



XSTATE RESOURCES LIMITED

ABN 96 009 217 154

INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024

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CORPORATE DIRECTORY

Directors

Mr Andrew Childs
Mr Greg Channon
Mr Andrew Bald

Company Secretary

Mr Jordan McArthur

Registered and Principal Office

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Auditors

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Bankers

ANZ Banking Group Limited
Level 6, 77 St Georges Terrace
Perth WA 6000

Share Registry

Automic Group
Level 5, 191 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

ASX Code

Shares: XST

Country of Incorporation and Domicile

Australia

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Xstate Resources Limited ("the Company") and of the Group, being the Company and its subsidiaries for the six months ended 30 June 2024 and the auditor's review report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

Name	Period of Directorship
Executive	
Andrew Childs <i>Executive Chairman</i>	Appointed 22 April 2020
Non-Executive	
Greg Channon <i>Chair – Audit & Risk Committee</i> <i>Member – Remuneration & Nomination Committee</i>	Appointed 17 August 2020
Andrew Bald <i>Chair - Remuneration & Nomination Committee</i> <i>Member - Audit & Risk Committee</i>	Appointed 6 June 2022

2. OPERATING AND FINANCIAL REVIEW

The primary operation during 6-months to 30 June 2024 was the divestment of the Company's 25% working interest (**WI**) in the Red Earth assets for US\$2,727,273 as announced on 29 February 2024. The divestment had an effective date of 1 January 2024, with the transaction receiving shareholder approval as required under the ASX Listing Rules on 29 April 2024 at the Company's Annual General Meeting.

The Company received proceeds of US\$1,400,000 (A\$2,140,080 equivalent upon conversion) during the period to 30 June 2024, with the final payment of US\$1,327,273 (A\$1,990,300 equivalent upon conversion) being received on 8 July 2024, subsequent to the end of the period.

Accordingly, the Company reports no production from these assets for the period ending 30 June 2024.

Xstate retains a 25% WI in its Crest Jinn assets, which consist of one producing well and one suspended well over an acreage position of 10,240 gross acres. The Crest Jinn asset also includes a significant portfolio of exploration projects covered by 3D seismic. These prospects will be the subject of technical review and maturation in the coming months.

The Company is concurrently undertaking a global search for new venture opportunities, with technical due diligence efforts having been undertaken on specific assets in the period to 30 June 2024 with a view to progressing to an acquisition. The Company routinely undertakes technical due diligence to identify new assets for acquisition to expand its portfolio.

XSTATE RESOURCES LIMITED**DIRECTORS' REPORT****For the six months ended 30 June 2024****Canadian producing assets (XST WI 25%)*****Red Earth and Crest Jinn Production Interests, Alberta, Canada***

As of the date of this report, the assets are producing approximately 19 BOPD gross (4.75 BOPD net to Xstate).

Xstate share of Oil Production in Canada	Six-months to 30 Jun 2024 (BBL)	Six-months to 31 Dec 2023 (BBL)
Gross Production to JV (before royalty)	3,312	7,529
Net to Xstate (before royalty)	827	1,882

Canadian Oil Reserves¹ (Net to XST)	Crest Jinn
Proved and Probable Reserve (bbl)	129,716
Net XST (bbl) (after Royalty)	32,429
<i>Note: Refer to 31 December 2023 Annual Report</i>	

¹ Due to the sale agreement of Red Earth assets, production information for 2023 is solely related to the Crest Jinn Assets and is therefore a significant decrease from the prior comparable period.

