



ABN 96 009 217 154

31 October 2022

Announcement to ASX

Electronic lodgement

Anshof Independent Assessment confirms 5.2 million barrels of 2P Reserves^{note 1}

- RISC Advisory Pty Ltd (“RISC”) has completed an independent audit of reserves and resources for the Anshof oil field in the ADX-AT-II License, Upper Austria. RISC’s Competent Person Report (“CPR”) includes production forecasts, cost estimates, project economics and resulting valuations of reserves by category for the Eocene oil reservoirs at the Anshof field.
- The result of the RISC CPR for 2P (Proven + Probable) reserves category is summarised as follows;
 - 2P (Proven + Probable) gross reserves¹ estimated at **5.2 million barrels of oil equivalent** as at 1 October 2022.
 - The estimated Net Present Value (NPV8) of the 2P gross reserves is **EUR 42.3 million (approx. A\$ 67 million)** in real terms. The NPV8 was calculated at RISC’s oil price forecast of an average USD 71 per barrel and discounted at 8%.
- The Operator, ADX, forecasts improved well performance and therefore less production wells to fully develop Anshof than has been estimated by RISC. This has the potential to significantly enhance field economics.
- **Xstate’s 20% net share** of the Anshof 2P gross reserves is **1.04 million barrels of oil equivalent** giving a net NPV8 of **EUR 8.46 million (approximately A\$13.4 million)**

Xstate Executive Chairman, Mr Andrew Childs said: “The RISC CPR is a great result for Xstate shareholders and confirms the value of the Anshof field, which is in line with the Operator’s predrill estimates. The Joint Venture is pursuing the development of the Anshof field with the ordering of long lead items for the drilling of the Anshof-1 and Anshof-2 wells from the same well site as the recently producing Anshof-3 well. The goal is to significantly increase production and further appraise the reserves from the field.”

Note 1: Proved and Probable Development Justified Reserves including associated gas produced from the field assessed in accordance with SPE-PRMS 2018 Petroleum Resources Management System (refer Table 1 for additional commentary).

Xstate Resources Limited (**ASX: XST**) ("**Xstate**", "**XST**" or "**the Company**") is pleased to advise the results of the Competent Person's Report (CPR) undertaken by independent consultants RISC. RISC was engaged to provide an independent reserve and resource assessment for the Anshof field located within the ADX-AT-II license for exploration, production and gas storage in Upper Austria (Molasse Basin). The RISC CPR has an effective date of 1 October 2022. XST holds a 20% participating interest in the Anshof field, with ADX holding the remaining 80% and is the Operator.

The Anshof field was discovered by the Anshof-3 well which was drilled, evaluated and cased in January 2022. Commercial crude oil production from the Eocene oil reservoirs at the Anshof-3 well was announced on the 24th of October 2022 after the effective date of the RISC CPR. Eocene oil at Anshof is a high quality (32° API) sweet crude. The scope of the RISC CPR does not include the shallower Miocene sandstone gas intervals encountered in the well.

Anshof Reserves and Resources Summary (RISC CPR)

The RISC CPR was conducted in accordance with SPE-PRMS 2018 with an effective date of 1 October 2022. The 1P, 2P and 3P Reserves have been classified as Undeveloped Reserves (Development Justified) and additional 3C Contingent Resources (Development Pending) have also been identified. A summary of the gross oil and gas reserves and resources for the Anshof field is below in Table 1.

Table 1: Anshof Reserves and Resources

Oil & Gas Reserves	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Anshof gross reserves	0.4	5.0	12.0	96	1,169	2,812	0.5	5.2	12.5
XST net share (20%)	0.1	1.0	2.4	19.2	234	562	0.1	1.0	2.5
Oil & Gas Contingent Resources	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Anshof gross Contingent Resources	0	0	12.9	0	0	3,041	0	0	13.5
XST net share (20%)	0	0	2.6	0	0	608	0	0	2.7

Notes:

1. The notional reference point for reserves is the permit boundary or export line inlet.
2. XST has a 20% participating interest in the Anshof discovery area and 20% entitlement to its gross resources.
3. Probabilistic methods have been used to determine oil in place and recoverable oil. Deterministic methods were used to develop production profiles and well numbers.
4. The 1P case is economically marginal but falls within the typical 10% audit tolerance. Therefore, volumes can be classified as reserves.
5. 1P reserves are based on a 3-well development of the 1P area. 2P reserves are based on a 14-well development of the 2P area. 3P reserves are an upside performance of the 2P wells. An additional 15 wells are estimated to fully develop the high case field area, with this incremental resource classified as contingent resources.
6. Associated gas resources include inerts sold with the gas. There is no fuel and flare.
7. Conversion factors are 7.3 bbl per tonne of oil and 5,800 MMscf per MMboe of gas.

