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STATE GAS

ANNUAL REPORT

2026

STATE GAS LIMITED

ACN 617 322 488

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Annual Report – 30 June 2026

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Corporate directory

Directors	A Bellas G Baynton D McAlpine P St Baker J Stretch
Company Secretary	S M Yeates
Principal Place of Business	Suite 4, Level 1, 40 Edward Street, Brisbane QLD 4000
Registered Office	Suite 4, Level 1, 40 Edward Street, Brisbane QLD 4000
Share register	MUFG Capital Markets Limited Level 21 10 Eagle Street, Brisbane, QLD, 4000 Australia https://au.investorcentre.mpms.mufg.com
Auditor	BDO Audit Pty Ltd Level 18, 360 Queen Street Brisbane QLD 4000 www.bdo.com.au
Solicitors	HWL Ebsworth Lawyers Level 19, 480 Queen Street Brisbane QLD 4000 www.hwlebsworth.com.au
Bankers	Commonwealth Bank
Stock exchange listing	State Gas Limited shares are listed on the Australian Securities Exchange (ASX: GAS).
Website address	www.stategas.com

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Chairman's letter

On behalf of the Board, I am pleased to present State Gas Limited's Annual Report for the year ended 30 June 2026.

This was a milestone year for State Gas. In November 2025, Netherland, Sewell & Associates certified a maiden 2P reserve of 30.2 PJ at our Rolleston West Project, with a further 13.9 PJ of 3P reserve. For the first time, the Company holds an independently verified, bankable reserve base. It was derived from only four wells and represents just a portion of the larger contingent resource within the Project area. Establishment of a substantial 2P reserve is a significant value marker for the Company, as it allows our asset base to be benchmarked against other gas project valuations. Gas projects are regularly transacted at multiples of their 2P reserve volume, suggesting substantial valuation upside compared with State Gas' current enterprise value. The certification has changed the conversations we can have with pipeline operators, gas buyers, financiers and prospective partners.

We moved quickly to build on it. Working with our engineering partner, we substantially completed a Concept Study for a staged, pipeline-connected development starting at 10 TJ/day and expanding to 30 TJ/day. The study materially reduced the capital cost estimates behind the reserve assessment. Pre-FEED work has begun on the tie-in to the Queensland Gas Pipeline. A small group of domestic and international parties has also entered structured diligence on a co-investment in the Project, and their feedback on our reserve and resource assessment has been encouraging.

In parallel, our proprietary HDNG technology gained real commercial momentum. We secured a conditional commitment from a Bowen Basin coal miner to become Foundation Customer for a twelve-truck diesel substitution program. We also secured conditional support from the Queensland Government's Low Emission Investment Program to fund the majority of its capital cost. Diesel price volatility and supply chain risk over the past year have sharpened interest in locally produced gas. The Foundation Customer implementation, targeted for mid-calendar 2027, would give State Gas its first scalable revenue stream.

The year was not without difficulty. A delay in receiving our FY2024 R&D refund constrained liquidity throughout the year. We bridged that gap through director loans, a secured facility and a $3.2 million convertible note issue, priced at a premium to the prevailing share price. The ATO review has since been finalised in our favour, allowing all outstanding working capital loans to be repaid. Our share price has nonetheless fallen. Note conversions and subsequent selling contributed, as did weak sentiment across the gas sector following Federal Government intervention on pricing and domestic gas reservation. The Board believes the value created this year is not yet reflected in the market. We are encouraged that the latest reservation drafting points to a less disruptive regime. We also expect LNG exporters to need new sources of supply, which should make projects such as Rolleston West strategically valuable.

We also continued to defend our access rights at Rolleston West in the Land Court of Queensland. We remain open to a commercial resolution, but not one that sets unreasonable precedents for the Project's future.

Looking ahead, the fundamentals for east coast gas are strong. Offshore supply is declining, coal generation is retiring, data centres are driving electricity demand, and Asian LNG demand continues to grow. Our priorities are clear: advance Rolleston West towards a final investment decision,

introduce a project partner, deliver the HDNG Foundation Customer implementation, and progress our petroleum lease application for the Rolleston West Project (ATP2062).

I thank my fellow directors, who continued to provide working capital support and defer their remuneration. I also thank our management and staff, who delivered significant progress with limited resources. Finally, I thank you, our shareholders, for your continued patience and support.

Yours faithfully

Phil St Baker
Non-Executive Chairman

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Directors' report

Your Directors present their report on the Company for the year ended 30 June 2026.

Directors and Company Secretary

The following persons were Directors of State Gas Limited during the whole of the financial year and up to the date of this report:

G Baynton
A Bellas
D McAlpine
P St Baker
J Stretch

The Company Secretary, Suzanne Yeates, was appointed to the position on 7 June 2017. She is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

Principal activities

State Gas Limited ("State Gas" or the "Company") is a natural gas exploration and development company with operations in the southern Bowen Basin in Central Queensland. The Company's existing 100% owned exploration projects, when considered in conjunction with joint venture interests over adjoining areas, means State Gas has a highly prospective and substantial portfolio of natural gas resources.
State Gas' diversified portfolio and proprietary gas compression technology means it is strategically positioned to support reliable natural gas supply to domestic and export gas users on the East Coast of Australia. It does this by applying an innovative, low-cost development approach where prospective gas assets can either:

- gain efficient access to traditional gas pipeline infrastructure; or
- be commercialised using the Company's unique High Density Natural Gas ("HDNG") and Rapid Refuel (compressed gas supply chain) technology.

Dividends

The Directors do not recommend the payment of a dividend. No dividend was paid during the year.

Review of operations

Highlights

- Independent certification of a maiden proven plus probable (2P) gas reserve of 30.2 petajoules ("PJ") for the Rolleston West Coal Seam Gas ("CSG") Project ("Rolleston West") in November 2025, together with a further 13.9 PJ of 3P reserve, establishing for the first time an independently verified, bankable reserve base for the Company's flagship project;
- Conditional commitment secured from a Queensland coal mining company to act as Foundation Customer for the Company's HDNG diesel substitution solution and conditional support for funding for that project from Queensland Treasury through the Low Emission Investment Program ("LEIP");
- Successfully finalised the ATO review of the Company's historical Research and Development ("R&D") tax incentive claims enabling repayment of all outstanding working capital loans owed by the Company;

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- Completion of a Concept Study for a staged, pipeline-connected gas development at Rolleston West with a Stage 1 capacity of 10 TJ/day and an expansion pathway to 30 TJ/day;
- Commenced a process to identify a strategic co-investment partner to progress the Rolleston West Project to a final investment decision; and
- In December 2025, the Company raised $3.2 million of additional capital through the issue of unsecured convertible notes, subscribed for by sophisticated and professional investors at a premium to the prevailing share price at the time.

Strategic overview

The past twelve months have seen significant change and volatility in both international and domestic energy markets. Ongoing conflict in the Middle East has caused significant disruption to the production and transport of global liquid fuels creating increased demand for petroleum supply solutions located in more stable geopolitical jurisdictions such as Australia. Domestic conditions have been shaped by those international dynamics and by an increasing recognition that natural gas must play a critical ongoing role in firming electricity generation while battery technology matures. More recently, the intention of Australia, and Queensland in particular, to attract investment into the rapidly expanding data centre sector has the potential to materially increase electricity demand, presenting a further demand-side driver for natural gas.

State Gas' strategically located and diversified portfolio leaves the Company well positioned against these market dynamics. Its transition during the year from gas explorer to early-stage gas developer means it is better able to capitalise on increasing gas demand across both export and domestic markets. Rolleston West, located close to the Queensland Gas Pipeline ("QGP"), is one of the few new projects capable of efficiently adding production to the gas network for both applications.

Material increases in the price of diesel, and in the risk to the diesel supply chain, over the last year have seen renewed interest in gas for diesel substitution in large mining trucks. State Gas' proprietary HDNG processing and transportation technology means it is capable of building a first-mover advantage in a potentially large fuel supply opportunity. Late in the year, the Company secured a conditional commitment from a Bowen Basin coal miner for an initial twelve-truck HDNG supply agreement, together with conditional Queensland Government funding support for that implementation. Although still subject to confirmatory diligence, this opportunity (the "Foundation Customer" implementation) will enable State Gas to demonstrate the efficacy of HDNG as a diesel substitute at scale and generate an initial revenue and cashflow stream by mid calendar 2027. Growth in this alternative fuel opportunity will complement the Company's longer-term strategy of delivering between 10-30TJ of gas per day through the pipeline connected Rolleston West Project.

Despite the positive macroeconomic drivers supporting a strong investment case for natural gas in Australia, Federal Government regulatory intervention around gas pricing and the proposed need for domestic gas reservation has compromised the ability to predict the medium to long term price of domestic gas. In the Company's view this intervention is both poorly timed and poorly designed. It has contributed to a significant decline in the market capitalisation of most gas exploration and development companies and has frustrated State Gas' ability to engage effectively with potential co-investment partners on the Rolleston West Project. Industry consultation on the policy is ongoing, and the most recent drafting suggests a less structurally disruptive regime is likely to be implemented.

The Directors believe progress has been made over the last twelve months, with the benefits of running the HDNG alternative fuels opportunity in parallel with the longer-term Rolleston West Project becoming increasingly clear. That progress was achieved under significant capital constraint, and in the Directors' view has created value which is not yet reflected in the Company's share price.

Rolleston West Project (ATP 2062) – Maiden 2P reserve

Financial year ended 30 June 2026 saw State Gas move from being an early-stage explorer to being the owner of a defined, independently certified development project. In November 2025,

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internationally recognised subsurface consultancy and reserves auditor Netherland, Sewell & Associates, Inc. ("NSAI") certified a maiden 2P gas reserve of 30.2 PJ for the Rolleston West Project, derived from data from only four wells within the Project area. NSAI's assessment confirmed that the 2P reserve, in conjunction with a further 13.9 PJ of 3P reserve, is economically capable of supporting a long-life CSG project delivering pipeline-quality gas to both the East Coast domestic market and the export market via the QGP. The certification was based on detailed geological, petrophysical, reservoir engineering and production test data acquired across ATP 2062, including gas desorption measurements, core analyses, permeability tests and extended production testing from the Rougemont well system, supplemented by extensive historical coal and CSG industry data relevant to the Bandanna Formation coals within and adjacent to the permit.

The Company also commenced planning baseline environmental studies over the eastern area of ATP 2062, in anticipation of lodging a petroleum lease application over the Rolleston West Project area.

The reserve certification is a significant value marker for the Company. It independently verifies a volume of commercially recoverable CSG sufficient to underpin long term project economics; supports the Company's application for a petroleum lease over a substantial portion of ATP 2062; allows State Gas to negotiate access to pipeline infrastructure connecting the Project to the Gladstone to Wallumbilla pipeline network; and enables the Company to pursue funding solutions which were not previously available to it, including engagement with large gas consumers, traders, retailers and exporters, infrastructure investors and project financiers.

Importantly, the certified reserve represents only a portion of the larger contingent resource base held by the Company within the Rolleston West Project area, providing significant expansion prospects for the Project.

Establishment of a substantial 2P reserve is a significant value marker for the Company, as it allows our asset base to be benchmarked against other gas project valuations. Gas projects are regularly transacted at multiples of their 2P reserve volume, suggesting substantial valuation upside compared with State Gas' current enterprise value.

State Gas' earlier commercialisation of CSG within the Rolleston West area using its HDNG technology enabled the Company to demonstrate the commercial viability of gas from this field materially earlier in the exploration and appraisal process than would otherwise have been possible.

Rolleston West – Concept Study and development pathway

During the second half of the financial year, State Gas, in conjunction with its engineering partner, substantially completed a Concept Study for the development of a long-life, pipeline-supported gas project at Rolleston West capable of delivering staged production commencing at 10 TJ/day and increasing to 30 TJ/day. The Study encompassed process design, field development options, equipment selection and granular capital cost estimation for gas gathering and processing infrastructure capable of producing and delivering pipeline-quality gas into the QGP.

The Study, although not yet finalised, has already delivered a number of important outcomes:

- a substantial reduction to the original capital cost estimates for the Project from those which underpinned the NSAI 2P reserve assessment;
- a low-cost methodology for the transportation of produced water, during both the development and operating phases, to a large local mine where the water can be used beneficially for dust suppression and construction activities;
- identification of a range of locations for compression and dehydration infrastructure which will support multiple-stage development of the Project while minimising sound and visual impacts on the local environment and surrounding landowners; and

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- a design specification for the compression facility and outlet pressure that will allow efficient engagement with infrastructure providers around the development of the connection to the QGP.

The Company has identified a route of approximately 37 kilometres from the Project area to the QGP at the Jemena Rolleston Compression Station, and pre-FEED work on the tie-in has commenced.

Rolleston West Co-investment process

During the year the Company commenced selective engagement with a small number of domestic and international parties who had expressed direct interest in gas expansion opportunities in Queensland located close to export infrastructure. That engagement developed into a structured diligence process during the June 2026 quarter, with parties focused principally on remodelling the Project resource base and completing independent technical assessments of the productive capability and expansion potential of the Project area.

Feedback from these parties has been encouraging, with general agreement around the Company's and NSAI's assessment of gas reserves and resources. Over the coming period the Company will support these parties to complete their commercial assessment of the opportunity, while continuing to expand its engagement selectively with other interested parties. Uncertainty created by the Federal Government's proposed Domestic Gas Reservation scheme has made it difficult for these parties to form a reliable view of domestic gas and LNG netback prices, and therefore of an appropriate valuation for the Rolleston West Project. Recent clarification of the scheme's scope and implementation should give those parties greater confidence in the medium to long term gas price outlook. Importantly, LNG exporters are likely to be required to identify new sources of supply to meet their domestic obligations, which should make advanced appraisal and early-stage development projects with expansion potential, such as Rolleston West, strategically valuable.

HDNG and alternative fuels strategy

State Gas' HDNG plant and accompanying supply chain technology, the first of its kind in Australia, remain a substantial point of differentiation for the Company. Together they provide a pathway to convert and deliver natural gas as a lower-emission, lower-cost alternative to diesel for heavy industry and mining customers who do not have access to traditional pipeline infrastructure.

During the year the Company advanced negotiations with a Bowen Basin coal mine owner to become the Foundation Customer under a multi-year HDNG supply contract supporting the conversion of twelve mine haul trucks (the "Foundation Fleet") to dual fuel (natural gas and diesel).

In conjunction, State Gas has secured conditional support from the Queensland Government under LEIP which, if confirmed, would fund the majority of the capital cost of the Foundation Fleet implementation.

The commitment of both the Foundation Customer and the Queensland Government remains conditional on a number of matters, including the Foundation Customer's final technical sign-off on State Gas' supply chain technology and agreement of an appropriate funding model. The Company is working with the Foundation Customer and the Queensland Government to satisfy those conditions, targeting implementation in the second quarter of calendar 2027.

Diesel substitution with HDNG has the potential to deliver fuel at a sustained discount to the historical price of diesel while simultaneously reducing Scope 1 carbon dioxide emissions, quickly and at low cost, across existing equipment fleets. The disruption to global fuel supply chains experienced during the year, and the resulting diesel price volatility and supply uncertainty, has made the security of locally produced gas supply materially more attractive to mining operators. Securing Queensland Government endorsement through LEIP funding, in conjunction with the Foundation Customer

implementation, will support State Gas' strategy of wider industry adoption of diesel/natural gas dual fuel solutions across the Queensland coal mining sector. Diesel fuel consumption by coal miners in the Bowen Basin is in excess of $2 billion per annum and the Company's HDNG solution is capable of replacing between 50% and 70% of that diesel usage.

Reid's Dome (PL 231) and deeper prospectivity in adjoining tenements

The Reid's Dome Project targets conventional and coal seam gas assets associated with the Reid's Dome anticline, an area of sharply uplifted coals, shales and sandstone formations within the southern Bowen Basin. State Gas acquired PL 231 as its first project in 2017. There are substantial operational and financial synergies between PL 231 and ATP 2062, and the Company continues to evaluate how best to develop Reid's Dome in conjunction with Rolleston West as part of an integrated gas precinct utilising a combination of traditional pipeline and virtual pipeline infrastructure.

In response to increased market interest in unconventional oil and gas targets, State Gas re-evaluated the prospectivity of deeper Permian-age rock sequences within its existing portfolio. Both of the Company's 100%-owned tenements lie within the Denison Trough, a sub-basin of the Bowen Basin geologically adjacent to the Taroom Trough and sharing the same Permian source rock system. Previous wells drilled within PL 231, by State Gas and others, recovered sandstone core samples showing live gas and condensate, being direct physical evidence of a charged hydrocarbon system, with the reservoir demonstrating an overpressured environment, confirming that the system is actively charged and sealed. The prospective area covers up to 96 square kilometres within a four-way dip-closed anticline, a structurally favourable geometry.

State Gas holds a 35% interest in ATP 2068 and ATP 2069 in joint venture with Santos QNT Pty Ltd (65% and operator). These areas are adjacent to, or in close proximity to, the Company's existing Reid's Dome and Rolleston West Projects and to the Arcadia Valley gas field, and consequently present potential development synergies in respect of capital investment, operational efficiencies and off-take. Both blocks are prospective for coal seam gas in the Bandanna Formation, as indicated by commercial production on adjacent acreage, and also contain conventional gas targets. The Company is evaluating whether tenure arrangements across these areas can be reorganised to support better integration with the Rolleston West development strategy.

Further work is required, but the Directors believe that, together, ATP 2062, PL 231 and the Santos JV tenure form a highly prospective energy precinct which could contribute meaningfully to the objective of domestic oil and gas self-sufficiency. The area shares many of the attributes of the Taroom Trough, including proximity to existing domestic and export gas infrastructure. This represents previously unquantified upside within the Company's existing portfolio, and the Company has the flexibility to pursue these opportunities in parallel with its other workstreams, subject to the availability of capital.

