

7 April 2025

Announcement to ASX

Electronic lodgement

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## ACQUISITION OF 51% OF DIONA GAS PROJECT, QUEENSLAND

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### HIGHLIGHTS

- \* Xstate to acquire 51% interest in Elixir Energy owned ATP 2077 Diona Sub-Block containing the Diona Prospect in Surat-Bowen Basin, Queensland (Diona Gas Project)
- \* Xstate to accelerate work program as Operator and sole fund drilling of an exploration well, Diona-1, expected to spud in third quarter calendar 2025
- \* Diona Prospect targets three stacked reservoir objectives and has:
  - in the event of exploration success at all three targets, the mean prospective resource is 6.4bscfe net to Xstate<sup>1</sup>
  - an unrisks mean prospective resource of 2.6 billion standard cubic feet equivalent (bscfe) net to Xstate; and
- \* Diona Prospect situated beneath the Waggamba to Silver Springs gas pipeline
- \* Technical Program to mature existing leads to prospects
- \* ASX in-principle advice received confirming suitability of Xstate for re-admission to ASX on completion of the Diona Gas Project acquisition, subject to re-compliance with Listing Rules Chapters 1 & 2. Xstate targeting re-admission to ASX in second quarter calendar 2025
- \* Appointment of Mr Andrew Bald as Managing Director

**\*Prospective Resources Cautionary Statement** - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery (Pg) and a risk of development (Pd). Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons. All Prospective Resource volumes presented have been calculated in accordance with Guidelines issued by the Society of Petroleum Engineers in the Petroleum Resource Management System (2018) using probabilistic methods. Refer to *Table 3: Diona Prospect Prospective Resources below* for further details including low, best and highest estimates.

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<sup>1</sup> 6.4bscfe is the arithmetic sum of the mean of the 3 net un-risked prospective resources for the 3 prospects detailed in *Table 3: Diona Prospect Prospective Resources*.

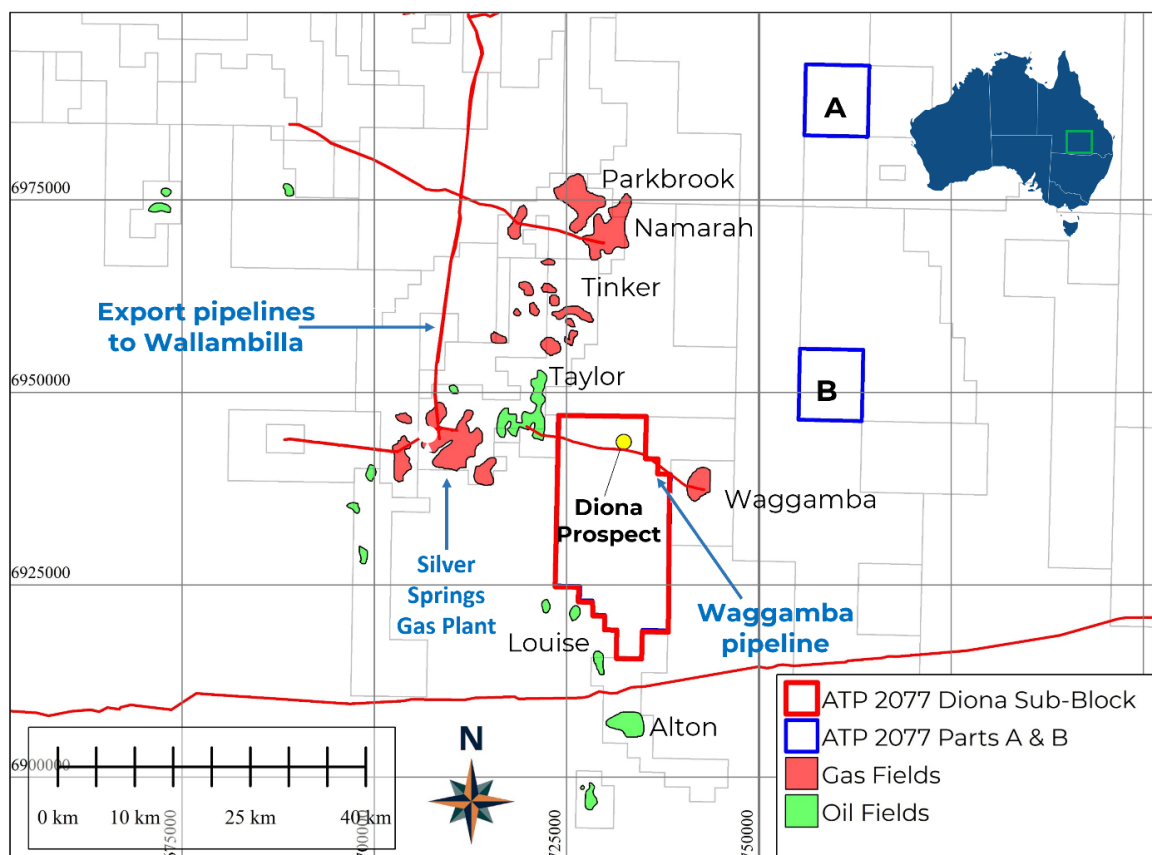
## Acquisition of Diona Project (XST 51% Working Interest)

Xstate Resources Limited (**ASX:XST**) (**Xstate** or the **Company**) is pleased to announce that it has executed an Acquisition Agreement with Elixir Energy Ltd (**ASX:EXR**) (**Elixir**) to acquire a 51% interest in the Diona Sub-Block of ATP 2077 containing the Diona Prospect (the **Diona Gas Project**) in the Surat-Bowen Basin, Queensland (see Figure 1) (**Acquisition**).

Under the terms of the Acquisition Agreement, Xstate will pay a \$250,000 non-refundable deposit to Elixir (to be used to undertake a technical work program, including seismic reprocessing, to identify and mature further prospects in the Diona Gas Project) and has agreed, subject to the conditions precedent detailed in section 3.2.2 below, to:

- (a) acquire a 51% Working Interest (**WI**) in the Diona Gas Project and become the Operator; and
- (b) undertake an accelerated work program and sole fund the drilling of Diona-1 well on the Diona Prospect (targeting completion during the 3<sup>rd</sup> quarter of 2025<sup>2</sup>).

The Diona Prospect is located south of Australia's main onshore gas hub at Wallumbilla, Queensland, and is approximately 12km west of the Waggamba Gas Field and 11km east of the Taylor Oil and Gas Field and is situated directly beneath the Waggamba to Silver Springs gas export pipeline.



**Figure 1: Location Map ATP 2077 Diona Sub-block showing conventional fields and production infrastructure**

The Diona Prospect targets 3 stacked reservoir objectives at Showgrounds, Upper Tinowon and Wallabella Sandstone levels, all of which will be tested via a single vertical exploration well. The Diona Prospect is covered by a 2D seismic grid that confirms the presence of a four-way dip closed anticline at all three reservoir objectives.

<sup>2</sup> The Company has until 18 months after completion of the Acquisition to drill the well, but is in the final stages of negotiating a drilling contract and is targeting to drill the Diona-1 well during the 3<sup>rd</sup> quarter of calendar 2025. This date is subject to satisfaction or waiver of the conditions to the Acquisition Agreement as detailed further below and landowner approvals.

**Xstate's incoming Managing Director, Andrew Bald stated:**

*"This acquisition and drilling of the Diona -1 well on the Diona Gas Project will be Xstate's first well to be drilled as an Operator. The Diona Prospect is considered technically low risk, and, if successful, will provide shareholders with exposure to high Australian East Coast gas prices, with the ability to fast track to production and revenue. The technical teams assembled at both Elixir and Xstate are proven and capable and we anticipate this highly prospective well will have multiple follow-on drill targets.*

*With the support of our shareholders, this transaction will complete the pivot to being an Operator and having a controlling interest in our projects moving forward. Planning is well advanced, and we will do everything in our power to drill this first well, Diona-1, within the next 6 months."*

## **1 TRANSACTION OVERVIEW**

### **1.1 Acquisition of 51% of Diona Project**

Xstate is acquiring 51% of the Diona Project within ATP 2077 which is currently owned 100% by Elixir Energy. Located in the Surat-Bowen Basin of Queensland. ATP 2077 itself comprises 3 separate sub-blocks of which one block, the Diona sub-block, hosts the Diona Prospect. Elixir will retain and operate Blocks A and B of ATP 2077 (see Figure 1).

The Acquisition Agreement was signed on 4<sup>th</sup> April 2025 and, subject to satisfaction of the Conditions Precedent (see Section 3.2.2 below) at completion of the Acquisition, Xstate will be transferred a 51% interest in ATP 2077 and a 51% beneficial interest in ATP 2077 Diona Sub-Block containing the Diona Prospect, with Elixir retaining a 100% beneficial interest in ATP 2077 Sub-Blocks A & B, which holds the Taroom Trough deep gas play (known as the Grandis Project).

In consideration, Xstate must pay Elixir a \$250,000 non-refundable deposit and sole fund the drilling of the Diona-1 well at the Diona Prospect (**Diona-1 Well**) within 18 months of completion of the Acquisition<sup>3</sup>.

