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Announcement to ASX

Electronic lodgement

ANSHOF-3 UPDATE – PRODUCTION LICENSE AWARD

Xstate Resources Limited (**ASX: XST**) ("**Xstate**", "**XST**" or "**the Company**") is pleased to advise shareholders that Operator of the Anshof Prospect, ADX Energy Limited (**ASX:ADX**) has today provided an update advising that well a production license has been awarded by Austria's Ministry of Finance to ADX VIE GmbH for the Anshof oil field.

Xstate holds a 20% working interest in the Anshof Prospect. A copy of the ADX release has been attached to this announcement.

This release was approved by the board of the Company

Andrew Childs

Executive Chairman

Xstate Resources Limited

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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. Xstate is presently pursuing new opportunities in the oil and gas sector onshore North America and Europe.

13 March 2023

Anshof Oil Field Production License Awarded by Austria's Ministry of Finance

The production license award enables ADX to expand the development of the oil field including the drilling of two development wells within the next 12 months in addition to the already producing Anshof-3 discovery well.

Key points:

- 🔥 A production license has been awarded by Austria's Ministry of Finance to ADX VIE GmbH (ADX) for the Anshof oil field, discovered in January 2022 by the Anshof-3 well. ADX is operator and holds an 80% economic interest in the Anshof oil field.
- 🔥 The award of the production license provides the regulatory framework for development of the Anshof oil field located in the ADX-AT-II exploration license area in Upper Austria (refer to map in Figure 1) including the planned drilling of the Anshof-2 and Anshof-1 wells commencing Q3 2023.
- 🔥 Test production from the Anshof-3 well commenced during October 2022 utilising a rented early production system and achieved to date an average stable rate of 113 barrels per day of light crude oil (33° API).
- 🔥 Production performance from the Anshof-3 well has exceeded expectations and ADX intends to increase the production rate (currently constrained by well site facilities) to approximately 150 barrels per day when additional on-site oil storage is available in Q2 2023.
- 🔥 An independent reserve and resource assessment (Independent Assessment) of the Anshof field estimated 2P (proven + probable) reserves at **5.2 million barrels of oil equivalent** as at 1 October 2022. ^{Note 1} Refer to ASX release dated 31 October 2022.
- 🔥 The Independent Assessment highlighted the Anshof field's large 3P (proven + probable + possible) reserves and 3C contingent resource potential of 26 million barrels of oil equivalent which ADX plans to appraise with further drilling. Refer to Appendix 1 of this release.
- 🔥 In addition to the development of the Anshof field, ADX is maturing two adjacent exploration prospects which have been de-risked by the Anshof discovery. ADX will provide further information about these prospects in the near future.

ADX Executive Chairman, Mr Ian Tchacos, said, *"The Board of ADX is delighted by the award of the Anshof production license less than 12 months after the initial testing of the Anshof-3 discovery well. Our management and operating team in Austria are developing a transformative new production asset for our Company in a very short time frame. Anshof has substantial independently assessed reserves and production potential that is expected to provide rapid revenue growth for ADX. We are especially appreciative of the Austrian government support, well defined and transparent permitting processes, together with a favourable operating environment, which will enable ADX to further contribute to Austria's economy and energy security."*

ASX RELEASE

ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that Austria's Ministry of Finance has awarded a production license to ADX VIE GmbH (ADX) for the development Anshof oil field located within the ADX-AT-II exploration license in Upper Austria. The production license provides the regulatory framework for the development of the Anshof oil field including the planned drilling of the Anshof-2 and Anshof-1 wells commencing in Q3 2023. ADX is operator and holds an 80% economic interest in Anshof field area. ADX holds a 100% economic interest in the remainder of the ADX-AT-II exploration license including near field exploration adjacent to the Anshof field.

A long-term production test commenced in October 2022 from the Eocene oil reservoirs at the Anshof-3 well. Oil production to date was constrained to an average rate of 113 barrels of oil per day due to restricted onsite day storage capacity and limitation on truck movements to transport the oil to a nearby terminal for final processing and delivery by rail to the OMV refinery near Vienna. Eocene oil produced from the Anshof field is a high quality (33° API) sweet crude (i.e. low sulphur content).