Land access

Significant management time and legal cost was incurred during the year in defending the Company and protecting its Rolleston West Project assets from an ongoing access and compensation dispute with the landowner at ATP 2062 dating back to September 2024. Both the Company and the landowner have instigated proceedings for claims of costs and losses in the Land Court of Queensland.

At a court directed mediation in July 2026, the Company put forward a series of what it considered reasonable commercial settlement offers (supported by its insurer) in respect of both the historical access disputes and compensation associated with ongoing access for the Rolleston West Project. The parties were unable to reach a commercial settlement at that mediation and the matter now moves to an expert evidence process and then trial.

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The Company continues to seek a commercial resolution to the dispute. However, the Company is not willing to establish unreasonable industry precedents for compensation, particularly in respect of future access rights as it continues to develop the Rolleston West Project.

Any settlement must also recognise the substantial claim the Company has for loss and damage arising from what it considers the unlawful restriction of access to its Project assets on two separate occasions. In the Directors' view, enforcing the Company's access rights and protecting both its tangible and contingent assets is in the best interests of all shareholders, as is ensuring that a commercially sustainable regime for access and compensation is established.

A significant portion of the engagement between the parties has been confidential or subject to legal privilege and consequently the Company is restricted in what it is able to disclose publicly about these matters.

Capital management

The Directors were cognisant throughout the year of the Company's constrained capital position and continued to execute the initiatives set out in the Capital Management Plan first described in the Company's announcement of 27 May 2025. A delay in receipt of an R & D refund associated with the 30 June 2024 tax year was the principal constraint on the Company's liquidity throughout FY2026 and required the Company to fund operations through director working capital loans, a secured R&D bridging facility and, ultimately, the December 2025 convertible note issue. Throughout that period the Directors took a deliberately conservative approach to expenditure, deferring discretionary field activity while continuing to advance the low-capital, high-value workstreams described in this report.

In December 2025, following certification of the maiden 2P reserve, the Company raised $3.2 million from sophisticated and professional investors subscribing for unsecured convertible notes. The notes have a conversion price of $0.04 for the first 16 weeks after the payment date and thereafter the lesser of $0.04 or a 20% discount to the 15-day volume weighted average price of State Gas shares at the time, and mature in June 2028. In lieu of interest, note holders received one unlisted option for every two ordinary share entitlements, exercisable at $0.05 and expiring 30 months from the date of issue. The conversion price, and the strike price of the attaching options, were both set at a premium to the Company's prevailing share price, reflecting a recognition of the intrinsic value in the Company's assets following announcement of the 2P reserve.

At the time, the Directors considered the note transaction a more efficient capital solution for existing shareholders than a dilutionary placement or entitlement offer, and it attracted strong investor support for the long-term commercialisation strategy for Rolleston West. However note conversions and subsequent share sales have driven down the Company's share price and broader gas market conditions have resulted in weak buying support.

The Directors, who are also major shareholders of the Company, continued to provide substantial financial support by way of working capital loans and to defer payment of their remuneration, demonstrating their commitment to the Company's strategy.

The Company continued to operate on reduced overhead and field staffing levels throughout the year and curtailed all non-essential expenditure. Given the nature of its operations, the Company retains discretion over the timing and scale of future exploration and project development activities, enabling expenditure to be aligned with near-term objectives and the availability of capital.

Outlook

The Company's projects are not subject to gas pricing caps or domestic reservation restrictions, which provides State Gas with optionality around how these projects are financed and developed, and makes new supply from Rolleston West attractive to both domestic users and LNG exporters. The Company's

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assets are located close to existing gas transmission infrastructure in a key gas development precinct in the southern Bowen Basin. This location is critical, as State Gas is one of the few exploration and development companies capable of producing low cost, pipeline quality gas to supply both LNG exporters at Gladstone and growing domestic demand, in response to:

the contribution from historical offshore gas production assets significantly reducing;

coal fired generation being progressively retired;

exporters being required to reserve gas for domestic use under the Federal Government's proposed legislation; and

a substantial increase in electricity demand to support the development of new data centres, an announced strategic initiative of the Queensland Government.

Growth in global LNG demand is a further long-term value driver for the Queensland LNG export industry and for State Gas' portfolio, which can supply the Gladstone LNG export terminals via the QGP. The Directors believe these dynamics should align government and industry around the strategic benefits to Australia of leveraging growing LNG supply opportunities into Asia, while ensuring sufficient and appropriately priced gas remains available to support domestic demand.

The Company's immediate priorities are:

continuing value engineering for Rolleston West to support a final investment decision;

supporting parties with their continued technical and commercial due diligence around the Rolleston West co-investment opportunity;

working with Queensland Treasury to advance LEIP funding for the HDNG Foundation Customer implementation, and executing that implementation with the Foundation Customer;

progressing the petroleum lease application over the eastern area of ATP 2062, together with the associated environmental and regulatory approvals required to support Project development; and

progressing a resolution of the land access dispute, either through commercial negotiation or the Land Court process.

The activities required to advance these priorities are significantly less capital intensive than the exploration programs undertaken in the FY2024 and FY2025 financial years, and the Company retains discretion over the timing and scale of that expenditure. The Directors are conscious that further capital, whether through a project partner, government infrastructure funding, project finance or new equity, will be required to take Rolleston West to a final investment decision, and the introduction of a partner to the Project remains a key objective.

State Gas remains confident that its portfolio of highly prospective gas assets, combined with its pioneering HDNG technology and a supportive government environment in Queensland, places the Company in a strong position to deliver value for shareholders while contributing to energy security and the ongoing energy transition in Australia. The Board and management have the experience and capability to deliver the commercialisation of these projects with a philosophy of low capital and operating costs.

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State Gas tenement interests

State Gas' projects are underpinned by the following tenure:

Project	*Permit*	*State Gas Interest*	*Area (km2) [at 100%]*
Reid's Dome	PL 231	100%	181
Rolleston-West	ATP 2062	100%	1,414
Santos JV	ATP 2068	35%	727
Santos JV	ATP 2069	35%	308

Resource and Reserve Estimates

Independently Certified Gas Reserves (PJs net to State Gas)				
Year last amended	***Asset***	***Net Acreage (km2)***	***2P***	***3P***
2025	*ATP 2062 Rolleston-West (unconventional)*	*1,414*	*30.2*	*44.1*

Independently Certified Contingent Resources (PJs net to State Gas)					
Year last amended	***Asset***	***Net Acreage (km^2)***	***1C***	***2C***	***3C***
2017	*PL231 Reid's Dome (unconventional)*	*181*	*84*	*192*	*660*
	PL231 Reid's Dome (conventional)		*1.7*	*3.6*	*7.9*
2025	*ATP 2062 Rolleston-West (unconventional)*	*1,414*	*145*	*231*	*410*
	ATP 2062 Rolleston-West (conventional)		*6*	*18*	*52*
2022	*ATP 2068 (unconventional)*	*254*	*25*	*43*	*68*
2022-23	*ATP 2069 (unconventional)*	*108*	*12*	*17*	*24*
Total		***1,957***	***274***	***505***	***1,222***

Reserves and Resources Statement as at 30 June 2026

The Company's petroleum reserves and contingent resources as at 30 June 2026 are set out in the tables above. The reserve estimates for the Rolleston West Project were announced on 20 November 2025, and the contingent resource estimates for ATP 2062 were amended on the same date. All other contingent resource estimates were announced on 12 September 2022. The Company confirms that it is not aware of any new information or data that materially affects the estimates included in those announcements, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

No 1P (Proved) reserves have been assigned to the Rolleston West Project.

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Reconciliation of reserves

The Company held no reserves at 30 June 2025. On 20 November 2025, 30.2 PJ of 2P reserves and 44.1 PJ of 3P reserves were assigned to the Rolleston West Project following the reclassification of part of the Project's contingent resources. There was no production from reserves during the year. Reserves at 30 June 2026 were therefore 30.2 PJ (2P) and 44.1 PJ (3P). The unconventional contingent resources for ATP 2062 were reduced by the volumes reclassified as reserves, from 145 PJ (1C), 261 PJ (2C) and 454 PJ (3C) to 145 PJ (1C), 231 PJ (2C) and 410 PJ (3C).

Governance arrangements and internal controls

The Company engages independent qualified petroleum reserves and resources evaluators to prepare or certify its reserves and resources estimates. The Company's reserves have been independently certified by NSAI, and its contingent resources were prepared by Mr James Crowley. Estimates and the underlying data and assumptions are reviewed by management and approved by the Board before release to the market. Reserves and resources are reviewed when material new information becomes available.

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ASX LISTING RULES CHAPTER 5 - REPORTING ON OIL AND GAS ACTIVITIES

Competent Persons Statement – Reserves

Joseph M. Wolfe is an employee of Netherland, Sewell & Associates, Inc. (NSAI) and a Licensed Professional Engineer in the State of Texas (Texas License No. 116170). He is a Qualified Petroleum Reserves and Resources Evaluator, which is defined by the Australian Securities Exchange (ASX) as a person who (1) has obtained a bachelor's degree or advanced degree in petroleum engineering, geology, geophysics, or other discipline of engineering or physical science; (2) has more than five years of practical experience in petroleum engineering, petroleum production geology, or petroleum geology, with at least three years of such experience being in the evaluation and estimation of petroleum reserves, contingent resources, and prospective resources; and (3) is a member of good standing of a professional organization of engineers, geologists, or other geoscientists whose professional practice includes petroleum reserves, contingent resources, and prospective resources evaluations and/or audits. Mr. Wolfe attended Texas A&M University and graduated in 2009 with a Master of Engineering Degree in Petroleum Engineering; he attended Northwestern State University and graduated in 1999 with a Bachelor of Science Degree in Mathematics, has in excess of 17 years of experience in petroleum engineering studies and evaluations, and he is a member of the Society of Petroleum Engineers (SPE No. 3283427).

John G. Hattner is an employee of Netherland, Sewell & Associates, Inc. (NSAI) and a Licensed Professional Geoscientist in the State of Texas (Texas License No. 559). He is a Qualified Petroleum Reserves and Resources Evaluator, which is defined by the Australian Securities Exchange (ASX) as a person who (1) has obtained a bachelor's degree or advanced degree in petroleum engineering, geology, geophysics, or other discipline of engineering or physical science; (2) has more than five years of practical experience in petroleum engineering, petroleum production geology, or petroleum geology, with at least three years of such experience being in the evaluation and estimation of petroleum reserves, contingent resources, and prospective resources; and (3) is a member of good standing of a professional organization of engineers, geologists, or other geoscientists whose professional practice includes petroleum reserves, contingent resources, and prospective resources evaluations and/or audits. Mr. Hattner attended Saint Mary's College of California and graduated in 1989 with a Master of Business Administration Degree; he attended Florida State University and graduated in 1980 with a Master of Science Degree in Geological Oceanography; he attended University of Miami, Florida in 1976 and graduated with a Bachelor of Science Degree in Geology, has in excess of 45 years of experience in petroleum geology studies and evaluations, and is a member of the Society of Exploration Geophysicists.

Additional Information in respect to Reserves required by the ASX Listing Rules (LR)

Listing Rule (LR)	Reporting Requirements
LR 5.25.1	The 2P (Proved plus Probable) Unconventional Gas Reserves for the Rolleston West Project (State Gas 100%) have been independently certified as at 20 November 2025. The Reserves were estimated by Netherland, Sewell & Associates, Inc. ("NSAI"), an internationally recognised subsurface consultancy and qualified petroleum reserves evaluator in accordance with ASX Listing Rule 5.41. The Reserves information is based on, and fairly represents, work conducted by Mr John G. Hattner and Mr Joseph M. (Joe) Wolfe of NSAI, each of whom meets the qualification requirements of ASX Listing Rule 5.41. Both have consented to the inclusion of the Reserves information in the form and context in which it appears. Mr Wolfe and Mr. Hattner do not have, nor does not expect to receive, any direct or indirect interest in the securities of State Gas Limited or its affiliated companies. In accordance with the definition of independent under Rule 141 of the NGR, both Mr Wolfe and Mr. Hattner are independent of State Gas Limited, its directors, its senior management, and its advisors.
LR 5.25.2	The Reserves have been prepared in accordance with the SPE-PRMS 2018 and SPE PRMS 2024 guidelines and ASX Listing Rule 5.25–5.31 requirements
LR 5.25.3	Unconventional Gas Reserves have been certified in the 2P and 3P categories. There has been no adjustment for risk.
LR 5.25.5	The reported estimate of Gas Reserves applicable to the Rolleston West Project are reported at State Gas 100% economic interest in the project. No contractual royalty obligations exist over ATP 2062. Allowance has been made for State royalties in evaluating project economics.
LR 5.25.6	The 2P Reserves have been assessed using deterministic methods and have not been adjusted for risk. The certification is based on detailed geological, petrophysical, reservoir engineering and production test data acquired across ATP 2062, including gas desorption measurements, core analyses, permeability tests, and extended production testing from the Rougemont well system. NSAI also incorporated historical coal and CSG industry data relevant to the Bandanna Formation coals within and adjacent to the permit.
LR 5.25.7	The reported Gas Reserves are stated in cubic feet and gigajoules and have not been reported in or converted from other units of equivalency.
LR 5.26.1	State Gas has a high degree of confidence in the commerciality of the Rolleston West Project and evidence of the economic producibility of the reservoir. This confidence is based on internal geological and economic modelling and is now supported by independent assessment by NSAI. The Company has already demonstrated the commercial viability of gas from the Rolleston West existing well system, through sales supported by the Company's unique gas compression technology. NSAI independently reviewed the Company's assumptions regarding development concept, well count, operating parameters, anticipated recoveries, capital and operating costs, and economic cut-offs. Based on this assessment, NSAI has concluded that the certified 30.2 PJ of 2P gas reserves, together with the associated 3P reserve volume, are economically capable of supporting development of a long-life ~10 TJ/day CSG project, supplying pipeline-quality gas to the east coast market.
LR 5.26.4	Gas reserves in the reserve table are stated before any assumption of fuel gas usage and shrinkage losses associated with production activities such as wellsite compression and water treatment. Detailed plan design is insufficiently advanced to determine if use of Rolleston West gas is the most efficient fuel source to support field activities.
LR 5.26.5	The 2P Reserve estimates have been reported on a 100% working interest basis, and the reference point for the reserves is the inlet to the Gladstone–Wallumbilla Pipeline at the Rolleston Jemena Compression Station.
LR 5.31.1	All economic assumptions that form the basis of the commerciality test were provided as actual or planned expenditures and revenues by State Gas. All assumptions on capital or operating costs were based on actual costs which the Company has previously incurred and are suitable proxies for long term cost modelling or based on third party cost disclosures available in public gas industry reports. When including these costs in economic models, the Company has included appropriate cost contingencies based on the fact that it is at the pre-development stage. Economic consideration has been given to State based royalties when assessing the resulting net project cashflows. State Gas provided NSAI with drilling logs, completion reports, LAS files, gas analysis reports, production test data, and license data from the Rolleston West Project (and surrounding areas) in the Bowen Basin in Queensland, Australia. In addition, the Company provided NSAI with shape files of its geologic interpretation of fractures and other geological features within the tenement area, including public seismic data. NSAI conducted its own petrophysical review and evaluation of the core and wireline log data and included

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Listing Rule (LR)	Reporting Requirements
	extensive pre-existing coal industry data over and adjacent to the Project area. The tenement is not subject to an Australian market supply condition and consequently the Company has used the calendar 2025 average LNG netback price (after applying a 5% discount) for the purposes of determining forward sales revenue.
LR 5.31.2	State Gas has 100% ownership and is operator of the Rolleston West Project
LR 5.31.3	State Gas holds an Exploration Permit (ATP 2062) over the area which encompasses the Rolleston West Project for a term of six years. State Gas is now in the process of applying for a petroleum lease over the eastern area of the ATP which supports the Rolleston West Project. The tenement is not subject to an Australian market supply condition.
LR 5.31.4 and 5.31.5	Unconventional 2P Reserves listed in the above table are supported by three existing wells and 24 future "undeveloped" vertical wells which are required to support the Company's current assessment of minimum project size necessary to support the development of a permanent gas pipeline connection. The expected recovery rates from these wells are based on production performance from existing wells and conservative estimation of likely performance of future wells based on NSAI's experience of similar wells developed for other CSG projects targeting the similar coal measures. The 3P reserve case assumes the development of a further 16 wells to maintain daily production of 10TJ/day over a minimum operating period of 10 years. Final well numbers, extraction methods, production strategy and plant configuration remain subject to detailed FEED studies, financing, regulatory approvals and commercial arrangements.
LR 5.31.6	The Rolleston West Project is in the pre-development phase and remains conditional on finalising financing facilities and other sources of capital necessary to support project development, securing requisite permits and approvals and finalising detailed plant and pipeline design. State Gas believes there is now sufficient technical data available and sufficient reserves certified to progress each of these development pre-conditions. The Company will seek to obtain relevant regulatory and environmental approvals by the end of calendar 2027, which would allow construction to commence in early calendar 2028, with first material gas expected in calendar 2029. Now that a substantial 2P reserve base has been established, State Gas believes it is in a strong position to engage with potential customers around the negotiation of foundational gas supply contracts and now has a range of options available to progress the project toward development, including introducing project partners and the application of government supported infrastructure finance. The Company has identified potential pipeline routes (under a previous survey license) for the connection of Rolleston West to the Gladstone Wallumbilla Pipeline system (37 kilometres).