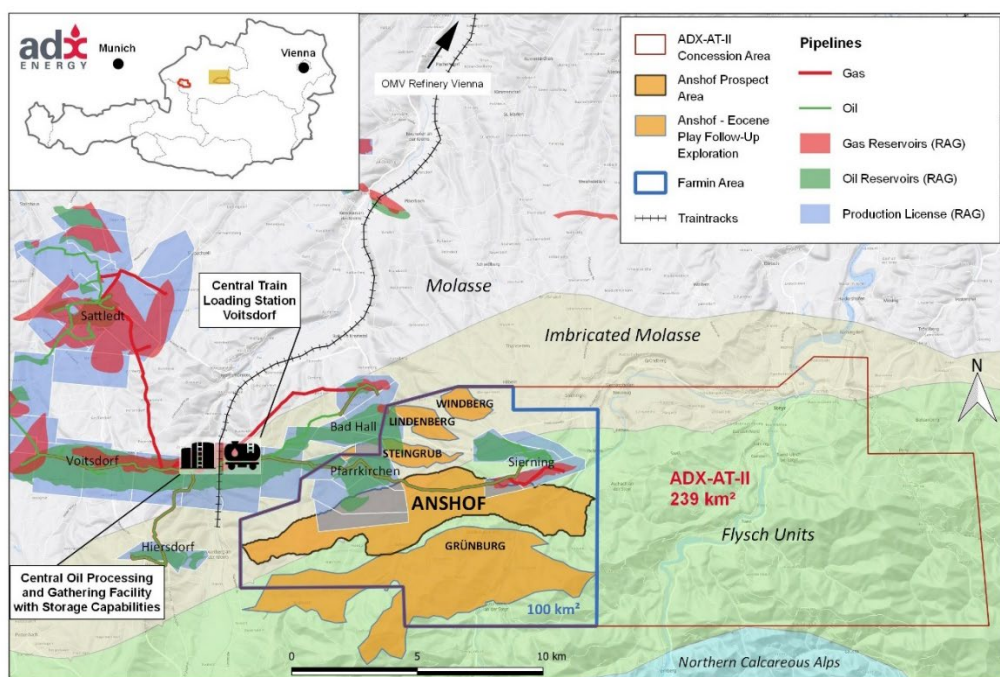
XSTATE RESOURCES LIMITED

DIRECTORS' REPORT

For the six months ended 30 June 2024

Austrian Production Asset – Anshof-3 Discovery (20% WI)

Anshof-3 was brought back online on 3 April 2024 following installation and commissioning of a Permanent Production Facility (PPF) at the Anshof Discovery Area. Production activities had been suspended since 19 September 2023 when operations reached the regulatory limit of 5,000 tonnes (36,000 bbl) and the Operator (ADX Energy Limited) made the operational decision on installation of the PPF.



Anshof Prospect Map

At the end of June, the Anshof-3 well was producing approximately 116 BOPD gross (23.2 BOPD net to Xstate).

Xstate share of Oil Production in Austria	Six-months to 30 Jun 2024 (BBL)	Six-months to 31 Dec 2023 (BBL)
Gross Production to JV (before royalty)	8,369	9,422
Net to Xstate (before royalty)	1,674	1,884

California Exploration and Production (Various WI's)

There were no changes to the Californian business with the Operator (Australian Oil Company Limited) continuing to maintain the leases in the Sacramento Basin during the half. Xstate has WIs of between 10% and 33% in oil and gas leases.

XSTATE RESOURCES LIMITED**DIRECTORS' REPORT****For the six months ended 30 June 2024**

Xstate share of Gas Flows in California	Six-months to 30 Jun 2024 (MCF)²	Six-months to 31 Dec 2023 (MCF)
Gross Gas Flow to JV (post Royalty)	61,881	56,615
Net to Xstate (post Royalty)	6,927	7,264

² mcf – thousand cubic feet gas**Changes in Tenement / Project List Reporting Period:**

The only change in projects during the half year was the divestment of the Company's 25% working interest in the Red Earth assets in Alberta Canada.

Leases Disclaimer

USA and Canadian exploration are conducted on leases grant by Mineral Right owners, in Xstate's case primarily governments, 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' and royalties are paid to mineral right owners in lieu of rentals. Xstate has not listed all its leases as it is impractical and not meaningful for potential project value assessment in oil and natural gas plays. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to Xstate shareholders.

Regarding Austrian exploration, ADX Energy Ltd (the Operator) holds concession agreements for Anshof exploration licenses with the BMLRT on behalf of the Republic of Austria.

XSTATE RESOURCES LIMITED – TENEMENT LISTING AT 30 JUNE 2024			
Project name	Category	Area	WI
Anshof-3	Production	Austria	20%
Alvares Project	Appraisal	California	25%
Dempsey 1-15 Well	Exploration & Appraisal	California	10%
Dempsey Trend	Active leasing 3 large prospects	California	33%
Rancho Capay Field	Production	California	10%
Malton field	Production	California	30%
Rice Creek, East Gas Fields	Production	California	10%
Los Medanos Gas Field	Production	California	10%
Dutch Slough Field	Production	California	30%
Crest Jinn	Production	Canada	25%

XSTATE RESOURCES LIMITED

DIRECTORS' REPORT

For the six months ended 30 June 2024

Future Strategy

The Company has been evaluating multiple new ventures in an effort to identify new opportunities for the Company moving forward.