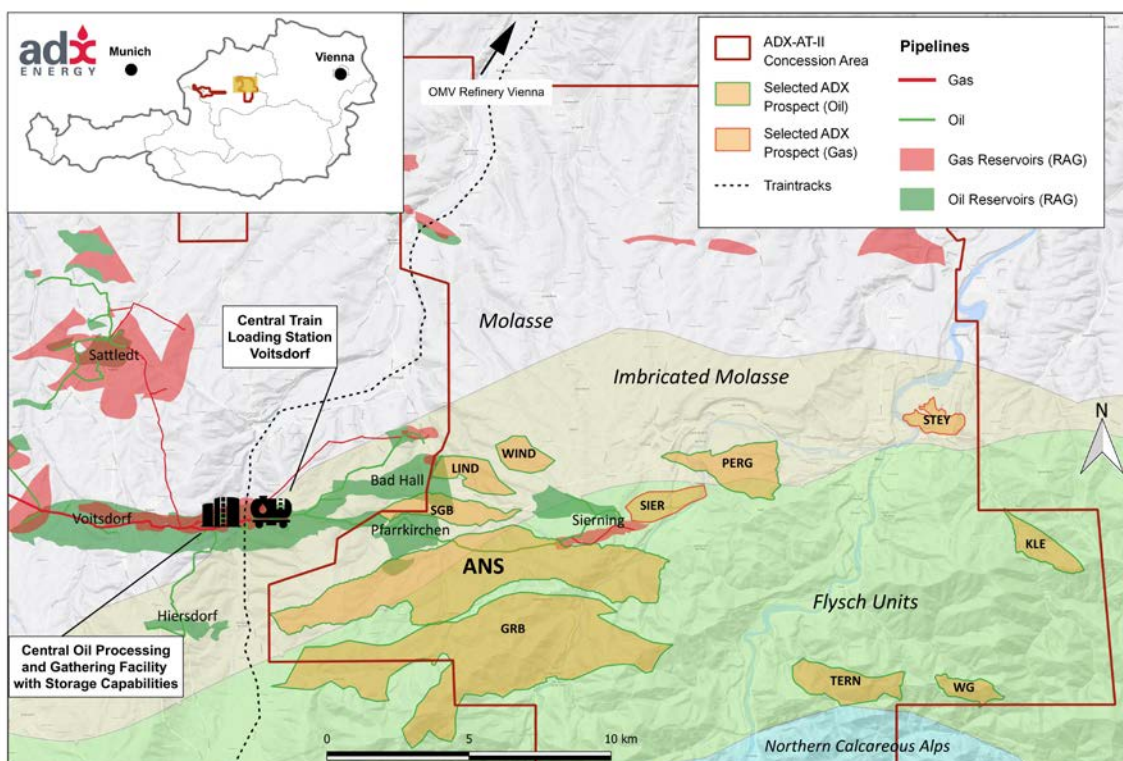


Figure 1: Map showing the ADX-AT-II exploration license, the Anshof (ANS) oil field and near field prospects in yellow.

Anshof-3 Well Test Production Performance

Production performance from the Anshof-3 well during the ongoing well test has delivered at the upper range of predrill expectations. Insignificant pressure decline was observed after a cumulative production of approximately 10,000 barrels to date. Strong pressure support was confirmed by pressure build up measurement which was recorded during the Christmas and New Year period. Reservoir pressure at the end of the shut-in period was estimated at 165.8 bar compared to an initial reservoir pressure of 169.4 bar based on surface pressure measurement.

The currently curtailed average daily oil production rate of 113 barrels is expected to be increased to approximately 150 barrels once crude oil storage capacity at the Anshof-3 well site is expanded in Q2 2023.

The Anshof well is being produced via a leased early production unit (EPU) and the oil is processed, transported and sold to the OMV refinery near Vienna. The EPU provides oil and gas separation, power generation, well site storage, offloading and telemetry control systems at the Anshof-3 well location, which allows oil to be efficiently produced from the well with minimal operator intervention.



Figure 2: The Anshof-3 well and early production unit

Independent Reserves Assessment

Independent consultants RISC Advisory Pty Ltd (RISC) were engaged to provide an independent reserve and resource assessment for the Anshof field. The RISC Competent Persons Report (CPR) has an effective date of 1 October 2022. Refer to ASX release dated 31 October 2022.