Competent Persons Statement – Resources

The estimate of Contingent Resources for the Reid's Dome and Rolleston-West Gas Projects (of which State Gas holds 100%), and State Gas' 35% interest in ATP 2068 and ATP 2069 described in the contingent resources table in this document, is based on, and fairly represents, information and supporting documentation prepared by Mr James Crowley in accordance with Petroleum Resource Management System guidelines. Mr Crowley is a qualified person as defined under the ASX Listing Rule 5.42. Mr Crowley holds a Bachelor of Science (Honours) from Macquarie University, Sydney and has over 36 years' experience in the industry. He is a member of The Petroleum Exploration Society of Australia and The Society of Petroleum Engineers. Mr Crowley has consented to the publication of the Contingent Resource estimates for the Reid's Dome and Rolleston-West Gas Projects, and ATP 2068 and ATP 2069, in the form and context in which they appear in this document. The Contingent Resources estimated have been prepared in accordance with the definitions and guidelines set forth in the SPE–PRMS 2018.

Additional Information in respect to Resources required by the ASX Listing Rules (LR)

Listing Rule (LR)	Reporting Requirements
LR 5.25.1	Unconventional contingent Resources within ATP 2062 for the Rolleston West Project were previously assessed and announced on 12 September 2022 and have been amended on 20 November 2025 in conjunction with classification of the previous resource as part of a 2P reserve. All other conventional and unconventional contingent Resources were previously assessed and announced on 12 September 2022 and remain unchanged.
LR 5.25.2	Gas Resources have been reported in accordance with SPE-PRMS 2018 and the SPE 2024 PRMS guidelines and ASX Listing Rule Requirements
LR 5.25.3	Gas Resources have been certified in the 1C, 2C and 3C categories. There has been no adjustment for risk.
LR 5.25.5	The reported estimate of Gas Resources applicable to the Company's exploration tenements are reported at State Gas economic interest in the project, as reported in the relevant table. No contractual royalty obligations exist over the Company's tenements.
LR 5.25.6	The Contingent Resource estimates for the Reid's Dome and Rougemont Gas Projects (State Gas 100%) and State Gas' 35% interest in ATP 2068 and ATP 2069, were estimated utilising the probabilistic method with totals summed arithmetically and have not been adjusted for commercial risk.
LR 5.25.7	The reported Gas Resources are stated in cubic feet and gigajoules and have not been reported in or converted from other units of equivalency.
LR 5.31	The estimates reported relate to unconventional petroleum resources. The details of the project area, the method of extraction and number of wells that may be required are not yet finalised. The Contingent Resources estimated have been prepared in accordance with the definitions and guidelines set forth in the SPE–PRMS 2018. The estimates reported are not contingent on technology that remains under development
LR 5.33	Contingent Resource estimates are based on technical data for the permits, regional geologic and production interpretations, and in the case of the Reid's Dome and Rolleston-West Projects, data derived by State Gas from exploration activities on the permits, including reprocessing of seismic, drilling, core analyses, production testing and analyses of produced gas and water. Additional exploration and appraisal is required to address the contingencies associated with these resources to confirm commercial viability and areal extent. If the contingencies are successfully addressed, some part of the Contingent Gas Resources may be reclassified as reserves. The estimates of Contingent Resources have not been risked to account for the possibility that the contingencies are not successfully addressed. No decisions can yet be made about the proposed extraction method for these resources or whether additional processing is required before gas can be sold.

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MATERIAL BUSINESS RISKS

The material business risks for State Gas at 30 June 2026 are outlined in this section. These risks may materialise independently, concurrently or in combination. The active management of these risks through our risk management framework is imperative to State Gas meeting its strategic objectives and delivering shareholder value. This summary is neither an exhaustive list of risks that may affect State Gas, nor are the risks listed in order of importance. It reflects a cross section of risks which users of this financial report may find relevant in understanding the Company's operating environment and the scope of risk management considerations which the Company undertakes on a regular basis. Specific financial risks are addressed in the notes to the Financial Statements.

Access to funding

The ability of the Company to meet its future proposed development programs is dependent on the Company's ability to raise further funds. There can be no assurance that sufficient capital funding will be available to the Company on favourable terms or at all. If the Company is unable to raise necessary capital, there may be a reduction in planned capital expenditure by a scaling back of development works, which could have an adverse effect on the Company's ability to expand its business and/or maintain operations at desired levels. If the Company undertakes additional equity offerings in the future, in addition to diluting existing shareholders who do not participate, the increase in the number of shares issued could have a depressive effect on the price of the Company's shares.

Development risk

The Company's development projects may be delayed or be unsuccessful for many reasons, including unanticipated financial, operational or regulatory events, the failure to receive government approvals, whether a final investment decision is reached, cost overruns, decline in petroleum prices or demand, equipment and labour shortages, technical concerns including with respect to reserves and deliverability difficulties, increases in operational cost structures, contractual issues with securing sales contracts or with engineering, procurement and construction contracts, community or industrial actions, changes in construction costs, design requirements and delays in construction, or other circumstances which may result in the delay, suspension or termination of the development projects. In addition, the ability of counterparties to relevant sales contracts to meet their commitments may impact on the Company's investment in these projects.

Introduction of project partners and counterparty risk

The Company's strategy for advancing the Rolleston West Project contemplates the introduction of a farm-in or co-investment partner, the execution of foundational gas sales agreements and arrangements with infrastructure providers. There is no guarantee that such arrangements will be concluded, or concluded on terms acceptable to the Company, within the timeframes the Company is targeting. Similarly, the Company's alternative fuels strategy is dependent on the conversion of the conditional Foundation Customer commitment into binding supply arrangements, on the Foundation Customer's technical acceptance of the Company's solution, and on the availability of government or other funding support for the initial implementation capital. A failure to conclude these arrangements, or material delay in doing so, may adversely affect the Company's strategy, financial position and the timing of project cashflows.

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Land access

Land access is critical to the success of the Company's exploration and development activities. The Company relies on being able to negotiate mutually satisfactory access arrangements with landholders and other stakeholders for lands on which its activities are conducted. The Company's operations and profitability may be adversely impacted or delayed in the event of a dispute with a landowner or user that delays or prevents the Company from carrying out its projects, as the Company has experienced at ATP 2062. Where a landowner operates a property which holds organic certification, the Company must implement additional control procedures in accordance with that accreditation; failure to effectively implement these procedures may cause direct financial loss to the landowner and consequently to the Company. Litigation of access and compensation matters is inherently uncertain as to outcome, timing and cost, and requires significant management attention.

Resource and reserve estimates

Estimates of reserves, contingent resources and prospective resources are not precise and no assurance can be given that reserve, contingent resource or prospective resource estimates will be recovered during production. Production estimates are dependent on, among other things, the accuracy of those estimates, the accuracy of assumptions regarding the resource calculations and recovery rates, and are based on limited sampling. Commodity price fluctuations, increased production costs or reduced recovery rates may render reserves uneconomic and may ultimately result in a restatement of such reserves. The failure of the Company to achieve its production estimates could have a material and adverse effect on its future cash flows, access to capital, profitability, results of operations, financial condition and prospects.

Measurement and transportation of HDNG

The application of virtual pipeline technology to transport HDNG by truck to customers is mature technology globally, but has not historically been undertaken at scale in Australia. The Company must ensure that transport contractors and the virtual pipeline assets are compliant and regularly integrity tested. The transmission of HDNG at high pressure requires a strict control regime to ensure it is undertaken safely and is not subject to contamination or pressure loss. The end-to-end process involves multiple parties and different equipment at each stage of the supply chain. Any failure of risk management procedures in the Company's supply chain could lead to injury to persons or property, financial and reputational loss for the Company and adversely impact its regulatory approvals.

Optimisation of plant and well performance

The Company's ability to meet its gas supply commitments and further expand its gas production capability is dependent on the reliable operation of its HDNG plant and of the Company's gas wells which supply raw coal seam gas. The Company must ensure that equipment is monitored and appropriately maintained and operates within specified performance guidelines. Well pressure must be maintained to ensure constant gas flow sufficient to support the dehydration and compression processes inherent in the HDNG plant. Any failure of the Company's plant and equipment, or issues impacting performance of its gas wells, could materially adversely affect the Company.

Project cost control

Execution of the Company's exploration and development activities requires an appropriate framework of internal controls, including obtaining robust project cost estimates, ensuring investment decisions are supported by appropriate financial analysis and that appropriate procedures are in place to ensure work is executed on time and on budget. Failure to implement these controls effectively could mean that long term funding decisions for the business are incorrect and the Company's ability to deliver on its plans within specified timeframes is compromised.

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Commodity price volatility

The demand for, and price of, gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major gas corporations, global economic and political developments, the pricing of alternative supplies of energy and other factors, all of which are beyond the control of the Company. As such, it is impossible to predict future commodity prices with confidence. A material decline in the price of gas may have a material adverse effect on the economic viability of a project. The economics of the Company's alternative fuels business are also dependent on the maintenance of a commercial arbitrage between delivered diesel and gas prices.

Significant government policy change

Changes in government policy, legislation and regulation can result from changes in community expectations, changes in market conditions, or compliance with international treaties or other obligations. These changes may impact on the use, exploration and development of the Company's assets as well as the energy markets in which it operates, and in turn may impact on sustainable returns for investors through profit erosion and loss of company value. Retrospective or unexpected regulatory changes may potentially impact the longer-term viability of projects. The proposed Domestic Gas Reservation Scheme, and the eventual form of any domestic supply obligation and associated pricing and conduct rules, is an example of a policy development which may affect the market into which the Company intends to sell gas, notwithstanding that the Company is not itself an LNG exporter. The Company actively monitors regulatory and public policy developments and constructively engages with government, regulators and industry bodies.

Compliance risk

The leases and permits in which the Company has an interest are subject to ongoing obligations to satisfy minimum drilling and expenditure obligations. If these obligations were not satisfied, the relevant lease may expire or be forfeited, which would result in a loss of the reserves attributable to the Company's interest in that lease. Oil and gas exploration permits are subject to periodic review and renewal, and there is no guarantee that applications for future exploration permits or production permits, including the Company's application for a petroleum lease over the eastern area of ATP 2062, will be approved or approved within the timeframes anticipated by the Company. Government authorities' review, renewal and transfer conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the permits comprising the Company's projects.

Legislation and regulatory risk

The Company's activities are subject to legislation, regulation and approvals. The introduction of new legislation, amendments to existing legislation, the application of developments in existing common law or policies, or the interpretation of those laws or policies, particularly in relation to land access arrangements, environmental approvals, a carbon tax or similar, the effect of greenhouse gas legislation, royalties, generation, production and exploration licensing, may adversely affect the Company's future operations and financial performance. There is a risk that the Company may not obtain, or that there may be a delay in obtaining, necessary licences and approvals, which may affect the timing and scope of the work that can be undertaken.

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Climate change

There has been increasing concern by the public and regulators globally on climate change issues. As a gas development company, the Company is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for gas declines, the Company may find it difficult to commercialise any resources it discovers. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. Climate change may also cause physical and environmental risks that cannot be predicted by the Company, including increased severity of weather patterns and incidences of extreme weather events, and longer term physical risks such as shifting climate patterns. The Company does not consider its shares to be currently suitable for investors looking for exposure to net zero financial products.

Risk of superseding energy technology

There is a risk that new technology will be developed and deployed in the energy market that will move current and potential customers for the Company's products towards new energy products, including renewable energy such as solar or wind and battery storage. In that event, the Company's current projects may be adversely affected and the Company may not be in a position to invest and economically compete in such emerging energy markets.

Operating risks

Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, weather conditions, industrial disputes, unexpected equipment shortages or cost increases, mechanical failure or breakdown, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases. The occurrence of any of these risks could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations, or claims against the Company resulting from damages, especially where such risks are not covered or not fully covered by its insurances.

Production and drilling risks

The business of petroleum exploration, development and production is subject to a variety of risks and hazards which may delay production, increase production costs or result in damage to and destruction of petroleum properties or production facilities, personal injury, environmental damage and legal liability. Drilling operations may be curtailed, delayed or cancelled due to a number of factors including weather conditions, mechanical difficulties, shortage or delays in the delivery of rigs and other equipment and specialist service providers, and compliance with governmental requirements. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Ongoing production and commissioning of staged expansions to production may not proceed to plan, with potential for delay in the timing of targeted production and/or a failure to achieve the level of targeted production, which may necessitate additional funding requirements.

Exploration and development

The growth of the Company is dependent on its ability to successfully discover, develop and deliver new resources and reserves. Exploration and drilling activities are highly uncertain and dependent on capital funding and the acquisition and analysis of data. The Company's ability to deliver its strategy may be impacted by the success of its exploration and development efforts, including its assessment of the deeper conventional and unconventional targets within its portfolio, which remains at an early, desktop stage.

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Environmental risks

The operations and proposed activities of the Company are subject to environmental laws and regulations which set standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards, and establish obligations to rehabilitate locations where activities were conducted. As with most exploration projects and hydrocarbon production operations, the Company's activities are expected to have an impact on the environment. Significant liability could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners on property acquired by the Company, or non-compliance with environmental laws or regulations.

Native title and heritage risk

The Company is required to comply with the Native Title Act 1993 (Cth) since native title has been determined for part of the land underlying the petroleum lease and granted exploration tenements. As such, consultations and negotiations with the registered native title body corporate or native title claimant may be required. Further, under the Aboriginal Cultural Heritage Act 2003 (Qld), any person carrying out an activity must take all reasonable and practicable measures to ensure that the activity does not harm Aboriginal cultural heritage. Failure to comply with the Aboriginal cultural duty of care is an offence for which large penalties apply. These legislative regimes may affect the existing or future activities of the Company and impact on its ability to develop projects and its operational and financial performance.

Community opposition risk

Given community opposition to certain gas projects from time to time, there is a risk of community opposition to the Company's operations. Disapproval of local communities or other interested parties may lead to direct action that impedes the Company's ability to carry out its lawful operations, resulting in project delay, reputational damage and increased costs, and thus impact the financial performance of the Company. Such action may include undertaking legal proceedings, media campaigns and protests.

Competition risk

The Company competes with numerous other organisations in the search for, and the acquisition of, gas assets. The Company's competitors include gas companies that have substantially greater financial resources, staff and facilities than those of the Company and a longer operating history. The Company's ability to increase its resources and reserves in the future will depend not only on its ability to explore and develop its current projects, but also on its ability to select and acquire suitable producing assets or prospects for exploration. There is also no guarantee that the Company will be able to compete effectively with future competitors, including organisations specialising in alternative sources of energy.

Reliance on key personnel

The Company is reliant on its senior management and key personnel, and operates with a deliberately small team. There is a risk that the Company may not be able to retain or hire all necessary personnel. The Company's progress in pursuing its development, exploration and appraisal programs within the timeframes and currently envisaged cost structure could be influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel.

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Health and safety

The Company's activities are subject to operating hazards which could result in harm to our people or our communities. In addition to injury or negative effects to the health or wellbeing of affected people, impacts may include reputational damage and financial penalties. The identification, effective control and overall management of health and safety risks are the highest priority for the Company.

Business interruption

Pandemic-type restrictions, natural disaster impacts, or cyber-attack may prevent or disrupt ongoing operations as planned. The Company's exploration operations and profitability may be adversely impacted or delayed.

Insurance

The Company aims to maintain insurance with ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted and associated risks. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims. Moreover, insurance against risks such as environmental protection or other hazards as a result of exploration, development and production activities is not generally available to the Company or to other companies in the energy and resources industry on acceptable terms.

Force majeure

Events may occur within or outside the markets in which the Company operates that could impact upon the global and, in particular, the Australian economy, the operations of the Company and the market price of its shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business. Given that the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur.

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Significant changes in the state of affairs

During the financial year the Company issued $3,200,000 of unsecured convertible notes to sophisticated and professional investors. In addition to the $3,200,000 raised, Directors converted $500,000 of their outstanding loans into convertible notes. The notes carry a conversion price of $0.04 per share for the first 16 weeks after the payment date, and thereafter the lesser of $0.04 or a 20% discount to the 15-day VWAP at the time of conversion. Note holders received one attaching option for every two ordinary share entitlements under the issue, exercisable at $0.05 per share and expiring 30 months from the date of issue.

Other than the matters described in this report, there were no other significant changes in the state of affairs of the Company during the financial year.

Likely developments and expected results of operations

Comments on likely developments and expected results of operations are included in the review of operations above.

Events after reporting period

Since 30 June 2026 the Company has:

- on 16 July 2026, the Company received $4,161,714 of R&D tax incentive refunds from the ATO in respect of the year ended 30 June 2024. The proceeds were applied principally to repayment of the R&D bridging facility and a portion of outstanding Director working capital loans, with the balance contributing to cash reserves;
- In September 2026, the Company lodged an application for the extension of tenure at ATP 2062 for a further six years, while it prepares to lodge a PL application over the Rolleston West Project area. Although expected, the Queensland Government's approval for this application was not received at the date of this report;
- Allotted 9,564,405 ordinary shares on 1 July 2026 on the conversion of 5 convertible notes, for which a valid conversion notice was effective at 30 June 2026 (refer note 16(h));
- Issued 99,094,268 ordinary shares on the conversion of a further 46 convertible notes, including 13 convertible notes held by Philip St Baker and 3 convertible notes held by Greg Baynton; and
- the Company has repaid all director loans in cash that were outstanding as at 30 June 2026.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Environmental regulation

The Company's operations are subject to environmental and other regulations. The Company has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration activities. The Company monitors compliance with relevant legislation on a continuous basis and the Directors are not aware of any compliance breaches up to the date of this report.

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Information on Directors

The following information is current as at the date of this report.

P St Baker. *Non-Executive Chair*	
Experience and expertise	Mr St Baker is an experienced entrepreneur, investor, director and executive, with over twenty years' experience in technology, energy, and resources sectors. He experienced at leading large, medium, small, and startup companies, in private and public companies, domestic and international.
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	Member of the Audit Committee and Risk Committee. Chair of the Remuneration Committee
Interests in shares, options and performance rights	61,048,712 ordinary shares. 5,416,671 options.