Corporate

As at 30 June 2024, the Company held cash and cash equivalents of \$2,368,661 and had 321,519,150 shares on issue across 3,546 shareholders. The top 20 holders held 125,051,578 shares representing 38.89% of the Company's issued capital.

On 31 January 2024, 11,550,000 unlisted options exercisable at \$0.05 expired unexercised.

Further information may be found in the Company's reports for the March 2024 and June 2024 quarters, released to the ASX on 30 April 2024 and 31 July 2024, respectively.

Competent Persons Statement and Disclaimer

This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Greg Channon, a Director of Xstate. He is a qualified geologist with over 35 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. Mr Channon is a member of the American Association of Petroleum Geologists. Mr Channon consents to the inclusion of the information in the form and context in which it appears.

3. DIVIDENDS

The Directors recommend that no dividend be provided for the six months ended 30 June 2024 (2023: Nil).

4. EVENTS SUBSEQUENT TO REPORTING DATE

On 8 July 2024, the Company advised that it had received the concluding US\$1.327m payment for the divestment of the Red Earth assets.

On 22 July 2024, the Company announced that Mr David McArthur resigned from his position as joint Company Secretary.

On 26 August 2024, it was announced that the Company's securities had been suspended from trading on the Australian Securities Exchange (**ASX**) pursuant to ASX Listing Rule 17.3 following the determination by ASX that the Company's level of operations was not adequate to warrant the continued quotation of its securities under ASX Listing Rule 12.1. The Company has been assessing a number of exciting new opportunities in the 6 month period from divestment of the Red Earth assets and continues negotiations with respect of potential acquisitions.

There have been no matters or circumstances that have arisen since the end of the interim period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

XSTATE RESOURCES LIMITED

DIRECTORS' REPORT

For the six months ended 30 June 2024

5. LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in the Directors' Report.

This report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'A Childs', with a long horizontal flourish extending to the right.

ANDREW CHILDS

Executive Chairman

Dated at Perth, Western Australia this 11th day of September 2024



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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF XSTATE RESOURCES LIMITED

As lead auditor for the review of Xstate Resources Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Xstate Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a light blue horizontal line.

Ashleigh Woodley
Director

BDO Audit Pty Ltd
Perth
11 September 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	30 June 2024 \$	31 December 2023 \$
Assets			
Cash and cash equivalents		2,368,661	995,260
Trade and other receivables	10	2,078,429	6,439
Prepayments		23,268	22,299
Inventories		4,263	84,295
Total current assets		4,474,621	1,108,293
Oil and gas assets	12	1,471,409	11,625,726
Total non-current assets		1,471,409	11,625,726
Total assets		5,946,030	12,734,019
Liabilities			
Trade and other payables	11	(818,123)	(232,034)
Current tax liability		(309,387)	(217,039)
Borrowings		-	(4,886)
Employee benefits		(1,488)	(1,488)
Site restoration provision	13	-	(512,005)
Total current liabilities		(1,128,998)	(967,452)
Site restoration provision	13	(179,486)	(9,569,637)
Total non- current liabilities		(179,486)	(9,569,637)
Total liabilities		(1,308,484)	(10,537,089)
Net assets		4,637,546	2,196,930
Equity			
Share capital	14	58,083,830	58,083,830
Reserves		306,991	612,821
Accumulated losses		(53,753,275)	(56,499,721)
Total equity attributable to owners of the company		4,637,546	2,196,930

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		30 June 2024	30 June 2023
	Note	\$	\$
Revenue from operating activities			
Production income	9	300,725	3,788,783
Other income		16,133	187,407
Interest income		25,296	3,532
Expenses			
Cost of sales		(242,063)	(3,468,998)
Exploration expenditure		(75,151)	(162,977)
Personnel expenses		(108,076)	(166,320)
General and administrative expenses		(51,224)	(75,777)
Professional fees		(313,154)	(179,779)
Depreciation and amortisation		(32,853)	(259,119)
Finance expenses		(1,702)	(156,565)
Foreign exchange gain / (loss)		13,758	(6,496)
Gain on disposal of asset	8	3,257,823	-
Other expenses		(35,674)	(5,075)
Profit / (loss) before income tax		2,753,838	(501,384)
Income tax expense		(275,350)	(3,808)
Profit / (loss) for the period		2,478,488	(505,192)
Other Comprehensive Income			
Exchange differences on translation of foreign operations		(37,872)	7,672
Total Comprehensive profit / (loss) for the half-year		2,440,616	(497,520)
Profit / (loss) attributable to owners of the Company		2,440,616	(497,520)
Profit / (loss) per share (cents per share)			
Basic (cents per share)		0.77	(0.16)
Diluted (cents per share)		0.72	(0.16)

The accompanying notes are an integral part of these financial statements.

