State Gas Limited
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ASX RELEASE

14 January 2026

Waiver of ASX Listing Rule 10.1 Granted

State Gas Limited (ASX: GAS or "the **Company"**) is in discussion with two of its non-executive directors, Mr Philip St Baker and Mr Jon Stretch, regarding extension to discrete working capital finance facilities and an associated grant of security over the Company's assets (**New Finance Facilities**) to:

- St Baker Sunset Holdings Pty Ltd ACN 613 748 968, which is an entity controlled by Mr Philip St Baker, a Director of the Company; and
- Mr Jon Stretch as trustee for the Stretch Family Trust, which is an entity associated with Jonathan Stretch, a Director of the Company,

(**Lenders**).The terms of the security will also extend to loans (**Legacy Loans**) provided by the Lenders or their related parties to the Company in the past. The persons/entities who provided the Legacy Loans, are:

- Mr Jon Stretch (in his personal capacity);
- Mr Jon Stretch as trustee for the Stretch Family Trust;
- Monte Vista Holdings Pty Ltd (controlled by Mr St Baker); and
- The P&P St Baker Family Trust,

(also, **Lenders**).

Pursuant to these financing arrangements, the Company advises that a waiver of ASX Listing Rule 10.1 has been granted to permit the Company to enter into the New Finance Facilities and grant security over the Company's assets to the above Lenders. But for the waiver, the Company would have required shareholder approval under Listing Rule 10.1 to enter into the New Finance Facilities and grant security over its assets to the Lenders in relation to the New Finance Facilities and the Legacy Loans, which would require the provision of an independent expert's report to shareholders, which is costly and time consuming upfront, while the waiver terms permit it to be sought later, if required.

Based solely on the information provided, ASX has granted the waiver of Listing Rule 10.1 on the condition that the Company releases an announcement to the market that provides:

1. the material terms of the waiver from Listing Rule 10.1; and
2. a description of the reasons why the waiver of Listing Rule 10.1 is required.

ASX has granted the Company a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over all the assets of the Company (**Security Interest**) in relation to existing Legacy Loans and new Finance Facilities in favour of the Lenders pursuant to Loan Agreements and General Security Deeds, without obtaining shareholder approval upfront, on the following conditions:

1. the Company releases this announcement that provides a description of:

   (a) **the reasons why the entity has chosen to obtain the funding from the Lenders (being related parties) rather than a lender that is not a related; and**

   In this regard, the Company discloses that at the time the Lenders offered the New Finance Facilities to the Company, the Board had made enquiries of various potential lenders, none of whom were prepared to advance debt funding to the Company. In the timeframe in which the Company needed these funds, no practical alternative sources of finance were available. The extension of the security to the Legacy Loans was a term of the offer of the New Finance Facilities.

   (b) **the steps the board of the entity has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;**

   In this regard, the non-interested Directors, in determining that the New Finance Facilities are offered on arm's length terms, has regard to the fact that that the terms of the New Finance Facilities are identical to those previously offered by a professional R&D funder (**Independent Funder**), except that:

   - interest is generally payable under the New Finance Facilities is 3% per annum higher than the interest charged by the Independent Funder, which the non-interested Directors consider is arm's length, considering that the Independent Funder obtained first ranking security over the Company's assets, while the Lenders will only have second ranking security behind the Independent Funder;
   - only second ranking security is offered to the Lenders; and
   - the additional rates of interest in cases of default or delay in receipt of funds pursuant to the Company's existing R&D claim beyond 30 June 2026, reasonably price the risk faced by the Lenders in those circumstances, having regard to the absence of debt funding options and limited equity funding options otherwise available to the Company at the time of the advance.

2. the Security documents associated with New Finance Facilities and Legacy Loans (“the Security Documents”) expressly provide that:

   (a) the Security Interest will be discharged when the funds due under the New Finance Facility and existing loan balances have been repaid in full;

   (b) in the event the Security Interest is enforced, the assets of the Company can only be disposed of to the Lenders or their associates if the disposal is first approved by the entity's security holders under Listing Rule 10.1;

(c) otherwise, if the holder of the Security Interest exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security Interest, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the Lenders in accordance with their legal entitlements; and

(d) any variation to the terms of the financial accommodation or the Security Interest which:

(i) advantages the Lenders in a material respect;

(ii) disadvantages the entity in a material respect; or

(iii) is inconsistent with the terms of the waiver,

must be subject to shareholder approval under Listing Rule 10.1; and

In this regard, the Company confirms that the Security Documents are consistent with the above.

3. **for each year while they remain on foot, a summary of the material terms of the financial accommodation and the Security Interest is included in the related party disclosures in the entity's audited annual accounts.**

The Company provides this undertaking.

These arrangements are part of the Company's capital management strategy (announced in May 2025) while it awaits receipt of material R & D grant claims made in respect of the development costs of State Gas' HDNG plant. Receipt of these R & D grant monies was originally expected in the quarter ended 30 September 2025, but has been delayed by ATO review processes. The Company is working with the ATO to expedite their review and release these grant monies, which upon receipt, will restore the Company's balance sheet, including allowing repayment of all Director loans. When taken in conjunction with capital to be received from the convertible note issuance in December 2025, the Company will be in a significantly improved financial position.

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

FOR FURTHER INFORMATION

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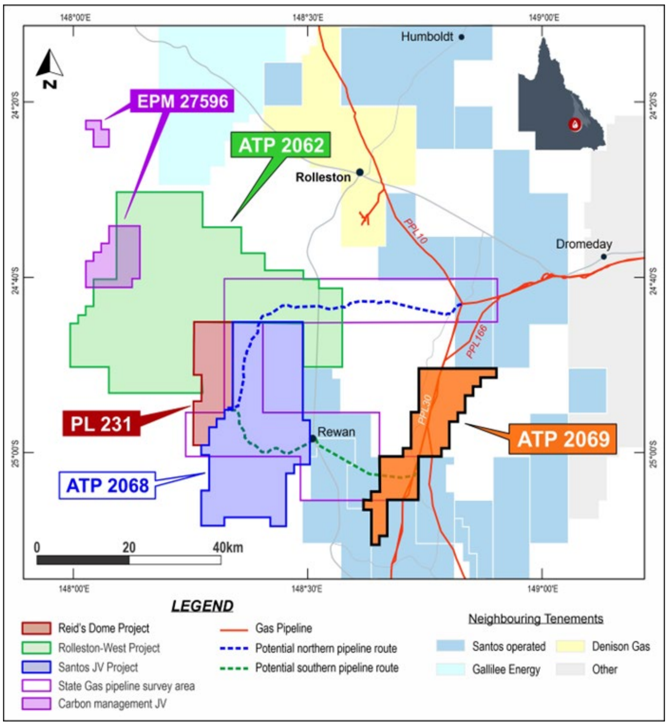
ABOUT STATE GAS LIMITED



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 1,595km^2, 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 m^3/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.