

9 May 2022

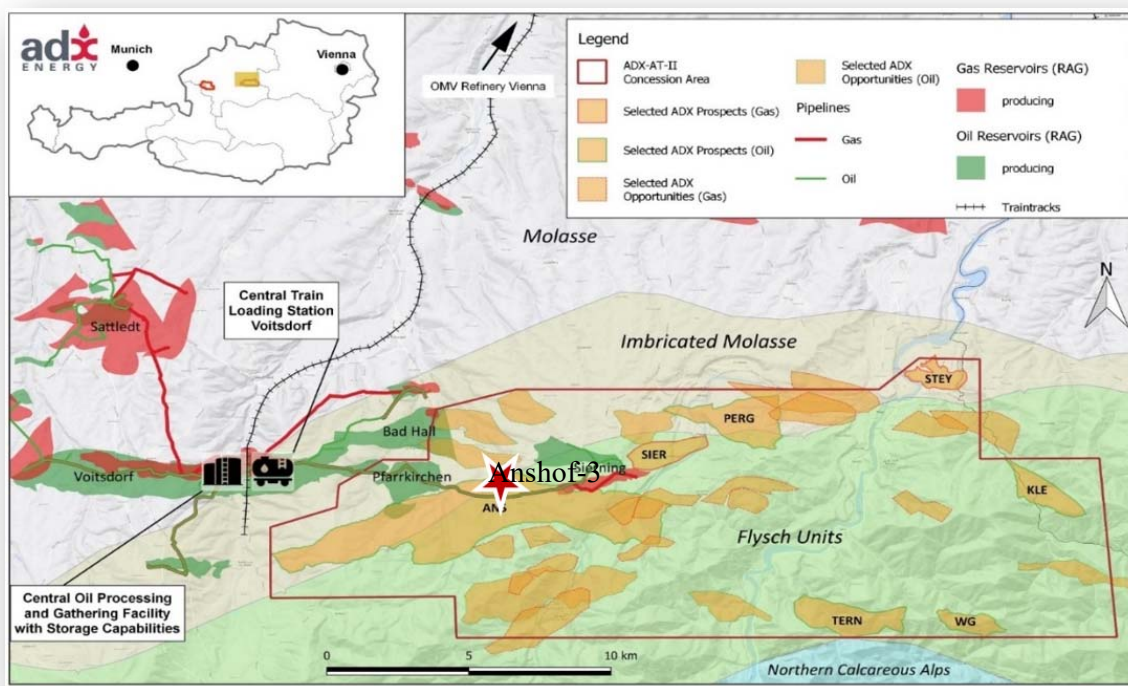
Announcement to ASX

Electronic lodgement

## ANSHOF-3 WELL TEST RESULTS UPDATE

- Higher production rates, 132 barrels per day maximum oil flow rate
- Downhole pressure data indicates better than expected reservoir flow performance
- An early production testing facility enabling commercial sales to be delivered by truck to a nearby oil terminal is being progressed

Xstate Resources Limited (ASX: XST) ("Xstate", "XST" or "the Company") is pleased to inform its shareholders and the market of the results of the production test at Anshof-3, in which Xstate has 20% working interest.



*Anshof-3 Location Map*

The Company advises that 132 barrels per day of water free oil flow has been recorded from the Anshof-3 well in the ADX-AT-II license in Upper Austria during flow testing of the Eocene oil zone. This more recent and detailed analysis incorporating down pressure data recovered from gauges in the well