XSTATE RESOURCES LIMITED
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Attributable to equity holders of the Company				
	Note	Share capital \$	Foreign currency translation reserve \$	Options reserve \$	Accumulated losses \$	Total \$
Balance at 1 January 2024		58,083,830	273,472	339,349	(56,499,721)	2,196,930
Total comprehensive loss for the period						
Profit for the period		-	-	-	2,478,488	2,478,488
Other comprehensive income						
Foreign exchange translation difference on foreign operations		-	(37,872)	-	-	(37,872)
Total other comprehensive income for the period		-	(37,872)	-	-	(37,872)
Total comprehensive profit for the period		-	(37,872)	-	2,478,488	2,440,616
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Issue of ordinary shares		-	-	-	-	-
Capital raising costs		-	-	-	-	-
Lapse of options		-	-	(267,958)	267,958	-
Total contributions by and distributions to owners		-	-	(267,958)	267,958	-
Balance at 30 June 2024		58,083,830	235,600	71,391	(53,753,275)	4,637,546

The accompanying notes are an integral part of these financial statements.

XSTATE RESOURCES LIMITED
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Attributable to equity holders of the Company				Total \$
		Share capital \$	Translation reserve \$	Options reserve \$	Accumulated losses \$	
Balance at 1 January 2023		58,083,830	247,542	267,958	(57,900,487)	698,843
Total comprehensive loss for the period						
Loss for the period		-	-	-	(505,192)	(505,192)
Other comprehensive income						
Foreign exchange translation difference on foreign operations		-	7,672	-	-	7,672
Total other comprehensive income for the period		-	7,672	-	-	7,672
Total comprehensive loss for the period		-	7,672	-	(505,192)	(497,520)
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Issue of ordinary shares		-	-	-	-	-
Share-based payment transactions	14	-	-	71,391	-	71,391
Capital raising costs		-	-	-	-	-
Total contributions by and distributions to owners		-	-	71,391	-	71,391
Balance at 30 June 2023		58,083,830	255,214	339,349	(58,405,679)	272,714

The accompanying notes are an integral part of these financial statements.

XSTATE RESOURCES LIMITED
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	30 June 2024 \$	30 June 2023 \$
Cash flow from operating activities		
Receipts from customers	-	290,400
Payments to suppliers and employees	(529,504)	(223,970)
(Payments for) / refund from exploration, evaluation and development	(61,079)	72,574
Interest received	25,296	3,532
Income taxes paid	(178,318)	(3,810)
Net cash (used in) /generated from operating activities	(743,605)	138,726
Cash flows from investing activities		
Payments for acquisition of production interests	-	(831,962)
Receipts for divestment of production interests	2,140,080	-
Net cash generated from / (used in) investing activities	2,140,080	(831,962)
Cash flow from financing activities		
Repayment of borrowings	(4,886)	(14,732)
Net cash used in financing activities	(4,886)	(14,732)
Net increase / (decrease) in cash and cash equivalents	1,391,589	(707,968)
Cash and cash equivalents at 1 January	995,260	814,358
Effect of exchange rate fluctuations on cash held	(18,188)	11,925
Cash and cash equivalents at 30 June	2,368,661	118,315

The accompanying notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

1 GENERAL INFORMATION

The Company is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Level 1, 31 Cliff Street, Fremantle, WA, 6160.

The consolidated interim financial report of the Company as at and for the six months ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as "the Group"). The Group is primarily involved in oil production and oil and natural gas exploration, having oil production interests in Canada and Austria, along with oil and natural gas exploration interests in the United States of America.

The interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 December 2023.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at the year ended 31 December 2023.

2 GENERAL INFORMATION

The consolidated interim financial report is a general-purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and with IAS 34 Interim Financial Reporting.

The consolidated interim financial report was approved by the Board of Directors on 11th September 2024.

