# XSTATE RESOURCES LIMITED

**ABN 96 009 217 154**

## INTERIM FINANCIAL REPORT

**For the six months ended 30 June 2026**

## Contents

# CORPORATE DIRECTORY

## Directors

Mr Andrew Childs

Mr Greg Channon

Mr Andrew Bald

## Company Secretary

Uno Makotsvana

## Registered and Principal Office

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Sydney NSW 2000
Telephone: +61 8 9435 3200

## Postal Address

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Sydney NSW 2000

## Auditors

BDO Audit Pty Ltd
Parkline Place
Level 25, 252 Pitt Street
Sydney NSW 2000

## Bankers

ANZ Banking Group Limited
Level 6, 77 St Georges Terrace
Perth WA 6000

## Share Registry

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000

Telephone 1300 737 760

## ASX Code

Shares: XST

## Country of Incorporation and Domicile

Australia

# DIRECTORS' REPORT

The Directors present their report together with the financial statements of Xstate Resources Limited (XST, Xstate or the Company) and of the Group, being the Company and its subsidiaries, for the six months ended 30 June 2026 and the auditor's review report thereon.

## 1. DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

| Name | Period of Directorship |
|---|---|
| **Executive** | |
| Andrew Bald<br>*Managing Director* | Appointed 6 June 2022 to Board;<br>Appointed 4 April 2025 as Managing Director |
| **Non-Executive** | |
| Greg Channon<br>*Chair, Audit & Risk Committee*<br>*Member- Remuneration & Nomination Committee* | Appointed 17 August 2020 |
| Andrew Childs<br>*Non-Executive Chair*<br>*Chair Remuneration & Nomination Committee*<br>*Member – Audit & Risk Committee* | Appointed 6 June 2022 |

## 2. OPERATING AND FINANCIAL REVIEW

The Company's operations during the six months ended 30 June 2026 focused on the completion, stimulation and flow testing of the Diona-1 well in ATP 2077 in Queensland's Surat–Bowen Basin, in which the Company holds a 51% working interest.

### Diona-1, ATP 2077 (51% Working Interest)

Diona-1 was drilled, cased and suspended in late 2025 following the identification of net gas pay across multiple zones on wireline logs. During the half year, the Operator carried out the perforation, stimulation and flow testing programme.

Total additions of $2,952,283 were capitalised on the programme during the period, comprising $2,906,447 of exploration expenditure and $45,836 of amortised prepaid insurance, taking the carrying amount of exploration and evaluation assets to $7,503,648 at 30 June 2026. Cash of $3,197,092 was paid on capitalised exploration during the half year. The remaining gross cost to complete the programme is estimated at $500,000 to $800,000, being $255,000 to $408,000 at the Company's working interest. During testing operations, over-pressured hydrocarbons were confirmed in the Diona-1 well and gas and condensate flowed to surface, including while stimulation and completion fluids were being recovered. These outcomes were considered positive technical indicators for the project. However, flow testing was paused after a substantial column of completion fluids remained in the well bore and impeded unencumbered flow; accordingly, the programme did not establish a definitive sustained flow rate during the period. Several workover and artificial-lift alternatives have been identified and are being assessed by the Operator following technical advice from external experts. A preferred option is expected to be selected following completion of that review.

### Joint Study Group

In May 2026 the Company entered into Joint Study Agreement (Agreement) with a number of other energy companies in relation to identifying and acquiring new tenements in a range of oil and gas basins (Study

Areas). The identities of the other participants and the specific study areas have not been disclosed due to contractual confidentiality obligations.

The Agreement established the basis on which the parties may jointly evaluate and acquire or bid for acreage and creates an area of mutual interest over the Study Areas.

In consideration for XState's role in managing the Study Group, the Company is entitled to receive staged payments (Agreement contributions). A total of $399,999 (excluding GST) became payable during the half year, of which $146,666 (including GST) remained outstanding as at 30 June 2026 but was received shortly after. The Company may receive additional fees contingent on the successful acquisition or granting of one or more permits in the Study Areas. Each participant is otherwise responsible for its own costs.

