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ASX Limited

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Subscription Agreements and LA Basin Acquisition Update

Xstate Resources Limited (**ASX: XST**) ("**Xstate**" or "**the Company**") provides the following update in relation to the Subscription Agreements and the Los Angeles Basin assets acquisition.

Xstate advises that as a result of the non-payment of subscription funds by investors who have signed binding, unconditional subscription agreements, the vendor of the Los Angeles assets being sold to Xstate in California, USA, has terminated the existing Purchase and Sale Agreement.

The Board of Xstate regrets that the non-payment of unconditionally committed funds has resulted in the Company's inability to complete a strategic and value accretive transaction as well as the loss of a non refundable deposit.

The board of Xstate will now immediately commence legal proceedings against the investors seeking damages resulting from the non-performance of their funding obligations to Xstate.

In this regard the Company has already appointed legal counsel in Australia and Singapore to expedite this matter.

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.