3 MATERIAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in the consolidated interim financial report are the same as those applied in its consolidated financial report as at and for the year ended 31 December 2023. The Group has adopted the following Amendments to Australian Accounting Standards with a date of initial application of 1 January 2024.

Adoption of new and revised standards:

Standards and interpretations applicable to 30 June 2024

For the half-year ended 30 June 2024, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2024.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2025.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to Group accounting policies.

4 JUDGEMENTS AND ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies. Key sources of estimation uncertainty were consistent with the consolidated financial statements as at and for the year ended 31 December 2023, with the exception of note 13.

5 FOREIGN CURRENCIES

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity. The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

6 GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business.

For the period ended 30 June 2024, the Group recorded a profit before tax of \$2,771,838 (30 June 2023 net loss: \$501,384) and had net cash inflows of \$1,391,589 (30 June 2023 outflows: \$707,968). As at 30 June 2024, the Group had net assets of \$4,655,546 (31 December 2023: \$2,196,930), working capital of \$3,363,623 (31 December 2023 working capital deficit: \$1,588,527) and total cash on hand of \$2,368,661 (31 December 2023: \$995,260).

As the Group is currently reviewing and assessing global exploration projects for acquisition and addition to the Company's project portfolio, and as such has no project commitments external to its current Californian, Canadian and Austrian projects, the conditions present at the date of this report indicate that the Group is able to continue as a going concern on the basis of working capital held when contrasted against operational costs for the foreseeable future.

At the time the Company identifies and acquires a further project or projects, the funding commitments required will be assessed as a component of due diligence and determination made as to whether the Group can fund such projects from existing working capital reserves, or if it will be reliant on further asset sales or a capital raising from external funding.

The Directors are confident of the Group's ability to continue as a going concern on the basis of its various production interests' capacity to produce positive cash flows and access to capital markets, should they be needed to augment the Company's planned operations.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

XSTATE RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 OPERATING SEGMENTS

Information about reportable segments

The Group is organised into three segments based on operations performed, and on geography, being:

- Oil & gas exploration activities on-shore United States of America;
- Oil production activities on-shore Austria; and
- Oil production activities on-shore Canada.

These operating segments are based on the internal reports that are reviewed and utilised by the Board of Directors (who are identified as the Chief Operating Decision Makers (**CODM**)) in assessing performance of the Group and in determining the allocation of resources. There is no aggregation of operating segments. Any amounts falling outside of these segments are categorised as “Corporate”.

There has been no change in the basis of segmentation since the 31 December 2023 annual report.

Segment information provided to the chief operating decision maker

	Oil & gas exploration USA	Oil production AUT	Oil production CAN	Corporate	Eliminations	Total
30-Jun-2024						
Key segment P&L information						
Revenue from external customers	-	203,590	97,135	-	-	300,725
Other income from external customers	16,133	-	-	-	-	16,133
Profit / (loss) before tax	(66,738)	(31,096)	3,276,005	(424,333)	-	2,753,838
Exploration expenditure	(75,151)	-	-	-	-	(75,151)
Depreciation	-	(15,115)	(9,193)	-	-	(24,308)
Amortisation	-	-	(8,545)	-	-	(8,545)
Gain on Disposal of Asset	-	-	3,257,823	-	-	3,257,823
Segment balance sheet information						
Current Assets	1,159	-	2,972,635	1,523,745	(22,918)	4,474,621
Non-current assets	-	781,517	689,892	-	-	1,471,409
Total Assets	1,159	781,517	3,662,527	1,523,745	(22,918)	5,946,030

XSTATE RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 OPERATING SEGMENTS (continued)

