by poll to be in the interests of the shareholders as a whole, and to ensure the representation of as many shareholders as possible at the Meeting.

How to Vote at the Virtual Meeting

Online voting will be opened between 15 minutes before the commencement of the Meeting at 12:00pm (AEST) on 30 November 2021 and the time that is five minutes after the Chair closes the Meeting.

More information about online and phone participation in the Meeting (including asking questions via the virtual platform or phone) is available in the Virtual Meeting Online Guide, included as an annexure to this Notice.

2.2 Voting by Proxy

An eligible Shareholder can vote at the Meeting or appoint a proxy or, where a Shareholder is entitled to two or more votes, two proxies. Where two proxies are appointed, a Shareholder may specify the number or proportion of votes to be exercised by each proxy appointed. If no number or proportion of votes is specified, each proxy appointed will be taken to exercise half of that Shareholder's votes (disregarding fractions).

An appointed proxy need not themselves be a Shareholder.

To be valid, the appointment of a proxy (made using a properly completed and executed Proxy Form) must be received by the Company no later than 48 hours before the commencement of the Meeting (i.e. 12:00pm on 28 November 2021).

Proxy Forms can be submitted in four ways

- **Online** by visiting the Company's registry's website (www.linkmarketservices.com.au). Please follow the prompts and have your SRN or HIN available
- **By mail to:**
State Gas Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- **By facsimile** to +61 2 9287 0309
- **By hand to:**
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

The Chair intends to vote undirected proxy votes in favour of all resolutions (subject to the voting exclusions below).

2.3 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as

the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting.

2.4 Eligibility to vote

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 13:00pm (AEDT) on 28 November 2021.

2.5 Voting by Shareholders at the Meeting

All Resolutions will be determined by a poll at the Meeting.

The Company encourages Shareholders who submit proxies to direct their proxy on how to vote on the Resolutions. As at the date of this Notice the Chairman of the Meeting intends to vote all undirected proxies in favour of each of the Resolutions.

3 ANNUAL REPORT

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended on 30 June 2021 which is available on the ASX platform at www.asx.com.au; and
- (b) ask questions about or make comment on the management of the Company.

The chair of the Meeting will allow reasonable opportunity for the Shareholders as a whole at the Meeting to ask the auditor or the auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- (a) the content of the auditor's report to be considered at the Meeting; and
- (b) the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4 RESOLUTION 1 - REMUNERATION REPORT

4.1 Introduction

The Remuneration Report is in the Directors' Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended on 30 June 2021.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Chair will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

4.2 Voting consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors who were directors when the resolution to make the directors report considered at the later annual general meeting was passed (other than the Managing Director) must go up for re-election (**Spill Resolution**).

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were directors of the company when the resolution to make the directors' report considered at the second annual general meeting was passed, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Shareholders approved the Company's Remuneration Report for financial year ended on 30 June 2020, and as a result there is no requirement to vote on a Spill Resolution if 25% or more of the votes cast vote against Resolution 1.

5 RESOLUTION 2 - RE-ELECTION OF DIRECTOR - IAN PATON

5.1 Introduction

ASX Listing Rule 14.4 and rule 18.4(b) of the Company's Constitution provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. The Executive Chairman of the Company is exempt from retiring by rotation under rule 18.4(b) of the Constitution.

5.2 Ian Paton

Ian Paton was re-elected as a director of the Company at the Company's annual general meeting in 2019. In accordance with ASX Listing Rule 14.4 and rule 18.4(b) of the Company's Constitution, Ian Paton retires as a director at this Meeting and offers himself for re-election.

Details of the qualifications and experience of Ian Paton are set out in the Company's 2021 Annual Report.

5.3 Directors' recommendations

The Board (excluding Ian Paton) recommends that Shareholders vote in favour of Resolution 2.

6 RESOLUTION 3 - APPROVAL OF 10% PLACEMENT FACILITY

6.1 General

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval (**10% Placement Facility**).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 6.2(a) below).

Any funds raised will be used towards an acquisition of new assets or investments (including expense associated with such acquisition), the Company's ATP 2062 (Rolleston-West) and PL231 (Reids Dome) projects and general working capital. The allocation of any funds raised will be depending on the timing of the funds raised and the stages of the development of those projects.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

If Resolution 3 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval. If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

6.2 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue quoted Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval by way of a special resolution. The 10% Placement Facility is subject to conditions and is addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$$\text{Number of Equity Securities} = (A \times D) - E$$

“A” the number of fully paid ordinary shares on issue at the commencement of the Relevant Period:

- (A) plus the number of fully paid shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9,16 or 17;
- (B) plus the number of fully paid ordinary shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;

- (C) plus the number of fully paid ordinary shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the Relevant Period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (D) plus the number of any other fully paid ordinary shares issued in the Relevant Period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- (E) plus the number of partly paid shares that became fully paid in the Relevant Period;
- (F) less the number of fully paid ordinary shares cancelled in the Relevant Period.

“D” is 10%.

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity’s 15% placement capacity under Listing Rule 7.1.

As the date of this Notice, the Company has:

- (iii) the following securities on issue:
 - (A) 199,832,305 fully paid ordinary shares;
 - (B) 3,000,000 unlisted Options; and
 - (C) 9,100,000 performance rights.
- (iv) the capacity to issue:
 - (A) 1,224,846 Equity Securities under Listing Rule 7.1; and
 - (B) 17,483,231 Equity Securities under Listing Rule 7.1A.