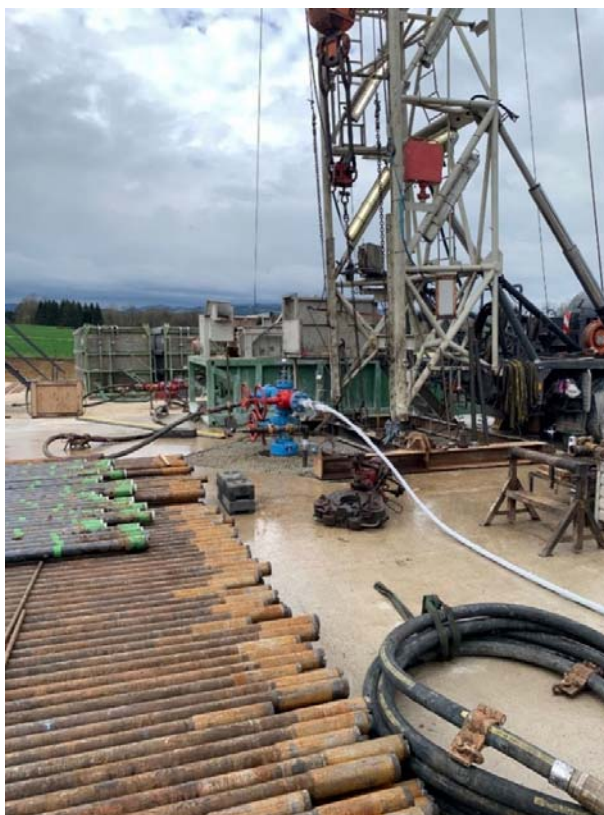
at the end of testing ("Pressure Data") compares very favourably with the previously announced initial flow rate of 75 barrels of oil per day.

The analysis of Pressure Data indicates better than expected reservoir flow performance from the relatively thin Eocene reservoirs encountered at the crest of the Anshof structure. The Pressure Data analysis also has indicated that there are no flow barriers close to the well.

The positive flow performance at the Anshof-3 well has positive implications for future Anshof appraisal and development wells down dip from the crest of structure where the Eocene reservoirs are expected to thicken considerably in some areas based on offset well data and 3D seismic attributes. The absence of interpreted flow barriers during the test is a positive indication for future oil recovery from the planned long term Anshof-3 production when processing facilities are installed.

At the conclusion of testing operations the well was acidised to further enhance productivity and a production string was installed in the well, as well as a down hole pump in preparation for long term production. The Anshof well flowed during the testing without any acidisation to overcome reservoir damage from drilling. Acidisation has been routinely deployed in offset wells which has often resulted in substantial increases in production rates.

Due to the positive test results ADX intends to install an early production testing processing facility for commercial oil sales to be delivered by truck to a nearby oil terminal with a view to generating cash flow as soon as possible and obtaining further information in relation to the greater Anshof oil accumulation. Interim production of up to 37,000 barrels (approximately 100 barrels per day for a period of one year) is allowed under Austrian legislation prior to finalising a production license for the entire discovery area which ADX has mapped to extend over an area of approximately 24 km<sup>2</sup>.



**Oil flow testing operations during Anshof-3 well flow test. Source ADX**

***For further information relating to well results, testing program and appraisal strategy refer to “Summary of Anshof-3 well results, testing program and appraisal strategy” appended to this release.***

***Anshof long term testing and appraisal planning***

Further information regarding the long-term production of the Anshof-3 well and planning for the appraisal of the large Anshof structure will be provided to Shareholders following completion of ongoing planning and technical work.

**Xstate Executive Chairman Mr Andrew Childs commented:** *“Xstate is pleased to add a second production hub to our business. The Anshof Oil Field has the potential to be a lucrative add-on to our Canadian production, which is currently producing around 570 barrels of oil per day (net). We look forward to the Operator bringing the Anshof-3 well online, and appraising the remainder of this significant Molasse Basin discovery.”*