	Oil & gas exploration USA	Oil production AUT	Oil production CAN	Corporate	Eliminations	Total
Current liabilities	(44,362)	(587,572)	(344,995)	(174,987)	22,918	(1,128,998)
Non-current liabilities	(61,080)	(71,918)	(46,488)	-	-	(179,486)
Total liabilities	(105,442)	(659,490)	(391,483)	(174,987)	22,918	(1,308,484)
	Oil & gas exploration USA	Oil production AUT	Oil production CAN	Corporate	Eliminations	Total
30-Jun-2023						
Key segment P&L information						
Revenue from external customers	-	456,667	3,332,116	-	-	3,788,783
Other income from external customers	88,313	-	99,094			187,407
Profit / (loss) before tax	(37,689)	67,756	(112,384)	(419,067)	-	(501,384)
Exploration expenditure	(124,753)	(38,225)	-	-	-	(162,978)
Depreciation	-	-	(73,913)	-	-	(73,913)
Amortisation	-	-	(185,205)	-	-	(185,205)
31-Dec-2023						
Segment balance sheet information						
Current Assets	1,642	-	150,282	1,002,505	(46,136)	1,108,293
Non-current assets	-	250,449	11,375,277	-	-	11,625,726
Total Assets	1,642	250,449	11,525,559	1,002,505	(46,136)	12,734,019
Current liabilities	(44,828)	(31,930)	(755,649)	(181,181)	46,136	(967,452)
Non-current liabilities	(59,863)	(78,599)	(9,431,175)	-	-	(9,569,637)
Total liabilities	(104,691)	(110,529)	(10,186,824)	(181,181)	46,136	(10,537,089)

8 DISPOSAL TRANSACTION – RED EARTH ASSETS

On 29 February, Xstate announced that it had entered into an agreement to sell its 25% WI in the Red Earth assets for cash consideration of US\$2,727,273 (A\$4,133,239 at the date of agreement).

The effective date of the transaction was 1 January 2024 and was subject to receiving shareholder approval as required under ASX Listing Rule 11.2. Shareholders approved the sale of Red Earth at the Company's AGM, held 29 April 2024.

The disposal transaction has been recognised in the profit and loss as a gain on disposal totalling A\$3,257,823. The gain on disposal in the functional currency of the Canadian subsidiary, Xstate Energy Ltd., was C\$2,911,891.

The assets and associated rehabilitation obligations have been derecognised as a result of this transaction, as is identified in notes 12 and 13. The note below has been calculated as at the date of approval for disposal of the assets, with corresponding foreign exchange loss on revaluation of operations identified.

	\$
Sale value	4,133,239
<i>Assets disposed</i>	
Inventory	85,429
Surface assets	2,758,657
Sub-surface assets	8,045,865
Total assets disposed	10,889,951
<i>Liabilities derecognised</i>	
Current restoration provision	(518,897)
Non-current restoration provision	(9,511,179)
Total liabilities derecognised	(10,030,076)
Net Assets of Red Earth on disposal	859,875
Gain on disposal of assets	3,273,364
Foreign exchange loss on translation of foreign operations at period end	(15,541)
Gain on disposal of assets recognised	3,257,823

As of 30 June 2024, only one tranche of consideration remained unpaid on the divestment transaction, amounting to A\$1,990,300 on conversion from USD. As announced on 8 July 2024, this final tranche of consideration has been received post period end and the transaction has concluded.

9 PRODUCTION INCOME

Revenue for the period ended 30 June 2024 relates to contracts executed for the sale of crude oil. All performance obligations have been met within the period. There is no variable consideration requiring estimation for the period ended 30 June 2024.

The Group did not have contracts that were executed in a prior period, whereby the performance obligations were partially met at the beginning of the period.

The Group's production income is currently derived from Canadian and Austrian production operations. There is nominal income currently generated via gas sales from the Group's Californian operations as a by-product of its exploration operations. This income is categorised as other income by virtue of being a by-product. The Group's revenue disaggregated by pattern of revenue recognition is as follows.

	30 June 2024	30 June 2023
	\$	\$
Crude oil sales		
Goods transferred at a point in time	300,725	3,788,783
	300,725	3,788,783

10 TRADE AND OTHER RECEIVABLES

	30 June 2024	31 Dec 2023
	\$	\$
Current		
Divestment proceeds receivable	1,990,327	-
Net production operations receivable (Canada)	67,445	-
Authorised government agencies	20,657	6,439
	2,078,429	6,439

The Company has not recognised any loss allowance due to all funds being recovered subsequent to balance date.

11 TRADE AND OTHER PAYABLES

	30 Jun 2024	31 Dec 2023
	\$	\$
Current		
Trade payables	(189,521)	(137,745)
Net production operations payable (Austria) ¹	(587,572)	(12,397)
Other payables and accrued expenses	(41,030)	(81,892)
	(818,123)	(232,034)

¹ For the period to 30 June 2024, ADX Energy Ltd (the Operator) has incurred substantial costs in the procurement and installation of a Permanent Production Facility at the Anshof Discovery Area.

