

29th September 2025

Announcement to ASX

Electronic lodgement

Diona 1: Well Spudded

Highlights

- Diona-1 well spudded
- Currently at 549m and running casing and cementing
- Targeting the Showgrounds, Tinowon and Wallabella formations at depths between 2,300m and 2,600m

Xstate Resources Limited (**ASX:XST**) (**Xstate** or **the Company**) provides the following operational update on the drilling of Diona-1. Diona-1 is located in the Diona Block of ATP 2077¹ in the Surat-Bowen Basin, Queensland (See *Figure 3: Location of the Diona Block, below*). XST has a 51% working interest and is Operator.

Further to our recent announcements on the mobilization of the Ventia 101 rig, we are pleased to confirm the rig is fully operational and Diona-1 spudded on the 27th of September 2025. At the time of writing, the well had reached 549m and is currently running and cementing the 9 & 5/8" casing. Once the casing is in place, we will drill out in 8 & 1/2" hole to our first target, the Showgrounds formation (the primary target) expected to be encountered at ~2,300m.

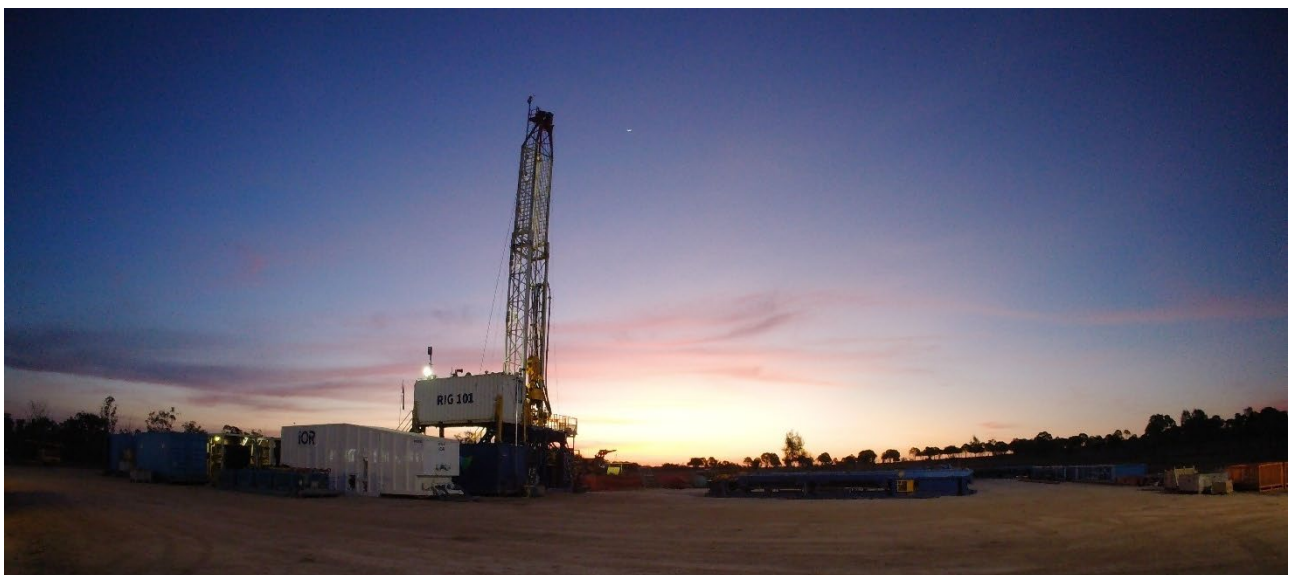


Figure 1: Ventia Rig 101 at Diona-1

Drilling is expected to take 7-8 days. Once we have drilled through the Showgrounds, we will run wireline logs to assess the prospectivity of the formation which will then be cased if the logs demonstrate positive prospectivity.

¹

Xstate has acquired a 51% interest in ATP 2077 from Elixir Energy Limited, ASX Code EXR. ATP 2077 comprises 3 blocks being the Diona, Block A and Block B. Elixir retains a 100% beneficial ownership in Blocks A and B.

After casing, the well will continue through the lower Tinowon and Wallabella formations to a total depth of 2,600m.

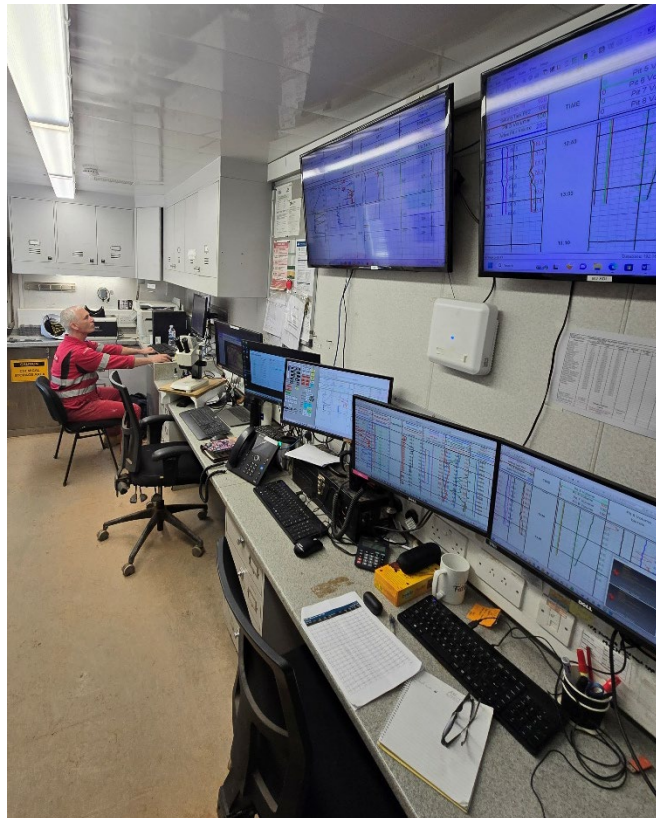


Figure 2: Mudlogging unit at Diona-1

Managing Director of Xstate Resources commented:

“The mobilization and set up of the rig in preparation for drilling has been a thoroughly professional operation and the team have done a great job moving this drilling program along this quickly. We are looking forward to drilling and discovering what this target has to offer.”