(b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be for a cash consideration per security which is not less than 75% of the VWAP of

Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

6.3 Specific information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The approval will be valid for the period commencing on the date of the Meeting and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the Meeting;
 - (ii) the time and date of the Company's next annual general meeting; and
 - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.
- (b) The Equity Securities will be issued for a cash consideration per security which is not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The issue under Listing Rule 7.1A can only be made for cash consideration. The Company intends to use any funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), the development of the Company's ATP 2062 (Rolleston-West) and PL231 (Reids Dome) and/or general working capital.
- (d) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, or issued for non-cash consideration for the acquisition of a new asset.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2		10% Voting Dilution		
		50% decrease in Issue Price (\$0.1625)	Issue Price (\$0.325)	50% increase in Issue Price (\$0.4875)
Current Variable A (199,832,305 Shares)	Shares issued	19,983,230	19,983,230	19,983,230
	Funds Raised	\$3,247,275	\$6,494,550	\$9,741,825
50% increase in current Variable A (299,748,457 Shares)	Shares issued	29,974,845	29,974,845	29,974,845
	Funds Raised	\$4,870,912	\$9,741,825	\$14,612,737
100% increase in current Variable A (399,664,610 Shares)	Shares issued	39,966,461	39,966,461	39,966,461
	Funds Raised	\$6,494,550	\$12,989,100	\$19,483,650

The table has been prepared on the following assumptions:

- (i) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options have been exercised before the date of the issue of the Equity Securities.
- (iii) 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%.
- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted options, it is assumed that those quoted options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (v) The issue price is \$0.325 being the closing price of the Shares on ASX on 15 October 2021.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.

- (e) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
- (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
 - (ii) The effect of the issue of the Equity Securities on the control of the Company.
 - (iii) The financial situation and solvency of the Company.
 - (iv) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) There is no issue of Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting, no details under Listing Rule 7.3A.6 is required to be set out in this Notice. There is no circumstance that the Company has agreed before the 12 month period to issue Equity securities under Listing Rule 7.1A.2 but as at the date of the Meeting not yet issued those Equity Securities.
- (g) At the date of the Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, no voting exclusion statement is required for the Notice.

6.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

7 RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES

7.1 Introduction

As announced on 24 September 2021, the Company undertook a placement of 25,000,000 Shares to institutional, sophisticated and professional investors, at an

issue price of \$0.32 per Share, raising a total of \$8 million. Morgans Corporate Limited and CPS Capital Pty Ltd acted as joint lead manager to the Placement.

Funds raised from the Placement are being used to commence production testing and exploration drilling at ATP2062, undertake further production testing at PL231, 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 as well as to meet costs of the issue.

The securities under the Placement were issued on 29 September 2021 using the Company's 15% capacity under Listing Rule 7.1. Resolution 4 seeks Shareholder approval under Listing Rule 7.4 to ratify the issue of 25,000,000 Shares under the Placement.

A summary of Listing Rule 7.1 is set out in section 7.3 below. If Resolution 4 is passed, the issue will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 months following the issues. If Resolution 4 is not passed, the issue will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively limiting the number of equity securities it can issue without Shareholder approval over the 12 months following the issue.

7.2 Effect on the capital structure of the Company and dilution

The effect of the various issues on the capital structure of the Company is as follows (assuming no other Shares are issued):

Items	Number	%
Shares currently on issue (excluding Shares issued under Resolution 4)	174,832,305	87.49%
Shares issued under Placement (Resolution 4)	25,000,000	12.51%
Total	199,832,305	100.00%

7.3 Listing Rules

Broadly speaking and subject to a number of exceptions, Listing Rule 7.1 limits the number of equity securities a company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid up ordinary securities it had on issue at the start of that period.

Listing Rule 7.4 allows shareholders to ratify an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1, and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

7.4 Resolution 4 - Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided about Placement 1:

- (a) The Shares were issued to institutional, sophisticated and professional investors managed by Morgans Corporate Limited and CPS Capital Pty Ltd, who are not a related parties to the Company or otherwise persons to whom Listing Rule 10.11 applies.
- (b) The number of securities issued by the Company was 25,000,000 Shares.
- (c) The securities issued were fully paid ordinary shares that rank equally with existing Shares on issue.
- (d) The price of the securities issued was \$0.32 per Share.
- (e) The issue was made on 29 September 2021.
- (f) The issue was made to raise funds, a total of \$8 million was raised from the issue. The use of funds raised from the issue is set out in section 7.1.
- (g) Other than those set out in this section 7, there are no other material terms in relation to the issue.
- (h) A voting exclusion statement is included in the Notice.

7.5 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 4. This will restore the Company's 15% annual limit permitted by Listing Rule 7.1 and allow the Company to issue further securities as permitted by Listing Rule 7.1 without Shareholder approval.

SCHEDULE 1 GLOSSARY

\$ or A\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time.

AEST means Australian Eastern Standard Time.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASX Listing Rules means the Listing Rules of ASX.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means a spouse or child of the member; or a child of the member's spouse; or a dependent of the member or the member's spouse; or 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; or a company the member controls; or a person prescribed by the Corporations Regulations 2001 (Cth).

Company means State Gas Limited (ACN 617 322 488).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning given in the Listing Rules.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to be issued a Share.

Proxy Form means the proxy form accompanying the Notice.

Relevant Period has the meaning given in Listing Rule 7.1.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.