

14 January 2022

Announcement to ASX

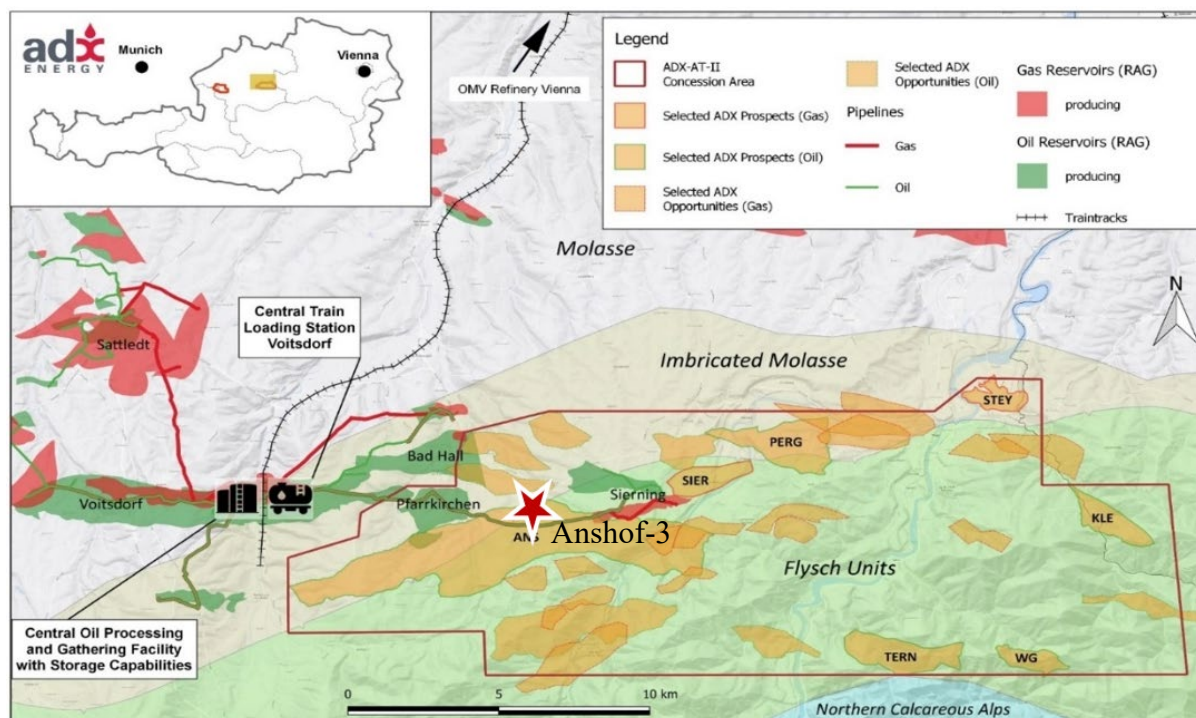
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## CONFIRMATION OF OIL AND GAS DISCOVERY AT ANSHOF-3

Wireline logging provides further confirmation of Anshof-3 hydrocarbon discovery:

- Gross interval of 9m at the primary Eocene oil target of which approximately 2.5 to 4m is expected to be productive net pay zone
- Gross interval of 20m at the secondary target Miocene gas target of which 14m is expected to be gas pay
- Anshof-3 to be cased to TD
- Testing program being formulated, with Xstate's 20% Working Interest to be funded from existing cash reserves

Xstate Resources Limited (ASX: XST) ("Xstate", "XST" or "the Company") is pleased to inform its shareholders and the market of the results of the Anshof-3 exploration well.



