

31 October 2025

Announcement to ASX

Electronic lodgement

September 2025 Quarterly Activities Report

Highlights

- Re-quotation of Xstate shares on ASX
- Diona-1 exploration well drilled with hydrocarbons interpreted on logs
- Basin Centred Gas prospective resource identified

Managing Director, Andrew Bald commented:

“This has been an incredibly busy quarter and September was particularly demanding with the closing of the re-listing raise and then immediate drilling of the well. As we all know now, we appear to have a much larger project on our hands and we believe the Diona project has potential to create some significant shareholder value over the coming year. We are optimistic that the flow test will demonstrate the commercial viability of this well and that, all going well, we could be selling gas in the first half of 2026! I want to thank all of our shareholders who have supported us through this project, I think we are well on the way to delivering some material upside.”

The Board of Xstate Resources Limited (**ASX:XST**) (**Xstate** or **the Company**) is pleased to provide the following summary of the Company’s activities during the September quarter.

Xstate re-quotation on ASX

Shares in the Company resumed trading on the 16th September 2025 following the successful public offer capital raising, totaling approximately \$2.14m before costs.

OPERATIONS

Australia: Diona-1 well (51% WI)

Eleven days after re-quotation, on the 27th September 2025, the Company spudded its Diona-1 well on ATP2077 (Diona Block) targeting a low-risk, four-way dip closed anticlinal structure at Showgrounds, Tinowon and Wallabella Sandstone levels with a target of 12.5 bscfe of gross unrisked mean prospective resource¹.

Subsequent to quarter end, the Diona-1 Well reached a final Total Depth (**TD**) of 2,479m after the well bore had passed through the Wallabella Formation and Basement². Wireline logging indicated that whilst there were no hydrocarbons intersected at Showgrounds Sandstone, a significant gas column was interpreted over the Bandanna, Tinowon and Wallabella Formations. The casing was then run through to within 2m of TD and was cemented in place.

¹ See ASX Ann dated 29th Sept 2025

² See ASX Ann dated 8th October 2025

Basin Centred Gas – the silver lining!

Xstate interprets 23m of net pay across the Bandanna, Tinowon and Wallabella Formations. The gas column, which is overpressured and without any indications of water, leads us to believe we are potentially in a Basin Centred Gas play with a significantly greater prospective resource potential. The result was a re-interpretation of the region and the play which facilitated a significant upgrade in our Prospective Resource estimate for the project ³.

USA: Sacramento Basin (Various WIs)

There were no changes to the Company’s Californian-based assets during the quarter. Xstate continues to hold working interests (WI) of between 10% and 33% in oil and gas leases in the Sacramento Basin in California.

Oil and Gas production in California (mcf¹)	September 2025	June 2025
Gross Gas	14,134	13,939
Net XST (after Royalty)	1,317	1,390

¹ mcf – Thousand Cubic feet gas

CORPORATE

On the 17th September 2025 the Company announced that Mr Greg Channon had been appointed as Non-Executive Chairman of the Company. Concurrently, Mr Andrew Childs transitioned into a Non-Executive Director role after stepping down as Chairman.

The Company’s cash balance upon conclusion of the quarter decreased by \$71k to a balance of \$2.417m. During the quarter the Company received net inflows from financing activities of \$1.886m and outflows from operational activities of \$1.945m.

XSTATE TENEMENT LISTING

XSTATE RESOURCES LIMITED – TENEMENT LIST AS AT 30 SEPTEMBER 2025			
Project name	Region	Category	Working Interest
ATP 2077 (Diona Sub Block)	Queensland	Exploration & Appraisal	51%
Dempsey 1-15 Well	California	Exploration & Appraisal	10%
Dempsey Trend (Includes Borba)	California	Active leasing 3 large prospects	33%
Rancho Capay Field	California	Production	10%
Malton field	California	Production	30%
East Rice East Creek Field	California	Production	10%
Los Medanos Gas Field	California	Production	10%
Dutch Slough Field	California	Production	30%

³ See ASX Ann dated 27th October 2025

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LISTING RULE 5 DISCLOSURES

LR 5.4.1: Exploration expenditure during the quarter totaled \$1,431k on the Company's Diona project.

LR 5.4.2: No production expenditure payments were incurred during the quarter.

LR 5.4.3:

- The acquisition of a 51% interest in ATP 2077⁴ from Elixir Energy was formally completed post quarter end;
- Petroleum tenements held at quarter end identified in the above table;
- No farm-in or farm-out agreements entered into during the quarter; and
- There are no farm-in or farm-out agreements current in earn-in stage.

LR 5.4.4: Use of funds for the quarter reported against the Company's prospectus is as follows:

Use of funds	As per Prospectus dated 26-Jun-25	Actual expenditure 1-Jul-25 – 30-Sep-25
Diona-1 Well	2,650,000	1,431,000
Exploration and Development	120,000	-
Costs of the Offer	319,206	258,000
Working Capital	1,651,294	540,000
Total	4,740,500	2,229,000

LR 5.4.5: Payments to related parties totaled \$160k. These were in respect of Directors' salaries and superannuation payments, for rent of office lease to a Director related entity and for additional consulting work performed on an ad hoc basis over and above normal Directors' duties.