### **1.2 Re-quotation of Shares: Change of scale & Re-compliance**

On the 29<sup>th</sup> of February 2024, the Company announced the disposal of its main undertaking, being its 25% WI in the Red Earth assets in Alberta, Canada for US\$2,727,273 (approximately A\$4,165,000 at the time of agreement). On the 26<sup>th</sup> of August 2024, ASX suspended quotation of the Company's Shares under Listing Rule 12.1 on the basis that the Company's operations being deemed insufficient to warrant continued quotation. The Company would be removed from the official list on 26 August 2026 if it was unable to comply with Listing Rule 12.1. The Company would be removed from the official list on 26 August 2025 in accordance with the policy on Long Term Suspended Entities as provided in ASX Guidance Note 33.

The proposed Acquisition triggers a significant change to the scale of the Company's activities under ASX Listing Rule 11.1.2, and as such, will require:

- (a) approval by Shareholders at a general meeting; and
- (b) re-compliance with Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3 (**Re-compliance**).

Completion of the proposed Acquisition and Re-compliance (together, the **Transaction**) is conditional on the Company obtaining all necessary regulatory and shareholder approvals to give effect to the proposed Acquisition and satisfying all other requirements for the reinstatement of the Company's shares on ASX<sup>4</sup> (amongst other things).

<sup>3</sup> Xstate is in the final stages of negotiating a drilling contract and expects the Diona-1 well will be drilled in the 3rd quarter of calendar 2025. This date is subject to satisfaction or waiver of the conditions to the Acquisition Agreement as detailed further below and landowner approvals.

<sup>4</sup> See Section 13 for list of ASX waivers regarding Re-compliance

### 1.3 Shareholder Approvals Required

As part of the Re-compliance process, the Company will be required to seek shareholder approval at a general meeting for the following:

(a) **Acquisition Approval**

Shareholders will be required to approve the proposed Acquisition terms.

(b) **Share Consolidation**

The Company will be required to consolidate its current issued capital (securities on issue) at a 2.23 to 1 basis (**Consolidation**).

(c) **Capital Raising – Public Offer**

The Company is planning to undertake a capital raising under a full form prospectus (**Prospectus**) to raise up to a minimum of \$1,500,000 (before costs) and a maximum of \$3,000,000 (before costs) through the issue of at least 75 million fully paid ordinary shares (**Shares**) in the capital of the Company (**Minimum Subscription**) and up to 150 million Shares (**Maximum Subscription**) at an issue price of \$0.02 per Share (**Public Offer**).

The Public Offer will be undertaken on a post-Consolidation basis.

Existing shareholders of the Company, including directors and their related parties (**Shareholders**) will be given priority access to 50% of the Public Offer (up to 75 million on a Maximum Subscription basis). Indicative corporate and capital structures for the Company are illustrated in *Table 1: Pro-forma Capital Structure below*. No shares as yet have been identified as committed to being issued to material parties or family members of directors.

On completion of the Transaction (**Transaction Completion**), the Company will be reinstated as an oil and gas exploration company.

Other than ASX and Shareholder approvals referred to in this announcement, the Company is not aware of any additional regulatory approvals required to give effect to the Transaction or that may be required in order to progress exploration operations as at the date of this announcement.

### 1.4 Capital Structure and Funds

The indicative capital structure and funds available on Completion of the Transaction is outlined below:

Table 1: Pro-forma Capital Structure

Xstate Pro forma Capital Structure <sup>5</sup> (post-Consolidation)	Minimum Subscription		Maximum Subscription		Options	Options %
	Shares	%	Shares	%		
Securities currently on issue (post-consolidation)	144,178,991	66%	144,178,991	49%	6,614,350	21%
Securities to be issued as part of the Public Offer	75,000,000	34%	150,000,000	51%		
Lead Manager Options <sup>6</sup>					25,000,000	79.08%
<b>Total Securities</b>	<b>219,178,991</b>	<b>100.00%</b>	<b>294,178,991</b>	<b>100.00%</b>	<b>31,614,350</b>	<b>100.00%</b>
<b>Indicative Market Capitalisation</b>	<b>\$4,383,580</b>		<b>\$5,883,580</b>			

<sup>5</sup> Refer to Section 8 Pro Forma Capital Structure of this announcement for full details of the proposed changes to the capital structure

<sup>6</sup> Unlisted, \$0.04 exercise price, 18 month expiry (on a post consolidation basis)

Table 2: Pro-forma Cash Position

Xstate Estimated Funds Available (on Completion) <sup>7</sup>	Minimum Subscription (A\$)	Maximum Subscription (A\$)
Estimated cash on Completion (Xstate Group)	4,773,000	6,273,000

### 1.5 Ongoing suspension of shares

In the event that Shareholder Approvals are not obtained, the shares of Xstate Resources will remain suspended until such time as another project / transaction can be arranged that will facilitate the re-quotations of the Company's shares on the Official List before 26<sup>th</sup> August 2026. Any transaction to facilitate re-quotations of XST's to the Official List can only occur following re-compliance with Chapters 1 and 2 of the ASX Listing Rules. If the shares of the Company are not re-stated by the 26<sup>th</sup> August 2026, the ASX may remove the Company from the Official List, that is, the Company may be de-listed.

## 2 DIONA PROJECT OVERVIEW

### 2.1 Exploration and Production History

The Diona Project is located on the south-western flank of the Taroom Trough in the Surat-Bowen Basin, a long-established hydrocarbon province in eastern Australia (refer Figure 2 below). The first major discovery in the basin was made in 1961 on the eastern side of the basin at Moonie, which hosted most of the oil reserves in the basin, and which ultimately produced 24MMstb of oil. Exploration on the western side of the basin subsequently yielded numerous conventional gas discoveries with an average size of around 5Bcf, along with many small oil discoveries.

Despite the recent focus in the basin on unconventional exploration plays, significant potential remains for further conventional oil or gas discoveries. While likely to be of modest size, any such discoveries are well placed for commercialisation due to the significant production infrastructure that exists across the basin and the high prevailing gas prices in the region.

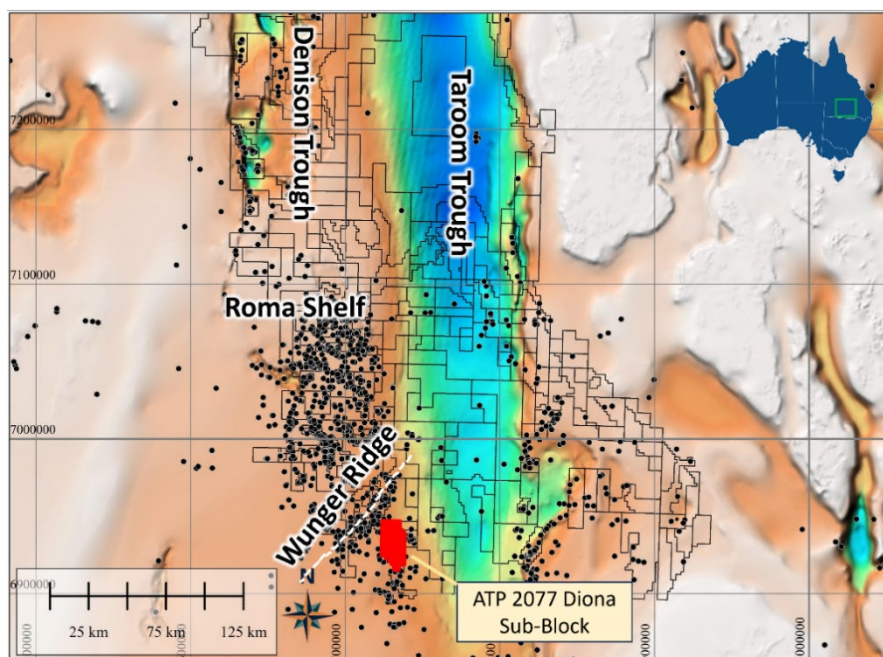


Figure 2: OZ SEEBASE depth to basement map showing main structural elements of the southern Bowen Basin and non-CSG petroleum wells

<sup>7</sup> Refer to section 7 of this announcement for full details of the sources and use of funds

## 2.2 Geology

The Bowen-Surat Basin comprises two superimposed basins: the Permo-Triassic Bowen Basin, and the Jurassic to Cretaceous Surat Basin, each of which contain around 50% of the conventional petroleum reserves in the area. The Bowen Basin is a north-south trending back arc to foreland basin that was terminated by a major period of compression, uplift and erosion at the end of the Triassic. It is unconformably overlain by the more regionally extensive and less deformed Surat Basin succession.

Basin fill is overwhelmingly clastic and includes fluvial deposits, coal measures, marine shales, and frequent tuffs reflecting contemporaneous volcanism. All the conventional oil and gas fields in the basin are interpreted to be sourced from thick Permian aged coals of the Bowen Basin succession.

