



State Gas Limited
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ASX RELEASE

8 December 2025

Secured \$3.2 million via Structured Loan Notes at a Premium

HIGHLIGHTS:

- \$3.2 million raised through issue of unsecured convertible notes at a 33% premium to the closing price on 3 December 2025
- Convertible notes issued are convertible into fully paid ordinary shares of State Gas Limited.
- In addition to the \$3.2 million raised, Directors convert \$0.5 million of their debt into Convertible notes, reinforcing their confidence in the Company and paving the way for a simplified balance sheet.
- Funds raised from new and existing sophisticated and professional investors
- Provides funding to accelerate predevelopment activities for the Rolleston West Project, further to the recent maiden 2P Reserve certification

State Gas Limited (ASX: GAS) is pleased to announce it has received firm commitments of \$3.2 million from sophisticated and professional investors to subscribe for new convertible notes ("the Note Transaction").

The issue of the convertible notes is subject to Shareholder approval at a general meeting, which the Company intends to convene as early as practicable in calendar year 2026. Until the convertible notes are issued following Shareholder approval, the subscription funds will be treated as loan funds.

State Gas' Managing Director, Mr Doug McAlpine said, "Proceeds from the Note Transaction enable State Gas to rapidly advance its planning and pre-development activities for the Rolleston West Project. With the conversion price of the notes and strike price of attaching options both at a premium to the Company's current share price, it is strong recognition of the intrinsic value in the Company's assets after the Company's recent maiden 2P reserve announcement."

Note Transaction Details

Each unlisted, unsecured convertible note ("the Notes") has a face value of \$25,000. The Notes have a conversion price of \$0.04 (4.0 cents) for the first 16 weeks after the payment date and thereafter have a conversion price which is the lesser of \$0.04 (4.0 cents) or a 20% discount to the 15-day VWAP of State Gas shares at the time. .

In lieu of interest, and subject to State Gas shareholder approval, State Gas will issue each Note holder unlisted options (“Options”). Note holders will receive one (1) attaching option for every (2) ordinary share entitlements under the issue, assuming share entitlements are calculated at a conversion price of \$0.03 per share, being the closing price of GAS shares on the trading day immediately prior to this announcement. Options are exercisable at \$0.05 (5.0 cents) and expire 30 months from the date of issue.

State Gas can require conversion of the Notes if the Company’s share price is greater than \$0.10 (10 cents) for ten consecutive trading days. State Gas can also redeem the notes at any time if the shares are trading either below \$0.045 or above \$0.10, by repaying the face value of the Notes plus a twenty percent premium and issuing noteholders a further tranche of unlisted options of the same quantum and on the same terms as the original issue. The issue of additional options in an early redemption scenario would be made within the placement capacity available to the Company under ASX Listing Rule 7.1 at the time or require the Company to seek shareholder approval.

Detailed terms of the Notes and Options are set out in Appendix 1 and 2 respectively.

To demonstrate their support for this transaction and State Gas’ plans for Rolleston West entering its commercialisation stage, the Directors have agreed to convert \$0.5 million of their existing Director loans to Notes subject to shareholder approval. This is in addition to the \$3.2 million of new funds raised.

Use of Funds

Strong support for the Note Transaction reflects increased investor confidence in the commercialisation strategy for the Rolleston West Project post the announcement of a maiden 2P Reserve for the Project of 30PJ. The Company is now focused on accelerating pre-development activities at Rolleston West and securing a Project partner who can support the delivery of a new gas project at a time of substantial increasing demand for natural gas on the East Coast of Australia. As part of this process the Company also intends to engage with potential partners about strategic and financial support for the project through potential farm-out, joint venture participation, off-take and/or gas presale. State Gas will also commence initial engagement around project infrastructure finance opportunities from both private and public sector lenders.

Proceeds from the Note Transaction will be specifically used to fund:

- Internal engineering and commercial resources to support field development plans;
- Third party costs of gas processing plant and pipeline connection concept studies;
- Third party consultants and advisors to support the application for permanent production tenure including the commencement of baseline environmental studies; and
- Corporate overheads, legal costs and working capital.

