

5<sup>th</sup> March 2026

**Announcement to ASX**

**Electronic lodgement**

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## **Diona Operations Update**

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### **Highlights**

- Key Contractor and Material Tender selection process finalised
- Testing and Stimulation to begin in early March 2026
- Flow Test Results on-track for mid-April 2026

The Board of Xstate Resources Limited (**ASX:XST**) (**Xstate** or **the Company**) provides the following update on operations at the Diona-1 well.

### **Diona-1 well: Operations Update**

The Joint Venture has now selected all the key service and equipment providers for the stimulation, completion and testing program (**Testing**) of Diona 1 well on ATP2077<sup>1</sup> in the Surat-Bowen Basin (QLD). Contracts and orders for long lead items have now been finalised in preparation for the Testing.

The program and design for stimulation and testing is also complete. The Testing will comprise a 3-stage perforation and stimulation across the previously identified pay zones within the Permian sands. The stimulated zones will then be completed and tested with work scheduled to commence with the first perforation in the week commencing 9th March 2026. The Testing program will run into April due to the associated logistics, namely contractor availability and the need to source stimulation proppants from overseas. Once stimulated, the well will be flow tested over a 14-day period to determine flow rates and the potential productivity for the well. If successful, we will begin the process of tying the well into the existing pipeline and selling gas as soon as possible thereafter.

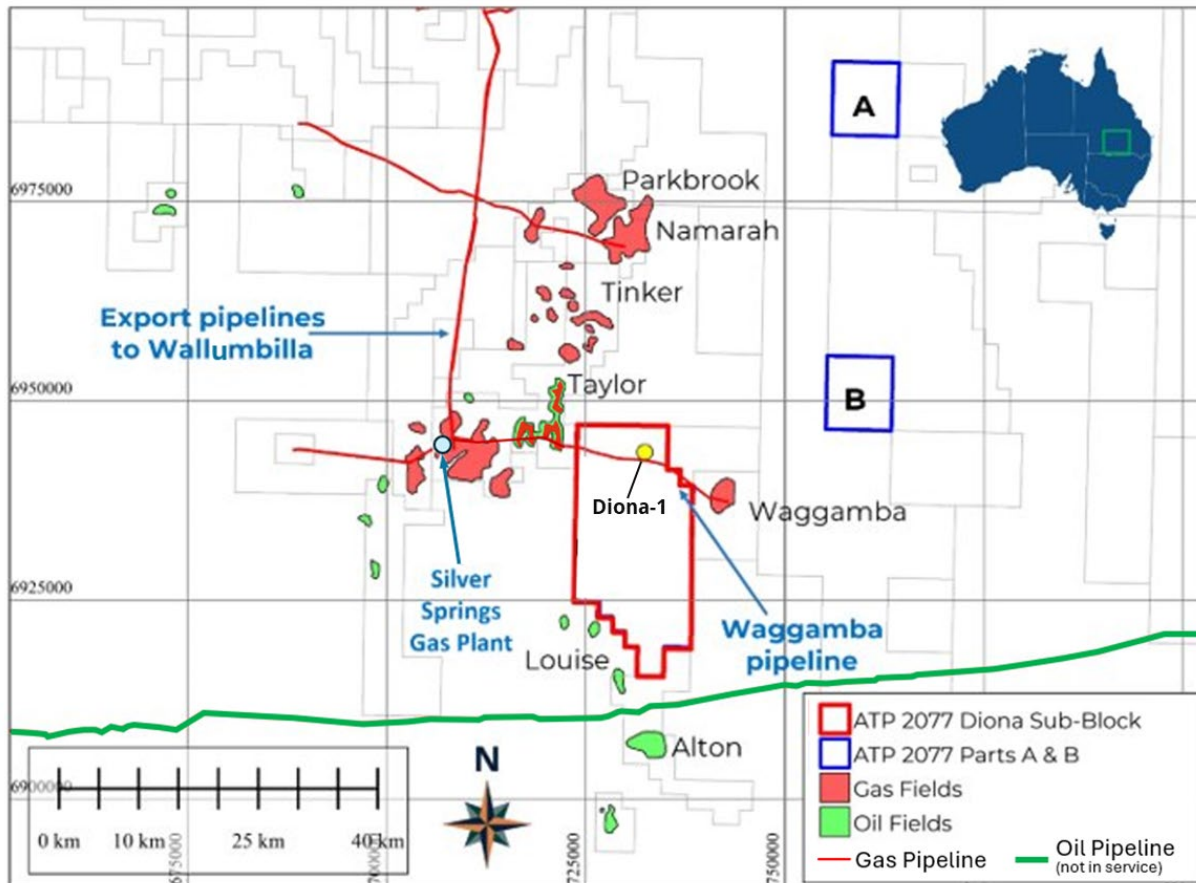
Managing Director, Andrew Bald commented:

*“Our plans for the testing the Diona-1 are now moving forward. The well has performed as expected to date and we are very confident that this well will be put onto production in the not too distant future.”*

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<sup>1</sup>

Xstate owns 51% of ATP 2077 however Elixir Energy Limited, (ASX Code EXR) retains a 100% beneficial ownership in Blocks A and B. Elixir is the Operator of ATP-2077



*Location Map of Diona-1*

### Share and Option Plan - Director Performance Rights

The Board wishes to advise shareholders that it will be seeking shareholder approval for the Company to adopt a Share and Option plan and will also be proposing to issue a series of Performance Rights to Directors at the upcoming AGM to be held in April or May 2026.

The Board has identified that the lack of a Share and Option Plan restricted their ability to offer non-cash incentives to key personnel including Directors and Contractors who went to extraordinary lengths to ensure that the Diona-1 well was completed successfully. By implementing a Share and Option Plan, the board will, in the future, be able to incentivise the management team, staff and contractors during times that demand extra effort.

At the AGM, the Board will be asking Shareholders to approve the issuance of the following Performance Rights to each of the respective Directors. The Performance Rights have been calculated as incentive and reward to the Directors should they deliver significant increase in shareholder value, which we expect will be reflected in the Share Price. To that end, these Performance Rights will be tied to 2 price targets of \$0.04 and \$0.06 as detailed on the following page.

The proposed Director Performance Rights to be voted on by Shareholders at this year’s AGM are detailed below:

<b>Andrew Bald</b>	<b>Number</b>	<b>Vesting</b>
Performance Rights	4,000,000	\$0.040
Performance Rights	4,500,000	\$0.060
<b>Greg Channon</b>	<b>Number</b>	<b>Vesting</b>
Performance Rights	3,000,000	\$0.040
Performance Rights	4,000,000	\$0.060
<b>Andrew Childs</b>	<b>Number</b>	<b>Vesting</b>
Performance Rights	3,000,000	\$0.040
Performance Rights	4,000,000	\$0.060

### **Key Terms of Performance Rights**

#### Vesting conditions

The Performance shares will vest upon the 14-day volume weighted share price of the shares of Xstate Resources Limited being equal to or greater than:

- (1) four cents (\$0.04) for tranche 1; and
- (2) six cents (\$0.06) for tranche 2,

within a 2-year period as of the date of issue.

#### Shareholder and Regulatory Approvals

The Performance Shares will be subject to approval from both the Australian Securities and Investment Commission and the Australian Stock Exchange and then will be put to a vote by Shareholders at this year’s Annual General Meeting.

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

**Andrew Bald**  
*Managing Director*

### **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 the Diona block within ATP 2077. The Company spudded its first well in the Diona block, Diona-1, on 27 September 2025. Elixir Energy Limited (ASX Code EXR) retains a 100% beneficial ownership in Blocks A and B.