## 2.3 Prospectivity

The remaining exploration prospectivity in the vicinity of the Diona Project is interpreted to be restricted to plays within the Bowen Basin stratigraphic succession. The Bowen Basin comprises several discrete depocentres, the most significant of which is the Taroom Trough, which hosts most of the basin's hydrocarbon resources. Diona is located on the south-western flank of the Taroom Trough, immediately to the east of the Wunger Ridge (Figure 2 above), which hosts a major historic gas production hub centred on the circa 100bcf Silver Springs field.

Two highly prospective exploration plays have been identified in the Diona Project (Figure 3 below):

### 2.3.1 Showgrounds Sandstone

The Triassic aged Showgrounds Sandstone hosts most of the reserves on the Wunger Ridge to the west. The play is characterised by high quality fluvio-deltaic reservoirs trapped within structural closures that are sealed by the Snake Creek mudstone, with hydrocarbons sourced from Permian aged coals of the underlying Kianga Formation and Back Creek Group.

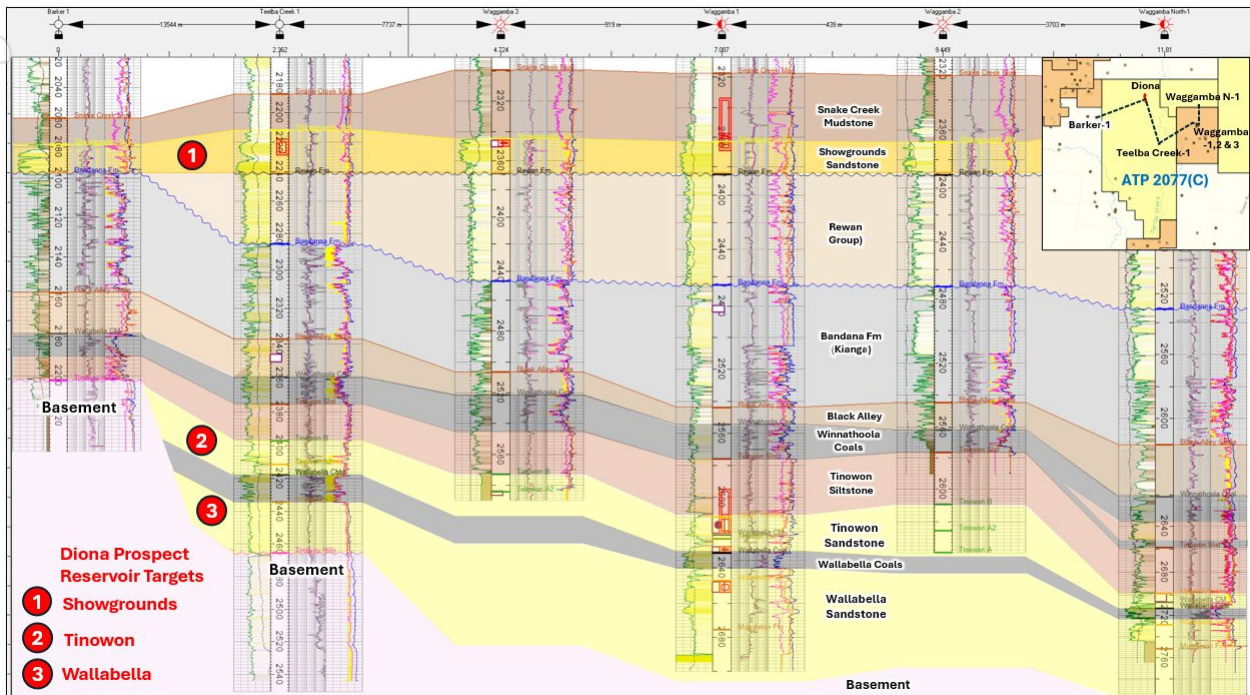
Historic exploration demonstrates the reservoir quality in the Showgrounds Sandstone play degrades to the east of Diona. However, significant remaining exploration potential is recognised in an under-explored fairway that runs along the eastern flank of the Wunger Ridge, through the centre of the Diona Project. The key risks for the Showgrounds Sandstone play are the eastward degradation of reservoir quality, access to hydrocarbon charge from the deeper Permian source rocks and the reliability of mapping of structural closures on available 2D seismic data.

### 2.3.2 Permian Tinowon and Wallabella Sandstones

Up until the mid-1990s, exploration in the Taroom Trough was focused on Triassic and Jurassic objectives. None-the-less, during this period, numerous wells were either drilled targeting specific Permian objectives or deepened in pursuit of secondary targets or stratigraphic information. Several of these wells yielded serendipitous hydrocarbon discoveries in fluvio-deltaic reservoirs, including the Waggamba Field, which is located immediately to the east of Diona.

Like many of the other Permian discoveries of the Taroom Trough, the seal mechanism at Waggamba is poorly understood, but it almost certainly involves an element of stratigraphic or diagenetic trapping. The Tinowon Sandstone at Waggamba was brought onstream in 1982 and production has continued until the present day. Follow-up drilling to the north and south of Waggamba yielded disappointing results, with poor quality Tinowon Sandstone reservoirs encountered. However, the potential westward extension of the Waggamba Tinowon Sandstone play in the northern part of the Diona Project has not been adequately tested and is considered to have significant exploration potential. The deeper Wallabella Sandstone, which flowed gas on test in the 1981 Waggamba-1 discovery well, provides additional exploration potential at Diona. The key risks for the Tinowon and Wallabella sandstone plays are reservoir quality and the definition and sealing integrity of stratigraphic or diagenetic traps.

The current Operator, Elixir Energy, has undertaken a comprehensive review of the potential of the Diona Project and has high-graded the Diona Prospect for future drilling. The evaluation of the Diona Prospect, including the assessment of its Prospective Resources, is detailed below.



**Figure 3: Well correlation flattened on Base Showgrounds Sandstone illustrating the Showgrounds, Tinowon and Wallabella Sandstone plays in the Diona Project**

As well as the Diona Prospect, Elixir Energy has identified structures in the southern half of the permit that have potential at both the Showgrounds Sandstone and Permian play levels (Figure 4 below). Evaluation of these leads is impeded by an inconsistent database of multiple vintages of 2D seismic with significant miss-tie issues. Elixir has commissioned a seismic balance and depth conversion project to resolve these issues, and once complete, it is anticipated that this work will result in the identification of additional prospects within the permit.

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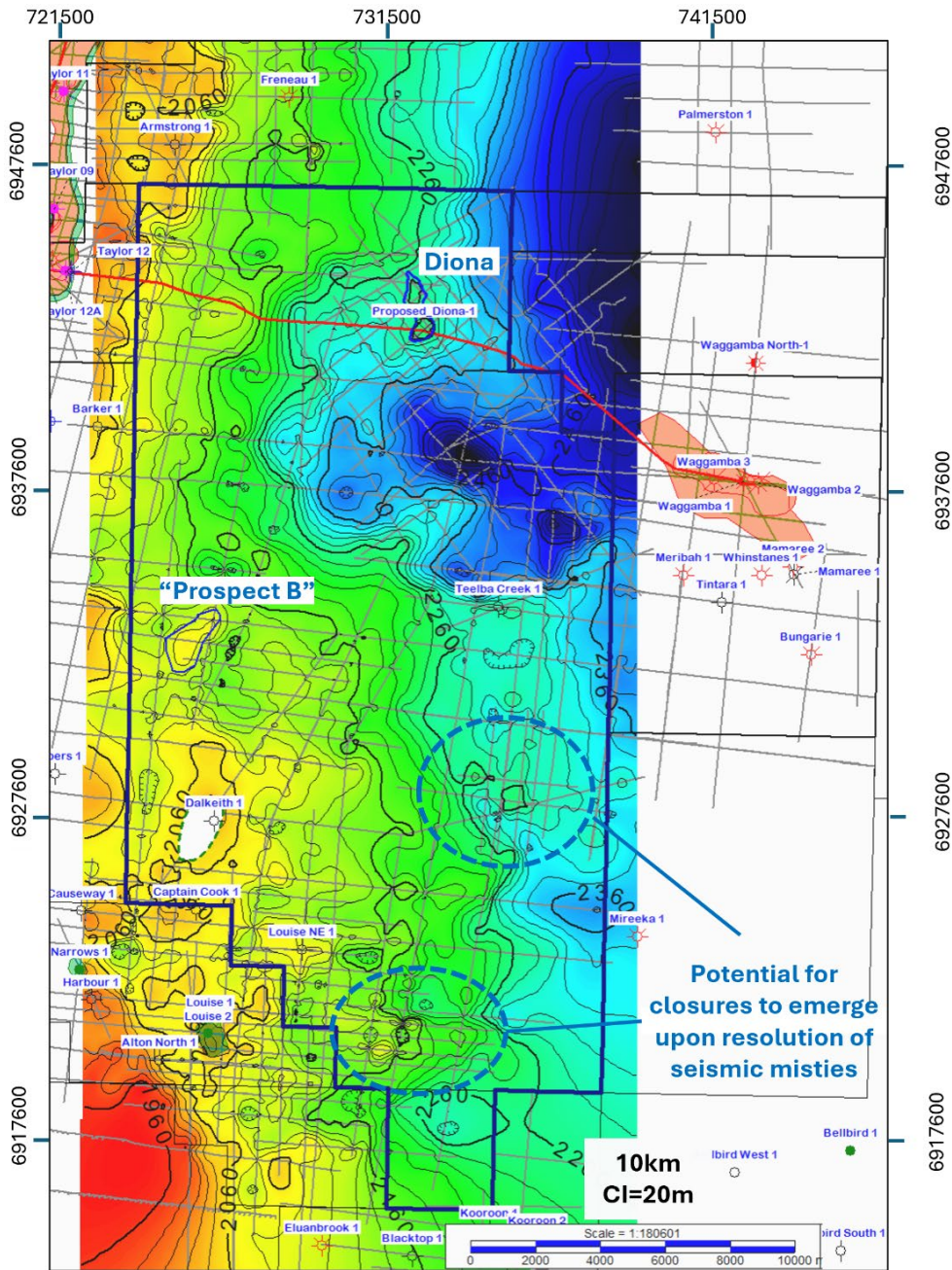


