

8 December 2025

Announcement to ASX

Electronic lodgement

XST DISPOSAL OF CALIFORNIAN PROJECT

The Board of Xstate Resources Limited (**ASX:XST**) (**Xstate, XST or the Company**) is pleased to announce that it has agreed to dispose of its interests in its Californian projects by way of an assignment of its working interest and obligations to Australian Oil and Gas Co Limited (ASX Code: AOK) (**Assignment Agreement**).

The result is that XST assigns its production (currently equivalent to approximately 14.63mcf per day) to AOK for the equivalent of US\$95,103¹ in consideration. This will be effected via a debt forgiveness agreement between the respective USA subsidiaries of AOK and XST for accrued cash call balances totalling US\$95,103.

Under the terms of the Assignment Agreement, AOK has agreed to assume all of Xstate's commitments and obligations to the California project and Xstate has agreed to transfer its various equity and working interests, clearing the decks for XST to focus on its Diona project.

Managing Director, Andrew Bald commented:

"The sale of California completes our transition from being a minority, non-operating working interest owner in other company's projects and allows us to focus fully on achieving full value from our Diona gas project for our shareholders."

AOK has a vision for California and we wish them well as they progress towards a renewal of what could be an exciting project for the Company."

SALE OF CALIFORNIA PROJECT

In light of the negative operational cash flows and the capital required to reboot the project, the Board of XST resolved to exit California in its entirety. Whilst we are forfeiting some production, the assignment simultaneously removes the accrued liabilities to the California project and eliminates any further costs associated with the ongoing operations.

In summary, under the terms of the agreements, XST and AOK have agreed to an assignment of XST's interests in the California project to AOK whereby AOK:

- Acquires, via its subsidiary Sacgasco CA, Inc., Xstate's subsidiary, Xstate USA Corp. Xstate USA Corp is the parent entity of XGas LLC (**XGas**), which in turn owns various working interests (ranging from 10% through to 33%); and
- Via its subsidiary, Sacgasco CA, Inc, agrees to forgive XGas' unpaid cash calls which total US\$95,103.

¹ At an exchange rate of 1 AUD = 0.664 USD, this is equivalent to A\$143,227

ABOUT THE DIONA GAS PROJECT

The Diona-1 Well reached a final Total Depth (TD) of 2,479m after the well bore had passed through the Wallabella formation into basement. 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 (Figure 1).

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).

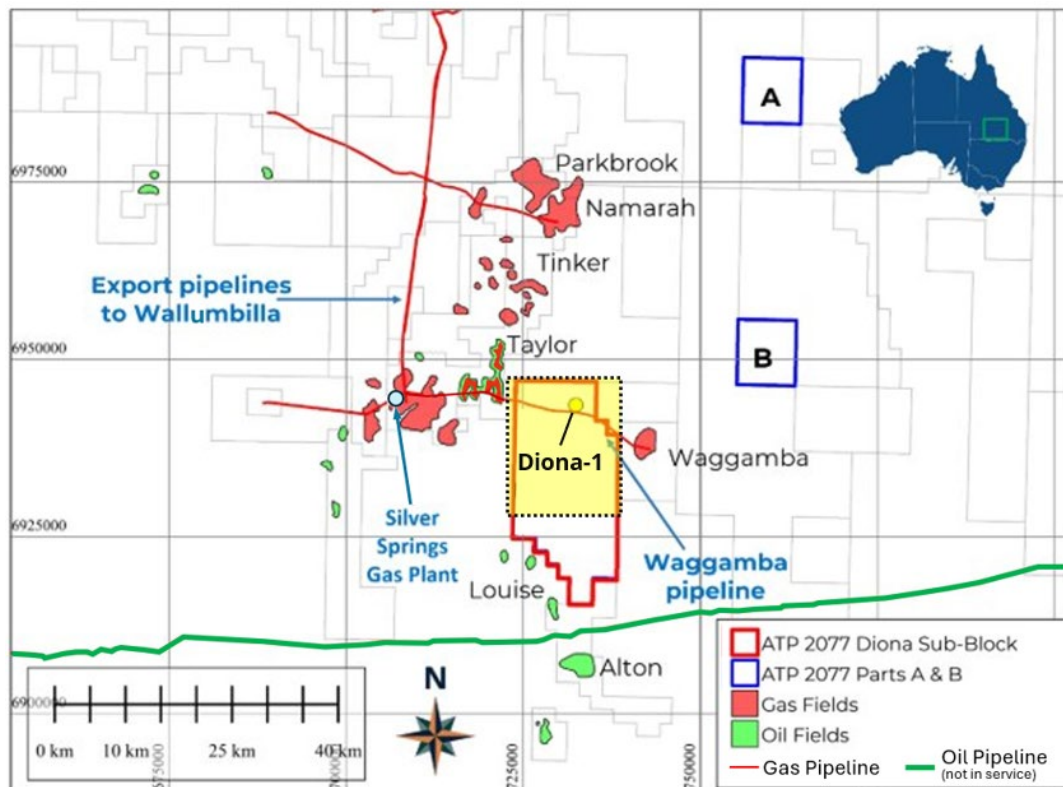


Figure 1: Diona project location map (extent of map in Figure 1 is highlighted in yellow)

This release was approved by the Board of the Company.

Andrew Bald
Managing Director
Xstate Resources Limited
Tel Office: +61 8 9435 3200

ABOUT XSTATE RESOURCES LIMITED

Xstate Resources (**ASX:XST**) is an ASX listed company focused on the oil and gas sector. In April 2025, the Company announced the acquisition of its Diona project located in the Surat Bowen basin of South-West Queensland.