12 OIL AND GAS ASSETS

	Sub-surface assets \$	Surface assets \$	Assets in development \$	Total \$
Balance as at 1 January 2023	22,290,986	8,208,932	-	30,499,918
Acquisition – Crest Jinn	654,093	163,523	-	817,616
Capitalisation of asset retirement obligation	31,156	86,130	-	117,286
Additions	-	765,712	99,336	865,048
Depletion of assets	(405,957)	(162,220)	-	(568,177)
Impairment recognised	(354,350)	(358,794)	-	(713,144)
Disposal of assets	(14,802,897)	(5,786,676)	-	(20,589,573)
Changes in asset retirement obligation estimates	227,486	87,305	-	314,791
Foreign exchange movements	646,954	235,439	(432)	881,961
Balance as at 31 December 2023	8,287,471	3,239,351	98,904	11,625,726
Additions	-	559,135	(98,904)	460,231
Disposal of assets	(8,045,865)	(2,758,657)	-	(10,804,522)
Depletion of assets	(8,544)	(24,308)	-	(32,852)
Changes in asset retirement obligation estimates	-	(7,237)	-	(7,237)
Foreign exchange movements	102,933	127,130	-	230,063
Balance as at 30 June 2024	335,995	1,135,414	-	1,471,409

13 SITE RESTORATION PROVISIONS

Site restoration provisions have been disaggregated based upon geography due to differing jurisdictional requirements.

Judgements and estimates in relation to the site restoration provisions of the Company have remained consistent with the 31 December 2023 annual report, with the exception of changes detailed below.

Alberta, Canada

Upon the divestment of the Red Earth assets, the estimated timeframe in which end-of-life abandonment and reclamation works is anticipated to be performed has reduced to approximately 14 years.

The significant assumptions used in the calculation of the present value of the provisions have been updated to take into account market movements. The revised assumptions utilised are a risk-free rate of 3.6 percent (31 December 2023: 3.12 percent), a long-term inflation rate assumption of 2 percent (31 December 2023: 2 percent) and the assumed timing of cash outflows from 2024 through 2038.

Anshof, Austria

The revised assumptions utilised in calculating the present value of the provision for abandonment and restoration at Anshof are a risk-free rate of 2.97 percent (31 December 2023: 2.42 percent), a long-term inflation rate assumption of 2 percent (31 December 2023: 2 percent) and the assumed timing of cash outflows from 2024 through 2039.

13 SITE RESTORATION PROVISIONS (*continued*)

	30 Jun 2024	31 Dec 2023
	\$	\$
Current		
Canadian asset retirement obligation	-	(512,005)
Non-current		
Canadian asset retirement obligation	(46,488)	(9,431,174)
Austrian asset retirement obligation	(71,918)	(78,600)
Californian site restoration provision	(61,080)	(59,863)
Total Non-current	(179,486)	(9,569,637)
Total Provision	(179,486)	(10,081,642)

	30 Jun 2024	31 Dec 2023
	\$	\$
Movement in carrying amounts		
Opening balance	(10,081,642)	(29,681,666)
Additional provisions recognised - Canada	-	(43,575)
Additional provisions recognised - Austria	-	(67,055)
Discharge of liability on disposal	10,030,076	20,247,617
Rehabilitation works performed	-	107,115
Unwinding of discount	(1,677)	(326,604)
Re-estimation of provision	614	(500,848)
Effects of change in discount rate	6,274	186,099
Effects of foreign exchange	(133,131)	(2,725)
Closing balance	(179,486)	(10,081,642)

14 CAPITAL AND RESERVES

Share capital

	Ordinary shares			
	Number of shares		Amount in \$	
	30 June 2024	31 Dec 2023	30 June 2024	31 Dec 2023
Movements in ordinary shares on issue:				
On issue at start of period	321,519,150	3,215,181,651	58,083,830	58,083,830
<i>Share movements during the period:</i>				
Consolidation of capital ¹	-	(2,893,662,501)	-	-
On issue at end of period	321,519,150	321,519,150	58,083,830	58,083,830

¹ On 13 March 2023, Shareholders voted in favour of a 10-for-1 consolidation of capital. As a result, the consolidated issued capital was reduced by 2,893,662,501 shares, after accounting for rounding.

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Group. Option holders cannot participate in any new share issues by the Group without exercising their options.