Anshof-3 Location Map

Electric wireline logging results from the Anshof-3 exploration well has provided further confirmation of the discovery of oil at the primary Eocene target as well as a potentially productive shallow Miocene gas reservoir interval. The results, based on a quick-look petrophysical analysis are summarised as follows:

- Oil interpreted across a gross interval of 9m at the primary Eocene oil target of which approximately 2.5 to 4m is expected to be productive net pay zone;
- Gas interpreted across a 20m gross interval of laminated sand and shale reservoirs within imbricated Miocene formations, of which 14m are expected to be gas pay;
- Oil interpreted across a 11m gross interval at the secondary Cenomanian oil target, however this zone is not expected to be productive at this location due to low permeability;
- The reservoir characteristics across the oil and gas intervals are analogous to productive zones encountered in nearby wells providing further confidence in the interpretation of drilling and logging results.

The well will be cased and cemented with 7 inch casing to the total depth utilising the RED Drilling & Services GmbH E-200 rig ("**RED rig**"). The RED rig will be demobilised, then the well will be completed and tested using a specialised, smaller and cost-effective workover rig.

The deeper Eocene oil target will be tested first to confirm reservoir productivity and continuity, then the shallower gas zones will be tested prior to placing the well on commercial production.

The Anshof-3 results to date confirm the existence of a large structure commensurate with predrill estimates, the existence of potentially productive oil filled Eocene sands, shallower Miocene gas sands interval as well as the existence of oil filled Cenomanian reservoirs, which are not likely to be productive at the Anshof-3 location but may be elsewhere on the structure.

The Operator, ADX Energy Limited (**ASX:ADX**), expects to declare a production license and initiate commercial production at Anshof-3 utilising proximal oil and gas infrastructure accessible under existing commercial arrangements.

While the Eocene net reservoir thickness at Anshof-3 location came in at the lower end of predrill expectations, thicker Eocene reservoirs are expected to the East of the structure based on offset wells which warrant further appraisal and development.

The Eocene reservoirs provide the most substantial reserves and value potential from the Anshof discovery while the shallow Miocene sands provide the opportunity to yield substantial additional near term cashflow from the Anshof-3 well given the very high gas prices around 30 US\$/mscf currently being achieved in Europe.

**Xstate Executive Chairman Mr Andrew Childs commented:** "This is another great result for Xstate shareholders. Our continuing robust oil revenue from Canada has allowed the Company to successfully participate in a highly prospective exploration well. The wireline logging results indicate there are both oil and gas zones that are potentially productive. We look forward to testing and producing these zones over the coming months. Current strong oil prices and record high gas prices in Europe makes this opportunity highly valuable."

*Notes:*

*XST announced a farmin to ADX's Anshof-3 prospect to the ASX in a release dated 22 November 2021. XST funded 40% of the Anshof-3 well costs to earn a 20% participating interest in the Anshof Prospect. That farmin has now been completed, and XST participates in the well going forward at 20% working interest.*

*An overview of the Anshof Prospect is included as Appendix 1 at the end of this release. It includes the results of an independent prospect review undertaken by RISC Advisory Pty Ltd (RISC).*

The Executive Chairman of Xstate, Mr Andrew Childs, is also a Non-Executive Director of ADX Energy. Mr Childs declared his conflict at the beginning of this process, and recused himself from all Board Meetings and decision making in relation to the Austrian opportunity.