The key assumptions in the cases using deterministic methods, are summarised in Table 2 below.

Table 2: Anshof Reserves and Resources Key Assumptions

Parameter	1P	2P	3P	3P & 3C
Oil contact (mTVDSS)	1,581	1,720	1,720	1,940
Field area (km ²)	0.5	6.4	6.4	25.4
Oil in place (mmstb)	2.4	19.4	19.4	83.2
Production wells (RISC estimate) ²	3	14	14	29
Gross production volumes (mmboe)	0.5	5.2	12.5	26.0
Gross NPV8 (100%) (EUR million)	-3.2	42.3	145.2	283.6
Notes: 1. XST has a 20% participating interest in the Anshof discovery area and a 20% entitlement to its gross resources. 2. Conversion factors are 7.3 bbl per tonne of oil and 5,800 MMscf per MMboe of gas. 3. Average oil price over the life of the field used in the NPV calculation was USD 71 per bbl (RT 2022). 4. Where necessary, a conversion factor of 1.08 EUR per USD has been used. 5. A discount factor of 8% real (approximately 10% nominal) has been used. Note that project NPV does not necessarily equate to fair market value.				

Operator's Assessment Comparison

The Operator, ADX's, estimation of likely well performance including production and recoverable volume per well due to factors such as expected reservoir thickness and quality at future well locations and high angle well design is significantly higher than RISC has estimated. ADX is planning for 5 production wells in the P50 case and 3 and 23 wells in the P90 and P10 cases respectively. Any well performance improvements, particularly in relation to oil recovery per well would reduce the number of production wells required to fully develop the field and improve the field economics.

Anshof Field Description and Resource Estimation Basis

The ADX-AT-II exploration license is situated in the in the Molasse Basin, Austria (Figure 1). The Anshof field is situated within ADX-AT-II, where XST has a 20% interest in the discovery area.

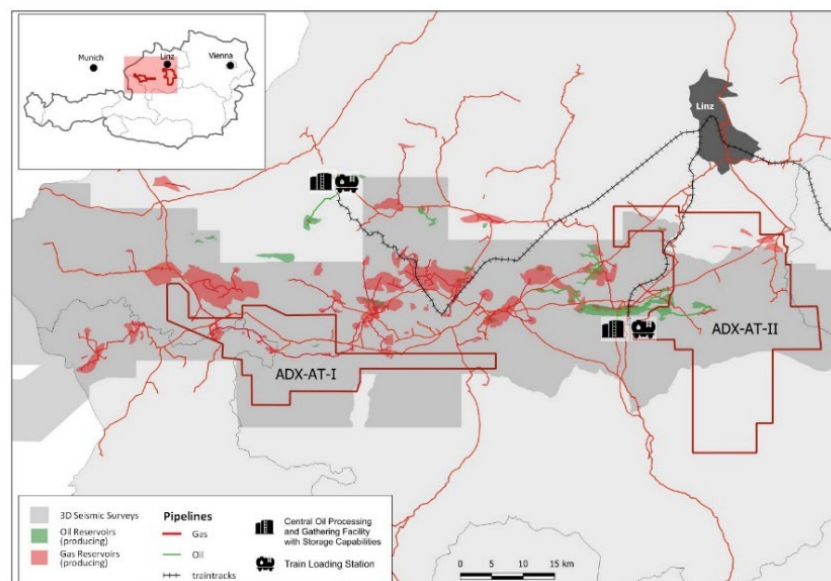


Figure 1: ADX-AT-I and ADX-AT-II exploration licenses

The Anshof oil field was discovered by the Anshof-3 well which was drilled over the December 2021 to January 2022 period. The well intersected a 6 m gross, 2.1 m net oil reservoir interval in the primary Eocene objective.