The CPR results for 2P (proven + probable) reserves category are summarised as follows;

- 2P (proven + probable) gross reserves estimated at **5.2 million barrels of oil equivalent** as at 1 October 2022. *Note 1*
- The estimated Net Present Value (NPV8) of the gross 2P reserves is **EUR 42.3 million (approx. A\$ 67 million)** in real terms. The NPV8 was calculated at RISC's oil price forecast being equivalent to an average price of USD 71 per barrel and discounted at 8%. ADX expects better well performance and therefore less production wells to fully develop the Anshof field than has been estimated by RISC. This has the potential to significantly enhance field economics.

ADX' 80% net share of the Anshof field's gross 2P reserves increases ADX' total reserves position by 236% to 5.85 million barrels of oil equivalent in aggregate including the producing Gaiselberg and Zistersdorf fields located in the Vienna Basin.

The CPR also highlighted the large 3P (proven + probable + possible) reserves and 3C contingent resource potential of the Anshof field of 26 million barrels of oil equivalent (refer to Appendix 1 of this release) which ADX plans to commence appraising with the Anshof-2 well during Q3 2023.

The CPR was conducted before the commencement of long-term production testing of the Anshof-3 well which has confirmed excellent reservoir continuity and pressure support.

Note 1: *Proved and Probable Development Justified Reserves including associated gas produced from the field assessed in accordance with SPE-PRMS 2018 Petroleum Resources Management System.*

Anshof-2 and Anshof-1 Development Drilling.

The Anshof-2 and the Anshof-1 development wells will be drilled from the same drilling and production site as the Anshof-3 well.

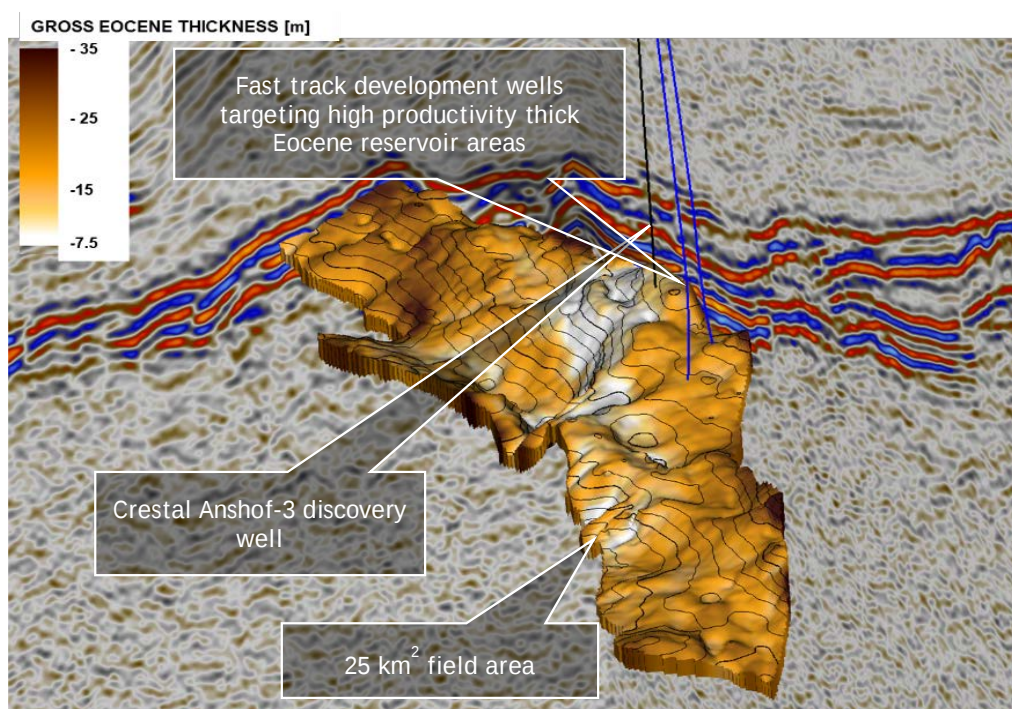


Figure 3: Anshof field outline based on 3D model utilising 3D seismic and offset well data showing the Anshof-3, Anshof-2 and Anshof-1 well locations (shown in blue)

The wells are planned to progressively target thicker reservoir intersections on the 25 km² mapped Anshof structure. The Anshof-3 well did not intersect an oil water contact and the well continues to produce water free, hence a large upside potential area remains to be appraised and developed.