Figure 4: ATP 2077 Diona Sub-block Top Permian (Top Bandana Formation) depth below ground level, also showing historic wells and 2D seismic data

## 2.4 Production Infrastructure

The Diona Project is attractively located approximately 15km to the east of the Silver Springs gas processing plant (see Figure 1: Location Map ATP 2077 Diona Sub-block showing conventional fields and production infrastructure above) which has been repurposed from its original role as a production facility to a short-term gas storage facility.

Gas production from Waggamba is ongoing with the gas exported across the Diona Prospect to Silver Springs via the 25km Waggamba transmission pipeline. Exported gas from the Silver Springs processing plant facility is sent to AGL's Wallumbilla LPG plant via a 100km pipeline, where propane, butane and condensate are removed to provide sales-quality gas for input into the Roma to Brisbane pipeline, which supplies gas into the domestic market.

## 2.5 Diona Prospect Evaluation and Prospective Resources

The Diona Prospect is located immediately beneath the Waggamba gas export pipeline, approximately 12km west of Waggamba and 11 kilometres east of the Taylor gas and oil field (see Figure 1 above). The prospect targets 3 stacked reservoir objectives at Showgrounds, Upper Tinowon and Wallabella Sandstone levels (Figure 3 above) all of which can be tested via a single vertical exploration well.

Diona is a four-way dip closed anticline which is interpreted to be present at all three reservoir objectives. At the primary Top Bandana mapping horizon, the structure has an area of 1.0km<sup>2</sup> and a vertical relief of 18m (Figure 5 and Figure 6 below). The Tinowon and Wallabella Sandstone targets have additional stratigraphically trapped upside associated with the inferred pinch-out of these two reservoirs against the eastern flank of the Wunger Ridge (Figure 5 and Figure 6 below).

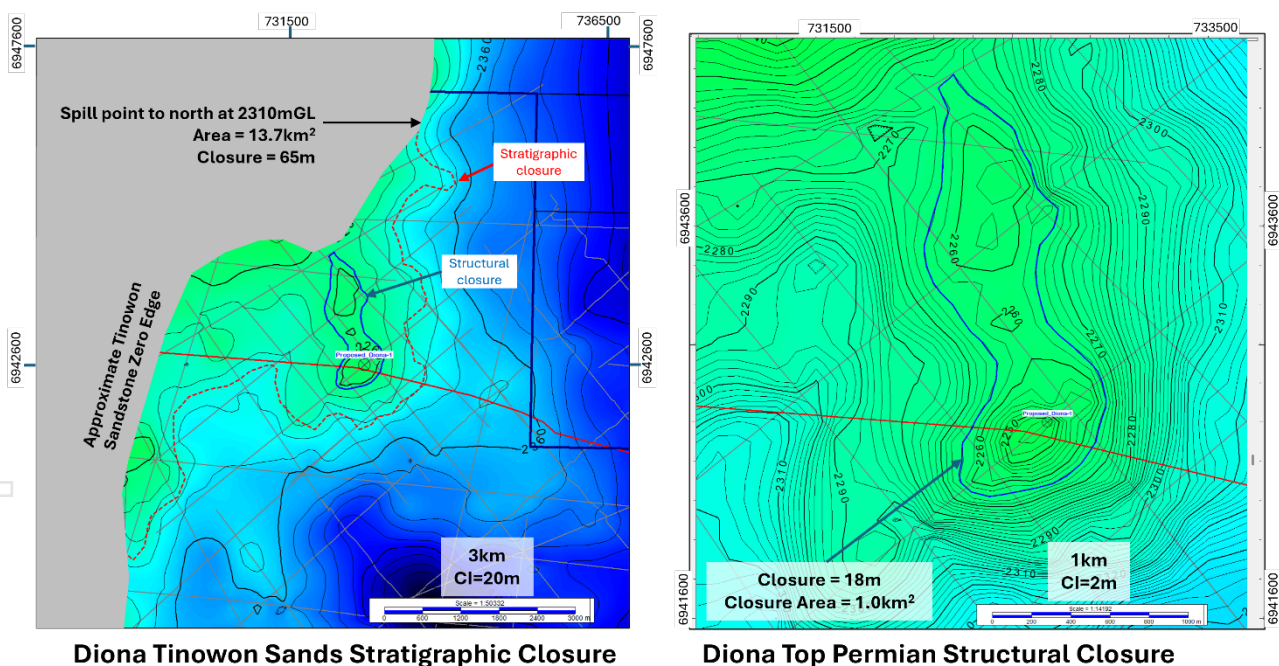
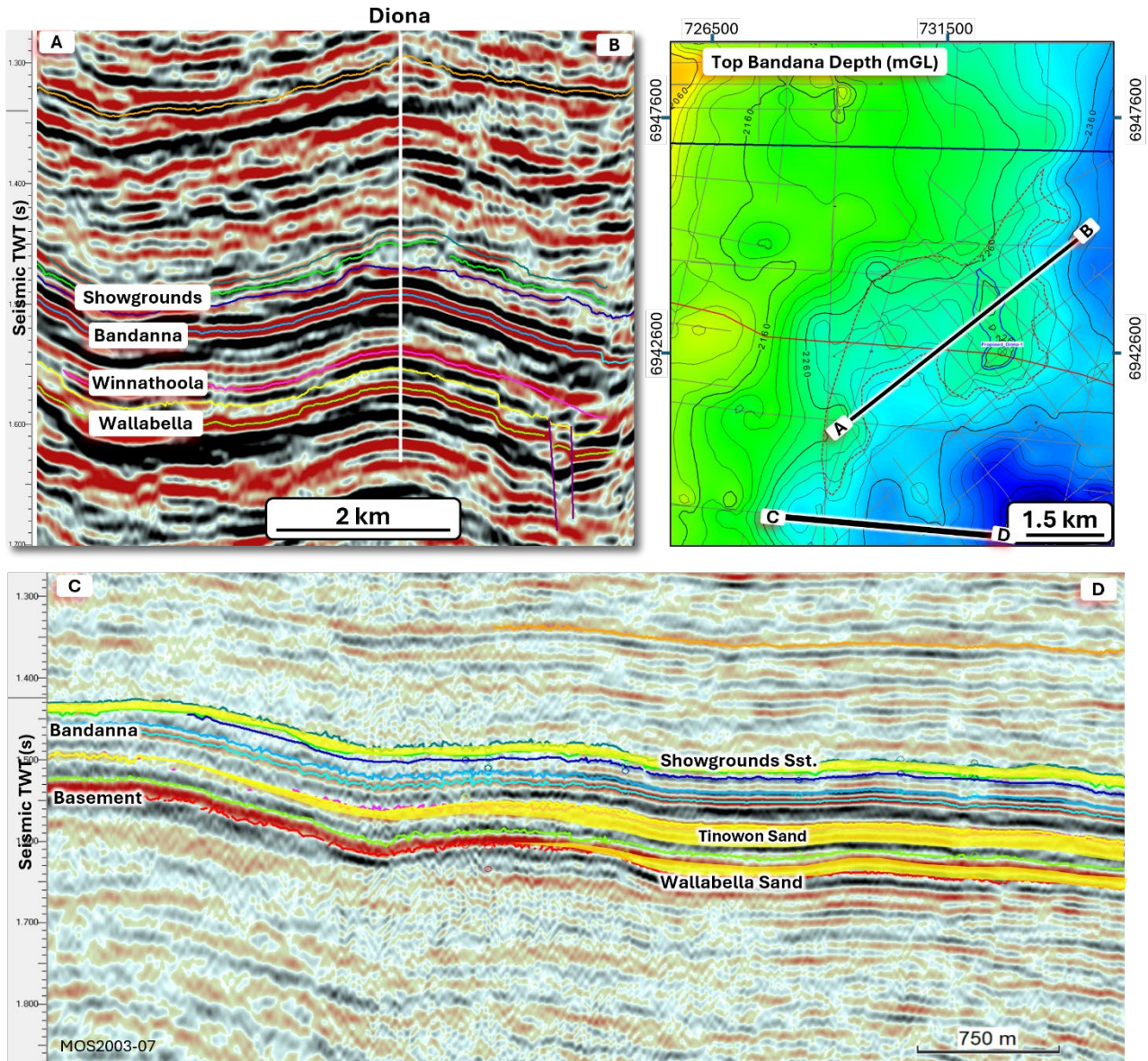


Figure 5: Diona Prospect Top Bandana Formation Depth Map (metres below ground level) illustrating potential structural and stratigraphic trap geometries

Diona is well located for hydrocarbon charge due to its position on a prominent east-southeast nose that plunges down into the prognosed Permian source kitchen. This structural nose likely acts as a focus for migration from a ~40 square kilometre hydrocarbon fetch area that is likely to vary in maturity from the oil window to the gas-condensate window. Gas is considered the most likely hydrocarbon phase, but oil is a possibility, mainly in the Showgrounds sandstone, which is the shallowest of the three targets.



