



Annual General Meeting

30 May 2018

California focused with a portfolio of several projects including Gas Production, Gas Production Enhancement, and High Impact Exploration and Appraisal

Corporate Update

Xstate Resources Limited

Company Overview



- California focused natural gas producer with high impact gas exploration and appraisal.
- De-risking the company from high risk exploration to appraisal and production.
- Near term activity:
 - Completion of Dempsey Project sale to Raven Energy Limited (ASX:REL);
 - Sacramento Gas Production enhancements;
 - Alvares appraisal well; and
 - Settlement of Legal dispute.
- Ongoing search to acquire low cost, low risk, profitable production.
- Low cost company with focus on Projects rather than Overheads.

Corporate Summary: ASX:XST as at May 29, 2017

Current Shares on Issue	783.5 million
Options @\$0.05 (expire Dec 2020)	42.0 million
Market Cap (@\$0.006/share)	A\$4.7 million
12 Month High/Low (\$/share)	\$0.015 / \$0.005
No of Shareholders	1,632
Top 20 Shareholders	47.1%
Directors/Management	~5.0%

Xstate Share Price & Volume – 12 Months



Source: Bell Potter Securities

Dempsey Project

Proposed sale to Raven Energy Limited



- Xstate has agreed to divest its working interests in the Dempsey Project Area including existing production and associated infrastructure to Raven Energy Limited (Raven; ASX:REL) in a two stage transaction for all cash or cash and shares in Raven.
- The transaction values Xstate's interest at \$1,166,666¹.
- The sale is consistent with Xstate's strategy to focus on low risk appraisal and production opportunities.
- The assets being sold to Raven include the following interests:

Asset	WI	Asset	WI
Dempsey 1-15 Well	10%	Rice Creek East Gas Field	10%
Dempsey AMI	30%	Los Medanos Gas Field	10%
Rancho Capay	10%	Dutch Slough Gas Field	30%
Malton Gas Field	30%	Denverton Gas Field	30%

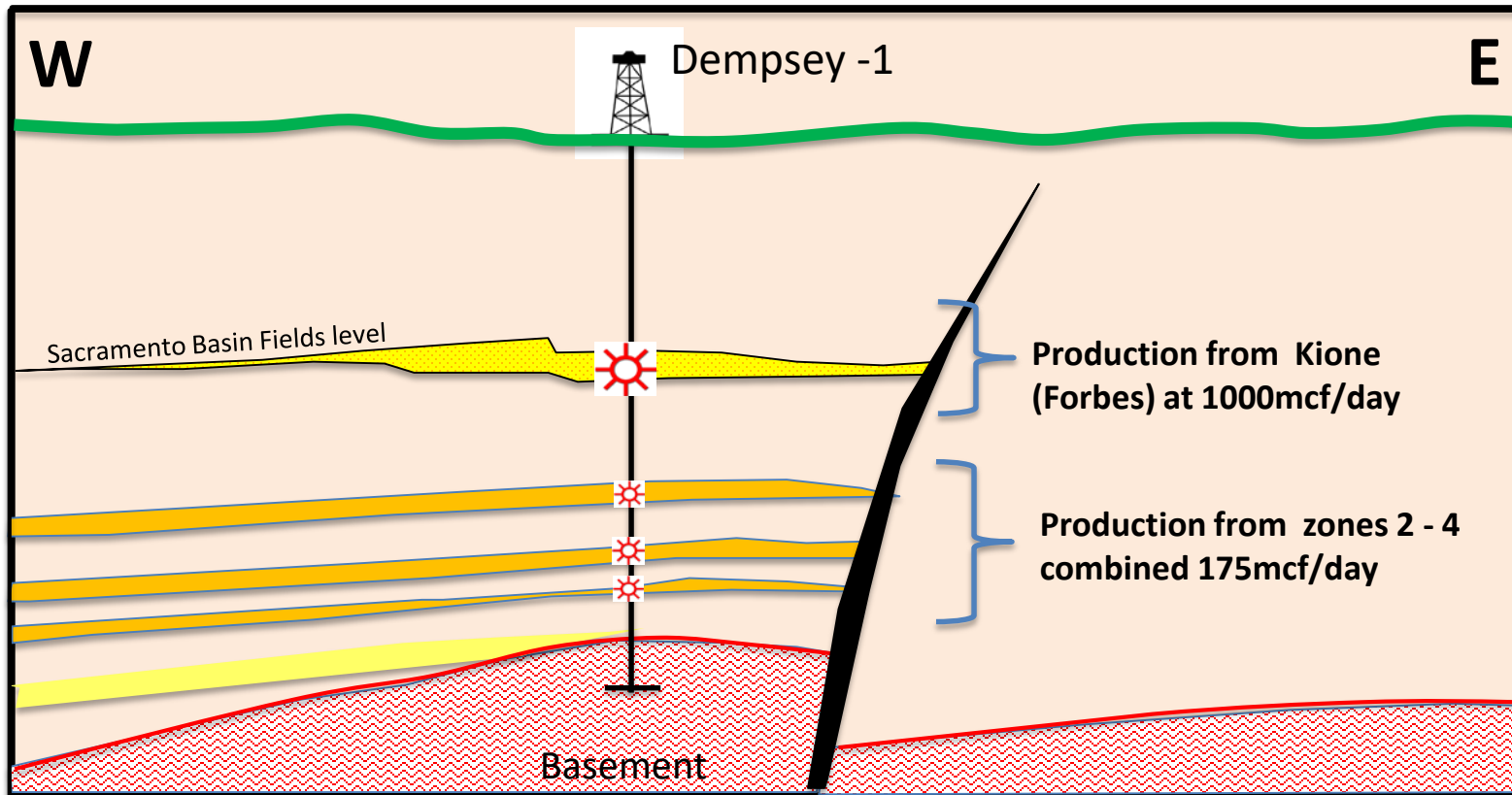
- Post completion Xstate's sole exposure in the Sacramento Basin will be its working interest in the Alvares appraisal well and Alvares Area of Mutual Interest.

