



ABN 96 009 217 154

31 October 2024

Announcement to ASX

Electronic lodgement

SEPTEMBER 2024 QUARTERLY ACTIVITIES REPORT

Xstate Resources Limited (**ASX:XST**) (**Xstate, XST or the Company**) is pleased to provide the Quarterly Activities Report for the quarter ending 30 September 2024.

Suspension and Relisting

The Company's shares were suspended by the ASX on 26th August 2024 under Listing Rule 17.3 when the ASX determined that XST's level of operations were not sufficient to warrant the continued quotation of its securities.

The ASX advised that the Company's shares will remain suspended until such time that the ASX is satisfied with XST's compliance with the ASX Listing Rules.

As a result, the focus of the Board has been to identify a new project for the Company and expedite the re-quotation of the Company's shares. To that end, the Board has been actively engaged in due diligence on a number of new projects and hopes to announce a transaction in the very near future with the goal of having the shares reinstated to trading in early 2025.

To that end, the Company has been advised by the ASX that it must re-comply with Listing Rules 1 & 2 which will require it to meet the assets test and shareholder spread. As part of that re-compliance process, in addition to other matters of compliance, the Company will be required to issue a Disclosure Document and raise capital from at least 300 new or existing shareholders.

Accordingly, once the Company has secured a new project, we intend to undertake an Entitlements Issue to enable existing shareholders to subscribe for new shares. The Company is hoping to finalise a project acquisition before the end of calendar 2024.

Activities

The Company has focused solely on identifying new projects over the past quarter.

On the 8th July 2024, the Company announced that we had received the final payment of US\$1.327m (approximately A\$1.973m) being for the divestment of the 25% Working Interest in the Red Earth assets in Alberta Canada.

The Company retains its interests in the Crest Jinn wells (Canada), the Anshof project (Austria) and in the USA (California).

Finances

The Company's cash balance upon conclusion of the quarter has increased to A\$3.65m.

CHAIRMAN Andrew Childs commented: *“The Board has conducted a global search for a suitable replacement for its Alberta production. A number of high impact exploration opportunities have been shortlisted with extensive technical and commercial due diligence undertaken. The Board looks forward to advising shareholders of a successful acquisition in the near future which hope will facilitate the process of re-quotation of the Company's shares in the first quarter of 2025.”*

CANADA: CREST JINN (25% WI)

Xstate's 25% Working Interest in the Crest Jinn assets resulted in the following production for the quarter:

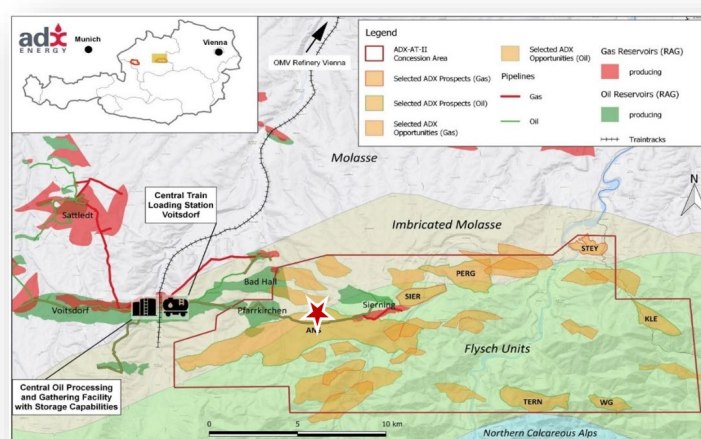
Oil production in Canada (bbl)	September 2024	June 2024
Gross to JV (before royalty)	1,538	1,633
Net to XST (before royalty)	385	408

AUSTRIA: ANSHOF PRODUCTION (20% WI)

Production for the June Qtr from the Anshof-3 well totalled:

Oil production in Austria (bbl)	September 2024	June 2024
Gross to JV (before royalty)	8,183	8,369
Net to XST (before royalty)	1,637	1,638

Anshof-3
location: Austria



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.

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.

Oil and Gas production in California (mcf*)	September 2024	June 2024
Gross Gas	23,996	27,067
Net XST (after Royalty)	2,573	2,853

Note: mcf – Thousand Cubic feet gas

XSTATE TENEMENT LISTING

XSTATE RESOURCES LIMITED – TENEMENT LIST AS AT 30 JUNE 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%
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 \$32k. This was performed solely on the Company's exploration interests in California.

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

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 \$113k. These were in respect of Directors' salaries and superannuation payments, for rent of office lease to a Director related entity and for additional consulting work performed on an ad hoc basis over and above normal Directors' duties.

This release was approved by the Board of the Company

Andrew 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. XST 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")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(32)	(94)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(48)	(218)
	(e) administration and corporate costs	(390)	(738)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	36	61
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(197)	(374)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(631)	(1,363)

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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	1,977	4,109
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	1,977	4,109

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)
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)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,369	995
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(631)	(1,363)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,977	4,109
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(5)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(65)	(86)
4.6	Cash and cash equivalents at end of period	3,650	3,650

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	3,650	2,369
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)	3,650	2,369

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	113
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.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	(631)	
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)	(631)	
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,650	
8.5	Unused finance facilities available at quarter end (item 7.5)	-	
8.6	Total available funding (item 8.4 + item 8.5)	3,650	
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.78	
<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: 31 October 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.