**Figure 6: Seismic line A-B across Diona structural closure, and seismic line C-D near southern limit of inferred stratigraphic trap illustrating possible pinch-outs of the Tinowon and Wallabella Sands**

Xstate commissioned Mr Calan McIntye<sup>8</sup> to prepare an Independent Technical Specialists Report (ITSR) to assess the Prospective Resources for the Diona Prospect. The ITSR evaluated each of the three reservoir targets at Diona using a probabilistic Monte Carlo simulation methodology and has an evaluation date of 4<sup>th</sup> April 2025.

The Prospective Resources for the Diona Prospect have been evaluated by probabilistically combining the resource estimates for the three reservoir targets using a Monte Carlo simulation methodology that incorporates full risk dependencies. The resulting estimate of Prospective Resources is summarised in Table 3 below:

<sup>8</sup> See Section 14 Qualified Evaluator Statement below for full details

**Table 3: Diona Prospect Prospective Resources**

Hydrocarbon Type	Reservoir Objective	Gross Un-risked Prospective Resource				Net Un-risked Prospective Resource				Pg	Pd
		1U	2U	3U	Mean	1U	2U	3U	Mean		
Gas (Bscf)	Showgrounds	0.7	1.5	3.2	1.8	0.38	0.79	1.6	0.91	39%	85%
	Tinowon	0.2	2.5	12	4.8	0.12	1.3	6.2	2.4	20%	
	Wallabella	0.2	1.7	8.4	3.2	0.08	0.87	4.3	1.6	16%	
	<b>Entire Prospect</b>	<b>0.6</b>	<b>2.2</b>	<b>9.6</b>	<b>4.1</b>	<b>0.3</b>	<b>1.1</b>	<b>5.2</b>	<b>2.1</b>	<b>55%</b>	
Condensate (MMstb)	Showgrounds	0.02	0.06	0.15	0.08	0.01	0.03	0.08	0.04	39%	85%
	Tinowon	0.01	0.10	0.58	0.22	0.005	0.05	0.30	0.11	20%	
	Wallabella	0.01	0.06	0.38	0.15	0.003	0.03	0.19	0.07	16%	
	<b>Entire Prospect</b>	<b>0.02</b>	<b>0.09</b>	<b>0.44</b>	<b>0.18</b>	<b>0.01</b>	<b>0.05</b>	<b>0.23</b>	<b>0.09</b>	<b>55%</b>	
Gas Equivalent (Bscfe)	Showgrounds	0.9	1.9	4.1	2.3	0.45	1.0	2.1	1.2	39%	85%
	Tinowon	0.3	3.1	15.7	6.1	0.15	1.6	8.0	3.1	20%	
	Wallabella	0.2	2.1	10.6	4.1	0.09	1.1	5.4	2.1	16%	
	<b>Entire Prospect</b>	<b>0.7</b>	<b>2.7</b>	<b>13.0</b>	<b>5.1</b>	<b>0.4</b>	<b>1.4</b>	<b>6.5</b>	<b>2.6*</b>	<b>55%</b>	

Notes:

- \* The net unrisked probabilistic resource is 1.4Bscfe (2U) and ranges from 0.4 Bscfe (1U) to 6.5Bscfe (3U) with a mean case of 2.6Bscfe. This resource range includes scenarios where either one, two or all three of the reservoir targets discover hydrocarbons. In the event of exploration success at all three reservoir targets, the mean prospective resource would be 6.4Bscfe.
- 1. These estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery (Pg) and a risk of development (Pd). Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.
- 2. 1U, 2U and 3U refer to the low estimate, best estimate, and high estimate respectively and are respectively equal to the P90, P50 and P10 scenarios that are output from the **probabilistic volumetric assessment**.
- 3. The individual target Prospective Resources assume a gas-condensate case in all three objectives. No consideration of the possible oil case for the Showgrounds Sandstone has been made when probabilistically combining the three reservoir targets.
- 4. Gas-equivalent Prospective Resources have been calculated in Billion standard cubic feet equivalent (Bscfe) using a conversion factor of 1 barrel condensate = 6000 cubic feet of gas.
- 5. Net Prospective Resources have been calculated based on XST's 51% working interest in the Diona sub-block of exploration permit ATP 2077.
- 6. ATP is an Authority To Prospect, which allows a company to explore for hydrocarbons in Queensland.
- 7. Xstate's technical team analysed seismic, drilling, logging and test data to make these estimates. Specific analysis undertaken included seismic interpretation, geological correlations, core analysis, wireline petrophysics, chromatographic gas analysis and production test analysis.

### 3 ACQUISITION AGREEMENT

#### 3.1 Elixir Background

Elixir Energy Limited (ASX:EXR) is an ASX listed gas exploration and development company. It has three main natural gas assets comprising 100% interests in ATP 2044 and ATP 2077 and 50% farm-in interests in ATP 2056 and 2057 onshore Queensland in Australia and, until recently, a 100% interest in a CBM production sharing contract (PSC), located just to the north of the Chinese border in Mongolia<sup>9</sup>.

ATP 2077 hosts both conventional and unconventional oil and gas prospects within the sandstones and coal reservoirs of the Triassic Showgrounds Sandstone Formation, the Permian Kianga Formation and Back Creek Group.

In areas adjacent to ATP 2077, these reservoirs produce oil and gas at commercial rates and illustrate the proven petroleum system that is active in this region.

ATP 2077 is comprised of 3 sub-blocks, Blocks A, B and Diona. The Xstate acquisition pertains to the Diona sub-block alone.

#### 3.2 Acquisition Agreement

The material terms of the Acquisition Agreement with Elixir are summarised below.

##### 3.2.1 Non-refundable deposit

Within 5 business days of execution of the Acquisition Agreement, Xstate must pay Elixir a non-refundable deposit of \$250,000 that Elixir must use to undertake a technical work program, including seismic reprocessing, to identify and mature further prospects at the Diona Project.

##### 3.2.2 Conditions Precedent

Re-instatement to the Official List is subject to the completion of the Agreement and the Board is targeting re-instatement by middle of June 2025<sup>10</sup>. Finalisation of the Diona Acquisition Agreement is conditional upon, and subject to, the satisfaction (or waiver, as permitted) of the following conditions precedent (**Conditions**)<sup>11</sup>:

- (a) Xstate completing legal, financial and technical due diligence, and being satisfied in its sole and absolute discretion with the outcome of that due diligence;
- (b) Xstate being in receipt of a conditional re-instatement letter from ASX setting out the conditions acceptable to Xstate acting reasonably which Xstate must satisfy in order to have its Shares reinstated to official quotation on the ASX (**Re-compliance**);
- (c) Xstate completing a capital raising of such amount as is required in order to comply with ASX's requirements in connection with the Re-compliance (**Capital Raising**);
- (d) any shareholder approvals required by Xstate in connection with the Acquisition or the Re-compliance (including any required under the Listing Rules to complete the Re-compliance) are obtained and remain valid;
- (e) any required waivers or confirmations under the ASX Listing Rules that Xstate deems necessary in connection with the Acquisition, Re-compliance or the Capital Raising are obtained and remain valid;
- (f) Xstate and Elixir obtain any regulatory consents or approvals applicable to the Acquisition, Re-compliance or the Capital Raising (including but not limited to the transfer of the 51% interest in ATP 2077 to Xstate); and

<sup>9</sup> See Elixir's ASX announcement dated 21 February 2025 regarding a farmout of 51% of its Mongolian assets.

<sup>10</sup> See *Table 6: Indicative Timetable*

<sup>11</sup> The Acquisition Agreement defines the End Date as 1<sup>st</sup> September 2025 which is the date by which the Acquisition must be finalised or it may be terminated.

(g) agreement on the terms of a Conditional Performance Bond (**CPB**, see details further below).

If the conditions are not satisfied or waived by the End Date, either party may terminate the Acquisition Agreement by notice in writing.

Once the conditions are satisfied and the well has been drilled, both parties will thereafter fund their joint venture commitments in proportion to their respective working interests (XST 51%: EXR 49%).