**This release was approved by the board of the Company**

**Andrew Childs**

**Executive Chairman**

Xstate Resources Limited

Tel Office: +61 8 9435 3200

***About Xstate Resources Limited:***

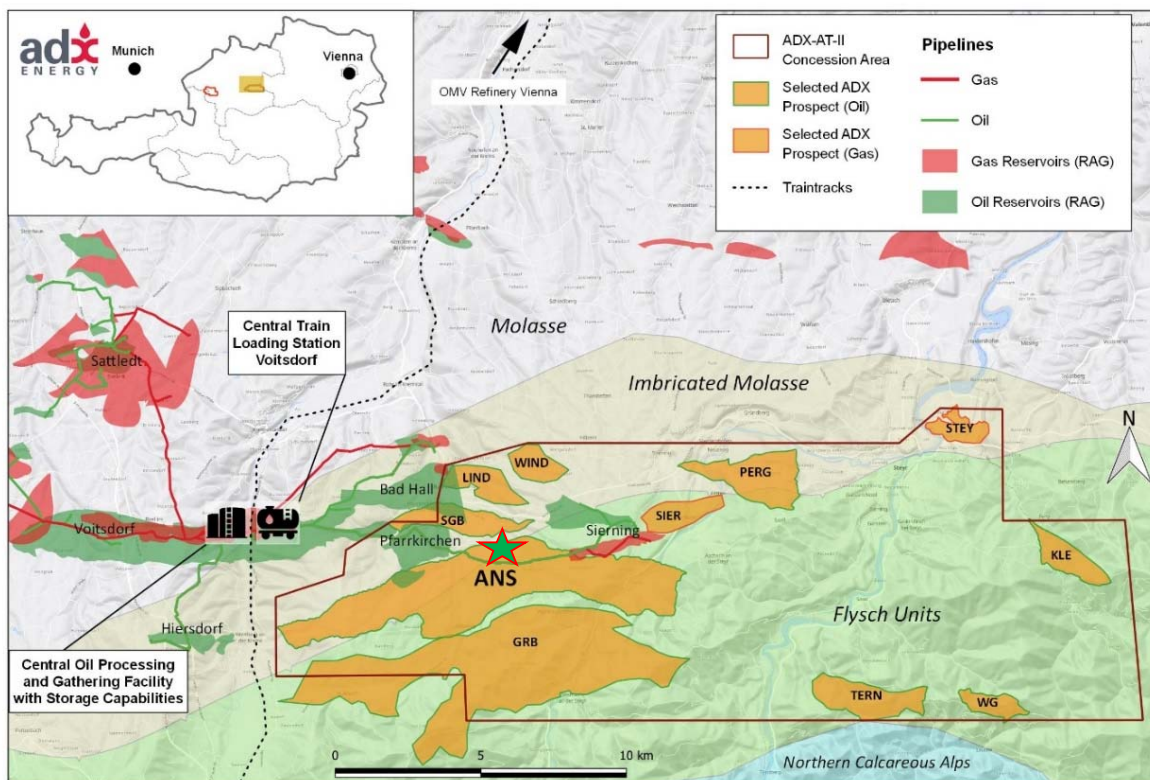
*Xstate Resources (ASX Code: XST) is an ASX listed company focused on the oil and gas sector. The Company has existing gas exploration assets located in the Sacramento Basin, California and associated gas production interests together with production interests in Alberta, Canada and Austria. Xstate is presently pursuing new opportunities in the oil and gas sector globally.*

***Competent Person:***

*The technical information provided in this release has been supervised and reviewed in detail by XST’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

### Summary of Anshof-3 well results, testing program and appraisal strategy



**Map showing Anshof discovery in the ADX-AT-II license and nearby fields Voitsdorf, Bad Hall and Pfarrkirchen and Sierning as well as the nearby train transport oil loading facility (in Upper Austria). The Anshof-3 well test site is denoted by the green star symbol**

The Anshof-3 well was spudded at 00.30 hours on the 18<sup>th</sup> of December 2021. The Anshof-3 well is located in the ADX-AT-II license in Upper Austria. The Anshof well site has provision for up to 3 drilling slots (the well name Anshof-3 stems from the fact that physical surface location number 3 which was the first approved by all necessary authorities to allow spudding of the well). Well operations were concluded following the running and cementing of 7-inch casing to a total depth (TD) of 2499 m. The RED E-200 rig was released on 15 January 2022. The well has been suspended in preparation for completion with production tubing utilising a workover rig prior to testing and potential long-term production thereafter.

The Anshof discovery well intersected 3 hydrocarbon bearing zones of interest in a large, high relief structure providing very significant appraisal and development potential in an onshore setting adjacent to readily available gathering, production and export infrastructure. The Anshof-3 well is expected to yield a second production asset in Austria for ADX in the near future.





**Running casing using the RED E-200 rig at the Anshof-3 drill site**

#### *Drilling and logging evaluation*

The well was successfully open hole logged with an extensive suite of logs, including the standard “triple combo” suite of tools plus sonic and formation imaging (FMI) logs. Several logging runs were necessary due to poor hole conditions to acquire the comprehensive dataset enabling detailed quantification of reservoir parameters.

