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20 July 2018

ASX Limited

Electronic lodgement

Dempsey Project Sale Update

Summary

- Xstate has received a further non refundable deposit of US\$35,000 from Raven.
- Raven has exclusivity under the Binding Letter of Intent until August 31, 2018 to pay the balance of the USD cash component being US\$430,000.
- The final tranche of A\$500,000 is due 90 days after tranche 1 closing (November 29, 2018).

Comments

Xstate Resources Limited (**ASX: XST**) ("**Xstate**" or "**the Company**") is pleased to provide the following update in relation to the sale of its working interest in the Dempsey Project Area ("**Dempsey Project**") to Raven Energy Limited ("**Raven**"; ASX:REL).

Xstate advises that Raven has paid a further US\$35,000 non refundable deposit to the Company. Under the terms of the Binding Letter of Intent Raven now has an exclusivity period until August 31, 2018 at which point the balance of US\$430,000 (total US\$500,000) is due and payable.

The final payment of A\$500,000 payable in cash or Raven shares is due 90 days after tranche 1 closing and the deferred payment method is at the sole discretion of Raven. In the event that Raven elects to pay the final tranche in shares, Xstate will receive approximately 278 million ordinary Raven shares (placement price of \$0.0018 per share) that are escrowed for a period of 12 months.

Post completion of the Dempsey Project sale to Raven, Xstate will retain its working interest in the Alvares appraisal well and surrounding Area of Mutual Interest.

For and on behalf of the Board of Xstate Resources Limited

For further details please contact:

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About Xstate Resources Limited

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