**Changes in Tenement / Project List during the reporting period**

There were no changes to the Group's existing tenement interests during the six months ended 30 June 2026. Those interests remained consistent with the annual financial report for the year ended 31 December 2025.

**Future Strategy**

The Company's near-term focus is to select and implement a preferred workover option to complete the Diona-1 testing programme and evaluate the results. The Company will also continue to actively assess opportunities to expand its exploration portfolio.

**Corporate**

The Group recorded a loss after tax of $788,106 for the half year (2025: $775,188). Operating cash flows were broadly neutral, with a net cash outflow from operating activities of $25,512 (2025: outflow of $934,649), reflecting the receipt of the Joint Study Agreement contributions and GST refunds associated with the Group's exploration activities. These receipts substantially offset corporate and exploration expenditure incurred during the half year.

At 30 June 2026, the Group held cash and cash equivalents of $1,248,217 and reported net assets of $7,984,593.

During the half year, the Company completed a placement, issuing 51,212,122 ordinary shares and raised gross proceeds of $1,690,000.

Following shareholder approval on 29 May 2026, the Company granted 6,000,000 options to consultants, 12,803,030 options to brokers, 17,070,707 free-attaching placement options and 22,500,000 performance rights to Directors. At 30 June 2026, there were 148,213,703 options and 22,500,000 performance rights on issue and 6,614,351 options expired unexercised. No options were exercised or forfeited during the period. A share-based payment expense of $54,530 was recognised for the half year and a further $175,297 was recognised directly in equity as transaction costs associated with the capital raising.

## 3. DIVIDENDS

No dividend was paid or declared for the six months ended 30 June 2026 (2025: nil).

## 4. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2026, there have been no matters or circumstances that have significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

## 5. LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in the Directors' Report.

**Forward-looking statements and technical information**

This report contains forward-looking statements that are subject to risks associated with the oil and gas industry. The Directors believe that the expectations reflected in those statements are reasonable, but actual results may differ materially. The technical information in this report has been reviewed by Mr Greg Channon, a Director of Xstate and a qualified geologist with more than 35 years of technical, commercial and management experience in oil and gas exploration, appraisal, development and transportation. Mr Channon is a member of the American Association of Petroleum Geologists and consents to the inclusion of the information in the form and context in which it appears.

This report is made in accordance with a resolution of the Directors.

**Andrew Bald**
Managing Director

Dated at Sydney, New South Wales this 10th day of September 2026

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Sydney NSW 2000
Australia

**DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF XSTATE RESOURCES LIMITED**

As lead auditor for the review of Xstate Resources Limited for the half-year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Xstate Resources Limited and the entities it controlled during the period.

Martin Coyle
Director

**BDO Audit Pty Ltd**

Sydney,10 September 2026

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2026

| | Note | 30 June 2026 | 31 December 2025 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| Cash and cash equivalents | 8 | 1,248,217 | 2,914,236 |
| Trade and other receivables | 9 | 175,844 | 346,977 |
| Prepayments | 10 | 46,819 | 87,262 |
| Current tax receivable | 15 | 95,718 | 102,194 |
| **Total current assets** | | **1,566,598** | **3,450,669** |
| | | | |
| Exploration and evaluation assets | 7 | 7,503,648 | 4,551,365 |
| Property, plant and equipment | | 1,120 | – |
| Deposits | 11 | 10,114 | 10,115 |
| **Total non-current assets** | | **7,514,882** | **4,561,480** |
| **Total assets** | | **9,081,480** | **8,012,149** |
| | | | |
| **Liabilities** | | | |
| Trade and other payables | 12 | (514,972) | (645,694) |
| Joint Study Agreement contributions | 13 | (399,999) | – |
| **Total current liabilities** | | **(914,971)** | **(645,694)** |
| | | | |
| Site restoration provision | 14 | (181,916) | (177,362) |
| **Total non-current liabilities** | | **(181,916)** | **(177,362)** |
| **Total liabilities** | | **(1,096,887)** | **(823,056)** |
| **Net assets** | | **7,984,593** | **7,189,093** |
| | | | |
| **Equity** | | | |
| Share capital | 16 | 64,919,698 | 63,554,779 |
| Reserves | 16 | 598,448 | 451,152 |
| Accumulated losses | | (57,533,553) | (56,816,838) |
| **Total equity attributable to owners of the Company** | | **7,984,593** | **7,189,093** |