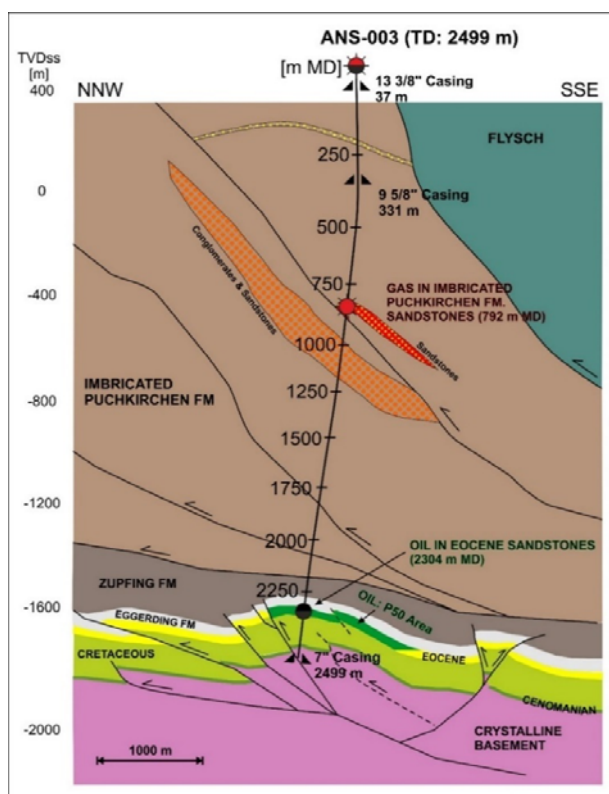
An initial petrophysical interpretation was completed shortly after the last logging runs and confirmed, and further substantiated, the preliminary results obtained from drilling data such as oil and gas shows, gas chromatography logs and Gamma Ray logs recorded while drilling.

From top to bottom of the well, the results can be summarised as follows:

1. Approximately 20 m gross gas reservoir zone at around 800 m of measured depth (MD) within the overthrust Miocene aged imbricates in a finely laminated deep water turbidites clastic section which has an estimated 14 m of gas pay. The finely laminated thin bedded nature of gas sands was further evidenced by FMI logs. It is expected that these sands will contribute significantly to gas flow rates over an anticipated 20 m perforation interval. The perforation intervals are currently under review.
2. The Eocene reservoir section starting around 2302 m MD with oil shows across a 6 m zone of which between 2.5 to 4 m are expected to be productive net pay. This is comparable with nearby production wells.
3. The Cretaceous (Cenomanian) section has been interpreted to contain about 11 m of reservoir section with oil saturation in line with the oil shows seen while drilling the well. Porosity logs (density, neutron and sonic) together with FMI data and cuttings data suggest that this zone at the Anshof-3 drilling location is unlikely to achieve economic oil flow rates. However, it is encouraging that oil presence was proven. Reservoir quality is known to be variable for this section and better reservoir quality may be encountered elsewhere on the large Anshof structure.

### Anshof-3 Well Testing and appraisal strategy

Well test design and engineering work is focused on the deeper Eocene sandstone reservoir oil zone and the shallower Miocene sandstone reservoir gas zone, as shown in the figure below.



