



ABN 96 009 217 154

30 April 2024

Announcement to ASX

Electronic lodgement

MARCH 2024 QUARTERLY ACTIVITY REPORT

HIGHLIGHTS

- Red Earth Assets disposed for US\$2.73m (approximately A\$4.19m), transaction approved by Shareholders post-quarter end
- Total production net to Xstate from Canadian assets (before Royalty) of 419 barrels of oil
- Anshof-3 recommenced production following quarter-end

Xstate Resources Limited (**ASX:XST**) (**Xstate, XST** or **the Company**) is pleased to provide the Quarterly Activities Report for the quarter ending 31 March 2024.

CHAIRMAN Andrew Childs commented: *“The sale of our Red Earth asset in Canada will bolster our cash reserves and positions the Company well, allowing us to explore new opportunities to create shareholder value. The Board is actively pursuing new transactions and we are optimistic that the coming quarter will see us welcome a new project with potential to transform the Company.”*

CANADA: RED EARTH (25% WI) (Sold)

The sale of the Red Earth Assets announced on 29th February 2024 had an effective date of 1st January 2024. Accordingly, the Company reports no production from these assets for the quarter ending 31st March 2024.

Pursuant to said announcement and the receipt of a total of US\$400,000 (A\$612,000) to date. The disposal of the Company’s main undertaking was approved by shareholders at the Company’s AGM held on 29th April 2024.

Accordingly, the Company now expects to receive the balance of the settlement proceeds as follows:

- (a) US\$1,000,000 is to be paid within 10 days of shareholder approval (9th May 2024); and
- (b) US\$1,327,273 to be paid 60 days thereafter (8th July 2024).

CANADA: CREST JINN (25% WI)

Xstate will be retaining its 25% Working Interest in the Crest Jinn assets, which were acquired in early 2023 and re-entered during Q2 2023.

Production from the Crest Jinn wells for the quarter totalled:

Oil production in Canada	March Qtr 2024	Dec Qtr 2023
Gross production to JV (bbl before royalty)	1,679	74,178 ¹
Net to XST (bbl before royalty)	419	18,545 ¹

Note: bbl = barrels of oil

AUSTRIA: ANSHOF PRODUCTION (20% WI)

There was no production from Anshof-3 for the quarter as the well was shut in whilst ADX undertook drilling operations on its Anshof-2 well.

The Operator has now installed Permanent Production Facilities (PPF) and production resumed on 3rd April 2024. The Anshof-3 well was shut-in for a total period of 197 days.

Xstate elected not to participate in the Anshof-2 well which the Operator has now received approval to sidetrack. Xstate will not participate in the sidetrack and has advised the joint venture partners that we will not be participating in any further wells in Austria.

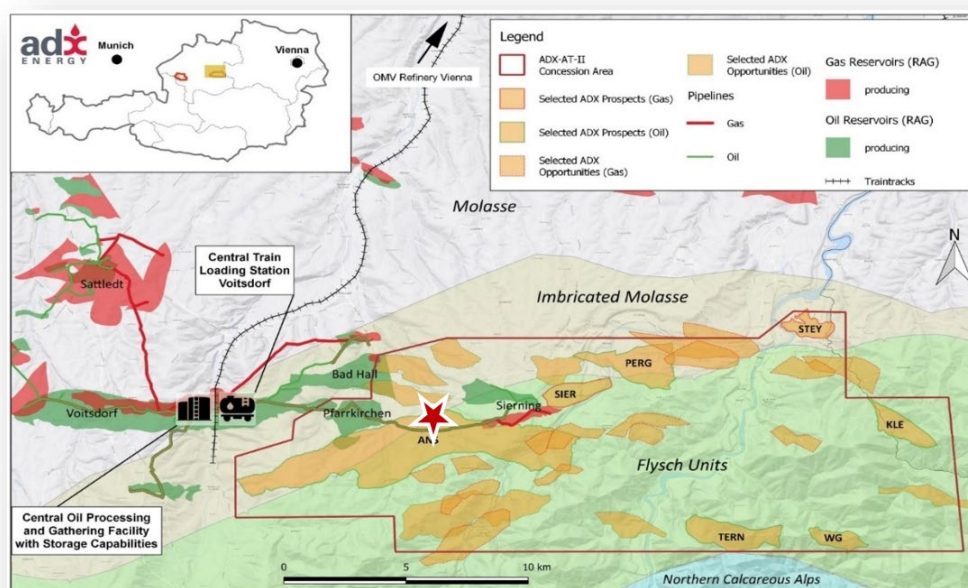


Figure 1: Location Map of Anshof 3

CALIFORNIA: BORBA NATURAL GAS DRILLING (33.33% WI)