Ignite Equity

The Board would like to thank Ignite Equity for their hard work and initiative in bringing this innovative funding opportunity to the Company. The Note Transaction is an efficient and less dilutive funding mechanism than traditional equity and allows the Company to accelerate the Rolleston West development while preserving strategic funding optionality. The funds raised materially enhance the Company's capacity to meet its next phase of technical, regulatory, and commercial milestones. Ignite Equity Pty Ltd has acted as sole lead manager and cornerstone investor for the Note Transaction. Mr Shaun Factor and Mr Greg Lowe (Founders – Ignite Equity), said "We're excited to support State Gas with this funding and to join the Company as shareholders. We introduced this structure because we understand the Board's desire to minimise dilution at a time when the share price is materially depressed, while still ensuring the Company is appropriately funded to execute its strategy. We have deployed similar structures across multiple companies, and when combined with strong management and consistent, positive news flow, they have supported excellent outcomes for all stakeholders. With the Company having recently announced its maiden 2P Reserve, we see a clear pathway toward a stronger balance sheet, including the potential to become debt-free. We also welcome the continued financial support shown by Directors and existing shareholders, including the conversion of \$0.5 million of the Director loans into the note structure, which we view as a meaningful sign of confidence and alignment with shareholders."

Ignite Equity Pty Ltd will receive fees for their services as Lead Manager consisting of 6% of cash proceeds from the note transaction plus 9.6M options exercisable at \$0.05 and expiring 30 months from issue.

This announcement was approved for release by the Board of Directors.

FOR FURTHER INFORMATION

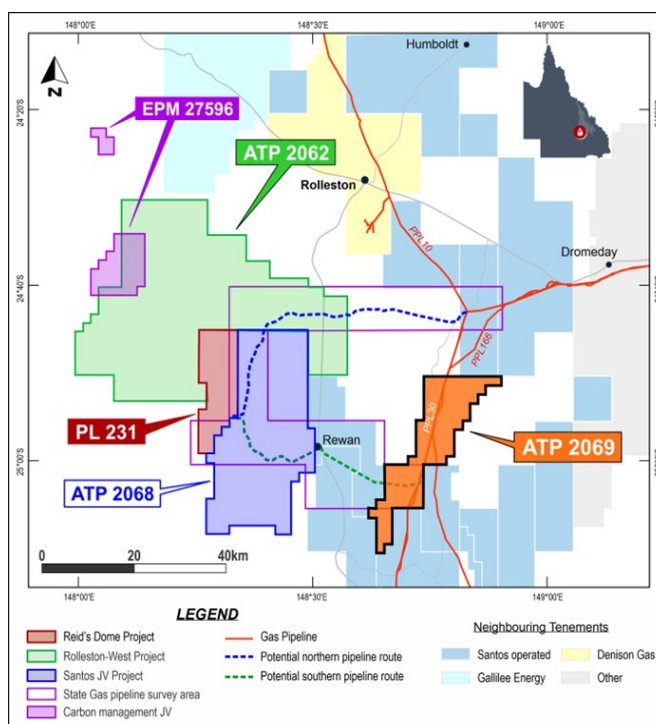
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ABOUT STATE GAS LIMITED

STATE GAS LIMITED (ASX: GAS) is a Queensland-based gas exploration and development company with highly prospective gas exploration assets located in the southern Bowen Basin. State Gas Limited's mission is to support east coast energy markets through the efficient identification and development of new high quality gas assets. It will do this by applying an agile, sustainable but low-cost development approach and opportunistically expanding its portfolio in areas that are well located to gas pipeline infrastructure.

State Gas is 100%-owner of the contiguous Reid's Dome (PL-231) and Rolleston-West (ATP 2062) gas projects, both of which contain CSG and conventional gas. The Projects, together some 1,595km², are located south of Rolleston, approximately 50 and 30 kilometres respectively from the Queensland Gas Pipeline and interconnected east coast gas network. State Gas intends to accelerate commercialisation of these assets through the application of an innovative virtual pipeline ("VP") solution which will see the Company transport compressed gas by truck to existing pipeline infrastructure or to an end user.

State Gas also holds a 35% interest in ATP 2068 and ATP 2069 in joint venture with Santos QNT Pty Ltd (65%). These two new areas lie adjacent to or in the near vicinity of State Gas and Santos' existing interests in the region, providing for the potential of an alignment in ownership interests across the region over time and enabling synergies in operations and development.



ABOUT THE ROLLESTON WEST PROJECT

The Rolleston West Project (ATP 2062), is State Gas' 100%-owned flagship development project in the Bowen Basin, underpinned by a maiden 30.2 PJ 2P reserve (with an additional 14 PJ of 3P upside) certified in 2025. This reserve base confirms the commercial viability of a ~10 TJ/day pipeline-supported CSG development and marks the beginning of a broader conversion pathway from the Company's significant contingent resource position. The project benefits from existing field infrastructure, including a dual-lateral well system (Rougemont 2/3), 2 recently drilled vertical wells, approximately 4 km of buried gathering lines. The Project also benefits from the HDNG compression facility, which has already demonstrated commercial performance through production testing.