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | Note | 30 June 2026 | 30 June 2025 |
|---|---|---|---|
| | | $ | $ |
| **Revenue and other income** | | | |
| Other income | | – | 16,246 |
| Interest income | | 35,949 | 47,805 |
| **Total revenue and other income** | | **35,949** | **64,051** |
| | | | |
| **Expenses** | | | |
| Exploration expenditure | 7 | (27,510) | (189,874) |
| Personnel expenses | | (177,497) | (148,194) |
| Share-based payments | | (54,530) | – |
| Professional fees | | (350,581) | (166,355) |
| General and administrative expenses | | (135,696) | (216,872) |
| Business development | | (70,305) | – |
| Other expenses | | (10,726) | (3,717) |
| Finance expenses | | (4,554) | (656) |
| Foreign exchange gain | | 7,344 | 35,011 |
| **Total expenses** | | **(824,055)** | **(690,657)** |
| **Loss before income tax** | | **(788,106)** | **(626,606)** |
| Income tax expense | | – | – |
| **Loss for the period from continuing operations** | | **(788,106)** | **(626,606)** |
| | | | |
| **Discontinued operations** | | | |
| Loss for the period from discontinued operations | | – | (148,582) |
| **Total loss for the period** | | **(788,106)** | **(775,188)** |
| | | | |
| **Other comprehensive income** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | (11,140) | 3,254 |
| **Other comprehensive (loss) / income for the period** | | **(11,140)** | **3,254** |
| **Total comprehensive loss for the period** | | **(799,246)** | **(771,934)** |

| | Note | 30 June 2026 | 30 June 2025 (Restated)[1] |
|---|---|---|---|
| **Loss per share (cents per share) — continuing operations** | | | |
| Basic and diluted | 17 | (0.18) | (0.43) |
| **Loss per share (cents per share) —discontinued operations** | | | |
| Basic and diluted | 17 | - | (0.11) |

(1) Comparative EPS has been restated for the 1 : 2.23 consolidation of capital approved on 28 July 2025.

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | Contributed equity $ | Share-based payment reserve $ | Foreign currency translation reserve $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|---|
| **Balance at 31 December 2025** | **63,554,779** | **222,763** | **228,389** | **(56,816,838)** | **7,189,093** |
| Loss for the period | – | – | – | (788,106) | (788,106) |
| Other comprehensive loss for the period, net of tax | – | – | (11,140) | – | (11,140) |
| **Total comprehensive loss for the period** | **–** | **–** | **(11,140)** | **(788,106)** | **(799,246)** |
| **Transactions with owners in their capacity as owners** | | | | | |
| Ordinary shares issued - (Note 16) | 1,690,000 | – | – | – | 1,690,000 |
| Capital raising costs - (Note 16) | (149,784) | – | – | – | (149,784) |
| Broker options issued as placement consideration - (Note 16) | (175,297) | 175,297 | – | – | – |
| Share-based payments | – | 54,530 | – | – | 54,530 |
| Expiry of unlisted options (Note 16) | | (71,391) | | 71,391 | |
| **Balance at 30 June 2026** | **64,919,698** | **381,199** | **217,249** | **(57,533,553)** | **7,984,593** |

## FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | Contributed equity $ | Share-based payment reserve $ | Foreign currency translation reserve $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|---|
| **Balance at 31 December 2024** | **58,083,830** | **71,391** | **294,509** | **(55,047,678)** | **3,402,052** |
| Loss for the period | – | – | – | (775,188) | (775,188) |
| Other comprehensive income for the period, net of tax | – | – | 3,254 | – | 3,254 |
| **Total comprehensive loss for the period** | **–** | **–** | **3,254** | **(775,188)** | **(771,934)** |
| **Balance at 30 June 2025** | **58,083,830** | **71,391** | **297,763** | **(55,822,866)** | **2,630,118** |

