



*Not for release to US wire services or distribution in the United States*

8 August 2024

Dear Shareholder

**State Gas Limited ACN 617 322 488**  
**Placement and Accelerated non-renounceable entitlement offer**

On 5 August 2024, State Gas Limited ACN 617 322 488 (ASX: GAS) (**Company**) announced that it would be offering eligible shareholders the opportunity to participate in a pro rata non-renounceable entitlement offer to subscribe for 1 new fully paid ordinary share in the Company for every 2 existing fully paid ordinary shares in the Company held as at 7:00pm AEST on the record date (being 7 August 2024) (**Record Date**) at an issue price of \$0.05 per new share, to raise up to approximately \$6,900,000 (**Entitlement Offer**) before costs. The Entitlement Offer includes 1 free attaching option for every 2 new shares, with an exercise price of \$0.08 and expiry on 30 August 2025.

The Company at the same time announced that it has made an institutional placement of shares and attaching options to raise approximately \$2,000,000 (**Placement**) on the same terms as the Entitlement Offer. The shares and options under the Placement rank equally to the shares and options under the Entitlement Offer (together, **New Shares** and **New Options**).

The Entitlement Offer is comprised of both an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (**Retail Entitlement Offer**). Eligible retail shareholders who have taken up their full entitlement under the Retail Entitlement Offer can apply to take up additional New Shares and attaching New Options in excess of their pro rata entitlement (**Shortfall Offer**), subject to restrictions under Chapter 6 of the *Corporations Act 2001* (Cth). Applications under the Shortfall Offer will only be considered to the extent that there is a shortfall under the Retail Entitlement Offer.

**Eligible Shareholders**

Only shareholders with a registered address in Australia and New Zealand will be eligible to participate in the Retail Entitlement Offer (**Eligible Shareholders**). Eligible shareholders under the Institutional Entitlement Offer are anyone whom the joint lead managers determine have successfully received an offer to subscribe for New Shares and attaching New Options.

Assuming no options are exercised before the Record Date:

- approximately 137,033,157 New Shares and 68,516,579 New Options will be issued under the Entitlement Offer; and
- approximately 40,949,472 New Shares and 20,474,736 New Options will be issued under the Placement.

As the rights to New Shares and attaching New Options are non-renounceable, they cannot be traded on the ASX nor can they be sold, transferred or otherwise disposed of.

New Shares will rank equally with the Company's existing shares.

The Retail Entitlement Offer will be made by way of a prospectus (**Prospectus**). The Prospectus will be available on the Company's website at [www.stategas.com](http://www.stategas.com) and on the ASX website at [www.asx.com.au](http://www.asx.com.au) on 5 August 2024. The Institutional Entitlement Offer closed on 2 August 2024 and approximately 59.3 million New Shares and approximately 29.6 million New Options are expected to be issued on or around 9 August 2024. The issue of New Shares under the Placement will be settled at the same time as the Institutional Entitlement Offer, while the attaching New Options will be issued subject to Shareholder approval under ASX Listing Rule 7.1, which is expected during September 2024.

The Placement and the Entitlement Offer (**Offer**) are jointly managed by Aitken Mount Capital Partners Pty Ltd and Morgans Corporate Limited. No options will be issued to either of the lead managers in consideration for their services with regards to the Offer.

### Purpose of Offer

Successful completion of the Placement and the Entitlement Offer will raise up to approximately \$8,900,000 (before costs). Funds raised will be applied towards the remaining costs associated with the HDNG production facilities at Rolleston-West, working capital, costs associated with the Offer, and subject to the Offer take-up also to accelerate exploration and appraisal activities and improve efficiency and productions capability of the HDNG plant.

### Indicative Timetable

The timetable for the Offer is as follows:

Event	Date
Trading halt requested	30 July 2024
<ul style="list-style-type: none"> <li>Company requests one day voluntary suspension from trading to comply with ASX timetable rules</li> <li>Placement and Entitlement Offer announced</li> <li>Prospectus lodged with ASIC and ASX</li> <li>Appendix 3B lodged with ASX</li> </ul>	5 August 2024
<ul style="list-style-type: none"> <li>Company announces results of Institutional Entitlement Offer and Placement</li> <li>Trading resumes on an ex-entitlement basis</li> </ul>	6 August 2024
Record Date	7 August 2024 (7:00pm AEST)
<ul style="list-style-type: none"> <li>Institutional Placement and Entitlement Offer settle</li> <li>Appendix 2A relating to Institutional Entitlement Offer and Placement lodged with ASX</li> <li>Prospectus and entitlement forms despatched to shareholders</li> <li>Opening Date for Retail Entitlement Offer</li> </ul>	8 August 2024
Last day to extend Retail Entitlement Offer	19 August 2024
Closing Date for Retail Entitlement Offer	22 August 2024 (5:00 pm AEST)
<ul style="list-style-type: none"> <li>Company announces results of the Retail Entitlement Offer and issues New Shares and New Options under the Retail Entitlement Offer</li> <li>Appendix 2A lodged with ASX for Retail Entitlement Offer</li> </ul>	29 August 2024
Trading in New Shares under Retail Entitlement Offer commences	30 August 2024

*\*The above timetable is indicative only and all dates may be subject to change. The Company's directors reserve the right to extend the Closing Date for the Entitlement Offer at their discretion.*

### Capital structure

The share capital structure of the Company before, and upon the completion of, the Placement and the Entitlement Offer as follows:

Securities	Number
<b>Current capital structure</b>	
Existing Shares	274,226,789
Existing Options	8,400,000
<b>Securities under the Offers</b>	

New Shares to be issued under the Placement	40,949,472
New Shares to be issued under the Entitlement Offer <sup>1</sup>	137,033,157
New Options to be issued under the Placement	20,474,736
New Options to be issued under the Entitlement Offer	68,516,579
<b>Maximum Securities on issue after the Offer</b>	
Shares	452,209,418
Options	97,391,315

### **Ineligible Foreign Shareholders**

A shareholder who has a registered address outside of Australia and New Zealand will not be eligible to participate in the Entitlement Offer (each, **Ineligible Foreign Shareholder**).

This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Entitlement Offer to you.

This notice is to inform you of the Offers. You are not required to do anything in respect to this letter. For enquiries concerning the Offers and the Prospectus, please contact the Company.

Yours sincerely

Doug McAlpine

### **Chief Executive Officer**

*Authorised for release by the Board of Directors of State Gas Limited.*

This letter is not a prospectus or offering document under Australian law or under any other law and has not been and will not be filed or lodged with or approved by the Australian Securities and Investments Commission or any other regulatory authority in Australia or any other jurisdiction. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Shares or New Options in the Company. This letter does not and will not form any part of any contract for the acquisition of entitlements or New Shares or New Options in the Company.

This letter may not be released or distributed in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares and New Options have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares and New Options may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The New Shares and New Options to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

### **IMPORTANT NOTICE TO NOMINEES**

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<sup>1</sup> Subject to rounding.

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Entitlement Offer to any of your clients (or any other person) acting for the account or benefit of any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.