### 3.2.3 Transaction Completion

Upon finalising the Acquisition:

- (a) Elixir must transfer a 51% legal interest in ATP 2077, and a 51% beneficial in the Diona Project (comprising the Diona Sub-Block of ATP 2077) to Xstate, with Elixir retaining a 100% beneficial interest in ATP 2077 Sub-Blocks A & B;
- (b) Xstate must sole fund the Diona-1 well on the Diona Project within 18 months of completion of the Acquisition<sup>12</sup>;
- (c) Elixir and Xstate must execute a joint operating agreement (**JOA**) on industry standard terms establishing and governing an unincorporated Joint Venture for the Diona Project, with Xstate appointed as Operator and entitled to control joint venture operations while sole funding the Diona-1 Well; and
- (d) Xstate must provide a cash backed Conditional Performance Bond in favour of Elixir for an initial amount of \$2.0 million to secure Xstate's obligation to sole fund the Diona-1 Well.

### 3.2.4 Post Completion Activities

Following the drilling of the Diona-1 well, XState will continue to progress with additional technical studies on the prospect and drilling of the Diona-1 well which will in turn involves:

- contracting and mobilisation of a drilling rig
- finalising contractor engagements
- securing long lead items
- spudding the well

If the well is successful, the Company will then look to complete the well and commence production.

### 3.2.5 Conditional Performance Bond

Typically, a traditional farm in agreement would see the Company earning the working interest via a commitment to drill one or more wells. In this case, XState must own the Working Interest in order to meet the ASX requirements for re-compliance and hence, XST has agreed to acquire a 51% Working Interest in the Diona Project. The consideration for the acquisition is an upfront payment of \$250,000 plus a commitment to drill one well within 18 months.

Elixir has sought, and XState has agreed to provide, a guarantee that XState will meet its drilling obligations and the companies have agreed that XState will provide security in the form of a Conditional Performance Bond (CPB).

The CPB will be for a total of \$2m and XState will put that amount of cash on deposit with a bank. As Xstate undertakes the drilling works and incurs expenditure on the Diona-1 well, XState will draw down against the CPB.

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<sup>12</sup> The well will be deemed to be complete upon reaching 2,300m below surface, or a lesser depth in certain circumstances.

In the event that Xstate does not complete the Diona-1 Well within 18 months of completion of the Acquisition, the CPB balance (being that part of the \$2.0 million not spent) is payable to Elixir, in essence as liquidated damages.<sup>13</sup>

### 3.2.6 Conflict of Interest

Mr Greg Channon, a non-executive Director of Xstate, is also the chief geoscientist for Elixir (consulting part-time). The Board of Xstate confirms that Mr Channon has not been involved in any of the decision-making processes surrounding the Transaction and Mr Channon has recused himself from all decisions by Xstate to acquire the Diona project.

## 4 PROPOSED ACTIVITIES

During the 12 months following the completion of the Transaction, Xstate intends to undertake the following Australian focused activities:

- (a) seismic reprocessing (rebalancing and depth conversion) to be funded and undertaken by Elixir as identified in Section 3.2.1;
- (b) finalise its technical review of the 2D seismic to upgrade additional prospects within the Diona sub-block for future drilling;
- (c) drill the Diona-1 Well (targeting spud in third quarter calendar 2025) on the Diona Gas Project; and
- (d) subject to the success of the Diona-1 Well, complete the well and put it onto production; and then
- (e) seek to drill a second well on the Diona Gas Project.

## 5 BOARD AND KEY MANAGEMENT PERSONNEL

As a result of the renewed focus of the Company to being an operator, the Board has resolved to appoint Mr Andrew Bald as Managing Director (refer separate announcement dated 3<sup>rd</sup> April 2025). Mr Andrew Childs will become the Non-executive Chair of the Board and Mr Greg Channon will remain with the Board in his capacity as Non-executive Director.

Mr Jordan McArthur will continue as Company Secretary.

## 6 TRANSACTION RESOLUTIONS

The Company will dispatch a notice of meeting to convene a meeting of Shareholders (**Notice of Meeting**) expected to be held in mid June 2025 (**General Meeting**).

Shareholder approval will be sought for the following to give effect to the Transaction, each of these resolutions being inter-conditional, meaning that each resolution will only take effect if all are approved at the General Meeting (**Transaction Resolutions**).

- (a) approve under Listing Rule 11.1.2 for the change in scale of the Company as a result of the Transaction;
- (b) consolidate the Company's issued capital on a 2.23 to 1 basis;
- (c) approval for Directors to participate in the Public Offer for up to 2,500,000 shares each; and
- (d) issue up to 150 million Shares under the Public Offer and up to 25 million Lead Manager Options

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<sup>13</sup> The performance bond structure is a generic form of security that is most often used in the construction industry.

## 7 PROPOSED USE OF FUNDS

Table 4: Funds available on completion of Transaction

Funds available	Minimum Subscription (\$)	Maximum Subscription (\$)
Existing cash (as at 28 February 2025)	3,273,000	3,273,000
Funds raised under Public Offer	1,500,000	3,000,000
<b>Total funds available</b>	<b>4,773,000</b>	<b>6,273,000</b>

Estimated cash held by the Group is based upon a combination of cash and cash equivalents as at 31 December 2024, and unaudited cash inflows and outflows through to the end of February 2025.

Over the next 24 months, Xstate intends to apply funds held currently, and funds raised from the Public Offer, towards costs of re-compliance and for proposed Activities as set out in the table below.

Table 5: Detailed Proposed Use of Funds

Use of funds	Minimum Subscription (\$)	%	Maximum Subscription (\$)	%
Capital Raising Costs	90,000	1.88	180,000	2.87
Legal and Technical Reports	300,000	6.29	300,000	4.78
Elixir Deposit*	250,000	5.24	250,000	3.99
Exploration and Development	120,000	2.51	120,000	1.91
Diona-1 Well**	2,650,000	55.52	2,650,000	42.24
Working Capital***	1,363,000	28.56	2,773,000	44.21
<b>Total</b>	<b>4,773,000</b>	<b>100.00</b>	<b>6,273,000</b>	<b>100.00</b>

\* The Elixir Deposit will be used to fund seismic reprocessing and interpretation

\*\* The \$2.0m Conditional Performance Bond identified in section 3.2.4 above will be placed on a separate deposit as security within 1 month of signing of the acquisition agreement. Completion of CPB documentation that is acceptable to both parties is defined as a Condition Precedent within the Acquisition Agreement and the parties have agreed that the end date for the Acquisition Agreement is 1 September 2025. During the currency of the Diona-1 Well drilling campaign, funds will be progressively released from the Conditional Performance Bond to pay for the well drilling costs as they arise. In the event that XState fails to drill the well or fails to complete the drilling of the well, Elixir will be entitled to make a call upon the bond (draw down any remaining unused balance).

\*\*\* The Diona exploration well is anticipated to be drilled within the initial 12 month period following the Public Offer. Residual working capital will be used to fund follow up exploration and development activities at Diona (to be determined post drilling campaign) corporate and administrative costs and on-going operating costs for its existing global exploration and production interests.

The above use of funds is a statement of current intentions for the coming 24 month period as at the date of this announcement. Investors should note that, as with any budget, the allocation of funds set out in the table may change depending on a number of factors, including market conditions, the development of new opportunities and / or any number of other factors. Actual expenditure levels may differ from the above table.

Costs for ongoing exploration and production activities across the Groups existing assets has been factored into the working capital figure in the table above.

## 8 PRO FORMA CAPITAL STRUCTURE

### 8.1 Effect of Consolidation

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the tables below. All numbers are subject to rounding.

#### 8.1.1 Shares

	Pre-Consolidation	Post-Consolidation
Shares currently on issue	321,519,150	144,178,991

#### 8.1.2 Options

Options	Pre-Consolidation		Post-Consolidation	
	Exercise Price	Number	Exercise Price	Number
Unlisted, expiring 30 Jun 2026	\$0.03	14,750,000	\$0.067	6,614,350

### 8.2 Indicative Capital Structure

The indicative capital structure of the Company on completing the Transaction is set out in Table 1 above.

## 9 PRO FORMA STATEMENT OF FINANCIAL POSITION

A pro forma consolidated statement of financial position of the Company following Completion of the Transaction is detailed in Annexure 2.

## 10 DETAILS OF THE VENDOR

Elixir Energy Limited (**ASX:EXR**) is an ASX listed gas exploration and development company. It has three main natural gas assets comprising 100% interests in ATP 2044 and ATP 2077 and 50% farm-in interests in ATP 2056 and 2057 onshore Queensland in Australia and, until recently, a 100% interest in a CBM production sharing contract (PSC), located just to the north of the Chinese border in Mongolia<sup>14</sup>.

ATP 2077 hosts both conventional and unconventional oil and gas prospects within the sandstones and coal reservoirs of the Triassic Showgrounds Sandstone Formation, the Permian Kianga Formation and Back Creek Group.

## 11 KEY RISK FACTORS AND KEY DEPENDENCIES

### 11.1 Key Dependencies

The key dependencies influencing the viability of the Transaction and the Company's business model include:

- the Company's ability to re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable reinstatement of the Company's securities on ASX;
- completion of the Acquisition;
- the Company's ability to raise the Minimum Subscription amount under the Public Offer;
- commodity price volatility;
- operational and cost risk; and
- exploration success.