D McAlpine. *Managing Director from 10 September 2024 (formerly CEO until 9 September 2024)*	
Experience and expertise	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.
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	Managing Director
Interests in shares, options and performance rights	1,285,475 ordinary shares. 2,125,000 performance rights.

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A Bellas. *Non-Executive Deputy Chairman*	
Experience and expertise	Mr Bellas brings over 35 years of experience in the public and private sectors. Tony was previously CEO of the Seymour Group, one of Queensland's largest private investment and development companies. Prior to joining the Seymour Group, Tony held the position of CEO of Ergon Energy, a Queensland Government-owned corporation involved in electricity distribution and retailing. Before that, he was CEO of CS Energy, also a Queensland Government-owned corporation and the State's largest electricity generation company, operating over 3,500 MW of gas-fired and coal-fired plant at four locations. Tony had a long career with Queensland Treasury, achieving the position of Deputy Under Treasurer. He is a Fellow of the Geological Society of London.
Other current directorships	Non-executive Director of NOVONIX Limited (ASX: NVX) (director since 2015). Chairman of Green & Gold Minerals Limited (ASX:GG1) (director since 2016).
Former listed directorships in last 3 years	None.
Special responsibilities	Deputy Chairman of the Board Chair of the Audit Committee. Member of the Risk Committee and Remuneration Committee
Interests in shares, options and performance rights	12,905,692 ordinary shares. 833,334 options

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G Baynton. *Non-Executive Director*	
Experience and expertise	Mr Baynton has been a Director of Australian exploration companies for over 20 years. He is founder and Executive Director of investment and advisory firm, Orbit Capital Pty Ltd. Mr Baynton has experience in investment banking, infrastructure investment, IPOs, public company directorships, Queensland Treasury and the Department of Mines and Energy. He has been a Fellow of the Geological Society of London.
Other current directorships	None.
Former listed directorships in last 3 years	None.
Special responsibilities	Member of the Audit Committee and Remuneration Committee.
Interests in shares, options and performance rights	44,312,822 ordinary shares. 1,250,001 options

J Stretch. *Non-Executive Director*	
Experience and expertise	Mr Stretch has broad international experience in the information technology (IT), telecommunications and energy sectors. He was formerly Managing Director of ERM Power Limited, an ASX-listed electricity generator and retailer. Prior to that Mr Stretch was Executive Vice President and Member of the Management Board of Landis + Gyr, the global leader in smart gas and electricity metering based in Zug, Switzerland.
Other current directorships	None.
Former listed directorships in last 3 years	None
Special responsibilities	Chair of the Risk Committee.
Interests in shares, options and performance rights	9,942,214 Shares 833,334 options

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Full meetings of Directors		Meetings of Audit Committee		Meetings of Risk Committee		Meeting of Remuneration Committee	
	A	B	A	B	A	B	A	B
A Bellas	15	15	3	3	1	1	1	1
G Baynton	15	15	3	3	N/A	N/A	1	1
D McAlpine	15	15	N/A	N/A	N/A	N/A	N/A	N/A
P St Baker	14	15	3	3	1	1	1	1
J Stretch	15	15	N/A	N/A	1	1	N/A	N/A

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

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Remuneration report (Audited)

The Directors present the State Gas Limited 2026 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Link between remuneration and performance
(e) Remuneration expenses for executive KMP
(f) Contractual arrangements for executive KMP
(g) Non-executive Director arrangements
(h) Additional statutory information

(a) Key management personnel covered in this report

Non-Executive and Executive Directors
A Bellas (Non-Executive Deputy Chairman)
G Baynton (Non-Executive Director)
D McAlpine (Managing Director)
P St Baker (Non-Executive Chairman)
J Stretch (Non-Executive Director)

Changes since the end of the reporting period
There have been no changes in Key management personnel since the end of the financial year.

(b) Remuneration policy and link to performance

The Board reviews and determines the remuneration policy and structure to ensure it remains aligned to business needs and meets our remuneration principles. This review is conducted annually. In undertaking its review, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- align with shareholder interests and are acceptable to shareholders.

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Remuneration report (Audited) (continued)

Element	Purpose	Performance metrics	Potential value	Changes for FY 2026
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	No changes
LTI	Alignment to long-term shareholder value	Performance vesting conditions	Variable subject to share price.	No changes

Long term incentives are assessed periodically and are designed to promote long-term stability in shareholder returns.

Assessing performance

The Board is responsible for assessing performance against KPIs determining the LTI to be paid.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives receive their fixed remuneration as cash. FR is reviewed annually and is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Company has not engaged an external remuneration consultant during FY2026.

Superannuation is included in FR for executives.

(ii) Short term incentives

No short-term incentive plans were in place for FY 2026.

(iii) Long-term incentives

Executive KMP participate, at the board's discretion, in the Long-term Incentive Program ("LTIP") comprising one off grants of shares, options or performance rights with varying vesting conditions. The company does not have a formal LTIP, rather incentives are awarded at the discretion of the Board.

Options

No options were granted during FY 2026. No options affected remuneration during FY 2026.

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Remuneration report (Audited) (continued)

Performance Rights

No performance rights were granted in the current financial year. The following performance rights were granted to KMP in the prior financial year.

Name	Grant date	Number	Vesting condition / date	Expiry	Estimated(E) [2]/ Actual(A) vesting date
D McAlpine	30/11/2022	375,000	Vest upon the Board making a FID to proceed with construction of a physical pipeline from any of the Group's producing assets.	05/12/2027	5/12/2027 (E)
D McAlpine	30/11/2022	375,000	Vest upon the Group securing minimum annual gas sales of 2PJ per annum on terms acceptable to the Board.	05/12/2027	30/06/2026 (E)
D McAlpine	30/11/2022	375,000	Vest if 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 $0.70.	05/12/2027	05/12/2027(E)
D McAlpine	30/11/2022	1,000,000	Vest 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 and the transaction becomes unconditional.	05/12/2027	N/A[1]
D McAlpine	21/11/2024	1,000,000	Vesting subject to achievement of the following vesting conditions: (a) successful completion of the Company's exploration program on Rougemont 4 and 5 on time and within budget; and (b) establishment of an initial 2P reserve for the Company's Rolleston West Project; and (c) achievement of confidential business development objectives for the Company's HDNG business.	22/11/2027	21/11/2025(A)

[1] Assumed that the vesting condition will not be achieved. This will be reassessed each reporting period.
[2] Estimated vesting date has been reassessed for the current financial year and reflects the current estimate of when the vesting condition will be satisfied.

Refer to the tables on pages 33-34 of this report for details of performance rights on issue affecting remuneration.

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Remuneration report (Audited) (continued)

(d) Link between remuneration and performance

During the year, the Company has generated losses from its principal activity of exploring and developing PL231 and ATP 2062. As the Company is still growing the business, the link between remuneration, Company performance and shareholder wealth is difficult to define. Share prices are subject to the influence of fluctuations in the world market price for gas and general market sentiment towards the sector, and, as such, increases or decreases may occur quite independently of Executive performance.

Given the nature of the Company's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market price movements and profits (losses) reported are as follows:

	Share price	**Profit (loss) after income tax ($)**
Year end 30 June 2026	1.7 cents	(2,973,046)
Year end 30 June 2025	2.1 cents	(3,284,236)
Year end 30 June 2024	9.3 cents	(3,630,596)
Year end 30 June 2023	18.0 cents	(1,188,144)
Year end 30 June 2022	17.0 cents	1,342,263

(e) Remuneration expenses for KMP

The following table shows details of the remuneration expense recognised for the Company's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards. No KMP received any non-monetary benefits during the current or previous financial year.

Remuneration report (Audited) (continued)

Name	Year	Fixed remuneration				Variable remuneration		Total	Performance related remuneration %
		Cash salary (Short term benefit)	Annual leave	Bonus	Post-employment benefits	Cash Bonus (Short term benefit)	Performance/ Share Rights*		
Executive Directors									
R Cottee[2]	2025	29,206	-		3,359	-	-	32,565	-
D McAlpine[3]	**2026**	390,000	6,827	-	30,000	-	(19,054)	407,773	-5%
	2025	372,692	42,727	50,000	30,000	-	55,385	550,804	19%
Other key management personnel (Company)									
M Herrington (ceased 30 June 2025)	2025	237,847	(13,814)		27,352	-	-	251,385	-
Non-Executive Directors									
G Baynton	**2026**	40,000	-	-	4,800	-	-	44,800	-
	2025	40,000	-	-	4,850	-	-	44,850	-
A Bellas	**2026**	50,000	-	-	6,000	-	-	56,000	-
	2025	50,000	-	-	6,063	-	-	56,063	-
P St Baker	**2026**	70,000	-	-	8,400	-	-	78,400	-
	2025	58,342[1]	-		7,051	-	-	65,393	-
J Stretch	**2026**	40,000			4,800	-	-	44,800	-
	2025	40,000	-		4,850	-	-	44,850	-
Total KMP remuneration expensed	**2026**	590,000	6,827	-	54,000	-	(19,054)	631,773	-3%
	2025	828,087	28,913	50,000	83,525	-	55,385	1,045,910	10%

* Performance rights and options granted under the executive performance rights and options plan are expensed over the performance period, which includes the year in which the rights and options are granted and the subsequent vesting periods.

[1] Appointed to the role of Chair on 21 November 2024

[2] Ceased being a director on 21 November 2024.

[3] Appointed as Managing Director on 10 September 2024. CEO prior to that date.

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Remuneration report (Audited) (continued)

(f) Contractual arrangements with executive KMP's

Component	Managing Director description
Fixed remuneration	$390,000 per annum on a full-time basis, exclusive of superannuation.
Contract duration	Ongoing
Notice by the individual / company	6 months

The contracts do not provide for any early termination payments.

(g) Non-Executive Director arrangements

The Non-Executive Chair receives fees of $70,000 per annum plus superannuation and the Deputy Chair receives fees of $50,000 per annum plus superannuation. Other Non-Executive Directors receive $40,000 per annum excluding superannuation. Fees are reviewed annually by the board taking into account comparable roles. The current base fees were reviewed with effect from 1 October 2017.

The maximum annual aggregate Non-Executive Directors' fee pool limit is $250,000 and was set out in the 2017 Prospectus.

All Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration relevant to the office of Director.

(h) Additional statutory information

(i) Performance based remuneration granted and forfeited during the year

The table below shows for each KMP the value of options and performance rights that were granted, exercised and forfeited during FY 2026. The number of options and performance rights and percentages vested / forfeited for each grant are disclosed in section (iii) below.

	LTI Options			*LTI Performance Rights*		
	Value granted $	*Value exercised$*	*Value forfeited $*	*Value granted $*	*Value exercised* $*	*Value forfeited** $*
2026						
D McAlpine	-	-	-	-	28,125	6,250

* The value at the exercise date of options/performance rights that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

** The value forfeited has been calculated by reference to the value at grant date.

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Remuneration report (Audited) (continued)

(ii) Terms and conditions of the share-based payment arrangements

Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

	Grant date	Vesting date	Expiry date	Grant date value
Doug McAlpine	21/11/2024	21/11/2025	21/11/2029	$0.044
Doug McAlpine	30/11/2022	05/12/2027	05/12/2027	$0.265
Doug McAlpine	30/11/2022	05/12/2027	05/12/2027	$0.265
Doug McAlpine	30/11/2022	05/12/2027	05/12/2027	$0.265
Doug McAlpine	30/11/2022	05/12/2027	05/12/2027	$0.206

The number of performance rights over ordinary shares in the Company provided as remuneration to key management personnel is shown in the table below on page 34. The performance rights carry no dividend or voting rights. See page 29 above for conditions that must be satisfied for the performance rights to vest.

When exercisable, each performance right is convertible into one ordinary share of State Gas Limited.

If an executive ceases employment before the rights vest, the rights will be forfeited.

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Remuneration report (Audited) (continued)

(iii) Reconciliation of options, performance rights, and ordinary shares held by KMP

Options
There were no remuneration options granted to KMP during FY2026.

Options
The table below shows how many options were issued to KMP during the year. The options issued during the year were free options attaching to the convertible notes issued in February 2026. The options that expired relate to free options attaching to shares issued under the entitlement offer of August 2024.

Name	Balance at the start of the year	Options issued	Options expired	Balance at the end of the year
A Bellas	1,035,843	833,334	(1,035,843)	833,334
G Baynton	2,383,558	1,250,001	(2,383,558)	1,250,001
P St Baker	5,901,528	5,416,671	(5,901,528)	5,416,671
J Stretch	1,827,537	833,334	(1,827,537)	833,334

Performance Rights
The table below shows how many performance rights were granted and vested during the year.

Name	Financial year granted	Balance at the start of the year		Granted as compensation	Vested during the year		Exercised during the year	Forfeited during the year	Expired during the year	Balance at the end of the year		Maximum value yet to vest*
		Unvested	Vested		Number	%	Number	Number	Number	Vested and exercisable	Unvested	
D McAlpine	2023	2,125,000	375,000	-	-	-	(375,000)	-	-	-	2,125,000	149,858
	2025	1,000,000	-	1,000,000	1,000,000	100%	(750,000)	(250,000)	-	-	-	-

* The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that are yet to be expensed. The minimum value of performance rights yet to vest is nil, as the performance rights will be forfeited if the vesting conditions are not met.

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Remuneration report (Audited) (continued)

Shareholdings

Name	Balance at the start of the year	Issued on exercise of options or performance rights	Shares acquired	Changes during the year	Balance at the end of the year
2026					
Ordinary shares					
A Bellas	9,126,147	-	3,779,545[1]	-	12,905,692
G Baynton	38,393,623	-	-	-	38,393,623
P St Baker	35,398,847	-	-	-	35,398,847
J Stretch	6,162,669	-	3,779,545[1]	-	9,942,214
D McAlpine	160,475	1,125,000	-	-	1,285,475

[1] Conversion of convertible notes issued in February 2026.

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Remuneration report (Audited) (continued)

(iv) Other transactions with key management personnel

During the financial year, the Company's directors entered into short-term loan agreements as set out in the table below. The loan funds were fully drawn down at 30 June 2026. The short-term loans accrue interest from the date of drawdown, compounding monthly. Interest on the loans will capitalise and be paid in full at the time the principal is repaid. Details of loan movements during the financial year are set out in the table below:

2026 Lender	Director	Interest rate	Balance at the start of the year	Loans advanced	Settlement of convertible notes[2]	Interest accrued	Balance at the end of the year
Secured[1]							
Jon Stretch	Jon Stretch	15%	301,264	55,000[3]	(50,000)	51,665	357,929
The Stretch Family Trust	Jon Stretch	20%	-	252,500[4]	-	35,209	287,709
Monte Vista Holdings Pty Ltd	Philip St Baker	15%	241,913	55,000[3]	-	45,246	342,159
The P&P St Baker Family Trust	Philip St Baker	20%	-	625,384[4]		87,900	713,284
The P&P St Baker Family Trust	Philip St Baker	15%	305,271	-	(325,000)	28,802	9,073
Unsecured							
Loch Explorations Pty Ltd	Tony Bellas	15%	300,959	-	(50,000)	45,129	296,088
AG Super Fund Pty Ltd	Tony Bellas	15%	28,292	-	-	4,533	32,825
Tony Bellas	Tony Bellas	15%	-	55,000[3]	-	6,465	61,465
Allegro Capital Nominees Pty Ltd	Greg Baynton	15%	302,803	55,000[3]	(75,000)	50,365	333,168
Richard Cottee[5]	Richard Cottee	15%	24,424	-	-	3,913	28,337
TOTAL			**1,504,926**	**1,097,884**	**(500,000)**	**359,227**	**2,462,037**

[1] The loans are secured by a general security interest over the assets and undertakings of the Company. Subsequent to year end, the short-term loans were settled in cash.

[2] On 3 February 2026 Directors subscribed for 20 convertible notes with a total face value of $500,000, on the same terms and conditions as other investors. The subscription amount was settled by offsetting $500,000 of outstanding Director loans, so no cash was exchanged. Four of these notes were converted into ordinary shares during the financial year, and the remaining 16 notes were converted subsequent to year end.

[3] Loans advanced during the year accrue interest from the date of drawdown, compounding monthly. Interest on the loan will capitalise and be paid in full at the time the principal is repaid. Loans are repayable by either (i) from cash proceeds from the R&D refund in respect of the financial year ended 30 June 2024; (ii) from proceeds of any capital raising or debt financing that generates proceeds sufficient to enable repayment of all amounts outstanding.

[4] Short-term convertible loans advanced on 31 October 2025, maturing on 30 June 2026. The lenders could convert the balance into shares at a price based on the 10-day VWAP. Because the number of shares would vary with the share price, the conversion feature was accounted for as a derivative, valued at $290,681 using a Monte Carlo simulation. The loans were not converted before maturity, so the derivative was released to profit or loss as a fair value gain. The loans remained outstanding at 30 June 2026. Subsequent to year end, these short-term loans were settled in cash.

[5] Ceased being a Director on 21 November 2024.

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Remuneration report (Audited) (continued)

2025 Lender	Director	Balance at the start of the year	Loans advanced	Settlement by shares from ANREO entitlement	Interest accrued	Balance at the end of the year
Loch Explorations Pty Ltd	Tony Bellas	259,510	-	-	41,449	300,959
AG Super Fund Pty Ltd	Tony Bellas	-	175,000[4]	(152,102) [1]	5,394	28,292
Jon Stretch	Jon Stretch	259,773	175,000[4]	(182,532)[2]	49,023	301,264
Allegro Capital Nominees Pty Ltd	Greg Baynton	259,403	175,000[5]	(175,000) [1]	43,400	302,803
Monte Vista Holdings Pty Ltd	Philip St Baker	208,597	-	-	33,316	241,913
The P&P St Baker Family Trust	Philip St Baker	1,052,037	175,000[4]	(1,000,000)[2]	78,234	305,271
Richard Cottee	Richard Cottee	-	60,000[4]	(39,172) [1]	3,596	24,424
TOTAL		**2,039,320**	**760,000**	**(1,548,806)**	**254,412**	**1,504,926**

[1] On 8 August 2024 Directors participated in an Accelerated Non-Renounceable Entitlement Offer (ANREO). Director entitlements under the ANREO were used to settle the Director loans.

