ABN 96 009 217 154

31 July 2026

Announcement to ASX **Electronic lodgement**

JUNE 2026 QUARTERLY ACTIVITIES REPORT

Xstate Resources Limited (**ASX:XST**) (**Xstate**, **XST** or **the Company**) provides its Quarterly Activities Report for the quarter ending 30 June 2026.

Highlights

- **Over-pressured hydrocarbons confirmed in Diona-1 well**
- **Diona-1 produced consistent flow of hydrocarbons to surface with flare**
- **Well suspended pending review of artificial lift alternatives**
- **$1.69m raised to fund completion works with $1.248m remaining at end of quarter**
- **Mr Uno Makotsvana appointed as new Company Secretary**

ACTIVITIES

Over the past June quarter, the Company, in conjunction with its joint venture partner in the Diona block, Elixir Energy Limited (ASX Code EXR) completed a 2 stage stimulation of the Diona-1 well within the Taroom Trough on ATP 2077[1] in the Surat Bowen Basin of Queensland. The 2 stage stimulation was limited to the upper formations comprising the Tinowon, Black Alley and Banadana formations.

Following the stimulation, the Operator began the process of removing the completion fluids from the well. The process adopted for recovering the completion fluids (known as rocking which involves shutting in the well and using surfactants to reduce the surface tension of the completion fluids) took advantage of the over- pressure within the reservoir (estimated to be circa 4,300psi) to lift the fluids out of the well. Whilst approximately 45% of the 6,400 barrels of completion fluids were recovered, progress was slow and the decision was made to suspend operations and shut in the well whilst alternative, artificial lift methods were evaluated.

At the time the well was shut in, we calculated that there was a 1,900m column of stimulation fluids remaining in the well but despite this significant hydrostatic head, gas continued to flow to surface.

Subsequently, the JV initiated a review of a range of artificial lift options to remove the remainder of the completion fluids and establish an unimpeded gas flow. This work was undertaken by JJM Consulting and is now with the Operator for their review and finalisation.

It remains our intention to flow test the well and determine a sustained flow rate as soon as possible. If a commercial flow rate can be established, we will then connect the well to the nearby OGT owned pipeline via an above ground connection to the valve approximately 1km west of the well pad.

Director Andrew Bald commented:

> *"We are eagerly awaiting the results of the JJM review of options. We remain confident we will be back to the Diona well soon to complete the flow back and production testing."*

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[1] The Diona block is the largest block within ATP2077 with XST owning 51% and EXR 49%

FINANCIAL

During the Quarter, the Company successfully raised $1.69m to fund the completion works. XState's incurred $2.759m in completion costs and the Company's cash balance upon conclusion of the quarter decreased to A$1.248m.

XSTATE TENEMENT LISTING

XSTATE RESOURCES LIMITED – TENEMENT LIST AS AT 31 DECEMBER 2025			
Project name	**Region**	**Category**	**Working Interest (WI)**
ATP2077	Surat Bowen Basin, Queensland	Exploration	51%

LISTING RULE 5 DISCLOSURES

LR 5.4.1: Exploration expenditure during the quarter totaled $2.792m on the Company's Diona-1 project.

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

LR 5.4.3:

- No petroleum tenements acquired or disposed during the quarter.
- 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 other 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-June-26
Diona-1 Well	2,650,000	7,029,000
Exploration and Development	120,000	-
Costs of the Offer	319,206	351,000
Working Capital	1,651,294	841,000
Total	**4,740,500**	**8,221,000**

LR 5.4.5: Payments to related parties totaled $161k. 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.

This release was approved by the Board of the Company

Andrew Bald
Managing Director
Xstate Resources Limited

ABOUT XSTATE RESOURCES LIMITED

Xstate Resources (ASX:XST) is an ASX listed company focused on the oil and gas sector. In April 2025, the Company acquired its Diona project (ATP 2077 XST 51%, EXR 49%) located in the Surat Bowen basin of South-West Queensland.

COMPETENT PERSON

The technical information provided has been supervised and reviewed in detail by Xstate's competent person, Mr Greg Channon, who is also a Non-Executive Director of the Company. Mr Channon is a qualified geoscientist with over 35 years of oil and gas industry experience and a member of the American Association of Petroleum Geologists and the South East Asian Exploration Society and is a graduate of the Australian Institute of Company Directors. He is qualified as a competent person in accordance with ASX listing rule 5.41. Mr Channon consents to the inclusion of the information in this report in the form and context in which it appears.

Appendix 5B

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

Name of entity

XSTATE RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
96 009 217 154	30 June 2026

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	293	293
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs*	(95)	(162)
	(e) administration and corporate costs	(179)	(8)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	36
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	(116)
1.9	**Net cash from/(used in) operating activities**	33	43

**Some staff costs are reallocated in exploration & evaluation*

2.	**Cash flow from investing activities**		
2.1	Payment to acquire or for:		
	(a) entities	-	-
	(b) tenements	(41)	(41)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(2,792)	(3,092)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from 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 (Contributions from JV Partner)	-	-
2.6	**Net cash from/(used in) investing activities**	(2,833)	(3,133)

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (6 months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,567	1,590
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	(39)	(163)
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**	1,528	1,427

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,519	2,914
4.2	Net cash from/(used in) operating activities (item 1.9 above)	33	43
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(2,833)	(3,133)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	1,528	1,427
4.5	Effect of movement in exchange rates on cash held	1	(3)
4.6	**Cash and cash equivalents at end of period**	1,248	1,248

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	1,248	2,519
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)**	1,248	2,519

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	161
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

Director fees, salaries & superannuation expenses.

7.	**Financing facilities** *Note: the item '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*	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	-	-
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.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from/(used in) operating activities (Item 1.9)	33
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1 (d))	(2,792)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,759)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,248
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,248
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**0.45**

Note: if the entity has reported positive relevant outgoings (i.e. 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

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. The estimated quarters of funding available reflects the quarter's historical spend, including Diona-1 activity. Forecast activity is significantly lower and hence, the Company does not expect to have to fund the current level of operating cashflows
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
Answer:	No however the Company retains the option to raise equity to fund future approved work programmes should it need to do so, subject to market conditions.
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. The Company expects to continue operations based on existing cash, lower forecast activity, reduced overheads, active expenditure management and the option to raise equity for future approved work programmes.

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 does give a true and fair view of the matters disclosed.

Date: 31 July 2026

Authorised by: The Board of Xstate Resources Limited

Notes

1. The 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 standard applies 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 - e.g. Audit and Risk Committee]*". If it has been autopsied 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, you can 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.