There were no changes to the California assets during the quarter. The Borba gas discovery is being monitored and reviewed, with a view to identifying alternative uses of the gas. These include electricity production for an onsite data centre, hydrolysis of natural gas for Hydrogen generation for the local transport market or other means of transporting the gas molecules to local markets.

¹ Includes Red Earth production that has now been sold

CALIFORNIA: SACRAMENTO BASIN PRODUCTION (VARIOUS WIs)

No changes to the Sacramento project with the Company continuing to maintain its leases in the Sacramento Basin during the quarter. Xstate has working interests (WI) of between 10% and 33% in oil and gas leases. In addition to our existing Sacramento Basin production, the Company is investigating workover and exploration opportunities to take advantage of the current high gas prices in California.

Oil and Gas production in California (mcf*)	March Quarter 2024	December Quarter 2023
Gross Gas	25,514	27,026
Net XST (after Royalty)	2,643	3,447

Note: mcf = Thousand Cubic feet gas

XSTATE TENEMENT LISTING

XSTATE RESOURCES LIMITED – TENEMENT LIST AS AT 31 MARCH 2024			
Project name	Region	Category	Working Interest (WI)
Anshof 3 Farmin	Austria	Exploration	20%
Alvares Project	California	Appraisal	25%
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%
Red Earth	Canada	Production	25% (sold 1 Jan 2024)
Crest Jinn	Canada	Production	25%

NEW VENTURES

The Company continues to look for new high impact exploration and development opportunities.

LISTING RULE 5 DISCLOSURES

LR 5.4.1: Exploration expenditure during the quarter totaled \$44k. This was performed solely on the Company's exploration interests in California.

LR 5.4.2: Production expenditure payments for Canadian Oil operations and Austrian Oil operations during the quarter were \$nil.

LR 5.4.3:

- Petroleum tenements disposed noted above as the Red Earth assets;
- Petroleum tenements held at quarter end identified in the above table;
- No farm-in or farm-out agreements entered into during the quarter; and
- No farm-in or farm-out agreements current in earn-in stage

LR 5.4.4: Not applicable.

LR 5.4.5: Payments to related parties totaled \$104k. These were in respect of Directors' salaries and superannuation payments, and for additional consulting work performed on an ad hoc basis.

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:XST**) is an ASX listed company focused on the oil and gas sector. The Company has existing oil and gas assets located in the California in the United States of America, and oil production assets in Alberta, Canada and Austria. Xstate is presently pursuing new opportunities in the oil and gas sector onshore North America and around the world.

Leases

US and Canadian exploration is conducted on leases granted by Mineral Right owners, including the respective Governments and private individuals or groups. Leases can vary in size from very small parcels (part of an acre) to large landholdings (covering a few square miles). Leases generally are for 5 years and rentals are paid annually. There are no firm work commitments associated with the leases. Some leases are 'Held By Production' (HBP) and royalties are paid to mineral right owners in lieu of rentals. SGC has not listed all its leases as it is impractical and not meaningful for potential project value assessment in a conventional natural gas play. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to XST shareholders.

Competent Person

The technical information provided 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 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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(44)	(44)
(b) development	-	-
(c) production	-	-
(d) staff costs	(117)	(117)
(e) administration and corporate costs	(95)	(95)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
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)	-	-
1.9 Net cash from / (used in) operating activities	(246)	(246)

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 (3 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	612	612
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	612	612
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(5)	(5)
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	(5)	(5)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	995	995
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(246)	(246)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	612	612
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	(5)

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	5	5
4.6	Cash and cash equivalents at end of period	1,361	1,361

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	1,361	995
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)	1,361	995

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	104
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.

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

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)	(246)	
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)	(246)	
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,361	
8.5 Unused finance facilities available at quarter end (item 7.5)	-	
8.6 Total available funding (item 8.4 + item 8.5)	1,361	
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.53	
<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:		
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:		
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:		
<i>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.</i>		

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: 30 April 2024

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.