

Announcement to ASX

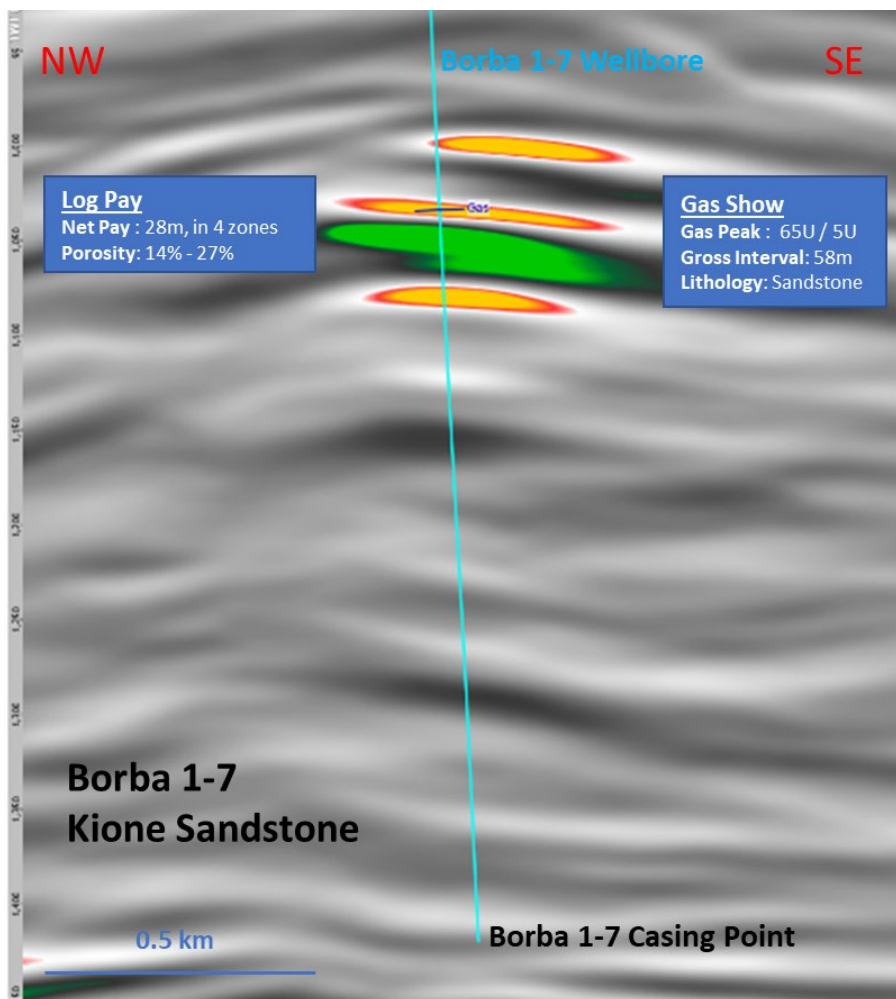
15 March 2021

Log Pay Confirms Gas Discovery at Borba 1-7

- 28 metres of Net Pay Mapped at Borba 1-7 in Kione Sandstone
- At 6am this morning, the rig was making preparations to test the well protection equipment and then drill out towards the Guinda Sandstones, the second objective in the drilling program - expected to be encountered approximately 60 metres below the casing.

Xstate Resources (ASX:XST (“Xstate” or “the Company”) is pleased to announce that the Borba 1-7 well has run wireline logs over the intermediate hole, and has interpreted up to 28m of net gas pay in sandstone reservoirs of the Lower Kione Sandstone.

The pay zone is co-incident with the gas show previously reported (ASX:XST release 08/03/21).



There is 28 metres of net gas pay in four sand zones with good to excellent average porosity ranging from 14% to 27%. The petrophysical log interpretation has also identified an additional lower-confidence, possible net pay interval covering a further 14 metres.

The total 42m of pay has been secured behind casing, and for practical and safety reasons, will be flow tested in the future, sometime after drilling is completed and deeper targets have been evaluated. The Kione Sands are productive throughout the region. The adjacent Ord Bend Gas Field (2.4km to the SW) produces natural gas from the Kione Sands at initial rates of up to 4.6 million cubic feet per day (CALGEM well record API # 02120736).

Borba 1-7 will drill out shortly to our next objective, the Guinda Formation, which is approximately 60m below the casing shoe. The Guinda target is 38m updip of an untested gas sand at Hunt Borba 1 (CALGEM well records API # 02120708), which is located 1.6 km to the north of the Borba 1-7 well.

The Working Interests (“WI”) in the Borba 1-7 well and Borba AMI are:

	Drilling Costs	After Drilling WI
Sacgasco Limited (Operator) (ASX: SGC)	62.5%	66.67%
Xstate Resources Limited (ASX: XST)	37.5%	33.33%

Xstate Managing Director, David McArthur commented: *“This gas discovery at the first objective is an excellent outcome for the well so far. The seismic amplitudes, gas shows, sand quality and gas pay at the shallow Kione zone are all coincident, and bode well for the objectives to come. We should be drilling out to our Guinda Formation objective in the coming days.”*

This release is authorised by the Board of the Company

David McArthur
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About Xstate Resources Limited

Xstate Resources (ASX:XST) is an ASX listed company focused on the oil and gas sector. The Company has existing assets located in the Sacramento Basin in California and associated production interests together with production interests in Alberta Canada. Xstate is presently pursuing new opportunities in the oil and gas sector in North America.