¹ Assumes USDUAD Conversion of 0.75 cents

Dempsey Project

Dempsey 1-15 Appraisal & Exploration Well

- The Dempsey 1-15 well was spudded in August 2017 and drilling operations were completed in May 2018.
- The well intersected numerous gas zones which are expected to produce ~1,200mcf/day once connected to the sales gas pipeline.



Note: cross section is for illustrative purposes only. Not to scale.
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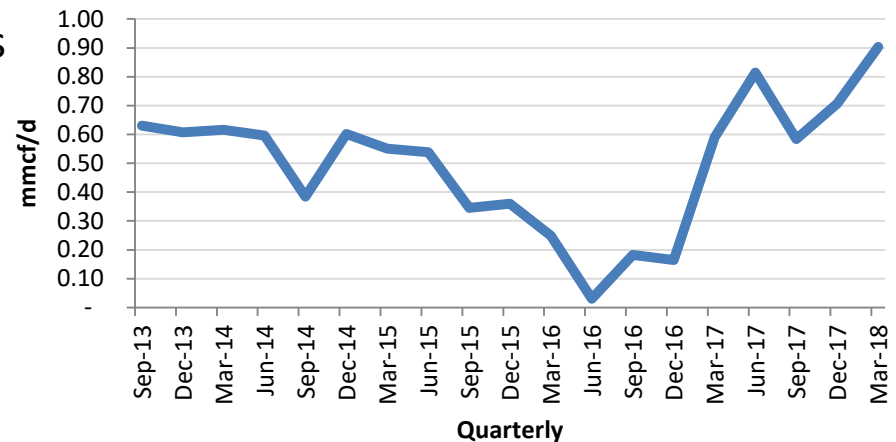
Production Assets

Material production increases

- Dempsey 1-15 well being connected to gas sales pipeline; expected to add ~1,200 mcf/d gross to joint venture production rates.
- Seven idle wells identified as work over / production hookup targets with immediate production upside.
 - According to the operator *“these wells are projected to add very material natural gas production and revenues”*.
- Production summary
 - March 2018 quarter was 900 mcf/d gross
 - Xstate net production was 119 mcf/d
 - Total 2017 production was 245,996 cubic feet (gross) and 29,906 net to Xstate
 - Total 2017 gas sales revenue was US\$68,818 net to Xstate

Assets/Projects	XST WI
Malton Gas Field	30%
Rancho Capay	10%
Rice Creek East Gas Field	10%
Los Medanos Gas Field	10%
Dutch Slough Gas Field	30%
Denverton Gas Field	30%