[2] During the financial year Jon Stretch participated in an Accelerated Non-Renounceable Entitlement Offer (ANREO). Director entitlements under the ANREO were used to settle his director loan in two tranches, 8 August 2024 ($54,067) and 22 November 2024 ($128,465).

[3] During the financial year Philip St Baker participated in an Accelerated Non-Renounceable Entitlement Offer (ANREO). Director entitlements under the ANREO were used to settle his director loan in two tranches, 8 August 2024 ($485,562) and 22 November 2024 ($514,438).

[4] Loans advanced during the year are unsecured and accrue interest at 15% pa from the date of drawdown, compounding monthly. Interest on the loan will capitalise and be paid in full at the time the principal is repaid. Loans are repayable by either (i) applying outstanding loan balances towards securities offered under the ANREO; (ii) from cash proceeds of the ANREO; (iii) from project financing of the CNG facility; or (iv) proceeds from sale of any asset. If a conversion is requested by the lender, and subject to shareholder approval, the loan balance can convert to ordinary shares at an issue price equal to the 5 day VWAP prior to the conversion request.

[5] Loans advanced during the year are unsecured and accrue interest at 15% pa from the date of drawdown, compounding monthly. Interest on the loan will capitalise and be paid in full at the time the principal is repaid. Loans are repayable by either (i) applying outstanding loan balances towards securities offered under the ANREO; (ii) from cash proceeds of the ANREO; (iii) from project financing of the CNG facility; or (iv) proceeds from sale of any asset.

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Remuneration report (Audited) (continued)

Short-term convertible loans

The short-term convertible loans advanced by The P&P St Baker Family Trust and The Stretch Family Trust on 31 October 2025 included a conversion feature, which was accounted for separately as a derivative. The loans were not converted before they matured on 30 June 2026. The accounting for these loans is set out below.

	Host Debt		Derivative		
	The P&P St Baker Family Trust	The Stretch Family Trust	The P&P St Baker Family Trust	The Stretch Family Trust	Total
	$	$	$	$	$
Host debt initial valuation	412,118	166,393	-	-	578,511
Derivative initial valuation			207,074	83,607	290,681
Transaction costs	(4,121)	(1,664)			(5,785)
Recognised on issue	**407,997**	**164,729**	**207,074**	**83,607**	**863,407**
Finance Costs	305,287	122,980			428,267
Fair value gain	-		(207,074)	(83,607)	(290,681)
Balance at 30 June 2026	**713,284**	**287,709**	**-**	**-**	**1,000,993**

Convertible notes acquired by Directors

On 3 February 2026, the Company issued 20 unsecured convertible notes, each with a face value of $25,000, to Directors and their related entities as part of the Company's convertible note issue (refer note 14(c)). The notes were issued on the same terms as those issued to other investors, and shareholders approved the Directors' participation on 21 January 2026. The notes were paid for by settling $500,000 of outstanding Director loans, so the Company received no cash for them. In lieu of interest, the Directors received free-attaching options exercisable at $0.05 each and expiring on 3 August 2028.

Director	Holder	Notes issued	Face value $	Director loans settled $	Options issued
P St Baker	The P&P St Baker Family Trust	13	325,000	325,000	5,416,671
G Baynton	Allegro Capital Nominees Pty Ltd	3	75,000	75,000	1,250,001
A Bellas	Loch Explorations Pty Ltd	2	50,000	50,000	833,334
J Stretch	J Stretch	2	50,000	50,000	833,334
Total		**20**	**500,000**	**500,000**	**8,333,340**

Remuneration report (Audited) (continued)

Shares issued to Directors on conversion of convertible notes

During the year, the following Directors converted their convertible notes into fully paid ordinary shares at the conversion price applicable under the terms of the notes (refer note 16(f)):

Director	Conversion date	Notes converted	Face value $	Conversion price	Shares issued
A Bellas	30 June 2026	2	50,000	$0.0132	3,779,545
J Stretch	30 June 2026	2	50,000	$0.0132	3,779,545
Total		**4**	**100,000**		**7,559,090**

At 30 June 2026, Directors and their related entities held 16 convertible notes with a combined face value of $400,000, being 13 notes ($325,000) held by P St Baker and 3 notes ($75,000) held by G Baynton.

There have been no other transactions with key management personnel.

End of remuneration report (audited)

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Shares under option and performance rights

Unissued ordinary shares

Unissued ordinary shares of State Gas Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of Shares	Number under option
03/02/2026	03/08/2028	$0.05	71,266,716
		TOTAL	**71,266,716**

No ordinary shares were issued on the exercise of options during the year.

Unissued ordinary shares of State Gas Limited under performance right at the date of this report are as follows:

Date rights granted	Expiry date	Number under performance right
12/02/2019	Termination of agreement	2,500,000
30/11/2022	05/12/2027	2,125,000
1/9/2024	20/06/2028	4,000,000
	TOTAL	**8,625,000**

During the financial year, 1,125,000 ordinary shares were issued to Doug McAlpine, on the vesting of performance rights.

Details of the performance rights granted to key management personnel are disclosed on page 34 above.

No performance right holder or option holder has any right to participate in any other share issue of the Company or any other entity.

No options or performance rights have been exercised since the end of the financial year.

No performance rights have been granted to the Directors of the Company since the end of the financial year.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, State Gas Limited paid a premium of $135,104 to insure the Directors and Officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

State Gas Limited has not agreed to indemnify its auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2026	2025
	$	$
Fees to BDO Australia		
Tax Compliance Services	93,203	42,567
Total remuneration for non-audit services	93,203	42,567

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2026/183, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 43.

This report is made in accordance with a resolution of Directors.

Philip St Baker
Chairman
Brisbane
30 September 2026

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DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF STATE GAS LIMITED

As lead auditor of State Gas Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of State Gas Limited and the entities it controlled during the year.

D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 30 September 2026

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Corporate governance statement

State Gas Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. State Gas Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2026 Corporate Governance Statement is dated as at 30 June 2026 and reflects the corporate governance practices in place throughout the 2026 financial year. The 2026 Corporate Governance Statement was approved by the board on 30 September 2026. A description of the Company's current corporate governance practices is set out in the Company's Corporate Governance Statement which can be viewed at https://www.stategas.com/corporate-governance/.

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STATE GAS LIMITED

ACN 617 322 488

Annual financial report – 30 June 2026

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These financial statements are for State Gas Limited.

The financial statements are presented in the Australian currency.

The company is of a kind referred to in ASIC Legislative Instrument 2026/183, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest dollar.

State Gas Limited is a Company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

State Gas Limited
Suite 4, Level 1, 40 Edward Street
Brisbane QLD 4000

All press releases, financial reports and other information are available at our website: www.stategas.com.

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Notes	2026 $	2025 $
Other income	2	425,007	111,962
Administrative and other expenses	3	(2,158,626)	(2,178,111)
Employee benefits expense		(647,834)	(643,352)
Financing costs	3	(1,074,543)	(429,667)
Fair value gain on financial liabilities		493,755	-
Share based payment expense	20	(10,805)	(145,068)
Loss before income tax expense		(2,973,046)	(3,284,236)
Income tax benefit	4	-	-
Loss after income tax expense		(2,973,046)	(3,284,236)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(2,973,046)	(3,284,236)
		Cents	**Cents**
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per share	7	(0.7)	(0.9)
Diluted earnings per share	7	(0.7)	(0.9)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Balance sheet
As at 30 June 2026

	Notes	2026 $	2025 $
ASSETS			
Current assets			
Cash and cash equivalents	8	633,256	2,160,062
Trade and other receivables	9	135,417	87,899
Total current assets		768,673	2,247,961
Non-current assets			
Exploration and evaluation assets	10	42,152,594	39,264,913
Plant and equipment	11	8,228,985	9,296,822
Other assets	12	400,295	402,595
Total non-current assets		50,781,874	48,964,330
Total assets		51,550,547	51,212,291
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,860,639	4,076,701
Borrowings	14	5,379,094	1,787,366
Total current liabilities		7,239,733	5,864,067
Non-current liabilities			
Provisions	15	2,625,426	2,688,041
Total non-current liabilities		2,625,426	2,688,041
Total liabilities		9,865,159	8,552,108
Net assets		41,685,388	42,660,183
EQUITY			
Contributed equity	16	56,691,947	55,493,597
Reserves	17	3,920,532	3,120,631
Accumulated losses		(18,927,091)	(15,954,045)
Total equity		41,685,388	42,660,183

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity
For the year ended 30 June 2026

	Contributed equity $	Accumulated losses $	Share based payments reserve $	Other reserve $	Total $
Balance as at 1 July 2024	50,009,838	(12,669,809)	2,975,563	-	40,315,592
Loss for the period	-	(3,284,236)	-	-	(3,284,236)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(3,284,236)	-	-	(3,284,236)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	5,483,759	-	-	-	5,483,759
Share-based payments	-	-	145,068	-	145,068
Balance as at 30 June 2025	55,493,597	(15,954,045)	3,120,631	-	42,660,183
Loss for the period	-	(2,973,046)	-	-	(2,973,046)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(2,973,046)	-	-	(2,973,046)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	1,198,350	-	-	-	1,198,350
Options issued in connection with convertible notes				610,343	610,343
Share-based payments	-	-	189,558	-	189,558
Balance as at 30 June 2026	56,691,947	(18,927,091)	3,310,189	610,343	41,685,388

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Statement of cash flows
For the year ended 30 June 2026

	Notes	2026 $	2025 $
Cash flows from operating activities			
Receipts from customers (GST inclusive)		263,907	410,780
Insurance proceeds received		425,000	-
Payments to suppliers and employees (GST inclusive)		(2,165,526)	(2,917,982)
Interest received		7	886
Interest paid		(44,399)	(48,056)
Net cash outflow from operating activities	19	(1,521,011)	(2,554,372)
Cash flows from investing activities			
Government incentives received		-	6,027,441
Payments for exploration assets		(4,888,612)	(4,206,054)
Payments for plant and equipment	11	-	(2,010,259)
Proceeds from sale of plant and equipment		-	-
Payments for security deposits		2,300	(124)
Net cash outflow from investing activities		(4,886,312)	(188,996)
Cash flows from financing activities			
Proceeds on issue of shares	16(b)	-	4,372,739
Payment of capital raising costs	16(b),14	(206,122)	(437,788)
Proceeds from issue of convertible notes		3,200,000	-
Proceeds from borrowings	14	3,406,679	1,983,875
Repayment of borrowings		(1,520,040)	(1,047,147)
Net cash inflow from financing activities		4,880,517	4,871,679
Net increase (decrease) in cash and cash equivalents		(1,526,806)	2,128,311
Cash and cash equivalents at the beginning of the year		2,160,062	31,751
Cash and cash equivalents at the end of the year	8	633,256	2,160,062
Non-cash financing and investing activities	19(b)		

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

The financial statements were authorised for issue by the Directors on 30 September 2026. The Directors have the power to amend and reissue the financial statements.

State Gas Limited has two wholly owned subsidiaries, State Gas (CQ) Pty Ltd and State Gas (Carbon Management) Pty Ltd, which are considered immaterial, therefore the financial statements only represent State Gas Limited.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, the Company achieved a net loss of $2,973,046 (2025: $3,284,236) and net operating cash outflows of $1,521,011 (2025: $2,554,372) for the year ended 30 June 2026. As at 30 June 2026, the Company had cash of $633,256 (2025: $2,160,062) and a net current liability position of $6,471,060 (2025: $3,616,106).

The ability of the Company to continue as a going concern is principally dependent upon the following conditions:

- the ability of the Company to successfully raise capital, as and when necessary;
- the ability to complete successful development and commercialisation of its projects, namely Reid's Dome (PL231) and Rolleston-West (ATP2062);
- the ability to successfully resolve the landowner dispute;
- the ability to negotiate new HDNG contracts for the sale of gas; and/or
- the continued financial support of the directors by not demanding repayment of director loans until sufficient funds have been secured through either an asset sale, equipment finance, receipt of R&D refund, or future capital raises.

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- the proven track record of capital raising, including the recent placement of convertible notes that raised $3,700,000 in 2026;

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

- On 16 July 2026, the Company received $4,161,714 of R&D tax incentive refunds from the ATO in respect of the year ended 30 June 2024. The proceeds were applied principally to repayment of the R&D bridging facility and a portion of outstanding Director working capital loans, with the balance contributing to cash reserves; and
- the Directors believe that successful execution of the conditions set out above will provide sufficient cash for the company to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

a. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

b. Income recognition

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant income
Grants from government bodies are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. When the grant relates to an asset, it is recognised by deducting the grant in arriving at the carrying amount of the asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

c. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

d. Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

e. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the Statement of Cash Flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the balance sheet.

f. Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing. This includes both intangible exploration assets included in note 10 and tangible assets included in note 11.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

g. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 years
Field assets	5-10 years
CNG asset	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

h. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

i. Provisions

Provision for rehabilitation is recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

j. Employee benefits

Share-based payments

Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees and contractors in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using various valuation methods including Cox, Ross & Rubinstein Binomial Tree, Black Scholes and the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-market vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if it were a modification.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured by reference to the fair value of the equity instruments granted at the date the goods or services are received.

k. Convertible notes

Convertible loan notes are initially measured at fair value less transaction costs.

Amortized cost is calculated as the amount at which the loan note is measured at initial recognition less principal repayments and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments over the expected life of the financial instrument to the net carrying amount of the financial liability.

Non-derivative financial liabilities, other than financial guarantees, are subsequently measured at amortized cost. Gains or losses are recognized in profit or loss through the amortization process and when then financial liability is derecognized.

Convertible notes are classified as current liabilities unless, at the end of the reporting period, the Company has a right to defer settlement of the liability for at least 12 months after the reporting period. Where convertible notes can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current where the option is classified as an equity instrument. With respect to the Company's convertible notes, the conversion option is accounted for as a derivative liability and can be exercised by the holder at any time - as disclosed in Note 14. As such, the conversion feature must be considered when assessing whether the Company has a right to defer settlement.

l. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m. Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of State Gas Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

n. New and Amended Accounting Policies Adopted by the Company

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

The Directors of the Company have determined that the amendments did not have a material impact on the financial statements.

o. New and Amended Accounting Policies Not Yet Adopted by the Group

Certain new accounting standards, amendments and interpretations have been issued that are not mandatory for the current reporting period and have not been early adopted by the Group.

AASB 18 Presentation and Disclosure in Financial Statements is effective for annual reporting periods beginning on or after 1 July 2027. AASB 18 replaces AASB 101 and introduces new requirements for the presentation and disclosure of information in the financial statements, including new categories and subtotals in the statement of profit or loss and enhanced disclosures regarding management-defined performance measures. The standard is not expected to affect the recognition or measurement of the Group's assets, liabilities, income or expenses, although it will affect the presentation and disclosure of financial information.

Amendments to AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments are effective for annual reporting periods beginning on or after 1 July 2026. The Group is assessing the impact of these amendments and, based on the assessment performed to date, does not expect their adoption to have a material impact on the Group's financial statements.

The Group does not expect any other standards or amendments issued but not yet effective to have a material impact on its financial statements.

p. Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Company intends to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. Key judgements are applied in determining that the technical feasibility and commercial viability of extracting a mineral resource have not yet been demonstrated, and the projects remain within the scope of AASB 6 *Exploration for and Evaluation of Mineral Resources*.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant petroleum interest. Factors that could impact the future commercial production at the project include the level of reserves and resources, future technology changes which could impact the cost of production, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer to Note 10 for further details of exploration and evaluation assets.

Provision for restoration and rehabilitation

A provision for rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring affected areas.

The provision for future rehabilitation costs is the best estimate of the present value (including an appropriate discount rate relevant to the time value of money plus any risk premium associated with the liability) of the expenditure required to settle the restoration obligation at the reporting date. Future rehabilitation costs are reviewed annually and any changes in the estimate are reflected in the present value of the rehabilitation provision.

The initial estimate of the rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset. Refer to Note 15 for further details of provision for rehabilitation.

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Notes to the financial statements for the year ended 30 June 2026

Note 1 Material accounting policies (continued)

Share based payment transactions

The Company measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either a Cox, Ross & Rubinstein Binomial Tree or Monte Carlo option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity. Refer to Note 20 for further details of share-based payments.

Valuation of Derivatives

The fair value of the derivatives (relating to the conversion feature of the convertible notes) is determined using a Monte Carlo Simulation, taking into account the terms and conditions upon which the convertible loan notes were issued. The key assumptions include:

- The risk-free rate,
- The volatility of the State Gas share price.

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Notes to the financial statements for the year ended 30 June 2026

Note 2 Other income

	2026	2025
	$	$
Other income		
Interest received from cash deposits	7	887
Insurance proceeds	425,000	-
HDNG gas sales	-	111,075
Total other income	425,007	111,962

Note 3 Loss for the year

Loss before income tax includes the following specific expenses:

	2026	2025
	$	$
Finance costs		
Provisions: Unwinding of discount (Note 15)	104,792	113,960
Interest expense on borrowings	812,687	310,457
Cost of borrowings	157,064	5,250
	1,074,543	429,667
Superannuation expense	107,199	160,933
Administration and other expenses		
Insurance expense	178,779	195,839
Depreciation expense	-	1,050
Director remuneration	224,000	217,728
Auditor remuneration	128,728	139,102
Taxation services	93,203	42,567
Net loss on financial instruments	436,275	-
Legal fees	565,552	528,825
Compliance costs	64,971	78,404
Costs of plant operation[1]	119,661	758,962
Other	347,457	215,634
	2,158,626	2,178,111
Share based payments expense		
Performance rights expensed	99,710	145,068
Reversal of performance rights expense[2]	(88,905)	-
Total share-based compensation expense	10,805	145,068

[1] Costs of post commissioning figuration, production and maintenance

[2] Reversal of share based payment expense previously recognised for performance rights whose non-market vesting conditions are no longer expected to be satisfied.

