



Announcement to ASX

6 April 2021

## Xstate Resources Operations Update

### EXPLORATION

- Borba 1-7 Well TD'd, Kione Production Testing Planned
- Lower Guinda interpreted to have 10 feet of log pay but calculated to be sub-commercial
- Lower seismic amplitudes have been determined to be hard streaks with low sand content

### PRODUCTION

- Xstate share of oil production in Canada rises to 311 BOEPD
- First production shipped

Xstate Resources Limited (ASX:XST) ("Xstate" or "the Company") provides an Operations Update on the Company.

### Borba 1-7

Borba 1-7 has reached a TD of 8,827' and drilling operations have been completed. Wireline logs have indicated 10' of log pay in the Lower Guinda Formation sandstone. Deeper seismic amplitudes intersected were determined to be hard cemented streaks, and not gas saturated sandstones. The Guinda pay has been calculated to be sub-commercial to complete, and the Operator is now planning to test the Kione sandstone, which is already 9 5/8" casing. Graham Rig 5 is in the process of being demobilized and will be replaced by a smaller and cheaper workover rig for the Kione Testing. The testing is expected to occur within 3 weeks.

The Working Interests ("WI") in the Borba 1-7 well and Borba AMI are:

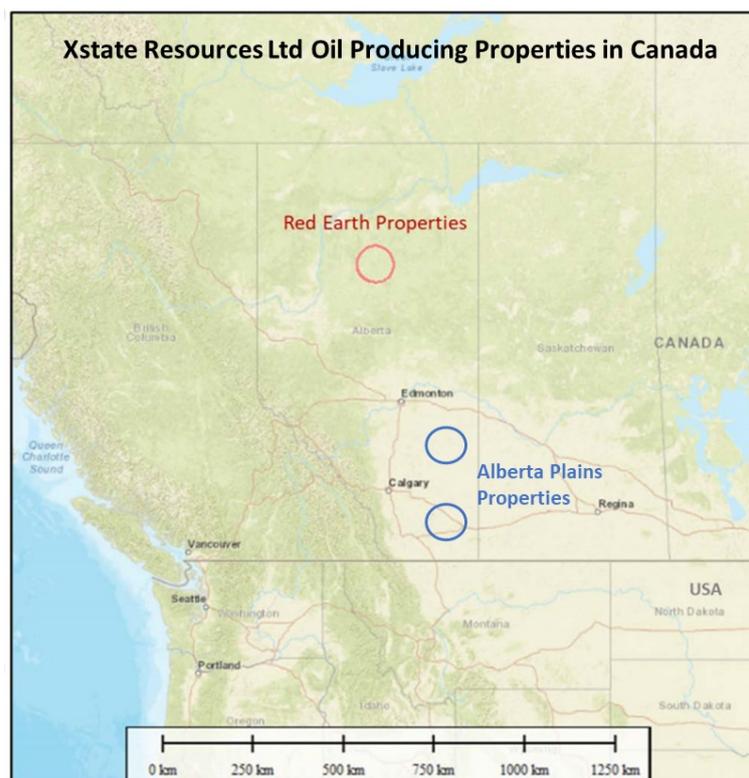
	Drilling Costs	After Drilling WI
Sagasco Limited (Operator) (ASX: SGC)	62.5%	66.67%
Xstate Resources Limited (ASX: XST)	37.5%	33.33%

## Canadian Oil Production

Production continues to increase in Canada, with Xstate's share of oil production rising to 311 BOEPD, as at 4 April 2021.

Having recently completed the acquisition of the Red Earth oil producing properties on 21 March 2021 (XST working interest 25%), the Operator (Blue Sky Resources Limited) has already shipped 7500 bbls of oil (gross) in March 2021, of which Xstate's share is 1,875 bbls. Current production from the Red Earth properties is 250 BOPD (net to Xstate).

In the Alberta Plains assets, where Xstate holds a 10% working interest, reactivation of the oil fields continues positively, with gross production up to 607 BOEPD, which is 61 BOEPD net to Xstate. The fields produce an oil to gas mix of 93:7. The Operator (Blue Sky Resources Limited) reports that 11,900 gross bbls (1,190 bbls net to XST) of oil was shipped in March 2021, and this is expected to increase in April 2021.



**Xstate Managing Director David McArthur commented:** *"The results of the Guinda and deeper seismic targets in Borba 1-7 are disappointing, however we are hopeful the Kione will flow at commercial gas rates. We will be announcing our plans to test the Kione shortly.*



*In regard to our oil producing assets in Canada, our production is growing steadily. Oil revenues are incoming shortly, and we will now focus on improving the production in Canada through workovers and assessing further potential acquisition opportunities immediately available to the Company.”*

**This release is authorised by the Board of the Company.**

**David McArthur**

### **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 assets located in the Sacramento Basin in California and associated production interests together with production interests in Alberta Canada. Xstate is presently pursuing new opportunities in the oil and gas sector in North America.