About the Diona Project

Located between the Silvers Springs Gas processing facility and the Waggamba gas field in the Surat-Bowen basin of Queensland, Xstate’s Diona project is a shallow, conventional gas prospect (with liquids potential) that is ideally placed adjacent to the Waggamba to Silver Springs gas pipeline. The Diona-1 well targets 3 proven hydrocarbon reservoirs being the Showgrounds, Tinowon and Wallabella. With the top of the Showgrounds being only 2,300m, the well will take less than 15 days to reach its total planned depth of 2,600m.

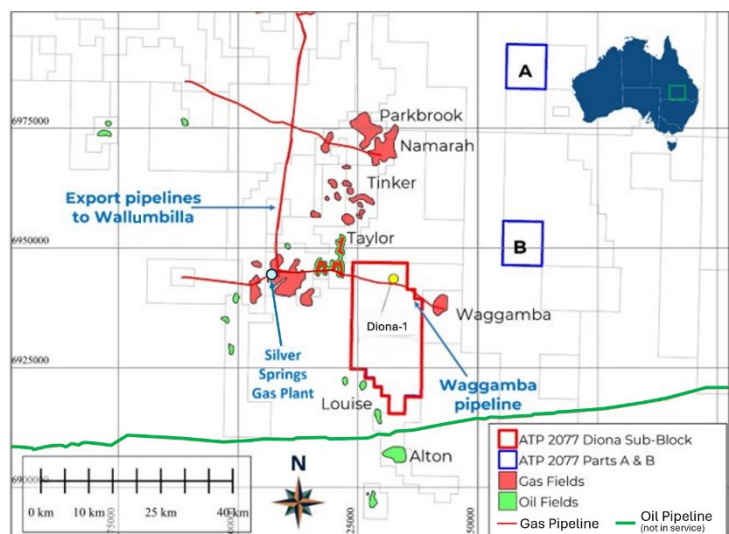


Figure 3: Location of the Diona Block

For personal use only

If the well is successful, there is potential for a rapid path to market given the Waggamba pipeline is less than 100m from the well pad (with a valve tie-in point about 1 km away).

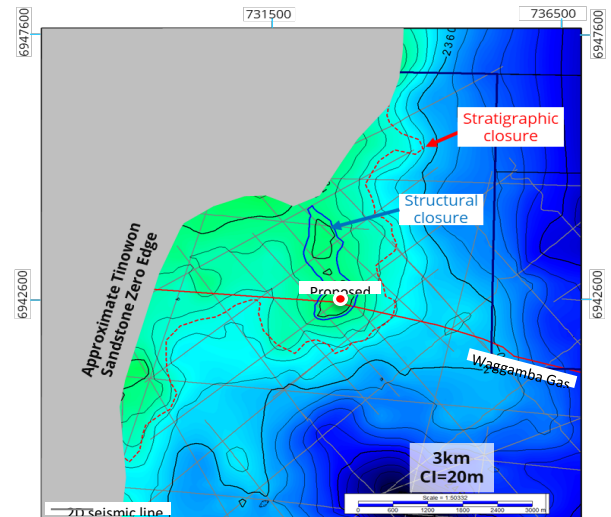
Diona Prospectivity

The Diona-1 well is targeting a low-risk, four-way dip closed anticlinal structure at Showgrounds, Tinowon and Wallabella Sandstone levels.

The prospect has a stratigraphically trapped upside in the Tinowon and Wallabella Sandstones, which pinch out to the west and is ideally located for gas (and possibly oil) charge due to its position on a prominent nose that plunges to the east into the Permian source kitchen.

At an estimated \$2.7m well cost, a chance of geologic success of 55%² and 12.5 Bscfe³ of gross unrisked mean prospective resources (assessed for the scenario where all three reservoirs discover hydrocarbons) the Diona-1 well represents an excellent risk-reward proposition for Xstate.

Located directly beneath the Waggamba Gas Export Pipeline, there is ready access to market for any hydrocarbon discoveries.



Depth map illustrating structural closure and the stratigraphic pinch-out at Tinowon Sandstone level

This announcement has been authorised for release by the Board of Directors.

Andrew Bald
Managing Director

About Xstate Resources Limited:

Xstate Resources (ASX Code: XST) is an ASX listed company focused on the oil and gas sector focusing on its Diona project located in Queensland, Australia. Xstate owns 51% of ATP 2077 however Elixir Energy Limited, (ASX Code EXR) retains a 100% beneficial ownership in Blocks A and B. The Company's will drill its first well in the Diona block, Diona-1, in late September 2025.

The Company additionally holds exploration assets in the Sacramento Basin, California.

² Chance of geologic success at one or more of the three exploration targets
³ Condensate resources converted to gas equivalent at 1stb = 6000scf

For personal use only