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | Note | 30 June 2026 | 30 June 2025 |
|---|---|---|---|
| | | $ | $ |
| **Cash flows from operating activities** | | | |
| Receipts from Joint Study participants and other operating receipts (inclusive of GST) | | 302,056 | – |
| Payments to suppliers and employees (inclusive of GST) | | (672,346) | (665,657) |
| Payments for exploration and evaluation (expensed) | 7 | (27,510) | (269,122) |
| Goods and services tax refunded | | 336,339 | – |
| Interest received | | 35,949 | 52,540 |
| Income taxes paid | | – | (52,410) |
| **Net cash used in operating activities** | | **(25,512)** | **(934,649)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for exploration and evaluation (capitalised) | | (3,197,092) | – |
| Payments for property, plant and equipment | | (1,120) | – |
| **Net cash used in investing activities** | | **(3,198,212)** | **–** |
| | | | |
| **Cash flows from financing activities** | | | |
| Gross proceeds from issues of shares[1] | 16 | 1,713,491 | – |
| Payment of capital raising costs | 16 | (149,784) | (126,916) |
| **Net cash generated from / (used in) financing activities** | | **1,563,707** | **(126,916)** |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(1,660,017)** | **(1,061,565)** |
| Cash and cash equivalents at the beginning of the period | | 2,914,236 | 3,555,128 |
| Effect of exchange rate fluctuations on cash held | | (6,002) | (5,352) |
| **Cash and cash equivalents at the end of the period** | 8 | **1,248,217** | **2,488,211** |

(1) Gross share proceeds include $23,491 received in January 2026 in settlement of receivables for shares issued in December 2025.

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE SIX MONTHS ENDED 30 JUNE 2026

### 1 GENERAL INFORMATION

Xstate Resources Limited is a company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX: XST). The registered office is Suite 11.01, Level 11, 109 Pitt Street, Sydney NSW 2000.

These consolidated interim financial statements comprise Xstate Resources Limited and the entities it controlled during the period. All subsidiaries are wholly owned and there are no non-controlling interests. The entities included in the consolidation are:

| Entity | Incorporation | Interest | Principal activity |
|---|---|---|---|
| Xstate Diona Ops Pty Ltd | Australia | 100% | Holds the capitalised exploration and evaluation expenditure for the Diona project |
| Xstate Diona Pty Ltd | Australia | 100% | Holds acquired exploration expenditure and the site restoration provision |
| Xstate Energy Ltd | Canada | 100% | Legacy entity following the disposal of the Crest Jinn assets in February 2025 |
| XST Taroom Pty Limited | Australia | 100% | Company incorporated for future operations. |

Xstate USA Corporation and its subsidiaries XGAS LLC and CALX SELA LLC were disposed of on 12 December 2025 to Australian Oil Company Limited and are therefore outside the Group for the whole of this interim period and the comparative balance sheet date.

### 2 BASIS OF PREPARATION

These condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. They do not include all of the information and disclosures required in annual financial statements and should be read together with the annual financial report for the year ended 31 December 2025 and any public announcements made by the Company during the interim period.

These interim financial statements were authorised for issue by the Board of Directors on 10 September 2026.

The financial statements are presented in Australian dollars, which is the functional currency of the parent entity. Amounts have been rounded to the nearest dollar.

### 3 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Group applied the amendments to Australian Accounting Standards that became mandatory for the Group's annual reporting period beginning on 1 January 2026, including AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments, AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11 and AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements. Their application had no material effect on the amounts recognised or disclosed in these interim financial statements.

AASB 18 Presentation and Disclosure in Financial Statements is mandatory for annual reporting periods beginning on or after 1 January 2027 and has not been early adopted. AASB 18 will replace AASB 101 Presentation of Financial Statements and introduce new presentation and disclosure requirements, including defined subtotals in the statement of profit or loss, principles for aggregation and disaggregation and disclosures about management-defined performance measures. The Standard is not expected to affect the recognition or measurement of the Group's assets, liabilities, income or expenses, but will affect presentation and disclosure. The Group is assessing the detailed impact.