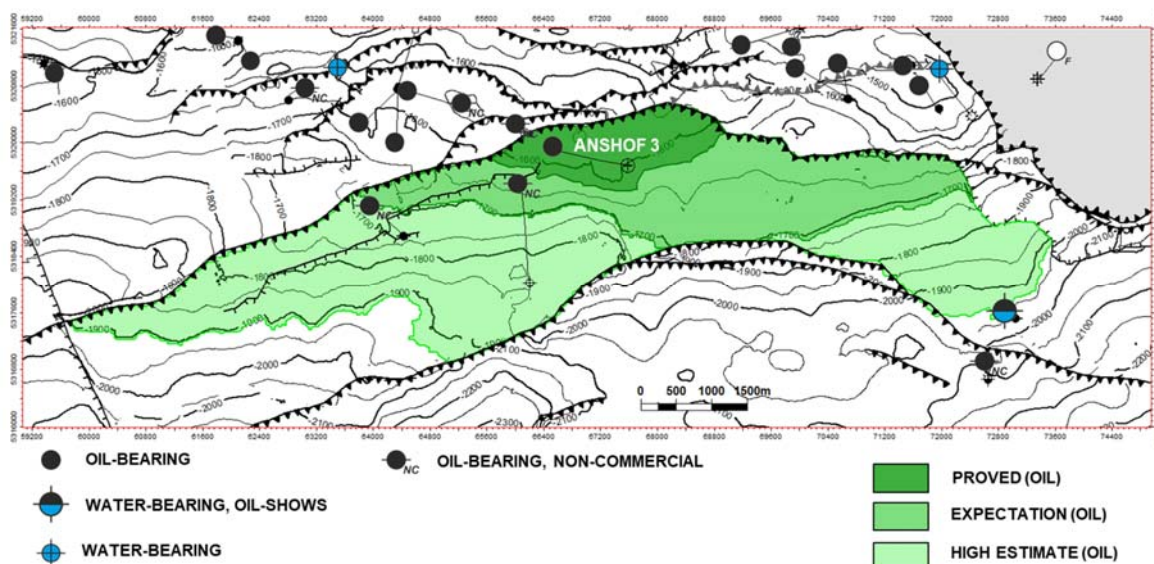
**Geological cross section schematic along the Anshof-3 well path, highlighting the hydrocarbon zones identified for testing. The oil zone was tested in April 2022**

The Cenomanian (Cretaceous) oil zone (11 m gross pay identified on logs and preliminary petrophysical analysis) just above the basement and well TD at 2499 m MD (1730 m TVDSS) will not be tested at the current Anshof-3 bottom hole location because it is likely to exhibit better reservoir quality elsewhere within the large Anshof structure.

Based on well results to date, ADX believes the previously announced pre-drill most likely Eocene oil resources do not warrant revision. (The Original Resources Reporting Date: Upper Austria Exploration was on 30/11/2020, estimates were further revised on 30/3/21).

The current understanding of the Eocene resources is considered to be in line with ADX reported resources and that independently assessed by RISC predrill for the following reasons:

1. The Anshof-3 exploration well intersected the Top Eocene oil zone as predicted by the 3D seismic pre-drill interpretation, i.e. only 4 m higher than prognosed (making the potential oil column slightly larger by a commensurate amount). This excellent result validates the predrill structural model and confirms the presence of a large structure. A major contribution to the oil resource calculation stems from the structural configuration of the oil pool gross rock volume (GRV), which remains largely unchanged. If anything, a slight increase can be expected due to the Anshof-3 well coming in slightly high to prognosis. The figure below shows the updated post-drill map, which compares favourably with the pre-drill interpretation (shown in the RISC Resources Review). The dark green area around Anshof-3 defines the minimum (P90) oil filled area.



**Top oil (Eocene sandstone) post drill depth map (meters TVDSS) incorporating all well results available. The dark green shaded area shows minimum case (P90), light green area showing the maximum case (P10)**

2. The presence of reservoir was the main geological risk prior to drilling which has now been mitigated by the intersection of a 6 m gross oil column in the Anshof-3 well with at least 2.5 to 4 m being high quality reservoir net pay section based on the current petrophysical interpretation. No free water or an oil water contact was intersected in the well. This result is within the predrill prediction expectation supported by RISC in its independent resource assessment. Future field appraisal and development wells will focus on drilling locations with the potential for optimal reservoir thickness in contrast to the Anshof-3 well which targeted the crest of the structure to prove the presence of a valid trap and a large structure. The figure below shows the Anshof structure outline in green with an overlay of expected Eocene gross reservoir thickness based on 3D seismic, nearby well data as well as latest Anshof-3 well results. The map indicates areas to the East of the Anshof-3 well where a much thicker Eocene reservoir section can be expected. With the structural risk eliminated by the Anshof-3 well results, these areas can be specifically targeted for high productivity development wells. In addition to the optimal Eocene potential, it is likely that areas away from the Late Cretaceous paleo high as mapped on 3D seismic (see below) may also contain better quality and potentially more productive Cenomanian oil reservoir sections as it has been the case in other nearby oil fields in the area.