



State Gas Limited
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ASX RELEASE

30 November 2022

Appointment of Chief Executive Officer

Brisbane-based gas developer **State Gas Limited (ASX:GAS)** (**State Gas** or **the Company**) has today appointed Mr Doug McAlpine to the position of Chief Executive Officer. Mr McAlpine has over twenty years experience in public company management across the finance, mineral exploration and construction sectors. He has significant experience in leading companies through periods of substantial organisational change and growth. Mr McAlpine has a strong commercial and financial background, with strong experience in prudent sourcing and allocation of capital and in the negotiation and management of complex commercial arrangements.

State Gas Executive Chairman, Mr Richard Cottee, said “The appointment of Mr McAlpine comes at a critical point in State Gas’ evolution as a Company, particular as it focuses on demonstrating production capability from its existing asset base in the near term.” The Board of State Gas believes that Mr McAlpine’s experience and proven problem-solving capabilities will allow the Company to rapidly accelerate a range of important strategic initiatives and allow it to play an enhanced role in supporting Queensland’s ongoing energy needs.

The essential terms of Mr McAlpine’s services contract are included at Appendix 1. Mr McAlpine’s compensation package is structured to align his total reward with share price growth and the delivery of key operational and commercial milestones which will create long term value for the Company and its stakeholders.

Mr Richard Cottee will remain Executive Chairman until further notice. With the appointment of the new CEO, Mr Greg Baynton has moved from an Executive Director role to Non-Executive Director.

This announcement was approved for release by Mr Richard Cottee, Executive Chairman.

FOR FURTHER INFORMATION

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ABOUT STATE GAS

STATE GAS LIMITED (ASX: **GAS**) is a Queensland-based gas exploration and development company focussing on the Bowen Basin in Central Queensland. State Gas is 100%-owner of the contiguous Reid's Dome (PL-231) and Rolleston-West (ATP 2062) Gas Projects, both of which contain both 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. Neither project is restricted by domestic gas reservation requirements.

State Gas also holds a 35% interest in new permit ATP 2068 in joint venture with Santos QNT Pty Ltd (65%), and, also in the same joint venture, has been appointed Preferred Tenderer for an additional new exploration block PLR2021-1-3. These two new areas lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the area, providing for an alignment of ownership interests across the region, enabling synergies in operations and development.

None of State Gas' permits are restricted by domestic gas reservation requirements. State Gas is implementing its strategic plan to bring gas to market from Reid's Dome and Rolleston-West to meet shortfalls in the east coast domestic gas market.

State Gas is also undertaking a carbon management initiative with minerals explorer Rockminolutions Pty Ltd in respect of EPM 27596 on the western border of ATP 2062. This project is investigating the potential of basalts in the Buckland Basaltic Sequence to provide long term secure sequestration of carbon through mineralisation¹.

¹ For more information see State Gas Ltd announcement on 9 May 2022

Appendix 1

Position	Chief Executive Officer			
Commencement date	30 November 2022			
Term	Appointment on an on-going basis			
Total Fixed Remuneration	AUD\$300,000 base salary excluding superannuation.			
Shares	Shares to the aggregate value of \$50,000, based on an issue price per Share calculated using the 14 day volume weighted average price, subject to 12 months consecutive service.			
Equity based compensation	Tranche	Number of performance rights	Tranche/Milestone	Expiry Date
	Class A Performance Rights	1,500,000	Tranche 1 375,000 Class A Performance Rights will each vest and each convert into one fully paid ordinary share (Share) in the Company upon the first commercial delivery of gas from any of the Group's producing assets (based on the Group's assets held on the date of issue of the Performance Rights), either by truck or pipeline, at any time before the Expiry Date.	5 years from the date of issue
			Tranche 2 375,000 Class A Performance Rights will vest and each convert into one Share upon the Board (at any time before the Expiry Date) making a final investment decision (FID) to proceed with construction of a physical pipeline from any of the Group's producing assets (based on the Group's assets held on the date of issue of the Performance Rights).	5 years from the date of issue

			<p>Tranche 3</p> <p>375,000 Class A Performance Rights will vest and each convert into one Share upon the Group (at any time before the Expiry Date) securing minimum annual gas sales of 2PJ per annum on terms acceptable to the Board.</p>	5 years from the date of issue
			<p>Tranche 4</p> <p>375,000 Class A Performance Rights will vest and each convert into one Share if at any time before the Expiry Date, the volume weighted average market price of the Company's Shares on ASX over 20 consecutive trading days on which the Company's shares have actually traded on ASX, is not less than 70 cents.</p>	5 years from the date of issue
	Class B Performance Rights	1,000,000	1,000,000 Class A Performance Rights will vest and each convert into one Share upon the Board recommending a transaction, whether by takeover bid, scheme of arrangement or otherwise, that results in a change of control of the Company (in that a person acquires control of Shares representing more than 50% of all voting securities on issue) and the transaction becomes unconditional.	5 years from the date of issue
A summary of the key terms of the performance rights are included in Appendix 2.				
Termination	The company and the executive can terminate the agreement by providing six months' notice.			