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Notes to the financial statements for the year ended 30 June 2026

Note 4 Income tax expense

This note provides an analysis of the Company's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax position.

	2026	2025
	$	$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(2,973,046)	(3,284,236)
Tax at the Australian tax rate of 25% (2025: 25%)	(743,262)	(821,059)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	2,702	37,580
Other	(14,370)	-
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	754,930	783,479
Income tax expense / (benefit)	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	3,422,620	15,190,528[1]
Potential tax benefit @ 25% (2025: 25%)	855,655	3,797,632[1]

[1] The 2025 comparative amounts have been restated to reflect an amended 2024 income tax return. The restatement has no impact on the statement of profit or loss, the balance sheet or equity.

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Notes to the financial statements for the year ended 30 June 2026

Note 4 Income tax expense

	2026 $	2025 $
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	12,420,428	13,790,032
Rehabilitation provision	656,357	529,295
Share issue costs	177,070	121,555
Employee leave provisions	29,932	28,933
Accrued expenses	166,871	16,407
Total deferred tax assets	13,450,658	14,486,223
Set-off of deferred tax liabilities pursuant to set-off provisions	(12,595,003)	(10,688,591)
Deferred tax assets not recognised	(855,655)	(3,797,632)
Net deferred tax assets	-	-

(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	10,538,149	8,389,660
Property, plant and equipment	2,056,854	2,298,931
Total deferred tax liabilities	12,595,003	10,688,591
Set-off of deferred tax liabilities pursuant to set-off provisions	(12,595,003)	(10,688,591)
Net deferred tax liabilities	-	-

Unused losses which have not been recognised as an asset, will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Company in realising the losses.

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Notes to the financial statements for the year ended 30 June 2026

Note 5 Key Management Personnel Compensation

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2026	2025
	$	$
Short-term employee benefits	596,827	907,000
Post-employment benefits	54,000	83,525
Share-based compensation	(19,054)	55,385
Total KMP compensation	631,773	1,045,910

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Directors as well as all salary, paid leave benefits and fringe benefits paid to Executive Directors and employees.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Share-based payments

These amounts represent the share-based payment expense recognised during the year in respect of equity-settled awards granted to KMP. The expense is measured based on the grant-date fair value of the options, performance rights and shares granted and recognised over the relevant vesting period.

Further information in relation to KMP remuneration can be found in the Remuneration Report.

Note 6 Auditor's Remuneration

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and its network firms:

	2026	2025
	$	$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	128,728	139,102
Remuneration for non-audit services		
- Tax compliance services	93,203	42,567
	221,931	181,669

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Notes to the financial statements for the year ended 30 June 2026

Note 7 Earnings per share

	2026 Cents	2025 Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.7 cents)	(0.9 cents)
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(0.7 cents)	(0.9 cents)

(c) Reconciliations of earnings used in calculating earnings per share

	2026 $	2025 $
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(2,973,046)	(3,284,236)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(2,973,046)	(3,284,236)

(d) Weighted average number of shares used as the denominator

	2026 Number	2025 Number
Weighted average number of shares used in calculating basic earnings per share	398,106,817	374,163,405
Weighted average number of shares used in calculating diluted earnings per share	398,106,817	374,163,405

(e) Information concerning the classification of securities

(i) Options, performance rights and convertible notes

Options, performance rights and convertible notes on issue in the year are not included in the calculation of diluted earnings per share because they are antidilutive. Details relating to options and performance rights are set out in note 20. Details relating to convertible notes are set out in note 14.

Note 8 Cash and cash equivalents

	2026 $	2025 $
Cash at bank and on hand	633,256	2,160,062
	633,256	2,160,062

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Notes to the financial statements for the year ended 30 June 2026

Note 9 Trade and other receivables

	2026 **$**	2025 $
Prepayments	95,854	57,671
Other receivables	39,563	30,228
Total current trade and other receivables	135,417	87,899

Management has determined based on the assessment of expected credit loss associated with trade and other receivables is immaterial.

Note 10 Exploration and evaluation assets

	2026 **$**	2025 $
Exploration and evaluation assets – at cost	42,152,594	39,264,913
The capitalised exploration and evaluation assets carried forward above have been determined as follows:		
Balance at the beginning of the year	39,264,913	37,289,188
Expenditure incurred during the year	1,987,251	7,279,044
Depreciation charge on tangible exploration and evaluation assets	1,067,837	1,253,082
Government grant received	-	(5,000,000)
Research and development tax incentive received	-	(1,027,441)
Rehabilitation asset increment/(decrement) (refer to note 15)	(167,407)	(528,960)
Balance at the end of the year	42,152,594	39,264,913

During the prior financial year the Company secured $5 million of exploration grant funding through the Queensland Government's Frontier Gas Exploration Program. The Grant assisted the Company to finance the drilling and completion of two new vertical wells which are close to Rougemont 2/3 in an area that has proven gas content and good permeability.

The Directors have assessed that for the exploration and evaluation assets recognised at 30 June 2026, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount. In considering this, the Directors have had regard to the facts and circumstances that indicate a need for an impairment as noted in Accounting Standard AASB *6 Exploration for and Evaluation of Mineral Resources*.

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Notes to the financial statements for the year ended 30 June 2026

Note 11 Plant and equipment

	Plant and equipment $	CNG asset[1] $	Field assets[1] $	Total $
At 1 July 2024				
Cost	7,414	9,673,220	1,468,095	11,148,729
Accumulated depreciation	(6,364)	(79,289)	(630,103)	(715,756)
Net book amount	1,050	9,593,931	837,992	10,432,973
Year ended 30 June 2025				
Opening net book amount	1,050	9,593,931	837,992	10,432,973
Additions	-	102,056	15,925	117,981
Depreciation charge	(1,050)	(959,393)	(293,689)	(1,254,132)
Closing book amount	-	8,736,594	560,228	9,296,822
At 1 July 2025				
Cost	7,414	9,775,276	1,484,020	11,266,710
Accumulated depreciation	(7,414)	(1,038,682)	(923,792)	(1,969,888)
Net book amount	-	8,736,594	560,228	9,296,822
Year ended 30 June 2026				
Opening net book amount	-	8,736,594	560,228	9,296,822
Additions	-	-	-	-
Depreciation charge	-	(827,769)	(240,068)	(1,067,837)
Closing book amount	-	7,908,825	320,160	8,228,985
At 30 June 2026				
Cost	7,414	9,775,276	1,484,020	11,266,710
Accumulated depreciation	(7,414)	(1,866,451)	(1,163,860)	(3,037,725)
Net book amount	-	7,908,825	320,160	8,228,985

[1]Depreciation expense relating to the CNG assets and field assets has been charged to exploration and evaluation assets. They are accounted for as a tangible exploration and evaluation assets under *AASB 6 Exploration and Evaluation Assets.*

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Notes to the financial statements for the year ended 30 June 2026

Note 12 Other assets

	2026	2025
	$	$
Security deposits	400,295	402,595
	400,295	402,595

Note 13 Trade and other payables

	2026	2025
	$	$
Unsecured liabilities:		
Trade payables	1,081,754	3,714,775
Accrued expenses	659,156	246,193
Provision for annual leave	119,729	115,733
	1,860,639	4,076,701

Accrued expenses consists of outstanding non-executive director fees payable of $484,943, and interest accrued on R&D financing of $174,213 (refer note 14(b).

Note 14 Borrowings

All of the Company's borrowings are classified as current liabilities. The table below summarises the balances at year end, and each type of borrowing is explained in the sections that follow.

	Note	**2026**	**2025**
		$	**$**
Director loans	14(a)	2,462,037	1,504,926
Short Term Borrowings	14(b)	1,000,000	-
Other short-term borrowings	14(c)	-	264,519
Insurance premium funding	14(c)	66,327	17,921
Convertible notes – host debt	14(d)	1,040,197	-
Convertible notes – derivative	14(d)	810,533	-
Total borrowings		**5,379,094**	**1,787,366**

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

(a) Director loans

During the financial year, the Company's directors entered into short-term loan agreements as set out in the table below. The loan funds were fully drawn down at 30 June 2026. The short-term loans accrue interest from the date of drawdown, compounding monthly. Interest on the loans will capitalise and be paid in full at the time the principal is repaid. Details of loan movements during the financial year are set out in the table below:

Lender	Director	Interest Rate	1 July 2025	Loans Advanced	Settled via convertible notes[2]	Interest accrued	30 June 2026
			$	$	$	$	$
Secured[1]							
Jon Stretch	J Stretch	15%	301,264	55,000[3]	(50,000)	51,665	357,929
The Stretch Family Trust	J Stretch	20%	-	252,500[4]	-	35,209	287,709
Monte Vista Holdings Pty Ltd	P St Baker	15%	241,913	55,000[3]	-	45,246	342,159
The P&P St Baker Family Trust	P St Baker	20%	-	625,384[4]	-	87,900	713,284
The P&P St Baker Family Trust	P St Baker	15%	305,271	-	(325,000)	28,802	9,073
Unsecured							
Loch Explorations Pty Ltd	A Bellas	15%	300,959	-	(50,000)	45,129	296,088
AG Super Fund Pty Ltd	A Bellas	15%	28,292	-	-	4,533	32,825
Tony Bellas	A Bellas	15%	-	55,000[3]	-	6,465	61,465
Allegro Capital Nominees Pty Ltd	G Baynton	15%	302,803	55,000[3]	(75,000)	50,365	333,168
Richard Cottee[5]	R Cottee	15%	24,424	-	-	3,913	28,337
Total			**1,504,926**	**1,097,884**	**(500,000)**	**359,227**	**2,462,037**

[1] The loans are secured by a general security interest over the assets and undertakings of the Company. Subsequent to year end, the short-term loans were settled in cash.

[2] On 3 February 2026 Directors subscribed for 20 convertible notes with a total face value of $500,000, on the same terms and conditions as other investors. The subscription amount was settled by offsetting $500,000 of outstanding Director loans, so no cash was exchanged. Four of these notes were converted into ordinary shares during the financial year, and the remaining 16 notes were converted subsequent to year end.

[3] Loans advanced during the year accrue interest from the date of drawdown, compounding monthly. Interest on the loan will capitalise and be paid in full at the time the principal is repaid. Loans are repayable by either (i) from cash proceeds from the R&D refund in respect of the financial year ended 30 June 2024; (ii) from proceeds of any capital raising or debt financing that generates proceeds sufficient to enable repayment of all amounts outstanding.

[4] Short-term convertible loans advanced on 31 October 2025, maturing on 30 June 2026. The lenders could convert the balance into shares at a price based on the 10-day VWAP. Because the number of shares would vary with the share price, the conversion feature was accounted for as a derivative, valued at $290,681 using a Monte Carlo simulation. The loans were not converted before maturity, so the derivative was released to profit or loss as a fair value gain. The loans remained outstanding at 30 June 2026. Subsequent to year end, these short-term loans were settled in cash.

[5] Ceased being a Director on 21 November 2024.

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

Comparative year ended 30 June 2025

Lender	Director	Interest Rate	1 July 2024	Loans Advanced[2]	Settled by ANREO shares[1]	Interest accrued	30 June 2025
			$	$	$	$	$
Loch Explorations Pty Ltd	A Bellas	15%	259,510	-	-	41,449	300,959
AG Super Fund Pty Ltd	A Bellas	15%	-	175,000[4]	(152,102) [1]	5,394	28,292
Jon Stretch	J Stretch	15%	259,773	175,000[4]	(182,532) [2]	49,023	301,264
Allegro Capital Nominees Pty Ltd	G Baynton	15%	259,403	175,000[5]	(175,000) [1]	43,400	302,803
Monte Vista Holdings Pty Ltd	P St Baker	15%	208,597	-	-	33,316	241,913
The P&P St Baker Family Trust	P St Baker	15%	1,052,037	175,000[4]	(1,000,000) [2]	78,234	305,271
Richard Cottee	R Cottee	15%	-	60,000[4]	(39,172) [1]	3,596	24,424
Total			**2,039,320**	**760,000**	**(1,548,806)**	**254,412**	**1,504,926**

[1] On 8 August 2024 Directors participated in an Accelerated Non-Renounceable Entitlement Offer (ANREO). Director entitlements under the ANREO were used to settle the Director loans.

[2] During the financial year Jon Stretch participated in an Accelerated Non-Renounceable Entitlement Offer (ANREO). Director entitlements under the ANREO were used to settle his director loan in two tranches, 8 August 2024 ($54,067) and 22 November 2024 ($128,465).

[3] During the financial year Philip St Baker participated in an Accelerated Non-Renounceable Entitlement Offer (ANREO). Director entitlements under the ANREO were used to settle his director loan in two tranches, 8 August 2024 ($485,562) and 22 November 2024 ($514,438).

[4] Loans advanced during the year are unsecured and accrue interest at 15% pa from the date of drawdown, compounding monthly. Interest on the loan will capitalise and be paid in full at the time the principal is repaid. Loans are repayable by either (i) applying outstanding loan balances towards securities offered under the ANREO; (ii) from cash proceeds of the ANREO; (iii) from project financing of the CNG facility; or (iv) proceeds from sale of any asset. If a conversion is requested by the lender, and subject to shareholder approval, the loan balance can convert to ordinary shares at an issue price equal to the 5-day VWAP prior to the conversion request.

[5] Loans advanced during the year are unsecured and accrue interest at 15% pa from the date of drawdown, compounding monthly. Interest on the loan will capitalise and be paid in full at the time the principal is repaid. Loans are repayable by either (i) applying outstanding loan balances towards securities offered under the ANREO; (ii) from cash proceeds of the ANREO; (iii) from project financing of the CNG facility; or (iv) proceeds from sale of any asset.

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

(b) Short Term Borrowings

During the year, the Company borrowed $1,000,000 from RH Capital Finance Co., LLC, secured against its R&D tax incentive refund for the year ended 30 June 2024, at 17% per annum. The facility was fully drawn at 30 June 2026. Accrued interest of $174,213 is included in trade and other payables (note 13).

(c) Other short-term borrowings

A $250,000 loan from Pancheck Pty Ltd, drawn in the prior year at 1.66% per month, was repaid during the year. Ignite Equity Pty Ltd advanced $1,066,667 of convertible note subscription funds ahead of the note issue, which was repaid during the year. The remaining balance is insurance premium funding.

(d) Convertible notes

On 3 February 2026, following shareholder approval, the Company issued 148 unsecured convertible notes with a face value of $25,000 each, totalling $3,700,000. Of this amount, $3,200,000 was received in cash and $500,000 was settled through the conversion of directors' loan balances. The key terms are:

Term	Detail
Interest	None. Instead, noteholders received 61,666,716 options (Tranche 1 Options) exercisable at $0.05 and expiring on 3 August 2028
Conversion price	A noteholder may elect to convert all or part of its convertible notes into fully paid ordinary shares of the Company at $0.04 per share for the first 16 weeks; after that, the lower of $0.04 and a 20% discount to the 15-day VWAP
Maturity	3 August 2028. Unconverted notes are repaid in cash at face value or, at the Company's election converted into shares
Forced conversion	If the shares trade above $0.10 for 10 consecutive trading days with average daily trading volume of at least $50,000, or on a change of control
Early redemption	At 120% of face value, together with a further tranche of options on the same terms

Upon maturity, the convertible notes that have not previously been converted, may be redeemed by the Company in cash at their principal amount or, at the Company's election, the Company may exercise a forced conversion in accordance with the terms of the Note.

As a result of the Company's contractual obligations to deliver cash in certain circumstances, including and upon the occurrence of specified default events, the convertible notes contain a host debt component.

On initial recognition, the Convertible Notes were separated into three components comprising a host debt liability, a derivative financial liability relating to the conversion feature and an equity component relating to the Tranche 1 Options. The conversion feature does not satisfy the fixed-for-fixed criteria as the number of ordinary shares to be issued on conversion may vary depending on the applicable conversion price. The Tranche 1 Options satisfy the fixed-for-fixed criteria and are therefore classified as equity.

In valuing the convertible notes, it was necessary to determine the fair value of the liability components and subtract this value from the face value of the convertible notes to determine the equity component.

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

Transaction costs of $370,752, comprising cash costs of $192,000 and broker options valued at $178,752, were allocated to the host debt liability, derivative liability and equity components on initial recognition. Transaction costs allocated to the derivative liability of $147,872 were recognised immediately in profit or loss.

The host debt liability is subsequently measured at amortised cost using the effective interest method. The effective interest rate determined at initial recognition was 38.04%.

The derivative financial liability is subsequently measured at fair value through profit or loss, with movements in fair value recognised in the statement of profit or loss and other comprehensive income.

	Host debt	Derivative	Option reserve (equity)	Total
	$	$	$	$
Allocation of $3,700,000 face value	1,603,219	1,415,225	681,556	3,700,000
Transaction costs	(151,667)	-	(71,213)	(222,880)
Recognised on issue	**1,451,552**	**1,415,225**	**610,343**	**3,477,120**
Unwinding of transaction costs	43,613	-	-	43,613
Conversion of notes into ordinary shares	(454,968)	(401,618)	-	(856,586)
Fair value gain	-	(203,074)	-	(203,074)
Balance at 30 June 2026	**1,040,197**	**810,533**	**610,343**	**2,461,073**

During the year, 37 notes were converted into 49,886,655 shares (note 16). A further 5 notes converted with effect from 30 June 2026 as a valid conversion notice was received and effective 30 June 2026. The resulting 9,564,405 ordinary shares were allotted on 1 July 2026. Accordingly, the amount attributable to the conversion has been recognised within equity as shares to be issued at 30 June 2026 and subsequently transferred to issued capital upon allotment.