The drilling program undertaken in the eastern part of the tenement (Rougemont 1, 2 and 3) has intersected approximately 8 metres of net coal, with the thickest seams laterally continuous over many kilometres. The gas content of the coals is between 5 and 6 m³/tonne dry ash free. Gas is at or near pipeline quality, between 93.8% and 96% methane. Recent drilling results from two new vertical wells (Rougemont 5 and 6) support the Company's existing geological hypothesis and the premise that the area can support a commercial scale CSG project. The capability to produce CSG at commercial levels has already been established at the Arcadia Valley field to the south-east, and at Mahalo to the north-east.

The project targets approximately 8 metres of laterally continuous net coal from the Bandanna coal measures, offering strong scalability across the permit. Geological characteristics include good permeability and gas contents of 5–6 m³/t (DAF) across multiple seams—attributes consistent with nearby producing CSG fields. The gas is near pipeline quality, requiring minimal conditioning and reducing both capital and operating costs.

Rolleston West is strategically positioned with multiple pipeline connection options, enabling flexible development pathways and commercial outcomes. The Company currently holds an LWP approval, providing a 24-month window to secure production tenure and progress toward full project development.

ABOUT THE REID'S DOME PROJECT

The Reid's Dome Project (PL 231) is targeting conventional and coal seam gas assets associated with the Reid's Dome anticline, an area of sharply uplifted coals, shales and sandstone formations on the apex of the Springsure-Serocold Anticline. State Gas' exploration activities have established in excess of 30 m of net coals, with gas contents averaging a very high 13.75m³/tonne dry ash free. Commercial levels of sustainable production of conventional gas have been established at the Nyanda-4 well and the Company continues to evaluate a range of techniques to successfully liberate gas from the deeper formations. There are immediately available pockets of conventional gas capable of immediate, low cost extraction, subject to the delivery of supporting infrastructure.

There are substantial operational and financial synergies between ATP 2062 and PL231 and the Company is evaluating how to best develop Reid's Dome in conjunction with Rolleston West as part of an integrated gas precinct which utilised a combination of traditional pipeline and virtual pipeline infrastructure.

ABOUT THE HDNG PRODUCTION FACILITY

State Gas has developed a “first of its kind” in Australia CSG to HDNG plant (“the HDNG Facility”). When implemented in conjunction with virtual pipeline (“VP”) trailer technology, the HDNG Facility will be able to deliver up to 1.7TJ/day of pipeline quality natural gas to end users in the Southern Bowen Basin and surrounding areas. This technology has a range of benefits and potential use cases:

- delivers substantial environmental benefits to gas producers, as it provides a reliable method for capturing and commercialising production testing gas which has historically been released to the atmosphere;
- provides a new path to market for pipeline quality natural gas which the Company believes will become increasingly important across a range of industries, including critical minerals, while the economy continues its long-term transition to renewable energy sources;
- is modular and can be efficiently expanded and easily relocated to support gas testing and processing opportunities in new locations; and
- provides access to a new fuel source for end users who are seeking access to smaller, flexible quantities of natural gas, but don’t have access to traditional pipeline infrastructure and need to accelerate a transition away from diesel.

Appendix 1 – Convertible Notes Detailed Terms

Convertible Notes entitle the holder (Holder) to convert into ordinary shares in the capital of the Company (Shares) on the following terms:

1. Subject to paragraphs 13 and 14, each Convertible Note will convert into Shares on the earliest of any of the following occurring:
 - a) if a Holder gives a Conversion Notice to the Company, 3 business days after the date of the Conversion Notice;
 - b) otherwise, on the maturity date (30 months).
2. The number of Shares to be issued for each Convertible Note is determined using a Share price equal to the lower of \$0.04 or a 20% discount to the VWAP for the 15 business days on which trading of Shares occurred prior to the relevant date in paragraph 1, provided that if a Conversion Notice is given before 16 weeks then the Share price will be \$0.04.
3. Conversion of each Convertible Note is as follows:
 - a) the Company shall issue and allot to the Holder in respect of each Convertible Note converted, such number of Shares as determined by the Conversion Rate;
 - b) the Shares issued shall rank in all respects equally with the then issued Shares in the capital of the Company;
 - c) the Company is hereby authorised to apply the Subscription Amount as payment in full for the Shares and the Company shall have no obligation in respect of the repayment of the Subscription Amount for the Convertible Notes converted;
 - d) the Holder accepts such Shares subject to the terms of the constituent documents of the Company and must return a certificate or statement in respect of the Convertible Notes held by the Holder to the Company;
 - e) the Company will apply to have the Shares issued on conversion within 3 days of receipt of a Conversion Notice
 - f) The Company may elect to forcibly convert the Convertible Notes if the Company's shares trade above \$0.10 for a minimum of 10 consecutive trading days, with an average daily trading volume of at least \$50,000.
4. There are no participating rights or entitlements conferred on the Convertible Notes and the Holder will not be entitled to participate with respect to the Convertible Notes in new issues offered to Holders during the term of the Convertible Notes. There is no change in the number of Shares over which a Convertible Note can be converted in the event of a pro-rata issue.
5. The Convertible Notes are unsecured.
6. The Convertible Notes are unlisted and are only transferable with the written consent of the Company.
7. The Convertible Notes may be converted in whole or in part.
8. The Convertible Notes do not confer any voting rights.
9. The Convertible Notes do not confer any rights to repayment in the event of a winding up of the Company.
10. No interest is payable on the Convertible Notes.
11. The Company may elect to repay the Convertible Notes at any time, provided that it pays Noteholders 100% of principal plus a 20% cash premium. In this scenario, Noteholders will also receive an additional 1 for 2 options (Tranche 2 Options) Should the Company exercise this early-repayment right, it must provide all Noteholders with two weeks' notice and in the event that it does not have sufficient placement capacity to issue the Tranche 2 options, within that two week period, issue a notice to convene an Extraordinary General Meeting (EGM) to seek shareholder approval for the issuance of the Tranche 2 Options.
12. In the event of any reorganisation of capital of the Company, the number of Convertible Notes to which the Holder is entitled will be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of reorganisation.
13. If a takeover bid within the meaning of the Corporations Act is made for the Shares and the bidder acquires a relevant interest in at least 90% of the Shares and the bid is unconditional, any Convertible Notes not converted within 7 days thereafter will automatically convert into Shares at the lower of the takeover price or the Share price described in paragraph 2.
14. If a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company the effect of which is that a person will have a relevant interest in at least 90% of the Shares and that resolution is passed by the requisite majorities of Company shareholders, any Convertible Notes not converted within 2 days of the court order approving the scheme of arrangement will automatically convert into Shares at the lower of the takeover price or the Share price described in paragraph 2.
15. Whilst any Convertible Notes are on issue, the Company undertakes to not dispose of any material asset, other than the introduction of a project partner through joint venture, farm-out or other similar transaction structure customary in the resources sector, without prior consultation with Ignite Equity Pty Ltd
16. Whilst any Convertible Notes are on issue:
 - a) the Company must not permit the conversion of any Convertible Notes, and the Holder must not demand the conversion of any Convertible Notes, where to do so, would be in breach of any law, including without

limitation the requirement to obtain the approval of any governmental organisation under the Foreign Acquisitions and Takeovers Act 1975 (Cth), or to obtain the approval of the shareholders of the Company under the Corporations Act 2001 (Cth), regulations, the ASX Listing Rules or the constitution of the Company, in respect of the issue of shares in the capital of the Company to the Holder.

- b) the Company must on receipt of a written conversion notice sent to the Company Secretary of the Company by email, do all things, including by sending all notices and convening all meetings, for the purpose of obtaining the approval to the conversion of any Convertible Notes for the purposes of this document.
 - c) the Holder must do all things, including by delivering all documents and other information, reasonably requested by the Company, for the purposes of satisfying any law, regulation or ASX Listing Rule applicable to the conversion of any Convertible Notes, or assisting the Company to comply with its obligations in this regard.
17. In lieu of interest, noteholders will receive options. For every two (2) ordinary share entitlements under the issue, noteholders will receive one (1) attaching option, assuming share entitlements are calculated at a conversion price of \$0.03 per share, being the closing price of GAS shares on the trading day immediately prior to this announcement. The options are exercisable at \$0.05 and expire 30 months from the date of issue. The options are subject to shareholder approval.

Appendix 2 – Unlisted Option Terms

Options entitle the holder (Holder) to subscribe for ordinary fully paid shares in the Company (Shares) on the following terms.