<sup>14</sup> See Elixir's ASX announcement dated 21 February 2025 regarding a farmout of 51% of its Mongolian assets.

## 11.2 Key Risk Factors

This section identifies the key dependencies and areas of risk associated with the Transaction but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

### 11.2.1 Re-quotations of Shares on ASX

As the acquisition of the WI in the Diona project constitutes a significant change in the scale of the Company's activities, the Company is undertaking a re-compliance process to satisfy the requirements of Chapters 1 and 2 of the Listing Rules, in the same manner as if it were seeking admission to the Official List.

The ASX Listing Rules require the Company to satisfy specific criteria, including minimum financial thresholds, sufficient shareholder spreads, and adequate working capital for ongoing operational commitments. If the Company fails to meet these requirements, ASX may refuse to re-admit the Company to official quotation. Were this to occur, the Company's Shares would remain in suspension and not be able to be traded on the ASX until such a time as the requirements could be met, if at all.

### 11.2.2 Dilution Risk

As part of the Company's re-compliance, new shares will be issued under a Prospectus to raise funds to be utilised in the drilling of an exploration well at the Diona Project and for utilisation in the Company's working capital requirements.

As at the date of this announcement, the Company has 144,178,991 Shares on issue (calculated on a post-Consolidation basis – subject to rounding). Assuming the Maximum Subscription is raised under the Public Offer, on Completion:

- (a) existing Shareholders will retain approximately 49% of the Company's post-Consolidation issued Share capital on an undiluted basis and 44% of the Company's issued Share capital on a fully diluted basis;
- (b) the investors under the Public Offer will hold approximately 51% of the Company's issued share capital on an undiluted basis and 46% of the Company's issued Share capital on a fully diluted basis;
- (c) the number of Shares in the Company will increase from an estimated 144,178,991 to 294,178,991 (on a post-Consolidation basis). This means that on reinstatement to official quotation, the number of Shares on issue will be increased by approximately 104% of the number on issue as at the date of this announcement.

On this basis, existing Shareholders should note that if they do not participate in the Public Offer (and even if they do), their holdings may be considerably diluted (as compared to their holdings and number of Shares on issue as at the date of this announcement).

### 11.2.3 Completion, counterparty and contractual risk

The Diona Project acquisition is subject to fulfilment of certain conditions precedent. There is a risk that the conditions precedent to the acquisition will not be fulfilled and, in turn, the completion of the Transaction will not occur.

The ability of the Company to achieve its stated objectives will depend in part on the performance by Elixir in delivering upon the agreed terms of the Acquisition Agreement. If Elixir defaults in its performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly and without any certainty of a favourable outcome.

### 11.2.4 Regulatory and environmental risks

Xstate operates in a highly regulated industry where compliance with applicable laws, regulations and governmental policies is instrumental in the success of its operations. Changes to, or non-compliance with, these regulatory requirements have the potential for a material adverse effect on the Company's capability

to execute its exploration and development strategy. It is the intention of Xstate to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company is required to obtain and maintain a range of permits and approvals in order to conduct exploration and development activities on the Diona Project. The process of securing these approvals may be subject to delays, additional conditions, or in some cases, refusal by the relevant regulatory authorities. Such outcomes could materially delay or impair the Company's ability to progress its operations or require additional capital to meet regulatory requirements.

Exploration and development activities for oil and gas are subject to strict environmental regulations. These include requirements to manage emissions, mitigate ecological impacts and rehabilitate disturbed areas. Breaches of environmental laws, accidental spills or other environmental incidents could result in significant financial penalties, reputational harm and operations delays. In addition, there is a growing emphasis on emissions reporting requirements, which may lead to further regulatory scrutiny and more stringent reporting requirements imposed upon the entity.

In addition to the above, the Company's activities may be affected by claims under native title laws or cultural heritage protection legislation. Failure to adequately address or manage these matters may result in delays, increased costs, or loss of access to certain areas, potentially impacting exploration and development timelines.

#### **11.2.5 Commodity Price Risk**

Xstate's capability to proceed with exploration and subsequent development for any successful discoveries is dependent upon market factors, some of which may be beyond the control of the Company. A sustained decline in oil and gas prices could negatively impact the Company's ability to justify the commercial viability of its exploration assets, should a discovery be made from exploratory drilling. This risk is particularly significant during the early-stage evaluation and feasibility phases, where assumptions about future commodity prices influence key investment and operational decisions.

Furthermore, fluctuations in commodity prices can affect the Company's ability to secure sufficient funding for its exploration and development activities. Weak commodity prices may reduce investor confidence and appetite for energy-related investments, increase the challenges to raise capital on favourable terms to progress projects. Whilst the Company's immediate focus is on exploration, it remains cognisant of long-term implications of commodity price trends for its strategic plans.

#### **11.2.6 Exploration Risk**

The Company faces exploration risk associated with the newly acquired Diona Project. Exploration activities hold no guarantee of resulting in discovery of commercially viable gas reserves. The success of exploration depends on various factors, including the quality of geological data, the accuracy of resource modelling, and the ability to effectively implement drilling and testing programs. Even if resources are identified, technical challenges or unfavourable subsurface conditions could render them uneconomic to develop. These uncertainties mean the Company may incur substantial exploration and appraisal costs without achieving a viable outcome.

#### **11.2.7 Market Risk**

Xstate is exposed to market risks that can affect its ability to fund and advance its operations. These risks include fluctuations in broader equity markets, changes in investor demand for securities, macroeconomic factors such as inflation, interest rates, and geopolitical events. Such factors can impact the Company's Share price, liquidity, and ability to raise capital through equity or debt markets. Market volatility may also affect the valuation of the Company, influencing its capacity to attract funding or strategic partners to progress its exploration and development activities.

### 11.2.8 Securities Investments

Investors should be aware that there are risks associated with any securities investment. The prices at which the Company's Shares trade may be above or below the issue price of the Public Offer and may fluctuate in response to a number of factors. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

## 12 INDICATIVE TIMETABLE

The below timetable is indicative and is subject to change without prior notice.

Table 6: Indicative Timetable

Description	Indicative timing
Dispatch of Notice of General Meeting	22-Apr-25
Lodgement of Prospectus with ASIC	29-Apr-25
Opening of the Public Offer	5-May-25
Closing of Public Offer	20-May-25
General Meeting held to approve the Transaction	23-May-25
Reinstatement of securities to trading on ASX	13-Jun-25

## 13 GUIDANCE NOTE 12 – ANNEXURE A DISCLOSURE

The Company provides the following disclosure in accordance with ASX Guidance Note 12 – Annexure A, to the extent that the information has not been provide elsewhere in this announcement.

### 13.1 ASX Waivers and Confirmations

The Company has obtained the following waivers and confirmations from the ASX in relation to the Transaction:

- (a) a waiver of Listing Rule 1.1 Condition 12 to allow the Company to grant 25 million Lead Manager Options exercisable at \$0.04 each expiring 18 months from the date of issue;
- (b) confirmation that Listing Rule 1.1 (Condition 11) does not apply to the cash payment to Elixir;
- (c) a waiver of Listing Rule 2.1 Condition 2 to allow the Company to issue Shares at an issue price of \$0.02 each; and
- (d) a waiver of Listing Rule 10.13.5 to allow the Company to issue Shares to the Company's Directors, subject to receipt of Shareholder approval, later than one month after the date of the meeting but no later than date the other Public Offer Shares are issued.

The waivers are subject to conditions which will be detailed in the Notice of Meeting and Prospectus.

### 13.2 Issues in the previous 6 months

Xstate has not issued any securities in the past 6 months.

### 13.3 Control

It is not expected that any Shareholder will increase their voting power above 20% as a result of the Transaction.

#### 13.4 Accounts

The Company's 30 June 2024 Interim Financial Report and its 31 December 2024 Annual Report are available on the ASX announcements platform, accessible through the following link: <https://www.asx.com.au/markets/company/xst>

The pro-forma statement of financial position in Annexure 2 demonstrates the likely immediate effect of the Transaction on the Company's consolidated total assets and total equity interests on the basis of the financial information provided in the Company's 31 December 2024 Annual Report.

#### 13.5 Fees paid or payable to facilitators

No fee is payable, nor will any fee be paid, for the facilitation of this Transaction other than the Lead Manager will be paid a 6% capital raising fee on funds raised under the Public Offer, equivalent to \$90,000 assuming a Minimum Subscription, and \$180,000 assuming a Maximum Subscription. In addition to this cash fee, the Lead Manager will be issued up to 25 million Lead Manager Options, exercisable within 18 months of issuance at \$0.04 per share, subject to receipt of shareholder approval {the final terms will be negotiated subject to final ASX re-compliance conditions}.

#### 13.6 Appropriate Enquiries

The Company has undertaken appropriate enquiries into the prospects of the Acquisition to be satisfied that the Transaction is in the interests of the Company and its security holders.

As at the date of this announcement, the Company has, for all intents and purposes, completed its due diligence on both the asset and the joint venture partner and the Company. This due diligence process has not identified any matters that are materially adverse to the Company and the Company will recommend to shareholders that the acquisition proceed.