Valuation of the derivative

The derivative is valued using a Monte Carlo simulation. It is a Level 3 financial instrument, as the valuation uses significant unobservable inputs, and it is most sensitive to the share price and volatility. Volatility is based on historical movements in the share price.

Key assumptions	At issue (3 February 2026)	At 30 June 2026
Share price	$0.025	$0.017
Remaining term	2.5 years	2.1 years
Risk-free rate	4.28%	4.414%
Volatility	100%	105%
Dividend yield	Nil	Nil
Face value of notes outstanding	$3,700,000	$2,650,000
Fair value of derivative	**$1,415,225**	**$810,533**

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

Director Short term Convertible loans

On 31 October 2025, the Company entered into short-term convertible loan agreements with certain Directors, as set out in the table below.

The Director loans include a conversion feature that allows the outstanding balance to be converted into ordinary shares of the Company at a price determined based on the volume weighted average price (VWAP) of the Company's shares over a 10-day period.

As the conversion price is determined with reference to the Company's share price, the number of shares that may be issued on conversion will vary. Accordingly, the conversion feature does not meet the "fixed-for-fixed" criteria for equity classification, and the short-term convertible loans have been accounted for as comprising a host debt liability measured at amortised cost and an embedded derivative liability measured at fair value through profit or loss.

The loans are secured by a general security interest over the assets and undertakings of the Company. The loans mature on 30 June 2026, unless earlier converted or redeemed.

The fair value of the conversion option (derivative financial liability) was determined using Monte Carlo simulation methodology. The key assumptions include:

- The risk-free rate;
- The volatility of the State Gas share price.

The derivative financial liability is carried at fair value at each reporting date, with gains or losses being recognised in the statement of profit or loss and other comprehensive income. The remainder of the proceeds were allocated to the host debt with the liability recognised at amortized cost until extinguished on conversion or maturity of the notes.

Key assumptions	At issue (31 October 2025)
Share price	$0.028
Remaining term	0.67 years
Risk-free rate	3.59%
Volatility	100%
Dividend yield	Nil
Conversion amount	$993,185
Conversion feature	**$290,681**

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

	Host Debt		Derivative		
	The P&P St Baker Family Trust	The Stretch Family Trust	The P&P St Baker Family Trust	The Stretch Family Trust	Total
	$	$	$	$	$
Host debt initial valuation	412,118	166,393	-	-	578,511
Derivative initial valuation			207,074	83,607	290,681
Transaction costs	(4,121)	(1,664)			(5,785)
Recognised on issue	**407,997**	**164,729**	**207,074**	**83,607**	**863,407**
Finance Costs	305,287	122,980			428,267
Fair value gain	-		(207,074)	(83,607)	(290,681)
Balance at 30 June 2026	**713,284**	**287,709**	**-**	**-**	**1,000,993**

(e) Reconciliation of movements in borrowings

Cash flows agree to the financing activities in the statement of cash flows.

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

	Director loans	Convertible notes[1]	R&D financing	Other borrowings	Total
	$	$	$	$	$
Balance at 1 July 2025	**1,504,926**	**-**	**-**	**282,440**	**1,787,366**
Cash flows					
Proceeds from issue of convertible notes	-	3,200,000	-	-	3,200,000
Payment of capital raising costs	-	(206,122)	-	-	(206,122)
Proceeds from borrowings	1,089,192	-	1,000,000	1,317,487	3,406,679
Repayment of borrowings	-	-	-	(1,520,040)	(1,520,040)
Net cash inflow from financing activities	**1,089,192**	**2,993,878**	**1,000,000**	**(202,553)**	**4,880,517**
Non-cash movements					
Director loans applied to convertible notes	(500,000)	500,000	-	-	-
Tranche 1 Options recognised in equity	-	(681,556)	-	-	(681,556)
Capital raising costs not attributable to host debt[2]	-	54,455	-	-	54,455
Conversion of notes into ordinary shares	-	(856,586)	-	-	(856,586)
Unwinding of transaction costs	-	43,613	-	-	43,613
Fair value gain on derivative	-	(203,074)	-	-	(203,074)
Interest accrued on Director loans	359,227	-	-	-	359,227
Other non-cash movements[3]	8,692	-	-	(13,560)	(4,868)
Total non-cash movements	**(132,081)**	**(1,143,148)**	**-**	**(13,560)**	**(1,288,789)**
Balance at 30 June 2026	**2,462,037**	**1,850,730**	**1,000,000**	**66,327**	**5,379,094**

[1] Host debt and derivative combined (refer note 14(d)). The conversion feature on the Director short-term convertible loans ($290,681) was recognised and released within the year, so it has no net effect and is not shown.

[2] Capital raising costs paid of $206,122 include share issue costs. $151,667 of convertible note transaction costs was recognised against the host debt, and this line adjusts the cash paid to that amount.

[3] Director loans advanced of $1,097,884 include an establishment fee of $8,692 not received in cash.

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Notes to the financial statements for the year ended 30 June 2026

Note 14 Borrowings (continued)

Fair value hierarchy

The following tables detail the Company's liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

June 2026	Level 1 $	Level 2 $	Level 3 $	Total $
Liability				
Derivative financial liability	-	-	810,533	810,533
Totals	**-**	**-**	810,533	810,533

The Level 3 fair value measurements comprise the derivative financial liability associated with the conversion feature of the Company's convertible notes and the Convertible director loans issued during the year.

There were no transfers between levels during the financial year.

Movements in level 3 liabilities during the current financial year are set out below:

	Director Convertible loans	Convertible notes	Total
	$	$	$
Opening Balance	-	-	-
Additions	290,681	1,415,225	1,705,906
Conversion of notes into ordinary shares		(401,618)	(401,618)
Fair Value gains through profit and loss	(290,681)	(203,074)	(493,755)
Balance at 30 June 2026	**-**	810,533	810,533

Valuation techniques for fair value measurements categorised within level 3

The conversion feature of the convertible notes is classified as a derivative financial liability and is measured at fair value through profit or loss. The fair value measurement is categorised within Level 3 of the fair value hierarchy as it incorporates significant unobservable inputs. The valuation was determined using a Monte Carlo Simulation model. The significant input is Company's share price volatility. Changes in the fair value of the derivative liability are recognised in profit or loss.

The level 3 liabilities unobservable inputs and sensitivity are as follows:

Description	Significant unobservable inputs	Range (Weighted Average)	Sensitivity to fair value
Derivative liability	Share price volatility	+/-10%	10% change would increase/decrease the fair value by $130,000

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Notes to the financial statements for the year ended 30 June 2026

Note 15 Provisions

	2026	2025
	$	$
Provision for rehabilitation	2,625,426	2,688,041
Reconciliation of carrying amount:		
Opening balance	2,688,041	3,103,041
Additions (refer to note 10)	(167,407)	(528,960)
Unwinding of discount (refer to note 3)	104,792	113,960
	2,625,426	2,688,041

Rehabilitation provision

The rehabilitation provision relates to the Reid's Dome production lease PL231 (located in Bowen Basin, Queensland) and ATP2062 'Rolleston West'. State Gas Limited is liable to pay 100% of rehabilitation liability for wells and infrastructure on the lease.

The liability associated with the provision has been present valued in accordance with the Company's accounting policy.

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Notes to the financial statements for the year ended 30 June 2026

Note 16 Contributed equity

		2026 Shares	2025 Shares	**2026 $**	2025 $
(a)	**Share capital**				
	Fully paid ordinary shares	443,862,524	392,600,869	56,691,947	55,493,597

(b) Ordinary share capital

Date	**Details**	**Note**	**Number of Shares**	**Issue Price**	**$**
1 July 2024	Balance		274,226,789		50,009,838
9 Aug 2024	Placement & ANREO shares	(c)	86,970,272	$0.05	4,348,514
12 Sept 2024	Entitlement Offer shares	(c)	18,101,687	$0.05	905,084
8 Oct 2024	Options exercised	(d)	94,700	$0.08	7,576
22 Nov 2024	Shortfall Entitlement Offer shares	(c)	13,207,421	$0.05	660,371
	Share issue costs		-		(437,786)
30 June 2025	**Balance**		392,600,869		55,493,597
16 July 2025	Placement shares	(e)	250,000	$0.023	5,750
3 Feb 2026	Exercise of performance rights	(f)	1,125,000	-	-
	Convertible note conversion	(g),(h)	49,886,655		1,206,727
	Share issue costs		-		(14,127)
30 June 2026	Balance		443,862,524		56,691,947

(c) Placement & ANREO shares

The issue of 86,970,272 fully paid ordinary shares at $0.05 per share and 29,614,111 free attaching options to institutional and professional investors under a placement and Accelerated Non-Renounceable Entitlement Offer (ANREO), representing gross proceeds of $4,348,514.

A further issue of 18,101,687 fully paid ordinary shares at $0.05 per share and 9,050,857 free attaching options under the retail component of the ANREO, representing gross proceeds of a further $905,084.

A further issue of 13,207,421 fully paid ordinary shares at $0.05 per share and 6,603,711 free attaching options under the retail component of the ANREO, representing gross proceeds of a further $660,371.

Of the gross proceeds $1,548,806 represents Director entitlements under the ANREO that were settled from Director loans (refer note 14).

(d) Options exercised

On 8 October 2024, 94,700 options were exercised at $0.08 per share resulting in the issue of 94,700 ordinary shares.

(e) Facility fee

The issue of 250,000 shares to Panchek Pty Limited as consideration for a facility fee charged for a short-term loan advanced during the year. The loan was for $250,000 and accrued interest at 1.66% per month. The loan was drawn down and repaid during the financial year.

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Notes to the financial statements for the year ended 30 June 2026

Note 16 Contributed equity (continued)

(f) Exercise of performance rights

On 3 February 2026, 1,125,000 ordinary shares were issued to Doug McAlpine on the exercise of vested performance rights.

(g) Conversion of Convertible notes

During the year ended 30 June 2026, 37 convertible notes were converted into 49,886,655 ordinary shares (*See Note 14 Borrowings)*. The conversion prices applied during the year ranged from $0.014 to $0.028 per share.

(h) Conversion of Convertible notes – shares to be issued

On 30 June 2026, the Company had received a valid conversion notice in respect of 5 convertible notes for which the conversion was effective at reporting date. The resulting 9,564,405 ordinary shares were allotted on 1 July 2026. Accordingly, the amount attributable to the conversion has been recognised within equity as shares to be issued at 30 June 2026 and subsequently transferred to issued capital upon allotment.

(i) Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company includes equity attributable to equity holders, comprising issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Company.

The Company monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Company will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Company has no externally imposed capital requirements. The Company's strategy for capital risk management is unchanged from prior years.

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Notes to the financial statements for the year ended 30 June 2026

Note 16 Contributed equity (continued)

(j) Options over ordinary shares

A summary of movements of all options issued is as follows:

2026

	Exercise price	Expiry date	Balance 30 June 2025	Issued	Exercised	Expired	Balance 30 June 2026
1	$0.31	31/08/2026	8,400,000	-	-	-	8,400,000
2	$0.08	30/08/2025	59,045,015	-	-	(59,045,015)	-
3	$0.05	03/08/2028	-	61,666,716	-	-	61,666,716
4	$0.05	03/08/2028	-	9,600,000			9,600,000
		TOTAL	**67,445,015**	**71,266,716**	**-**	**(59,045,015)**	**79,666,716**

2025

	Exercise price	Expiry date	Balance 30 June 2024	Issued	Exercised	Expired	Balance 30 June 2025
1	$0.31	31/08/2026	8,400,000	-	-	-	8,400,000
2	$0.08	30/08/2025	-	59,045,015	-	-	59,045,015
		TOTAL	**8,400,000**	**59,045,015**	**-**	**-**	**67,445,015**

1. Broker options issued in prior year. Refer to note 20.
2. Free attaching options to institutional and professional investors under a placement and Accelerated Non-Renounceable Entitlement Offer (ANREO)
3. Free attaching options to convertible notes issued in February 2026.
4. 9,600,000 broker options issued to Ignite Equity Pty Ltd as Lead Manager for the issue of convertible notes.

   The fair value of the 9,600,000 options issued was calculated using a Black Scholes option pricing model by applying the inputs below. The fair value of these options at grant date was $178,753.

Number of options issued and outstanding	9,600,000
Grant date	8 Dec 2025
Expiry date	3 Aug 2028
Volatility*	100%
Underlying share price	$0.035
Dividend yield	0%
Risk-free interest rate	4.033%
Fair value at grant date	$0.01862

* Volatility has been determined by looking at the historical volatility over the same period as the expected life of the option, long term average level of volatility, the length of time an entity's shares have been publicly traded, and the appropriate interval for price observations. The company does not have a reasonable history of share transactions by which to gauge the company's volatility. Due to this fact an average volatility of comparable companies share transactions over the same period of time have been used to calculate an appropriate volatility.

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Notes to the financial statements for the year ended 30 June 2026

Note 17 Reserves

	2026	2025
	$	$
Share-based payment reserve	3,310,189	3,120,631
Option reserve	610,343	-
	3,920,532	3,120,631

Share-based payment reserve

	2026	2025
	$	$
Share based payment reserve	3,310,189	3,120,631
Opening balance		
	3,120,631	2,975,563
Share based payments expense	189,558	145,068
Closing balance	3,310,189	3,120,631

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options and performance rights.

Option reserve

	2026	2025
	$	$
Option reserve	610,343	-
Opening balance	-	-
Share based payments expensed	610,343	-
Closing balance	610,343	-

The option reserve records the fair value of free-attaching options issued in connection with convertible notes.

Note 18 Operating segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Company is managed primarily on an operational basis. Operating segments are determined on the basis of financial information reported to the Board.

Management currently identifies the Company as having only one operating segment, being the exploration and development of gas fields in Australia. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statements of the Company as a whole.

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Notes to the financial statements for the year ended 30 June 2026

Note 19 Cash flow information

(a) Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

	2026	2025
	$	$
Loss for the year	(2,973,046)	(3,284,236)
Adjustments for		
Share based payments	10,805	145,068
Depreciation expense	-	1,050
Fair value gain on financial liabilities	(493,755)	
Loss on extinguishment of convertible notes	436,275	
Financing costs	1,035,144	376,361
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(47,524)	76,508
Increase/(decrease) in trade creditors and other payables	511,090	130,877
Net cash outflow from operating activities	(1,521,011)	(2,554,372)

(b) Non-cash financing and investing activities

Non-cash investing and financing activities disclosed in other notes are:

i. Provision for rehabilitation – note 15
ii. Options and shares issued to employees – note 20
iii. Depreciation of field assets capitalised to exploration and evaluation assets – note 11
iv. $500,000 of Director loans (refer note 14) were settled through the issue of 20 convertible loan notes.
v. Broker options issued to Ignite Equity Pty Ltd as Lead Manager for the issue of convertible notes - notes 14, 16
vi. Issuance of shares on convertible note conversion - note 16

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each period presented.

Net debt

	30 June 2026	30 June 2025
	$	$
Cash and cash equivalents	633,256	2,160,062
Borrowings – repayable within one year	(5,379,094)	(1,787,366)
Net cash (debt)	(4,745,838)	372,696
Cash and cash equivalents	633,256	2,160,062
Gross debt – fixed interest rates	(5,379,094)	(1,787,366)
Net cash (debt)	(4,745,838)	372,696

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Notes to the financial statements for the year ended 30 June 2026

Note 19 Cash flow information

		Liabilities from financing activities		
	Cash $	Borrowings due within 1 year $	Borrowings due after 1 year $	Total $
At 1 July 2024	**31,751**	**(2,137,042)**	**-**	**(2,105,291)**
Cash flows	2,128,311	(936,728)	-	1,191,583
Other non-cash movements	-	1,286,404	-	1,286,404
At 30 June 2025	**2,160,062**	**(1,787,366)**	**-**	**372,696**
Cash flows	(1,526,806)	(5,086,639)	-	(6,613,445)
Other non-cash movements	-	1,494,911	-	1,494,911
At 30 June 2026	**633,256**	**(5,379,094)**	**-**	**(4,745,838)**

Note 20 Share-based payments

Share based payments expense for the year is derived as follows:

	2026 $	2025 $
Share rights granted in current year	-	62,054
Share rights granted in prior year	34,100	-
Performance rights granted in current year	-	54,270
Performance rights granted in prior years	(23,295)	28,744
Share based payment expense	10,805	145,068
Lead manager options (refer note 16)	178,753	-
Movement in share based payment reserve	189,558	145,068

OPTIONS

A summary of movements of all options issued is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2024	**8,400,000**	**$0.31**
Options exercisable as at 1 July 2024	**8,400,000**	**$0.31**
Granted	-	-
Exercised	-	-
Options outstanding as at 30 June 2025	**8,400,000**	**$0.31**
Options vested and exercisable as at 30 June 2025	**8,400,000**	**$0.31**
Granted	9,600,000	$0.05
Exercised	-	-
Options outstanding as at 30 June 2026	**18,000,000**	**$0.17**
Options vested and exercisable as at 30 June 2026	**18,000,000**	**$0.17**

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Notes to the financial statements for the year ended 30 June 2026

Note 20 Share-based payments (continued)

The weighted average remaining contractual life of options outstanding at year end was 1.2 years (2025: 1.3 years).