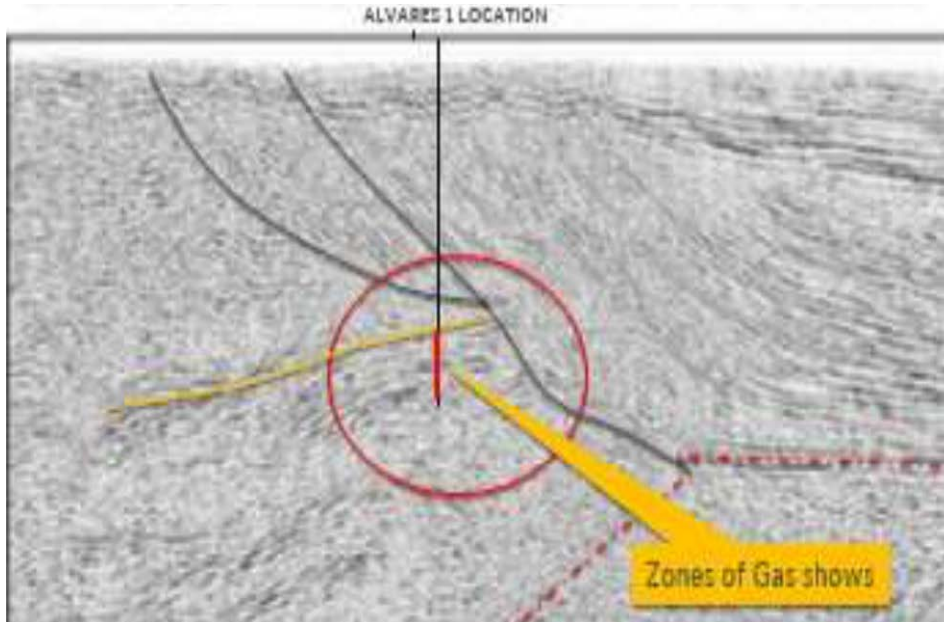
Quarterly Gross Production – Sacramento Basin



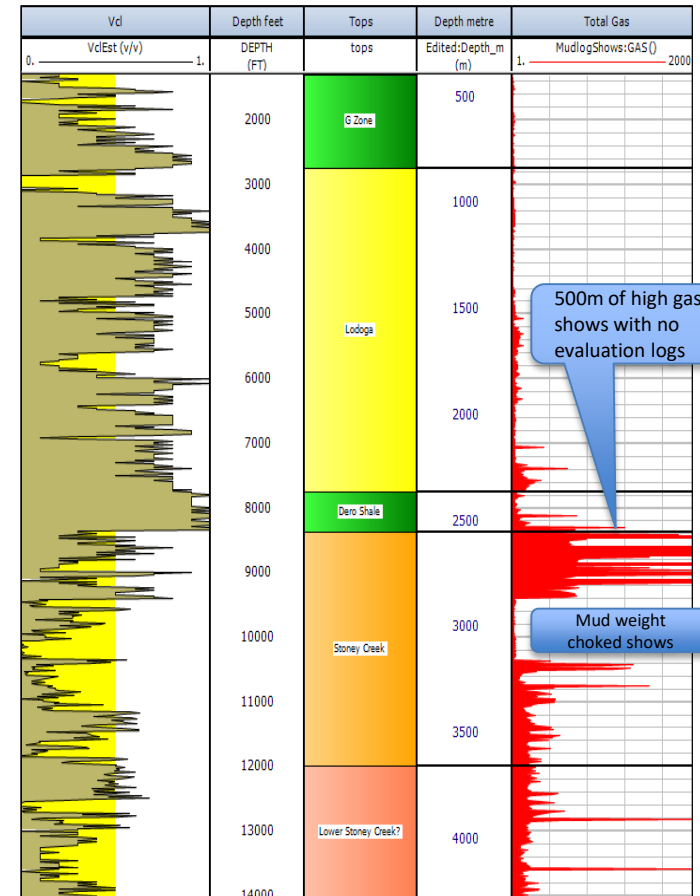
Alvares Project

Gas appraisal prospect – XST 21% Working Interest

- Alvares -1 was drilled in 1982 on a large anticline and encountered over 1,500m of gas shows and flowed gas to surface.
- Plan is to assess integrity of the well bore to either:
 - Log through casing and perforate and test zones of interest for natural gas, or
 - drill a side-track to fully appraise this old gas discovery



Published seismic line (hence poor data quality) showing the large Alvares structure



Composite well log from Alvares – 1 showing the lithology (yellow is sandstone, brown is shale) and the strong gas shows encountered while drilling

- As previously advised Xstate is seeking to enforce the Western Australian Supreme Court judgment “(Australian Judgment”) against the three Singapore based defendants.
- The Australian Judgment was awarded in favor of Xstate on December 4, 2017 and the WA Supreme Court ordered that the three defendants pay Xstate the following:
 - damages of US\$33,187,960;
 - plus interest of US\$1,612,934.86 (6% from February 2018)
 - The Company's costs of the entire Supreme Court action including reserved costs, to be taxed if not agreed
- Xstate is continuing to take and remains committed to taking all available legal steps to pursue the defendants for recovery of the judgment debt awarded in Xstate's favor, including:
 - Commencing committal proceedings against the defendants; and
 - Continuing proceedings for the examination of the judgment debtors, Hong and Tanzil.

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Glossary of Terms

Tcf: trillion cubic feet

Bcf: billion cubic feet

mmbbl: million barrels

mmboe: million barrels oil equivalent

JV: joint venture

WI: working interest

AMI: area of mutual interest

mcf: thousand cubic feet gas

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