Mapping of the Anshof structure was completed using modern 3D seismic. Reservoir parameters as well as oil quality was estimated from the Anshof-3 well and surrounding Eocene reservoir analogue wells. The field oil-water contact (OWC) range was estimated in the P90 case at a depth of 1581mSSTVD from the oil-down-to in the Anshof-3 well from which oil has been produced to surface. For the P10 OWC case a depth of 1940mSSTVD was taken from the HGN-001 well where oil shows were intersected. The oil-down-to intersection from the PK-005 well on the western edge of the Anshof structure (a third-party well which produces oil) supports our P50 OWC case depth of 1720mSSTVD and forms the basis for the Operator's development planning.

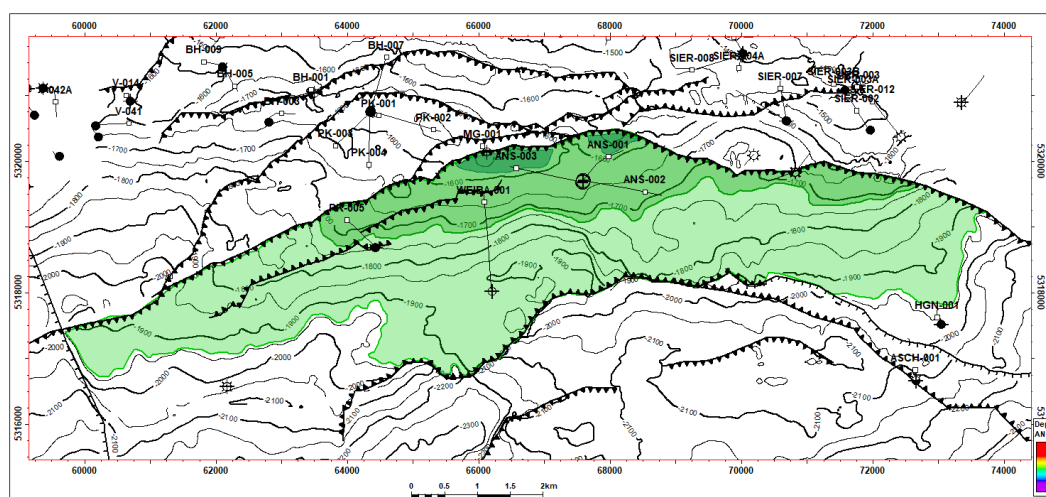


Figure 2: Anshof structure map based on 3D seismic

Production from the Anshof-3 well commenced (after the effective date of the RISC CPR) through an early production system ('EPS') with oil trucked to a third-party gathering and processing facility at Voitsdorf-Zentrale, approximately 12 km by road. The EPS will be utilised until permanent facilities are put in place. The downdip Anshof-2 well is planned to be drilled in late 2023 and on confirmation of the P50 or deeper oil-water-contact permanent production and

storage facilities will be constructed and installed at the field with an oil export pipeline in 2024. Production from both Anshof-2 and Anshof-3 wells will continue through an early production system until the pipeline is constructed. Further wells will be drilled as required to fully develop the field in 2024 and beyond.

Recovery factors and production forecasts as determined by RISC are based on the productivity seen in Anshof-3 well test, and a review of nearby Eocene oil producers. Wells will be pumped with sucker-rod pumps or electrical submersible pumps (ESP).