The options are exercisable as follows:

Tranche	Number	Exercise price	Expiry date
Tranche 1	1,600,000	$0.20	31 August 2026
Tranche 2	4,000,000	$0.30	31 August 2026
Tranche 3	2,800,000	$0.40	31 August 2026
Tranche 4	9,600,000	$0.05	3 August 2028

SHARE RIGHTS

A non-KMP employee is entitled to receive $50,000 of shares on the 1-year anniversary of the commencement of their employment with the Company, and a further $50,000 of shares on the 2 year anniversary, subject to the employee remaining employed by the Company at the relevant anniversary date. The grant date was 1 September 2024. For the current financial year an expense of $34,101 has been recognised in respect of these.

PERFORMANCE RIGHTS

A summary of movements of all performance rights issued is as follows:

	Number	Weighted Average Exercise Price
Performance rights outstanding as at 30 June 2024	**5,000,000**	**-**
Performance rights exercisable as at 30 June 2024	**375,000**	**-**
Granted	5,000,000	-
Exercised	-	-
Forfeited	-	-
Expired	-	-
Performance rights outstanding as at 30 June 2025	**10,000,000**	**-**
Performance rights exercisable as at 30 June 2025	**375,000**	**-**
Granted	-	-
Exercised	(1,125,000)	-
Forfeited	(250,000)	-
Expired	-	-
Performance rights outstanding as at 30 June 2026	**8,625,000**	**-**
Performance rights exercisable as at 30 June 2026	**-**	**-**

The weighted average remaining contractual life of performance rights outstanding at year end was 1.8 years (2025: 2.8 years).

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Notes to the financial statements for the year ended 30 June 2026

Note 20 Share-based payments (continued)

Further details of the performance rights expensed during the year are set out in the table below:

Name	Grant date	Number	Vesting condition / date	Fair value at grant date	Expiry	Estimated(E)[2]/ Actual(A) vesting date	Expense recognised $
D McAlpine	30/11/2022	375,000	Vest upon the Board making a FID to proceed with construction of a physical pipeline from any of the Group's producing assets.	$0.265	05/12/2027	5/12/2027 (E)	(51,180)
D McAlpine	30/11/2022	375,000	Vest upon the Group securing minimum annual gas sales of 2PJ per annum on terms acceptable to the Board.	$0.265	05/12/2027	30/06/2026 (E)	(654)
D McAlpine	30/11/2022	375,000	Vest if 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 $0.70.	$0.2063	05/12/2027	05/12/2027(E)	15,422
D McAlpine	30/11/2022	1,000,000	Vest 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 and the transaction becomes unconditional.	$0.265	05/12/2027	N/A[1]	-
D McAlpine	21/11/2024	1,000,000	Vesting subject to achievement of the following vesting conditions: (a) successful completion of the Company's exploration program on Rougemont 4 and 5 on time and within budget; and (b) establishment of an initial 2P reserve for the Company's Rolleston West Project; and (c) achievement of confidential business development objectives for the Company's HDNG business.	$0.019	22/11/2027	21/11/2025(A)	17,359
Non-KMP	01/09/2024	500,000	Vest on the Board approving a formal business plan which will be used to build a sustainable HDNG business with annual turnover in excess of $100M and which generates an acceptable return on capital.	$0.019	20/06/2028	30/06/2025(A)	-
Non-KMP	01/09/2024	500,000	Vest on achievement of monthly HDNG sales exceeding $1M.	$0.019	30/06/2027	30/06/2026(E)	5,262
Non-KMP	01/09/2024	500,000	Vest on achievement of monthly HDNG sales exceeding $2M.	$0.019	30/06/2027	30/06/2027(E)	(2,728)
Non-KMP	01/09/2024	500,000	Vest on achievement of monthly HDNG sales exceeding $4M.	$0.019	30/06/2027	30/06/2027(E)	(2,728)
Non-KMP	01/09/2024	500,000	Vest on achievement of monthly HDNG sales exceeding $6M.	$0.019	20/06/2028	20/06/2028(E)	(2,024)
Non-KMP	01/09/2024	500,000	Vest on achievement of monthly HDNG sales exceeding $9M.	$0.019	20/06/2028	20/06/2028(E)	(2,024)
Non-KMP	01/09/2024	1,000,000	Vest in the event of a takeover or change of control transaction recommended by the Board and completed.	$0.019	20/06/2028	N/A[1]	-
					Total expense recognised		**(23,295)**

[1] Assumed that the vesting condition will not be achieved. This will be reassessed each reporting period.
[2] Estimated vesting date has been reassessed for the current financial year and reflects the current estimate of when the vesting condition will be satisfied.

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Notes to the financial statements for the year ended 30 June 2026

Note 21 Events after the reporting date

Since 30 June 2026 the Company has:

- on 16 July 2026, the Company received $4,161,714 of R&D tax incentive refunds from the ATO in respect of the year ended 30 June 2024. The proceeds were applied principally to repayment of the R&D bridging facility and a portion of outstanding Director working capital loans, with the balance contributing to cash reserves;
- In September 2026, the Company lodged an application for the extension of tenure at ATP 2062 for a further six years, while it prepares to lodge a PL application over the Rolleston West Project area. Although expected, the Queensland Government's approval for this application was not received at the date of this report;
- Allotted 9,564,405 ordinary shares on 1 July 2026 on the conversion of 5 convertible notes, for which a valid conversion notice was effective at 30 June 2026 (refer note 16(h));
- Issued 99,094,268 ordinary shares on the conversion of a further 46 convertible notes, including 13 convertible notes held by Philip St Baker and 3 convertible notes held by Greg Baynton; and
- the Company has repaid all director loans in cash that were outstanding as at 30 June 2026.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Note 22 Related party transactions

Related Parties

The company's main related parties are as follows:

a. **Ultimate parent entity**

The company does not have an ultimate parent entity.

b. **Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

c. **Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

d. **Transactions with related parties**

Short-term loan agreements with Directors
Refer to note 14 for details of short-term loan agreements with Directors.

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Notes to the financial statements for the year ended 30 June 2026

Note 22 Related party transactions (continued)

Share-based payments made to Directors

Refer to note 20 for details of share-based payments made to Directors.

Convertible notes acquired by Directors

On 3 February 2026, the Company issued 20 unsecured convertible notes, each with a face value of $25,000, to Directors and their related entities as part of the Company's convertible note issue (refer note 14(c)). The notes were issued on the same terms as those issued to other investors, and shareholders approved the Directors' participation on 21 January 2026. The notes were paid for by settling $500,000 of outstanding Director loans, so the Company received no cash for them. In lieu of interest, the Directors received free-attaching options exercisable at $0.05 each and expiring on 3 August 2028.

Director	Holder	Notes issued	Face value $	Director loans settled $	Options issued
P St Baker	The P&P St Baker Family Trust	13	325,000	325,000	5,416,671
G Baynton	Allegro Capital Nominees Pty Ltd	3	75,000	75,000	1,250,001
A Bellas	Loch Explorations Pty Ltd	2	50,000	50,000	833,334
J Stretch	J Stretch	2	50,000	50,000	833,334
Total		**20**	**500,000**	**500,000**	**8,333,340**

Shares issued to Directors on conversion of convertible notes

During the year, the following Directors converted their convertible notes into fully paid ordinary shares at the conversion price applicable under the terms of the notes (refer note 16(g)):

Director	Conversion date	Notes converted	Face value $	Conversion price	Shares issued
A Bellas	30 June 2026	2	50,000	$0.0132	3,779,545
J Stretch	30 June 2026	2	50,000	$0.0132	3,779,545
Total		**4**	**100,000**		**7,559,090**

At 30 June 2026, Directors and their related entities held 16 convertible notes with a combined face value of $400,000, being 13 notes ($325,000) held by P St Baker and 3 notes ($75,000) held by G Baynton.

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Notes to the financial statements for the year ended 30 June 2026

Note 23 Contingent liabilities & Contingent assets

Landowner dispute
Since September 2024, the Company has been in a dispute with the landowner at ATP 2062 about access to, and compensation for, land within the Rolleston West Project area. Both parties have commenced proceedings in the Land Court of Queensland, each claiming costs and losses from the other.

At a court-directed mediation in July 2026, after the end of the reporting period, the Company made settlement offers covering both the historical access disputes and compensation for ongoing access to the Project area. The Company's insurer supported these offers. The parties did not reach a settlement, and the matter will now proceed to an expert evidence process and then to trial.

The Company continues to seek a commercial resolution. It also maintains a claim against the landowner for loss and damage arising from what it considers two separate unlawful restrictions of access to its Project assets. No asset has been recognised in respect of this claim.

The outcome of the proceedings, and the amount of any settlement or award, cannot be reliably estimated at the date of this report. The Directors consider that the Company has reasonable grounds to defend the landowner's claims, and that part of any amount payable may be recoverable under the Company's insurance arrangements. Accordingly, no provision has been recognised at 30 June 2026.

At the date of this report, the outcome of the proceedings remains uncertain. Accordingly, it is not possible to reliably estimate the potential financial effect of the claims. Based on information currently available, the Directors do not consider it probable that an outflow of economic benefits will be required to settle the matter and, therefore, no provision has been recognised as at 30 June 2026."

Much of the engagement between the parties is confidential or subject to legal privilege. The Directors have not disclosed further information about the claims, as doing so could seriously prejudice the Company's position in the proceedings.

Royalty
State Gas Limited has notice of the existence of a potential royalty payable in respect of petroleum produced from PL 231, being an overriding royalty interest in seven percent (7%) of the gross production of oil, gas and associated hydrocarbons produced and saved pursuant to the terms of the authority to prospect (ATP 333-P, as it was at the time), calculated on the arm's length sale price of petroleum less: (i) all costs and expenses incurred in or attributable to the treating, processing dehydrating, compressing and transporting such petroleum; (ii) levies and other taxes on production; and (iii) all fuel oil and gas used in conducting exploration, drilling, completion, equipping, producing, and other operations pursuant to the authority (Override). The royalty interest appears to have been established as part of a transfer of ATP 333-P in 1983.

It requires each subsequent assignor of the authority to make the conveyance subject to the assignee covenanting to pay the Override and the assignor remains obliged to pay the Override until such agreement has been consented to by the Override holder. Given the time that has passed since the Override was created, and the fact that State Gas Limited does not have records evidencing each transfer of the authority, State Gas Limited is unable to determine if the Override remains on-foot.

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Notes to the financial statements for the year ended 30 June 2026

Note 24 Commitments

Exploration commitments

	30 June 2026	30 June 2025
	$	$
Commitments for payments under exploration permits in existence at the reporting date but not recognised as liabilities payable is as follows:		
- payable within one year	1,200,000	2,940,000
- payable between one year and five years	3,176,000	2,345,000
	4,376,000	5,285,000

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown not to be prospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds, farm-outs, and new capital raisings.

Later Development Plan

So as to maintain current rights to tenure of PL231, the Company will be required to outlay amounts in respect of the Later Development Plan (LDP) commitments. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if the PL is relinquished. As at 30 June 2026, the full LDP expenditure commitment had been met.

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Notes to the financial statements for the year ended 30 June 2026

Note 25 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, security deposits and accounts receivable and payable and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Notes	**2026** **$**	2025 $
Financial assets			
Cash and cash equivalents	8	633,256	2,160,062
Other assets – security deposits	12	400,295	402,595
Total financial assets		1,033,551	2,562,657
Financial liabilities			
Trade and other payables	13	1,740,910	3,960,968
Borrowings	14	5,379,094	1,787,366
Total financial liabilities		7,120,004	5,748,334

The Board has established a risk committee to assist in management and oversight of risk but retains overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is managed on a Company basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted. The Company currently banks with Westpac Banking Corporation and the Commonwealth Bank of Australia.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Company at the end of the reporting period.

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Notes to the financial statements for the year ended 30 June 2026

Note 25 Financial risk management (continued)

All financial assets and financial liabilities mature within one year, with the exception of security deposits.

Market risk

Market risk is the risk that the change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The Company had 106 convertible notes on issue at 30 June 2026 with a face value of $25,000 each. It all outstanding convertible notes were converted at 30 June 2026, 204,775,250 ordinary shares would have been issued upon conversion. At 30 June 2026, if the share price had changed by -/+ $0.01 from the 30 June 2026 share price, with all other variables held constant, the adjustment to the number of shares that would be issued upon conversion would be 473,354,766 (decrease) or 165,014,546 (increase).

The Company is not exposed to market risks other than interest rate risk.

Cash flow and fair value interest rate risk

As the Company has interest-bearing cash assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The Company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2026, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit / (loss) for the year would have been $6,333 (2025: $21,601) lower/higher, as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all financial assets and financial liabilities approximate their fair value, due to their short-term nature.

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Consolidated Entity Disclosure Statement

The following table contains details of each entity within the company's consolidated group:

Entity name	Entity Type	Place formed/Country of incorporation	% of share capital held	Australian resident	Foreign tax residences
State Gas Limited	Body Corporate	Australia	N/A	Yes	Australian
State Gas (CQ) Pty Ltd	Body Corporate	Australia	100%	Yes	Australian
State Gas (Carbon Management) Pty Ltd	Body Corporate	Australia	100%	Yes	Australian

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 (Cth), reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295(3B)(a) of the *Corporations Act 2001* (Cth) defines Australian resident as having the meaning in the *Income Tax Assessment Act 1997* (Cth). The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295(3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

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Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 45 to 91 are in accordance with the *Corporations Act 2001,* including:

(I) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2026 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* (Cth) is true and correct.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

P St Baker
Director
Brisbane, 30 September 2026

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INDEPENDENT AUDITOR'S REPORT

To the members of State Gas Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of State Gas Limited (the Company), which comprises the balance sheet as at 30 June 2026, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of State Gas Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
Refer to Note 1(f), 10 and 11 of the financial statements. The Company carries both tangible and intangible exploration and evaluation assets as at 30 June 2026 in accordance with the Company's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation assets is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources in light of any indicators of impairment that may be present.	Our procedures included, but were not limited to the following: • Obtaining evidence that the Company has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Company maintains the tenements in good standing; • Making enquiries of management with respect to the status and future strategy of ongoing exploration programs in the respective areas of interest, and reviewed the Company's cash flow budget for the level of budgeted expenditure across the respective area of interest; • Reviewing the current commercial status of the asset to determine the classification of the asset as exploration and evaluation continues to be valid; and • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Company had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment write-downs were required.

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Convertible Notes

Key audit matter	How the matter was addressed in our audit
As disclosed in Notes 1(k) and 14 to the financial statements, the Company issued convertible notes during the year that included the conversion of existing director loans into convertible note instruments. The accounting for these arrangements is complex and required significant management judgement in determining the appropriate classification and measurement of the instruments under Australian Accounting Standards. The underlying instruments were assessed as containing both a host debt liability and a derivative conversion feature due to the conversion terms.	Our procedures included, but were not limited to the following: • Reviewing the underlying loan agreement to confirm key terms of the arrangement, including the share conversion feature. • Evaluating the accounting (i.e. debt vs equity) of these agreements under the requirements of AASB 9 *Financial Instruments*; • Obtain management's valuation and providing this to our internal corporate finance experts to assess the reasonability of the valuation model and mechanics; • For any convertible notes that have been converted during the year, reviewing the calculation of the value of this at conversion to ensure the interest recorded to date and value of the convertible notes at this date is reasonable; and • Reviewing the adequacy of the disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 39 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of State Gas Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

BDO Audit Pty Ltd

BDO

D P Wright
Director

Brisbane, 30 September 2026

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Shareholder information

The shareholder information set out below was applicable as at 17 September 2026.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security
	Ordinary shares
1 - 1,000	99
1,001 – 5,000	185
5,001 – 10,000	152
10,001 – 100,000	518
100,001 and over	407
	1,361

There were 764 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	% of issued shares
Philip Matthew St Baker & Peta Jane St Baker	50,660,742	9.21
Kokoris Superannuation Pty Ltd	35,867,326	6.52
Allegro Capital Nominees Pty Ltd	32,295,175	5.88
Property Contacts Pty Ltd	26,000,000	4.73
David Broomhead Investment Pty Ltd	20,185,075	3.67
HSBC Custody Nominees (Australia) Limited	17,062,862	3.10
Immanuel Developments Pty Ltd	14,132,674	2.57
Andrew James St Baker & Catherine Jeanne St Baker	13,670,499	2.49
BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	10,397,328	1.89
William Bambling & Joyce Bambling	10,000,000	1.82
Jonathan Stretch	9,942,214	1.81
Investment for Retirement Pty Ltd	9,000,000	1.64
Matthew James Penny	7,000,000	1.27
J Capital Partners Pty Ltd	6,236,177	1.13
Timber Wolf Holdings Pty Ltd	6,000,000	1.09
David Richard Broomhead	5,753,246	1.05
Geomar Two Pty Ltd	4,500,000	0.82
Robert Alexander Hoad	4,500,000	0.82
Loch Exploration Pty Ltd	4,112,878	0.75
Chunuan Niu	4,063,685	0.74
Total	**291,379,881**	**53.00**

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Unquoted equity securities

	Number on issue	Number of holders
Options	71,266,716	56
Performance rights	8,625,000	3
Convertible notes	60	26

There are no holders of more than 20% of unquoted share options on issue.

Holders of more than 20% of unquoted performance rights on issue

	Number held	% of total on issue
Highbury Partnership Pty Ltd	2,500,000	29%
Douglas McAlpine	2,125,000	25%
Daniel Marcus	4,000,000	46%

There are no holders of more than 20% of unquoted convertible notes on issue.

C Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Greg Alexander John Baynton, Allegro Capital Nominees Pty Ltd, Intercontinental Pty Ltd Investment for Retirement Pty Ltd and Baynton Brothers Pty Ltd	44,312,822	8.1%
Philip & Peta St Baker	50,660,742	11.1%
Emmanuel Kokoris	45,156,570	8.2%

D Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
(b) Share options: No voting rights
(c) Performance rights: No voting rights
(d) Convertible notes: No voting rights