Due diligence undertaken includes (but was not limited to):

- An extensive in house and independent technical review of the seismic and pertinent publicly available geological data and additional data made available by Elixir which has identified the primary target as well as identifying a number of other follow up prospects.
- Meetings with the management and technical teams at Elixir; and
- A review of Elixir's published financial statements and quarterly reports including cashflow reports.

Further information including a full copy of the Independent Technical Specialists Report will be outlined in the Notice of Meeting and Prospectus.

#### 13.7 Re-instatement on ASX

The Company notes that;

- (a) the Transaction requires shareholder approval under ASX Listing Rule 11.1.2 and therefore may not proceed if that approval is not received;
- (b) it is required to re-comply with ASX's requirements for admission and quotation and therefore the Transaction may not proceed if those requirements are not met;
- (c) it presently has no intention of issuing any securities prior to re-admission to the Official List.
- (d) ASX has absolute discretion in deciding whether to re-admit the Company to the official list and to quote its securities and therefore the Transaction will not proceed if ASX exercise that discretion; and
- (e) Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Furthermore, the Company notes that:

- (a) ASX takes no responsibility for the contents of this announcement;

- (b) it is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1; and
- (c) all material and accessible information available to the Directors of the Company has been included in this announcement.

#### **14 Qualified Evaluator Statement**

Pursuant to the requirements of the ASX Listing Rules Chapter 5, the technical information and resource reporting contained in this announcement was reviewed in detail by Mr Greg Channon, who is a Non-Executive Director of the Company. Mr Channon has more than 35 years technical, commercial and management experience in exploration appraisal and development of oil and gas. Mr Channon is a member of the American Association of Petroleum Geologists. Mr Channon has reviewed the information and supporting documentation referred to in this announcement and considers the reserve estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clause 3.1 of the Valmin Code 2015. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

The author of the Independent Technical Specialists Report on the Diona prospect was Mr Calan McIntyre. Mr McIntyre is a petroleum geologist with 30 years of experience in the oil and gas industry, primarily in relation to exploration and development activities in Australia. Mr McIntyre has previously held a range senior roles with major operators in Australia, including Australia Exploration Manager for BHP Billiton Petroleum, General Manager Geoscience for TOTAL E&P Australia, and most recently, General Manager Offshore Exploration for Santos Limited. Mr McIntyre holds a BSc (Hons) in Geology from Otago University in New Zealand and is a member of the American Association of Petroleum Geologists and the Petroleum Exploration Society of Australia. Mr McIntyre has adhered to the ASX Listing Rules Guidance Note 32 and his qualifications and experience meet the requirements to act as a Competent Person to report Prospective Reserves under PRMS.

#### **This release was approved by the Board of the Company**

**Andrew Bald**  
*Executive Director*

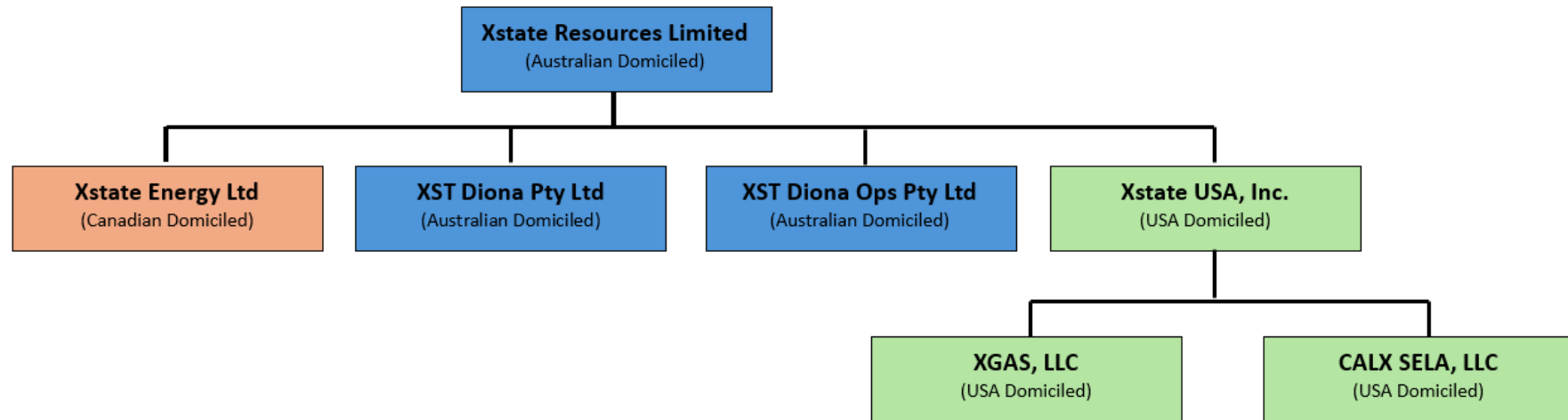
Xstate Resources Limited

Tel Office: +61 8 9435 3200

#### **About Xstate Resources Limited:**

*Xstate Resources (ASX Code: XST) is an ASX listed company focused on the oil and gas sector. The Company has exploration assets located in south-western Queensland and in the Sacramento Basin, California. Xstate also holds oil production interests in Austria.*

## Annexure 1 – Corporate Structure on Completion



## Annexure 2 – Indicative Pro Forma Statement of Financial Position

	As at 31-Dec-24	Effect of Transaction	Following Minimum Capital Raising	Following Maximum Capital Raising
Cash and cash equivalents	\$3,555,128	(\$250,000)	\$4,805,128	\$6,305,128
Trade and other receivables	\$10,524	-	\$10,524	\$10,524
Prepayments	\$26,405	-	\$26,405	\$26,405
Non-current assets held for sale	\$61,691	-	\$61,691	\$61,691
<b>Total Current Assets</b>	<b>\$3,653,748</b>	<b>(\$250,000)</b>	<b>\$4,903,748</b>	<b>\$6,403,748</b>
Oil and gas assets	\$781,408	-	\$781,408	\$781,408
Deferred tax asset	\$91,199	-	\$91,199	\$91,199
<b>Total Non-current Assets</b>	<b>\$872,607</b>	<b>-</b>	<b>\$872,607</b>	<b>\$872,607</b>
<b>Total Assets</b>	<b>\$4,526,355</b>	<b>(\$250,000)</b>	<b>\$5,776,355</b>	<b>\$7,276,355</b>
Trade and other payables	(\$893,393)	-	(\$893,393)	(\$893,393)
Current tax liability	(\$34,719)	-	(\$34,719)	(\$34,719)
Employee benefits	(\$1,547)	-	(\$1,547)	(\$1,547)
Liabilities associated with non-current assets held for sale	(\$49,843)	-	(\$49,843)	(\$49,843)
<b>Total Current Liabilities</b>	<b>(\$979,502)</b>	<b>-</b>	<b>(\$979,502)</b>	<b>(\$979,502)</b>
Site Restoration Provision	(\$144,801)	-	(\$144,801)	(\$144,801)
<b>Total Non-current Liabilities</b>	<b>(\$144,801)</b>	<b>-</b>	<b>(\$144,801)</b>	<b>(\$144,801)</b>
<b>Total Liabilities</b>	<b>(\$1,124,303)</b>	<b>-</b>	<b>(\$1,124,303)</b>	<b>(\$1,124,303)</b>
<b>Net Assets</b>	<b>\$3,402,052</b>	<b>(\$250,000)</b>	<b>\$4,652,052</b>	<b>\$6,152,052</b>
Share capital	\$58,083,830	-	\$59,583,830	\$61,083,830
Reserves	\$365,900	-	\$365,900	\$365,900
Accumulated losses	(\$55,047,678)	(\$250,000)	(\$55,297,678)	(\$55,297,678)
<b>Total Equity</b>	<b>\$3,402,052</b>	<b>(\$250,000)</b>	<b>\$4,652,052</b>	<b>\$6,152,052</b>

## Annexure 3 – Tenements

### Oil and Gas

Project name	Location	Working interest
Anshof 3 Discovery Area <sup>1</sup>	Molasse Basin, Northern Austria	0-20%
Alvares Appraisal Well	Sacramento Basin Onshore Northern California	25%
Alvares Project	Sacramento Basin Onshore Northern California	30%
Dempsey 1-15 Well	Sacramento Basin Onshore Northern California	10%
Dempsey AMI	Sacramento Basin Onshore Northern California	24%
Rancho-Capay Gas Field	Sacramento Basin Onshore Northern California	10%
Malton Field	Sacramento Basin Onshore Northern California	30%
East Rice East Creek Field	Sacramento Basin Onshore Northern California	10%
Los Medanos Gas Field	Sacramento Basin Onshore Northern California	10%
Dutch Slough Field	Sacramento Basin Onshore Northern California	30%

<sup>1</sup> As a result of Xstate's election for non-participation in the Anshof-2 and Anshof-2A wells, it holds a nil working interest for that component of the Anshof Discovery Area.

### Mineral Exploration

Tenement description	Tenement		Percentage interest
	number	Status	
King Brown	M24/705	Granted	12%