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

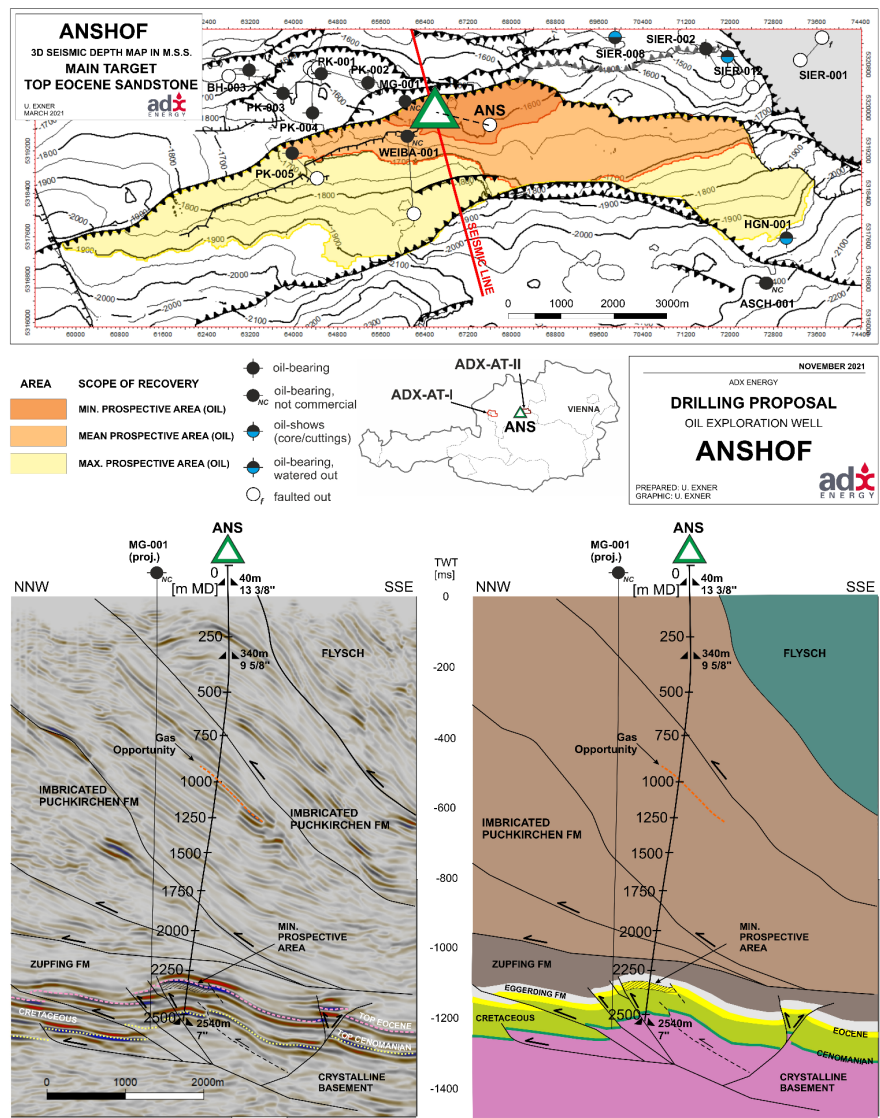
**Competent Person:**

*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 1: Anshof Prospect Overview

Anshof is a well defined modern 3D seismic covered Eocene - Cenomanian prospect located up-dip and on trend from existing oil production from adjacent fields (Figure A1). The ADX in-house team has developed a new structural model constraining the nearby producing Voitsdorf, Bad Hall and Pfarrkirchen oil fields which has resulted in identification of a number of on trend prospects and appraisal opportunities. Success at Anshof-3 will validate the new structural model and de-risk multiple follow up prospects. Anshof-3 has a best technical case prospective resource potential of 6.6 MMBOE with significant upside potential in the primary Eocene sandstone reservoir objective. The well plan includes a deeper Cenomanian secondary target with a best technical resource potential of 2.1 MMBOE.

*Original Resources Reporting Date: Upper Austria Exploration was on 30/11/2020, estimates were further revised on 30/3/21.*



**Figure A1: Anshof prospect Eocene depth map, seismic X section and schematic interpretation (mentioned anti clockwise)**

ADX commissioned RISC to provide an independent review of the prospectivity of the Austrian ADX-AT-I & II exploration licenses. RISC has reviewed the resources in accordance with the Society of Petroleum Engineers internationally recognised Petroleum Resources Management System 2018 (PRMS). RISC's methodology was to review the evaluation, probabilistic



resource evaluation and geologic risking carried out by ADX. Details of the findings of their review were presented in a report. RISC have not conducted a site visit.