The Group's operations are not materially seasonal or cyclical.

**4 JUDGEMENTS AND ESTIMATES**

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were:

- Recoverability of capitalised exploration and evaluation expenditure (Note 7);
- Treatment of the non-refundable Joint Study Agreement contributions, which are carried as a liability rather than income because they will be applied against the cost of any block acquired or awarded and would be recognised in profit or loss only if a new block within one of the Study Areas is not granted. (Note 13);
- Measurement of the site restoration provision, including the discount rate and the expected timing of settlement (Note 14);
- Measurement of the equity instruments granted during the period, including the volatility, expected lives and grant-date share prices adopted (Note 19); and
- Non-recognition of deferred tax assets in respect of carried forward tax losses (Note 15).

**5 GOING CONCERN**

The consolidated interim financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business.

During the period, the Group incurred a loss after tax of $788,106 (30 June 2025: $775,188), which included non-cash share-based payment expense of $54,530 (30 June 2025: nil). At 30 June 2026, the Group had net assets of $7,984,593 (31 December 2025: $7,189,093) which included cash and cash equivalents of $1,248,217 (31 December 2025: $2,914,236). The Group recorded net cash outflows from operating activities of $25,512 (30 June 2025: $934,649) and net cash outflows from investing activities of $3,198,212 (30 June 2025: nil) during the six-month period.

The Group remains in the exploration and evaluation phase and did not generate revenue from operations during the period. The Group is committed to its share of the ATP 2077 work programme. The remaining gross cost to complete the Diona-1 programme is estimated at $500,000 to $800,000, representing approximately $255,000 to $408,000 at the Group's 51% working interest.

Based on the Group's current cost base and planned activities, the Directors believe the ability of the Group to continue as a going concern and to meet exploration commitments and corporate costs for at least twelve months from the date of this report, is dependent on a combination of:

- capability to undertake additional funding for its exploration program; and

- potential revenues from the Diona-1 project, subject to successful completion and testing activities.

The Directors continue to monitor the Group's cash requirements and funding alternatives. These alternatives may include additional equity, farm-down or other commercial arrangements for the Diona interest, deferral or reduction of discretionary expenditure, and partner or project funding arrangements. The Group also completed equity placements in December 2025 and April 2026 and maintains relationships with corporate advisers and brokers. However, no additional funding had been committed as at the date of this report.

The need to secure additional funding indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate having regard to the funding alternatives available to the Group and their assessment of expected cash flows over the 12-month period from the date of authorisation of the interim financial statements. Accordingly, the financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

## 6 SEGMENT INFORMATION

The Group operates in one reportable segment, being oil and gas exploration and appraisal in onshore Australia. This is the basis on which the Board of Directors, as the chief operating decision maker, reviews performance and allocates resources. The segment loss before tax was $788,106 (2025: $626,606). Segment assets and liabilities are the same as the Group's total assets and liabilities in the consolidated statement of financial position. The Group had no revenue from contracts with customers or intersegment revenue in either period.

## 7 EXPLORATION AND EVALUATION ASSETS

| | Six months ended 30 June 2026 $ | Year ended 31 December 2025 $ |
|---|---|---|
| Carrying amount at the beginning of the period | 4,551,365 | – |
| Acquisition of rights to areas of interest | – | 250,000 |
| Exploration expenditure capitalised | 2,906,447 | 4,124,003 |
| Prepaid insurance amortised to capitalised exploration | 45,836 | – |
| Capitalisation of site restoration provision | – | 177,362 |
| Impairment recognised during the period | – | – |
| **Carrying amount at the end of the period** | **7,503,648** | **4,551,365** |

The balance relates entirely to the Group's 51% working interest in the Diona sub-block of ATP 2077 in the Surat–Bowen Basin, Queensland. Elixir Energy Limited holds the remaining 49% and resumed operatorship following completion of the Diona-1 well. Additions in the period are expenditure incurred on the completion, stimulation and flow testing of Diona-1 and capitalised under AASB 6. No exploration prepayment balance is carried at either reporting date.