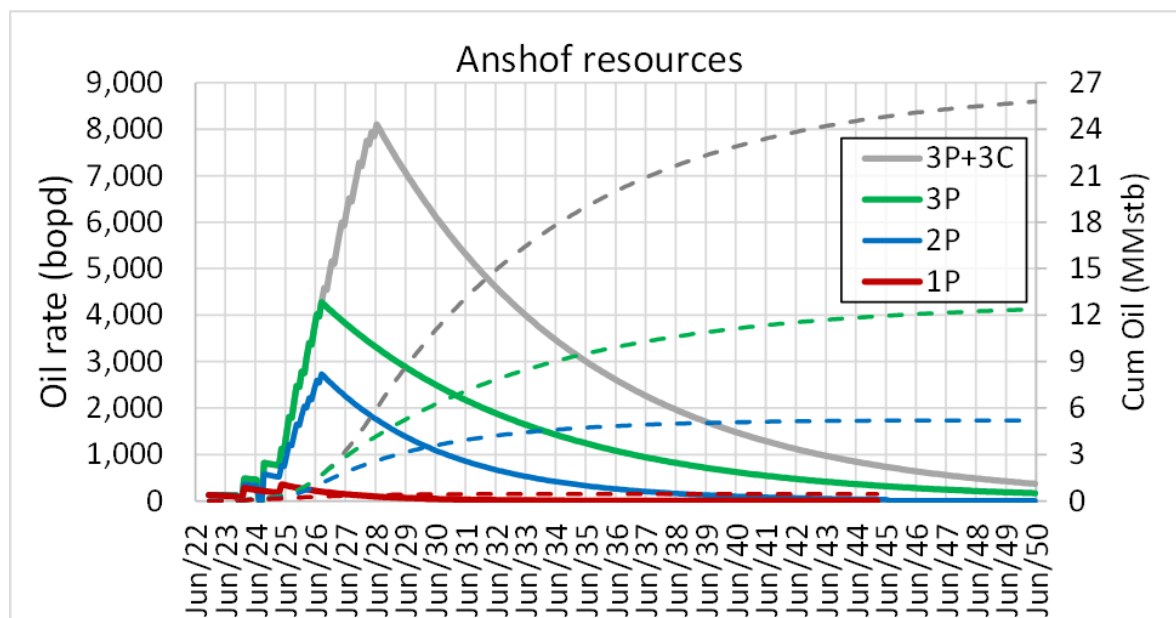


Figure 3: Anshof field production profiles and cumulative production (RISC CPR)

Economic parameters as determined by RISC are described below in Table 3. Capital expenditures (Capex) consist of wells and facilities and are dependent on the development scenario. Operating expenses (Opex) are broken down into third-party infrastructure and ADX components, which are broadly linked to production and well count.

Table 3: Anshof Reserves and Resources Key Assumptions

Reserve Case	Economic Cut-off	Total Capex (EUR MM)	Total Opex (EUR MM)	NPV ₈ (EUR MM)
1P reserves	2032	16.3	11.7	-3.2
2P reserves	2038	72.6	96.3	42.3
3P reserves	2045	72.6	241.6	145.2
3P + 3C	2045	151.8	507.8	283.6
Notes:				
1. Average oil price over the life of the field used in the NPV calculation was USD 71 per bbl (RT 2022).				
2. Where necessary, a conversion factor of 1.08 EUR per USD has been used.				
3. A discount factor of 8% real (approximately 10% nominal) has been used. Note that project NPV does not necessarily equate to fair market value.				

PRMS 2018 Reserves Classifications used in this Release

1P Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.

2P Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.

3P Denotes high estimate of Reserves. The sum of Proved plus Probable plus Possible Reserves.

1. **Developed Reserves** are quantities expected to be recovered from existing wells and facilities.
 - a. *Developed Producing Reserves* are expected to be recovered from completion intervals that are open and producing at the time of the estimate.
 - b. *Developed Non-Producing Reserves* include shut-in and behind-pipe reserves with minor costs to access.
2. **Undeveloped Reserves** are quantities expected to be recovered through significant future investments.

A. **Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

B. **Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

C. **Possible Reserves** are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the possible development scope). Standalone Possible Reserves must reference a commercial 2P project.

RISC Independence

RISC has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of their independent report, or other interest in the assets evaluated, that could reasonably be regarded as affecting our ability to give an unbiased view of these assets. RISC makes the following disclosures:

- RISC is independent with respect to XST and confirms that there is no conflict of interest with any party involved in the assignment;

- Under the terms of engagement between RISC and the Operator, RISC will receive a time-based fee, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, RISC has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report;
- Neither RISC Directors nor any staff involved in the preparation of this report have any material interest in XST or in any of the properties described herein.

RISC has conducted an independent audit of the developed Reserves and consented to the inclusion of information specified as RISC audited values in this release.

About RISC

RISC is an independent advisory firm offering the highest level of technical and commercial advice to a broad range of clients in the energy industries, worldwide. RISC has offices in London, Perth, Brisbane and South-East Asia and has completed assignments in more than 90 countries for over 500 clients and have grown to become an international energy advisor of choice.

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 oil and associated gas production interests in Alberta Canada and Austria, and exploration assets located in the Sacramento Basin, California. 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.