

2nd October 2025

Announcement to ASX

Electronic lodgement

Diona 1: Operations & Tenement Update

Highlights

- Transfer of 51% of ATP 2077 to Xstate registered
- Diona-1 well progressing and on track
- Showgrounds expected to be intersected soon
- 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.

XST ownership of ATP2077

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). The Board is pleased to confirm that the Xstate's 51% interest in ATP2077 was registered on title on the 29th September 2025². Xstate is also the Operator.

Operations Update

As at 0830 this morning, drilling had reached approximately 1130 metres and was progressing nicely. The Ventia 101 rig is performing extremely well and we are getting a net Rate of Penetration of about 60m per hour.

As a result, we now expect to be reaching the top of the Showgrounds formation, our first target at 2,300m, late on Friday, 3rd October 2025 or early on Saturday. This is in line with our forecast timeline and is a credit to the management and drilling team for achieving this result.

Once wireline and mudlogging is completed for the Showgrounds, we will make a decision about casing the Showgrounds and drilling on through to the Tinowon and Wallabella.



Figure 1: Operations Manager Mike Andronov with MD Andrew Bald on the drill rig

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.

² The Company notes that Ministerial Pre-approval for the transfer had been previously announced on 20th August 2025.

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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.

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).

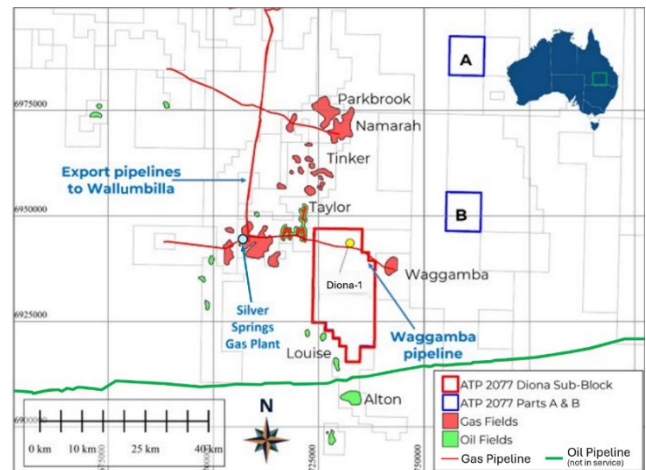


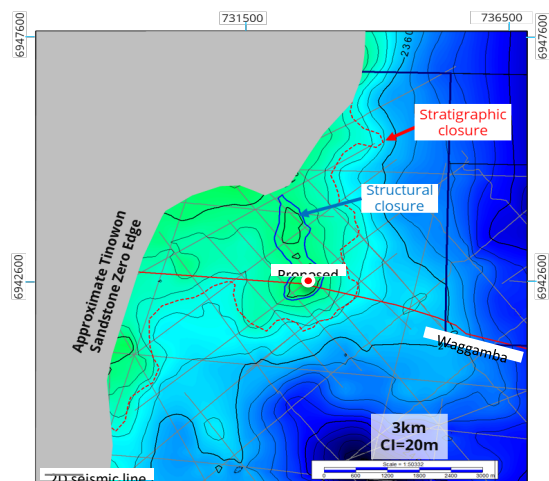
Figure 2: Location of the Diona Block

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%³ and 12.5 Bscfe⁴ 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.



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

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

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 spudded its first well in the Diona block, Diona-1, on 27 September 2025.

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

³ Chance of geologic success at one or more of the three exploration targets
⁴ Condensate resources converted to gas equivalent at 1stb = 6000scf

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