Exploration expenditure of $27,510 that does not relate to an area of interest in the evaluation phase was expensed in the period (2025: $189,874).

Recoverability of the exploration and evaluation asset is dependent upon the successful development and commercial exploitation, or alternatively the sale, of the relevant area of interest, together with the Group's ability to secure sufficient funding to meet its commitments. At 30 June 2026, the Group's market capitalisation was below its net assets, which was considered an indicator of impairment. Accordingly, the Directors assessed the ATP 2077 exploration and evaluation asset for impairment in accordance with AASB 6.20. In undertaking this assessment, the Directors considered that the Diona project remained in the exploration and evaluation phase, technical evaluation and interpretation of testing results was ongoing, and further work programs were planned. Based on the information available at the reporting date, the Directors concluded that there were no facts or circumstances indicating that the carrying amount of the asset exceeded its recoverable amount. However, the assessment involves significant judgement and remains sensitive to the outcome of future exploration activities, technical evaluation results and the Group's ability to obtain funding to progress the project.

## 8 CASH AND CASH EQUIVALENTS

| | 30 June 2026 $ | 31 December 2025 $ |
|---|---|---|
| ANZ Banking Group — Australian dollar accounts | 1,243,373 | 2,803,028 |
| Bank of Montreal — Canadian dollar accounts | 4,844 | 111,208 |
| **Total cash and cash equivalents** | **1,248,217** | **2,914,236** |

## 9 TRADE AND OTHER RECEIVABLES

| | 30 June 2026 $ | 31 December 2025 $ |
|---|---|---|
| Amounts receivable from government agencies | 24,185 | 323,486 |
| Other receivables | 151,659 | 23,491 |
| **Total trade and other receivables** | **175,844** | **346,977** |

Other receivables mainly comprise $146,666 receivable from Joint Study participant(s) in respect of unpaid Joint Study contribution. A corresponding Joint Study liability has been recognised (Note 13). No expected credit loss allowance has been recognised.

**10 PREPAYMENTS**

| | 30 June 2026 $ | 31 December 2025 $ |
|---|---|---|
| Prepaid insurance | 25,282 | 9,372 |
| Other prepayments | 21,537 | 77,890 |
| **Total prepayments** | **46,819** | **87,262** |

**11 DEPOSITS**

Deposits of $10,114 (31 December 2025: $10,115) comprise a security bond held in respect of the Group's corporate obligations.

**12 TRADE AND OTHER PAYABLES**

| | 30 June 2026 $ | 31 December 2025 $ |
|---|---|---|
| Trade payables | 467,172 | 499,479 |
| Accrued expenses | 46,193 | 26,000 |
| Superannuation payable | 1,607 | – |
| Withholding taxes payable — Canada | – | 120,215 |
| **Total trade and other payables** | **514,972** | **645,694** |

Trade payables include $43,867 owing to Panthea Capital Pty Ltd and $32,269 owing to Ruby Lloyd Pty Ltd, entities associated with Directors. Accrued expenses comprise director fees and consulting fees for June 2026.

**13 JOINT STUDY PARTICIPATION CONTRIBUTIONS**

| | 30 June 2026 $ | 31 December 2025 $ |
|---|---|---|
| **Joint Study group contributions** | **399,999** | **–** |

On 7th May 2026, the Group entered into a Joint Study Agreement with a number of other energy companies in relation to acquiring prospective petroleum acreage. Under the arrangement, the participants were required to contribute upfront non-refundable participation contributions totalling $399,999.

As the Joint Study group has not, as at the date of this report, finalised its goal of acquiring new tenements, the participation contributions have been recognised as a current liability. Should the Joint Study group acquire a new tenement, the contributions will either be applied against the acquisition cost of the interest acquired or recognised in profit or loss.