Drill preparations are progressing to drill the Anshof-2 well targeting Q3 2023 and a date yet to be determined for the Anshof-1 well. The activities are summarised as follows;

- Planning and long lead item equipment purchases are at an advanced stage for the drilling of both the Anshof-2 well and the Anshof-1 well.
- Construction permits are in place with siteworks construction and cellar installation expected to commence in March/April 2023 for both wells.
- General framework contracts in place with RED Drilling & Services GmbH for a drilling rig and a completion workover rig to undertake the work.

The Anshof-2 well will appraise the extent of the downdip oil in the structure. It will be a high angle well maximising the lateral intersection of the Eocene reservoir to optimise well oil flow rate and potential reserves recovered by the well.

The Anshof-1 well will be drilled as a producer in a more crestal part of the structure and, as with the Anshof-2 well, in a thicker part of the Eocene reservoirs relative to the Anshof-3 well located in the western part of the structure. The bottom hole location of the Anshof-1 well will be optimised utilising data gathered from the Anshof-2 well. The production rates from the Anshof-2 and Anshof-1 wells on the flank of the large structure, where the Eocene reservoirs are expected to thicken, are likely to result in significantly higher production rates.

Anshof Oil Field Satellite Prospects

The successful drilling of the Anshof-3 discovery well, its continued better than expected production performance, and the planned development of the Anshof oil field have further de-risked satellite prospects and enhanced the economic potential of these prospects (refer to Figure 1). ADX has matured these prospects to a “drill ready” status and is reviewing the prospective resource estimates.

Further reporting

ADX will be report ongoing progress in relation to the Anshof field development, the production performance of the Anshof-3 well and further details regarding the Anshof satellite exploration prospects.

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Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.31, 5.41 and 5.42 the technical and reserves information relating to Austria contained in this release has been reviewed by Paul Fink as part of the due diligence process on behalf of ADX. Mr. Fink is Technical Director of ADX Energy Ltd and a Shareholder and Optionholder, is a qualified geophysicist with 25 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr. Fink has reviewed the results, procedures and data contained in this release and, if applicable, considers resource estimates to be fairly represented. Mr. Fink has consented to the inclusion of this information in the form and context in which it appears. Mr. Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

Appendix 1

Summary Anshof of Oil Field CPR Results

The RISC CPR was conducted in accordance with SPE-PRMS 2018 with an effective date of 1 October 2022. The 1P, 2P and 3P Reserves have been classified as Undeveloped Reserves (Development Justified) and additional 3C Contingent Resources (Development Pending) have also been identified. A summary of the gross oil and gas reserves and resources for the Anshof field is below in Table 1.

Table 1: Anshof Field Reserves and Resources

Oil & Gas Reserves	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Anshof gross reserves	0.4	5.0	12.0	96	1,169	2,812	0.5	5.2	12.5
ADX net share	0.3	4.0	9.6	76	935	2,250	0.4	4.1	10.0
Oil & Gas Contingent Resources	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Anshof gross Contingent Resources	0	0	12.9	0	0	3,041	0	0	13.5
ADX net share	0	0	10.3	0	0	2,433	0	0	10.8

Notes:

1. The notional reference point for reserves is the permit boundary or export line inlet.
2. ADX has an 80% economic interest in the Anshof discovery area and 80% entitlement to its gross reserves and resources.
3. Probabilistic methods have been used to determine oil in place and recoverable oil. Deterministic methods were used to develop production profiles and well numbers.
4. The 1P case is economically marginal but falls within the typical 10% audit tolerance. Therefore, volumes can be classified as reserves.
5. 1P reserves are based on a 3-well development of the 1P area. 2P reserves are based on a 14-well development of the 2P area. 3P reserves are an upside performance of the 2P wells. An additional 15 wells are estimated to fully develop the high case field area, with this incremental resource classified as contingent resources.
6. Associated gas resources include inerts sold with the gas. There is no fuel and flare.
7. Conversion factors are 7.3 bbl per tonne of oil and 5,800 MMscf per MMboe of gas.

*A. **Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.*

*B. **Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.*

*C. **Possible Reserves** are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the possible development scope). Standalone Possible Reserves must reference a commercial 2P project.*

End of this Release