

State Gas Limited

ACN 617 322 488

Target Market Determination – Entitlement Offer

This Target Market Determination (**TMD**) is made in accordance with section 994B of the Corporations Act 2001 (Cth) (**Corporations Act**) for the entitlement offering of free-attaching Options (**New Options**) to be issued to existing Shareholders of State Gas Limited (the **Company**), made under the Company's Prospectus dated 5 August 2024 (**Entitlement Offer**).

Similarly, those New Options not taken up by Eligible Shareholders may be allocated by the Company to Eligible Shareholders who take up their full entitlement under the Entitlement Offer (**Shortfall Offer**) and apply for more Shares. A copy of the Company's Prospectus is available on the Company's website, accessible at stategas.com.

This document is not a prospectus or product disclosure statement, and should not supplant your review of the prospectus, which contains full details of the risks associated with applying for Securities under the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire New Options under the Entitlement Offer will need to follow the instructions set out in the Prospectus. There is no cooling off period in respect of the issue of the New Options under the Offer. This TMD is not a disclosure document for the purposes of the Corporations Act, and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**).

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the Entitlement Offer Options.

Terms not otherwise defined in this document have the meaning given to them in the Company's Prospectus.

1. Target Market

Factor	Target Market
Investment Objective	The Company expects that an investment in the New Options (together the Options) will be suitable to investors who wish to gain further exposure to equities in a Queensland-based gas exploration and development company listed on the Australian Securities Exchange (ASX).
Investment Timeframe	<p>The target market of investors will take a short to medium term outlook on their investment. Investors with a short-term outlook for their investment will benefit from an ability to exercise the Options and trade the underlying Shares issued on exercise should the exercise price of the Options be lower than the trading price of Shares and an ability to trade the Options themselves if they are quoted on the ASX. Investors with a medium-term outlook will benefit from an ability to exercise Options within the term of the Options and increase their shareholding and exposure to the potential upside in the Company's Shares into the future, in addition to being able to trade unexercised Options.</p> <p>Given the need to pay the exercise price on Options in order to acquire shares, investors in the target market are in a financial position that is sufficient for them to invest their funds on exercise of the Options over a 1-year time period, during which their ability to liquidate their Options in the Company may be limited by the trading price of the Company's shares. During that time, they may be able to trade the Options themselves if they are quoted on the ASX.</p>
Investment Metrics	While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment. The Options offer no guaranteed income or capital protection.
Risk	The Company considers that an investment in the Options is highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment. Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in Options as an asset class generally and the more specific risks of investing in an Australian listed gas exploration and development company.

2. Distribution Conditions

The offer of Entitlement Offer Options under the Prospectus is being made to those shareholders in the Company registered at the Record Date specified in the Prospectus and who have a registered address in Australia or New Zealand (**Eligible Shareholders**).

Any entitlement not taken up under the Entitlement Offer will form a Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to the Prospectus through which Eligible Shareholders may apply for securities forming part of a shortfall and will remain open from the Opening Date for the Offers until the Closing Date.

The issue price for each Option to be issued under the Entitlement Offer and Shortfall Offer will be nil, as they are free attaching Options to shares applied for under the Entitlement and Shortfall Offers.

The Directors reserve the right to issue Shortfall Shares (and attaching Options) at their absolute discretion, though will have regard to those factors set out in Section 2 of the Prospectus. You may apply for Shortfall Shares as set out in the Prospectus.

The Prospectus will include jurisdictional conditions on eligibility. The Company will also include on its relevant web landing page for the offer of the Options, a copy of this TMD and require that retail clients confirm that they meet the eligibility criteria of the expected target market outlined in this TMD before they apply for the Options.

The Company considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

3. Review Triggers

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment by way of issue. It follows that the TMD will only apply in the period between the commencement of the offer of the Options and the issue of the Options shortly after the close of the Offer (**Offer Period**).

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the Options and should be reviewed, the following review triggers apply for the Offer Period:

- (a) a new offer of Options that requires preparation of a disclosure document is made after completion of the Offer Period;
- (b) any event or circumstance that would materially change a factor taken into account in making this TMD;
- (c) the existence of a significant dealing of the Options that is not consistent with this TMD. The Company does not consider that an on-sale of the Options on market is a significant dealing;
- (d) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the Options or this TMD; and

- (e) material changes to the regulatory environment that applies to an investment in the Options.

4. Review Period

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger.

The Company will otherwise complete a review of the TMD immediately prior to the issue of Options under the Offer.

5. Information Reporting

The reporting requirements of all distributors is set out in the table below.

Reporting requirement	Period for reporting to the Company by the distributor	Information to be provided
Whether the distributor received complaints about the Options.	<ul style="list-style-type: none"> For such time as the Offer Period remains open, within 10 business days after the end of each quarter. Within 10 business days after the end of the Offer Period. 	<ul style="list-style-type: none"> The number of complaints received. A summary of the nature of each complaint or a copy of each complaint.
A significant dealing of the Options that is not consistent with this TMD	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.	<ul style="list-style-type: none"> Details of the significant dealing. Reasons why the distributor considers that the significant dealing is not consistent with this TMD.
A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within 10 business days after the end of the close of the offer of Shares in accordance with the Prospectus.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

6. Contact details

Contact details in respect of this TMD for the Company are:

Doug McAlpine

Chief Executive Officer
Phone: 0439 557 400
Email: doug@stategas.com