## 14 SITE RESTORATION PROVISION

| | Six months ended 30 June 2026 $ | Year ended 31 December 2025 $ |
|---|---|---|
| Carrying amount at the beginning of the period | 177,362 | 144,801 |
| Recognition of the Australian asset retirement obligation | – | 177,362 |
| Discharged on disposal of the Austrian operations | – | (83,966) |
| Discharged on disposal of the Californian operations | – | (61,624) |
| Unwinding of discount | 4,554 | 1,015 |
| Effect of movements in exchange rates | – | (226) |
| **Carrying amount at the end of the period** | **181,916** | **177,362** |

The provision relates to dismantling, decommissioning and site remediation for the Diona-1 well, based on cost estimates prepared by JJM Consultancy. The significant assumptions are a risk-free rate of 5.245 per cent, long-term inflation of 2.5 per cent and settlement after an estimated 25-year well life.

## 15 CURRENT TAX RECEIVABLE

| | 30 June 2026 $ | 31 December 2025 $ |
|---|---|---|
| Current tax receivable | 95,718 | 102,194 |

Interim income tax is recognised using the estimated annual effective tax rate for the full financial year. The Group expects to incur a tax loss for the year ending 31 December 2026 and has not recognised deferred tax assets in respect of carried forward tax losses. Accordingly, the estimated annual effective tax rate is nil.

The current tax receivable of CAD 93,593 relates to Xstate Energy Ltd and comprises CAD 81,307 arising from the recognition of a terminal loss on the disposal of the Red Earth and Crest Jinn interests and CAD 12,286 relating to the recovery of tax previously paid. The balance translates to AUD 95,718 at the 30 June 2026 closing exchange rate.

## 16 CAPITAL AND RESERVES

### Share capital

| | Number of shares | | Amount in $ | |
|---|---|---|---|---|
| | **30 Jun 2026** | **31 Dec 2025** | **30 Jun 2026** | **31 Dec 2025** |
| On issue at start of period | 428,680,818 | 321,519,150 | 63,554,779 | 58,083,830 |
| Consolidation of shares | - | (177,338,287) | - | - |
| Issue of fully paid shares for cash August 2025 | - | 107,200,000 | - | 2,144,000 |
| Issue of fully paid shares for cash November 2025 | - | 37,707,129 | - | 829,557 |
| Issue of fully paid shares for cash December 2025 | - | 136,092,826 | - | 2,994,042 |
| Issue of fully paid shares in lieu of consulting fees | - | 3,500,000 | - | 66,500 |
| Issue of fully paid shares for cash April 2026 | 51,212,122 | - | 1,690,000 | - |
| Capital raising costs | - | - | (149,784) | (563,150) |
| Broker options issued as consideration for the placement | - | - | (175,297) | - |
| **On issue at end of period** | **479,892,940** | 428,680,818 | **64,919,698** | 63,554,779 |

Amounts recognised in share capital are net of transaction costs. Transaction costs for the period comprised $149,784 of cash costs and $175,297 representing the fair value of the broker options issued as consideration for services in connection with the April 2026 placement. Those options are measured under AASB 2 but are accounted for as a deduction from equity under AASB 132 paragraph 35 rather than as an expense.

Ordinary shares entitle the holder to participate in dividends and to one vote per share at meetings of the Company.

### Reserves

| | **30 June 2026 $** | **31 December 2025 $** |
|---|---|---|
| Share-based payment reserve | 381,199 | 222,763 |
| Foreign currency translation reserve | 217,249 | 228,389 |
| **Total reserves** | **598,448** | **451,152** |

The options reserve of $363,595, together with $17,604 relating to performance rights, reconciles to the share-based payment reserve of $381,199.

## Options

| | Options on issue | | | |
|---|---|---|---|---|
| | Number of options | | Amount in $ | |
| | 30 June 2026 | 31 December 2025 | 30 June 2026 | 31 December 2025 |
| **Movements in options on issue:** | | | | |
| **On issue at 1 January** | **118,954,317** | **14,750,000** | **222,763** | **71,391** |
| Consolidation of options[1] | – | (8,135,649) | – | – |
| Issue of options to brokers[2] - (Note 19) | 12,803,030 | 16,440,000 | 175,297 | 64,750 |
| Issue of free-attaching placement options[3] | 17,070,707 | 86,899,966 | – | – |
| Issue of options to consultants[4]- (Note 19) | 6,000,000 | 9,000,000 | 36,926 | 86,622 |
| Expiry of unlisted options[5] | (6,614,351) | – | (71,391) | – |
| **On issue at end of period** | **148,213,703** | **118,954,317** | **363,595** | **222,763** |

(1) On 6 August 2025, the Company completed a consolidation of its issued capital on a 2.23:1 basis.