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About the Diona Project

The Diona-1 Well reached a final Total Depth (TD) of 2,479m after the well bore had passed through the Wallabella formation into basement. Located between the Silver Springs Gas processing facility and the Waggamba gas field in the Surat-Bowen basin of Queensland, Xstate's Diona project is ideally placed adjacent to the Waggamba to Silver Springs gas pipeline (Figure 1).

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

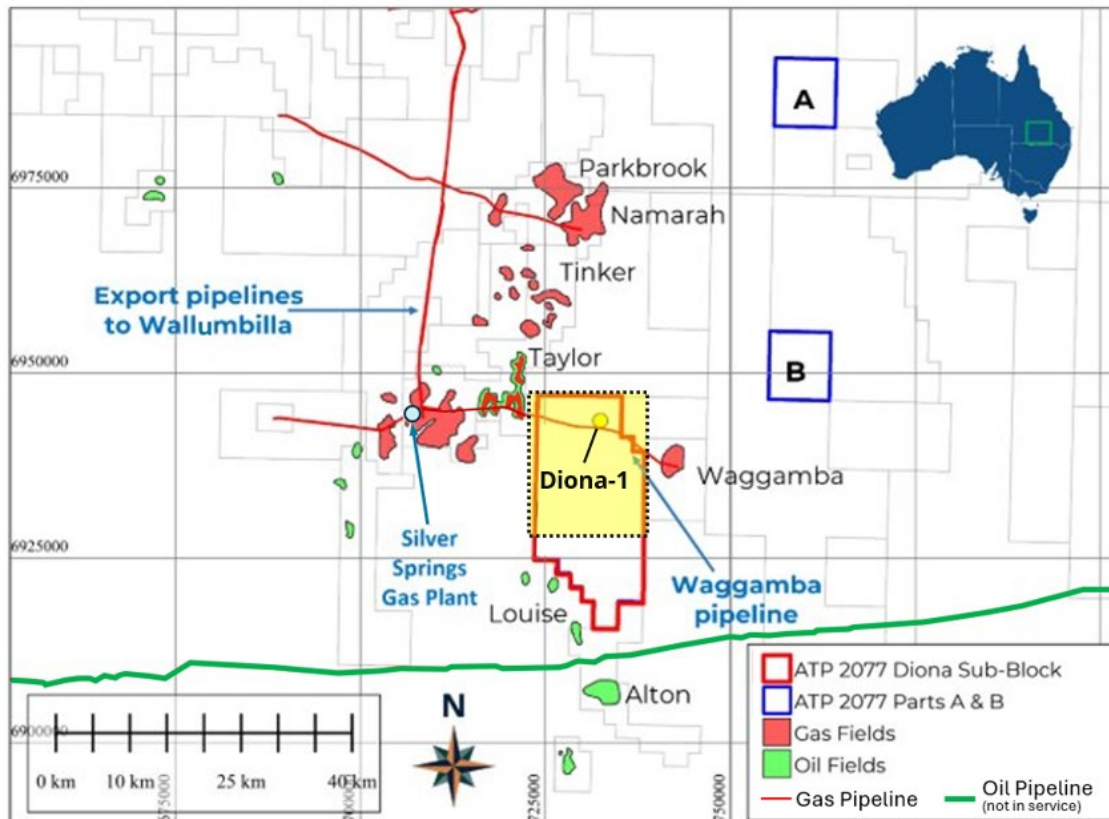


Figure 1: Diona project location map (extent of map in Figure 1 is highlighted in yellow)

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.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Xstate Resources Limited

ABN

96 009 217 154

Quarter ended ("current quarter")

30 September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,431)	(1,514)
(b) development	-	-
(c) production	-	-
(d) staff costs	(94)	(235)
(e) administration and corporate costs	(446)	(1,206)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	71
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	8	(44)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,945)	(2,928)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,144	2,144
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(258)	(334)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,886	1,810
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,488	3,555
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,945)	(2,928)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,886	1,810

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(12)	(20)
4.6	Cash and cash equivalents at end of period	2,417	2,417

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,417	2,488
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,417	2,488

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	160
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
8.	Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,945)	
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-	
8.3	Total relevant outgoings (item 8.1 + Item 8.2)	(1,945)	
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,417	
8.5	Unused finance facilities available at quarter end (item 7.5)	-	
8.6	Total available funding (item 8.4 + item 8.5)	2,417	
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.24	
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>			
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:		
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?		
	Answer:		
	No, current net operating cash outflows are due to drilling on the Diona-1 exploration project that commenced during the September quarter and concluded in October. Further exploration costs will be paid in the December quarter but the Company does not expect net operating cash outflows to be sustained at the current level.		
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?		
	Answer:		
	Yes, the Company has raised \$3.82m in placement announced on the ASX dated 31 st October 2025 The Company also considers that there is viability for production revenues to be generated from the Diona project that will assist with further exploration efforts.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, on the basis of the statements in section 8.8.1 and 8.8.2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2025

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.