RISC has reviewed the Anshof Prospect and found the following Prospective Resource and Geological Risk assessment to be reasonable. A summary of RISC's findings for the Anshof prospect is shown in the Table 1 below. Refer also to ASX release 10 November 2021.

**Table 1: Anshof Prospective Resource and Geological Risk Assessment**

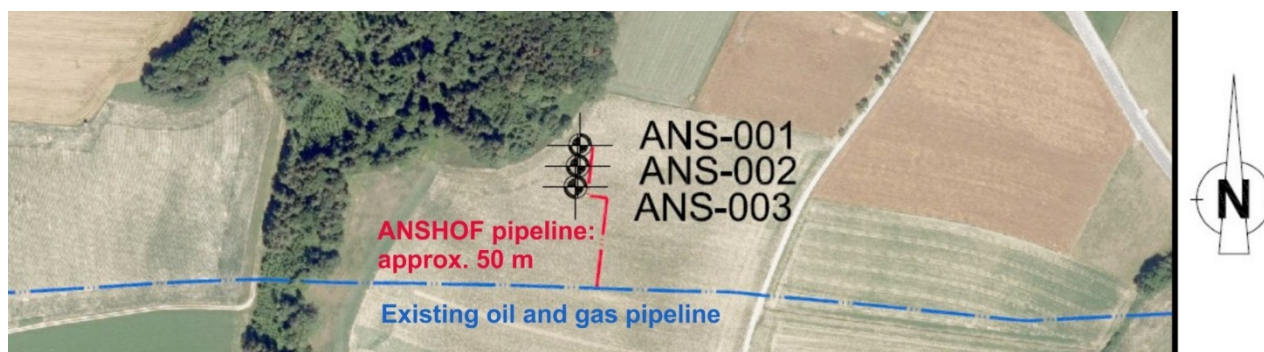
(100% Equity Interest)					
Unrisked Prospective Resource <sup>1</sup>	P(90) <sup>2</sup> (MMBOE)	P(50) <sup>3</sup> (MMBOE)	P(10) <sup>4</sup> (MMBOE)	Mean <sup>5</sup> (MMBOE) <sup>6</sup>	Probability of Success
Oil Case	0.50	3.30	16.20	6.60	43%

**Notes to Table 1:**

1. Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. At least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
3. At least a 50% probability that the quantities actually recovered will equal or exceed the estimate.
4. At least a 10% probability that the quantities actually recovered will equal or exceed the estimate.
5. The arithmetic average of the probability distribution.
6. BOE means barrels of oil equivalent

In RISC's opinion, the method of utilising a mapping based net-rock-volume (NRV) in the prospective resource assessment in the Anshof Prospect may result in a conservative volumetric assessment. RISC was not provided with an assessment of the deeper Cenomanian secondary objective for Anshof.

**Access to Production Infrastructure**



**Figure A2: Aerial image prior to commencement of well site preparation showing the three Anshof surface locations and the distance to an existing oil and gas pipeline bundle that can be used to access oil and gas processing and export infrastructure**

Approvals have been received from the regulatory authority for up to three drilling locations from the Anshof well site. The Anshof-3 Well location is approximately 50 metres from an oil and gas pipeline bundle which can be accessed to process and export crude.

On the 22<sup>nd</sup> of November 2020 ADX announced the agreement with RAG Exploration & Production GmbH (RAG E&P) of commercial terms for the access of future oil and gas production from ADX Upper Austria exploration and appraisal licenses in Upper Austria which

surround producing fields and infrastructure operated by RAG E&P. The agreement enables the reduction of capital expenditures and the time taken from drilling to commercial production due to the ability to tie into RAG E&P's existing hydrocarbon gathering, processing and storage facilities which are connected to Austria's oil and gas infrastructure network.

### **Reporting Standards**

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

### **RISC Independence**

RISC has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of this 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 ADX and confirms that there is no conflict of interest with any party involved in the assignment;
- Under the terms of engagement between RISC and ADX, 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 ADX or in any of the properties described herein.

### **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.

**End of this Release**