(2) On 30 April 2026, the Company issued 12,803,030 options, exercisable at $0.06 per share on or before 30 April 2029 to brokers for their services in the April 2026 placement.

(3) On 16 June 2026, the Company issued 17,070,707 free-attaching placement options to subscribers in their capacity as holders of equity instruments, exercisable at $0.06 and expiring on 30 April 2029. As these options are outside the scope of AASB 2 Share Based Payments, no amount has been recognised in the share-based payment reserve in respect of the options.

(4) On 16 June 2026, the Company issued 6,000,000 options to consultants for services rendered. The options have an exercise price of $0.04, expiring on 10 March 2029.

(5) During the period 6,614,351 unlisted options expired unexercised.

In addition, 22,500,000 performance rights were granted to Directors on 29 May 2026. These are not options and are set out in Note 19.

No options were exercised or forfeited during the half-year period.

## 17 LOSS PER SHARE

| | Six months ended 30 June 2026 | Six months ended 30 June 2025 (Restated)[1] |
|---|---|---|
| Loss attributable to ordinary shareholders — continuing operations ($) | (788,106) | (626,606) |
| Loss attributable to ordinary shareholders — discontinued operations ($) | - | (148,582) |
| Loss attributable to ordinary shareholders — total ($) | (788,106) | (775,188) |
| Weighted average number of ordinary shares — basic and diluted | 448,272,397 | 144,180,863 |
| Basic and diluted loss per share — continuing operations (cents) | (0.18) | (0.43) |
| Basic and diluted loss per share — discontinued operations (cents) | - | (0.11) |
| Basic and diluted loss per share — total (cents) | (0.18) | (0.54) |

(1) The comparative weighted average has been restated for the 1 : 2.23 consolidation of capital approved on 28 July 2025.

As the Group incurred a loss for the period, potential ordinary shares are considered anti-dilutive and therefore diluted loss per share is equal to basic loss per share. Accordingly, 148,213,703 options and 22,500,000 performance rights with unsatisfied conditions at the reporting date were excluded from the calculation of diluted loss per share.

## 18 COMMITMENTS AND CONTINGENCIES

The Group holds a 51% working interest in the Diona sub-block of ATP 2077 and is committed to its share of the joint operation work programme. The remaining gross cost to complete the Diona-1 programme is estimated at $500,000 to $800,000, being $255,000 to $408,000 at the Group’s working interest.

The Group has no identifiable contingent liabilities at 30 June 2026 (31 December 2025: nil).

## 19 SHARE-BASED PAYMENTS

During the half year, the Group issued 22,500,000 performance rights to Directors, 6,000,000 options to consultants and 12,803,030 options to brokers in exchange for services provided.

Options issued to shareholders as free-attaching placement options (Note 16) were issued in their capacity as shareholders and are therefore excluded from Share based payments.

## 20 SUBSEQUENT EVENTS

There have been no matters or circumstances arising since 30 June 2026 that have significantly affected, or may significantly affect, the Group’s operations, the results of those operations or the Group’s state of affairs in future financial years.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Xstate Resources Limited:

(a) the consolidated financial statements and notes set out on the preceding pages are in accordance with the Corporations Act 2001, including:
   - (i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the six-month period ended on that date; and
   - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

**Andrew Bald**
*Managing Director*

Dated this 10th day of September 2026

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# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Xstate Resources Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the half-year financial report of Xstate Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the half-year ended on that date; and
ii. Complying with Accounting Standard AASB *134 Interim Financial Reporting and the Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

### Material uncertainty relating to going concern

We draw attention to Note 5 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

**Responsibility of the directors for the financial report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

BDO

Martin Coyle
Director

Sydney,10 September 2026