Appendix 2

1. General terms and conditions of Performance Rights

The terms of the Performance Rights, are as follows:

(a) **Notification to holder**

The Company will notify the holder in writing when the relevant Milestone has been satisfied.

(b) **Conversion**

Upon satisfaction of the applicable Milestone and the issue of the notice referred to in paragraph (a) above, each Performance Right will automatically convert into one Share.

(c) **Conversion on change of control**

Notwithstanding the relevant Milestone being satisfied or not, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Performance Rights will automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then only that number of Performance Rights which is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph, will automatically convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue, as well as on a pro rata basis for each holder of Performance Rights. Performance Rights that are not converted into Shares under this paragraph, will continue to be held by the holders on the same terms and conditions.

(d) **Lapse of a Performance Right**

Any Performance Right that has not been converted into a Share prior to the Expiry Date will automatically lapse.

(e) **Fraudulent or dishonest action**

If a holder ceases to be an employee or Director of the Company in circumstances where the cessation or termination is specifically referenced to the holder having been found to have acted fraudulently or dishonestly in the performance of his or her duties, then:

- (i) the Board must deem any Performance Rights of the holder to have immediately lapsed and be forfeited; and

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- (ii) any Performance Rights that have vested will continue in existence in accordance with their terms of issue, only if the relevant Milestone has previously been met, and any Shares issued on satisfaction of the applicable Milestone will remain the property of the holder.

(f) **Ceasing to be an employee or Director**

If a holder ceases to be an employee or Director of the Company in circumstances where the cessation or termination arises because the holder:

- (i) voluntarily resigns his or her position (other than to take up employment with a subsidiary of the Company);
- (ii) wilfully breaches the terms of the engagement of the holder or any policy of the Company's published policies regulating the behaviour of holder;
- (iii) is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company; or
- (iv) is found guilty of a breach of the Corporations Act and the Board considers that it brings the holder or the Company into disrepute,

then:

- (v) unless the Board decides otherwise in its absolute discretion, will deem any Performance Rights of the holder to have immediately lapsed and be forfeited; and
- (vi) any Performance Rights that have vested will continue in existence in accordance with their terms of issue, only if the relevant Milestone has previously been met and any Shares issued on satisfaction of the applicable Milestone, will remain the property of the holder.

(g) **Other Circumstances**

The Performance Rights will not lapse and will not be forfeited where the holder ceases to be an employee or Director of the Company for one of the following reasons:

- (i) death or total permanent disability (in respect of total permanent disability being that because of a sickness or injury, the holder is unable to work on his or her own or any occupation for which they are suited by training, education, or experience for a period beyond one year);
- (ii) redundancy (being where the holder ceases to be an employee or Director due to the Company no longer requiring the holder's position to be performed by any person); or
- (iii) any other reason, other than a reason listed in paragraph (e) and (f) (not including (f)(i), in which case the Board may exercise its absolute discretion to allow the holder to retain his or her Performance Right), that the Board determines is reasonable to permit the holder to retain his or her Performance Rights,

and in those circumstances the Performance Rights will continue to be subject to the applicable Milestone.

(h) **Shares issued on exercise**

Shares issued on exercise of the Performance Rights will rank equally with the then issued Shares of the Company.

(i) **Not Quoted**

The Performance Rights will not be quoted on ASX.

(j) **Transferability**

The Performance Rights are not transferable but may be issued to an entity or family member nominated by the Director.

(k) **Timing of issue of Shares on exercise**

Within the time period prescribed by the ASX Listing Rules, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights converted; and
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to ensure that there are not secondary trading restrictions on the Shares issued upon exercise of Performance Rights.

(l) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Performance Right holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(m) **Participation in new issues**

There are no participation rights or entitlements inherent in the Performance Right and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Right without exercising the Performance Right, subject to the Listing Rules.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital, or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law, where such rights at law cannot be excluded by these terms.

(q) **ASX Listing Rule compliance**

The Board reserves the right to amend any term of the Performance Rights to ensure compliance with the ASX Listing Rules.