

24 October 2022

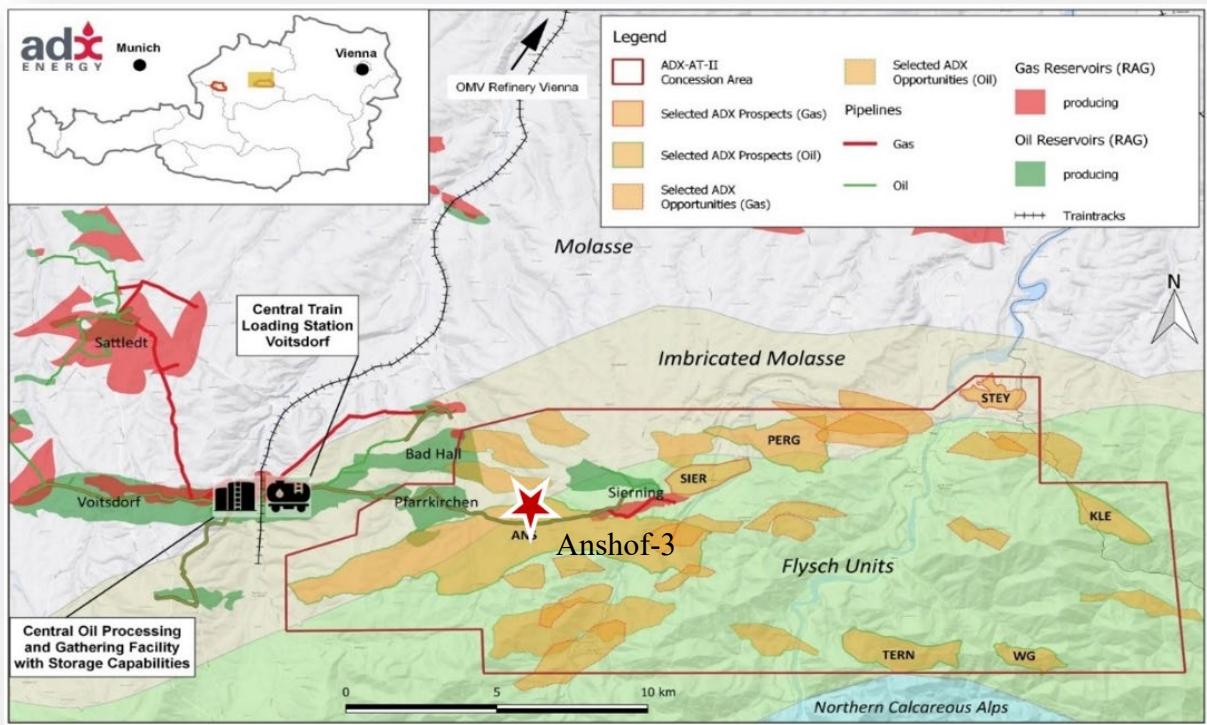
Announcement to ASX

Electronic lodgement

COMMERICAL PRODUCTION COMMENCES AT ANSHOF-3

- Production commences at a restricted rate of 100 barrels of oil per day (gross) with 20 BOPD net to Xstate
- Production achieved through the implementation of an Early Production Unit (EPU) secured by the Operator ADX with oil trucked to nearby oil terminal
- 32° API high quality sweet crude should trade at a small discount to Brent (previous close circa A\$146/bbl)

Xstate Resources Limited (ASX: XST) ("Xstate", "XST" or "the Company") is pleased to inform its shareholders and the market of the commencement of commercial oil production at Anshof-3, within the Anshof Discovery Area of ADX-AT-II license in Upper Austria, in which Xstate has a 20% working interest.



Anshof-3 Location Map

The Operator, ADX Energy Limited, has advised that Anshof-3 is currently producing 100 barrels per day of oil (BOPD), 20 BOPD net to Xstate. The well productivity is at the upper end of the Operator's expectation, but production is currently limited by on site storage capacity and truck frequency transportation limitations. The production performance from the well will be observed to determine the production capacity and continuity of the Eocene reservoirs.



Oil tanker offloading at Anshof-3 location



Anshof-3 well and early production unit

Interim production of up to 37,000 barrels (gross) is allowed under Austrian legislation prior to finalising a production licence for the entire discovery area which is mapped to extend over an area of approximately 25 km².

The Anshof well is being produced via a leased Early Production Unit (**EPU**) and the oil is processed, transported and sold under agreement (**OSA**) with RAG Exploration and Production GmbH ("**RAG E&P**"). The agreements enable the commercial, long term, test production of Anshof. The EPU will provide oil and gas separation, power generation, well site storage, offloading and telemetry control systems at the Anshof-3 location, which will allow oil to be efficiently produced from the well with minimal operator intervention. The OSA provides the commercial framework for the processing, transportation, delivery of Anshof crude to RAG E&P for sale in conjunction with its own crude delivered by train to the OMV refinery near Vienna. The sales price for Anshof crude will be at Brent less a small quality differential. Current pricing for Brent was last noted as circa A\$146/bbl. The Joint Venture has achieved attractive terms for the processing, storage and transportation of Anshof crude through these arrangements.

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 and Austria. Xstate is presently pursuing new opportunities in the oil and gas sector globally.

Competent Person:

The technical information provided in this release has been supervised and reviewed in detail by XST's Competent Person, Mr Greg Channon, who is also a Non-Executive Director of the company. Mr Channon is a qualified geoscientist with over 35 years of oil and gas industry experience and a member of the American Association of Petroleum Geologists and the South East Asian Exploration Society and is a graduate of the Australian Institute of Company Directors. He is qualified as a competent person in accordance with ASX listing rule 5.41. Mr Channon consents to the inclusion of the information in this report in the form and context in which it appears.