1. Each Option entitles the Holder to subscribe for one Share upon exercise of the Option.
2. The amount payable on exercise of an Option is 5 cents (\$0.05).
3. Subject to paragraphs 13 and 14, each Option expires 30 months from the date of issue. An Option not exercised on or before the expiry date will automatically lapse on the expiry date.
4. There are no participating rights or entitlements conferred on the Options and the Holder will not be entitled to participate with respect to the Options in new issues offered to Shareholders during the term of the Options without exercising the Options. There is no change in exercise price or to the number of Shares over which an Option can be exercised in the event of a pro-rata issue.
5. In the event of any reorganisation of capital of the Company, the number of Options to which the Holder is entitled or the exercise price of the Options or both will be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of reorganisation.
6. The number of Options held will appear on a Holder's statement which will be accompanied by a Notice of Exercise of Options form that is to be completed when exercising Options.
7. The Options can be exercised at any time prior to their expiry date by completing the Notice of Exercise of Options form and delivering it to the Company with payment of the exercise price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
8. The Company shall, within 5 Business Days after the receipt of a Notice of Exercise of Options form and the requisite payment, issue Shares in respect of the Options exercised and arrange for a holding statement for the Shares to be despatched to the Holder.
9. The Holder may exercise any number of the Options without prejudice to the Holder's ability to subsequently exercise any remaining Options.
10. If admitted to the official list of ASX at the time, the Company will, within 7 days, apply for official quotation on ASX of the Shares issued upon the exercise of the Options.
11. Shares issued on exercise of an Option rank equally with the then issued Shares.
12. Options are unlisted and are only transferable with the written consent of the Company.
13. If a takeover bid within the meaning of the Corporations Act is made for the Shares and the bidder acquires a relevant interest in at least 90% of the Shares and the bid is unconditional, any Options not exercised within 7 days thereafter will automatically lapse.
14. If a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company the effect of which is that a person will have a relevant interest in at least 90% of the Shares and that resolution is passed by the requisite majorities of Company shareholders, any Options not exercised within 2 days of the court order approving the scheme of arrangement will automatically lapse.

Appendix 3 - Reserves and Contingent Resource Estimates

Additional information about Reserve Estimate

The 2P (Proved plus Probable) 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 have been prepared in accordance with the SPE-PRMS 2018 and SPE PRMS 2024 guidelines and ASX Listing Rule 5.25–5.31 requirements.

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.

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.

The reserves relate to unconventional petroleum and contemplate a development scenario supported by three existing wells and approximately 24 future “undeveloped” vertical wells for the 2P case, with additional wells for the 3P case. Final well numbers, extraction methods, production strategy and plant configuration remain subject to detailed FEED studies, financing, regulatory approvals and commercial arrangements. 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.

State Gas notes that the Rolleston West Project is in the pre-development phase. Progression of development remains contingent upon securing financing, obtaining production tenure and environmental approvals, finalising pipeline and processing design, and executing gas sales and infrastructure agreements. The Company considers that sufficient technical data and independently certified reserves now exist to progress these activities.

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.

Competent Persons Statement - Reserves

The information in this announcement that relates to Gas Reserves for the Rolleston West Project (ATP 2062) is based on, and fairly represents, information and supporting documentation prepared by Mr John G. Hattner, Sr Vice President, and Mr Joseph M. (Joe) Wolfe, P.E., Vice President, of Netherland, Sewell & Associates, Inc. (“NSAI”). Both Mr Hattner and Mr Wolfe are qualified petroleum reserves and resources evaluators and meet the requirements of ASX Listing Rule 5.41. They each hold appropriate professional qualifications and have over 30 years’ experience in petroleum geology, reservoir engineering, reserves assessment and economic evaluation of oil and gas resources.

Mr Hattner and Mr Wolfe have consented to the inclusion of the Gas Reserves information in the form and context in which it appears in this announcement. The Gas Reserves have been estimated in accordance with the definitions and guidelines contained in the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS, 2018) and the 2024 PRMS guidelines, utilising deterministic methods and applying the economic and technical assumptions described in this announcement.

The Reserves estimates are reported on a 100% working interest basis and at the reference point of the inlet to the Gladstone–Wallumbilla Pipeline at the Rolleston Jemena Compression Station. No adjustments have been made for risk. NSAI’s assessment included independent geological and reservoir engineering evaluation, review of well data, production testing results, petrophysical analyses, and economic parameters relevant to the Rolleston West development concept.

Information about Contingent Resource Estimates

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 are as at 12 September 2022. They were estimated utilising the probabilistic method with totals summed arithmetically and have not been adjusted for commercial risk.

The 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.

The estimates reported relate to unconventional petroleum reserves. 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.

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, provided 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 Announcement.