In the event of a winding up of the Group, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

Options

	Options on issue			
	Number of options		Amount in \$	
	30 June 2024	31 Dec 2023	30 June 2024	31 Dec 2023
Movements in options on issue:				
On issue at 1 January	26,300,000	11,550,000	339,349	267,958
Issue of options to Directors and Consultants	-	14,750,000	-	71,391
Expiry of unlisted options	(11,550,000)	-	(267,958)	-
On issue at period close	14,750,000	26,300,000	71,391	339,349

During the period, no shares were issued as a result of the exercise of options. Since the end of the reporting period, no shares have been issued as a result of the exercise of options.

During the reporting period, 11,550,000 options expired unexercised (2023: no options expired). Since the end of the reporting period, no options have expired.

15 RELATED PARTIES

During the period to 30 June 2024, the Directors of the Company have been undertaken significant additional work in performing due diligence efforts as the Company seeks new assets to expand its exploration portfolio, as well as time expended in closing existing transactions.

As is disclosed in the remuneration report contained within the 31 December 2023 financial report, Non-Executive Directors have a right to receive payment for consultancy services at \$1,500 per day for services performed considered over and above or outside of those expected to be worked in consideration of Non-Executive Directors fees, in addition to being reimbursed for reasonable expenditures incurred for carrying out these duties. From time to time the Company will utilise the technical expertise of the Directors for technical consultancy on matters pertaining to the operations of the Company rather than procuring an external consultant, for which the Directors are contractually entitled to invoice costs to the Company at a rate of \$1,500/day.

The aggregate value of transactions and outstanding balances relating to Key Management Personnel and entities over which they have control or significant influence were as follows:

		Transactions value		Balance outstanding as at period end	
		30 June 2024	30 June 2023	30 June 2024	31 Dec 2023
KMP	Transaction	\$	\$	\$	\$
Andrew Childs	Consultancy fees ¹	51,100	25,500	36,300	25,500
Andrew Bald	Consultancy fees ²	19,800	4,500	17,600	4,500
Greg Channon	Consultancy fees ³	28,675	1,500	28,250	1,500
				82,150	31,500

¹ The Group incurred \$48,100 for consultancy services to Resource Recruitment Pty Ltd, a company associated with Mr Childs, in relation to technical oil and gas analysis services provided to the Group, services considered outside the scope of Mr Childs' Director commitments. Amounts were billed based on normal market rates for such services and were due and payable under normal terms at the end of the period.

The Group also incurred \$3,000 for provision of an office lease by Resource Recruitment Pty Ltd. These amounts were billed based on normal market rates for such services and were due and payable under normal terms at the end of the period.

² The Group incurred \$19,800 for consultancy services to Panthea Capital Pty Ltd, a company associated with Mr Bald, in relation to analysis and consulting services provided to the Group, services considered outside the scope of Mr Bald's Director commitments. Amounts were billed based on normal market rates for such services and were due and payable under normal terms at the end of the financial year.

³ The Group incurred \$28,675 for consultancy services of Ruby Lloyd Pty Ltd, a company associated with Mr Channon, in relation to technical oil and gas analysis services provided to the Group, services considered outside the scope of Mr Channon's Director commitments. Amounts were billed based on normal market rates for such services and were due and payable under normal terms at the end of the financial year.

16 SUBSEQUENT EVENTS

On 8 July 2024, the Company advised that it had received the concluding US\$1.327m payment for the divestment of the Red Earth assets.

On 22 July 2024, the Company announced that Mr David McArthur resigned from his position as joint Company Secretary.

On 26 August 2024, it was announced that the Company's securities had been suspended from trading on the Australian Securities Exchange (**ASX**) pursuant to ASX Listing Rule 17.3 following the determination by ASX that the Company's level of operations was not adequate to warrant the continued quotation of its securities under ASX Listing Rule 12.1. The Company has been assessing a number of exciting new opportunities in the 6 month period from divestment of the Red Earth assets and continues negotiations with respect of potential acquisitions.

There have been no matters or circumstances that have arisen since the end of the interim period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Xstate Resources Limited (the "Group"):

- (a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Dated at Perth this 11th day of September 2024

A handwritten signature in dark ink, appearing to read 'Andrew Childs', with a large, stylized initial 'A' and 'C'.

ANDREW CHILDS
Executive Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Xstate Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Xstate Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, cursive-like font. Below this, there is a large, fluid signature that appears to read 'Ashleigh Woodley'.

Ashleigh Woodley

Director

Perth, 11 September 2024