

8th October 2025

Announcement to ASX

Electronic lodgement

Diona 1: Operations Update

Highlights

- Diona-1 well drilled to 2,479m (measured depth)
- Significant Permian to basement (181m) overpressured gas column
- Drilling operations to continue to target depth of ~2,530m
- Wireline logging pending

Xstate Resources Limited (**ASX:XST**) (**Xstate** or **the Company**) provides the following operational update on the drilling of Diona-1 well within the Diona block of ATP2077 located in the Surat-Bowen basin of Queensland.

Operations Update

As at the time of writing, Diona-1 had reached 2,479m measured depth, drilling through both the primary and secondary targets. The primary Jurassic target in the Showgrounds Sandstone was found to be well developed, but non-hydrocarbon bearing, however upon entering the Permian, Diona-1 encountered a 181m hydrocarbon prone Permian-to-basement sequence.

This included a significant overpressured gas column and a kick that required several increases to drilling mud weights and circulation of gas out of the hole. Logging While Drilling data currently indicates that several Permian aged hydrocarbon bearing sandstones are present within the Diona-1 well which warrant additional logging and testing.



Figure 1: Controlled flare of circulating gas from Diona-1 well

These preliminary observations bode well for a potential discovery on the completion of additional data acquisition including wireline logging. Drilling operations are now continuing to the final target depth of ~2,530m which will be immediately followed by a wireline logging campaign to acquire additional data prior to releasing the final interpreted results.

Managing Director, Andrew Bald commented: *“The Diona-1 well has proven the presence of (moveable) hydrocarbons across an unanticipated 180m+ (gross) column of the Permian section of this well. We cannot rule out that Diona-1 has intersected the updip edge of the Taroom Basin Centred Gas play, which, if present, could offer us the opportunity to prove up a significantly larger unconventional resource.*

The strategy of targeting a multi-stacked play has paid dividends and early signs are that this could be a remarkable outcome for the team and the Company. It is a credit to the geologists and geophysicists who have identified the opportunity. We are all very excited and looking forward to seeing the outcome of the wireline logging.”

About the Diona Project

Located between the Silver Springs Gas processing facility and the Waggamba gas field in the Surat-Bowen basin of Queensland, Xstate’s Diona project is ideally placed adjacent to the Waggamba to Silver Springs gas pipeline. The Diona-1 well targeted 3 proven hydrocarbon reservoirs being the Showgrounds, Tinowon and Wallabella. These lower 2 formations have given early signs of hosting significant quantities of flowing hydrocarbons.

Given the proximity to infrastructure, there is potential for a rapid path to market (the Waggamba pipeline is less than 100m from the well pad with a valve tie-in point about 1 km away).

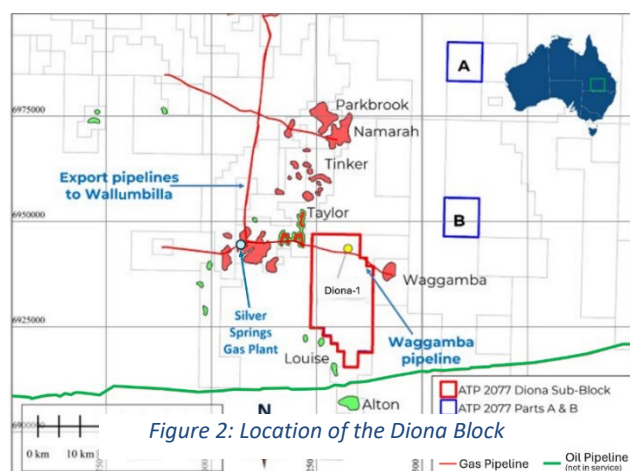


Figure 2: Location of the Diona Block

Diona Prospectivity

The Diona-1 well is targeted a low-risk, four-way dip closed anticlinal structure at Showgrounds, Tinowon and Wallabella Sandstone levels.

The prospect has a stratigraphically trapped upside in the Tinowon and Wallabella Sandstones, which pinch out to the west and is ideally located for gas (and possibly oil) charge due to its position on a prominent nose that plunges to the east into the Permian source kitchen.

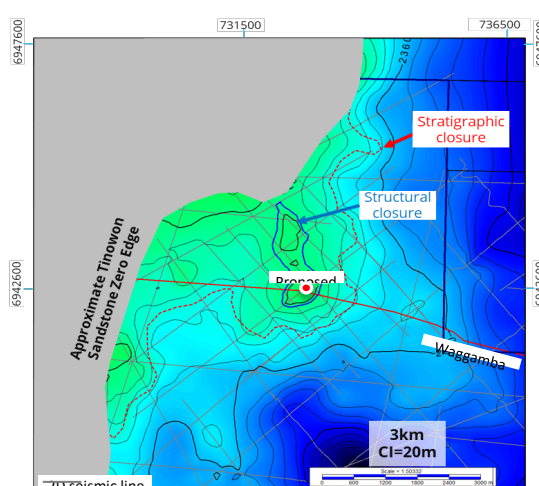
This announcement has been authorised for release by the Board of Directors.

Andrew Bald
Managing Director

About Xstate Resources Limited:

Xstate Resources (ASX Code: XST) is an ASX listed company focused on the oil and gas sector focusing on its Diona project located in Queensland, Australia. Xstate owns 51% of ATP 2077 however Elixir Energy Limited, (ASX Code EXR) retains a 100% beneficial ownership in Blocks A and B. The Company spudded its first well in the Diona block, Diona-1, on 27 September 2025.

The Company additionally holds exploration assets in the Sacramento Basin, California.



Depth map illustrating structural closure and the stratigraphic pinch-out at Tinowon Sandstone level