

RAVEN ENERGY LIMITED

17 July 2018

ACQUISITION OF XGAS LLC UPDATE

Raven Energy Limited (ASX: REL) (**Company** or **Raven**) is pleased to provide an update in relation to its proposed acquisition of Xstate Resources Limited's (**Xstate**) (ASX:XST) wholly owned subsidiary XGas LLC (**Acquisition**). As announced to the market on 7 May 2018 Raven entered into a binding letter of intent (**LOI**) with Xstate to acquire XGas LLC.

XGas holds a 10% working interest in the Dempsey 1-15 well and related production and infrastructure in the Dempsey gas project in the Sacramento Basin, California (**Dempsey Project**). The Dempsey Project is operated by ASX listed Sacgasco Limited (ASX:SGC) (**Sacgasco**). The well has already spudded and reached total depth in September 2017. The well has the potential for near-term, natural gas production because it is located below existing Sacgasco production facilities and the surface location of the well is adjacent to the Gas meter station that provides access to California's extensive pipeline system and markets. On 23 May 2018, Sacgasco announced that the Dempsey 1-15 well would produce into the sales gas pipeline at an anticipated rate of 1,200 mcf per day.

The Dempsey Project structure is a large 3-way dip, fault- bound structure continuing from shallow levels down to economic basement rocks and defined by 3D seismic. It is located in the central Northern Sacramento Gas Basin within a multi-field, gas producing area.

Raven advises that it has elected to exercise its option to extend the end date of the Acquisition by a further 45 days (**End Date**). Under the terms of the LOI, Raven must pay \$US35,000 to Xstate by 20 July 2018 and the End Date of the Acquisition will be extended to 31 August 2018 (**Extension Deposit**). The Extension Deposit will reduce the final payment of cash consideration payable by the Company on completion by \$US35,000. The balance of US\$430,000 (total US\$500,000) is due and payable on completion of the Acquisition which must occur before the End Date.

Additionally, The Company at its sole discretion will provide to Xstate, within 90 days of completion a final payment of A\$500,000 either in cash or Raven fully paid ordinary shares at A\$0.0018 per share and subject to a 12 month voluntary escrow period.

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At the time of this announcement, the cash balance of the Company is nil and the Company has approximately \$238,272 of shares in listed entities comprising \$53,846 of shares in High Peak Royalties Limited (979,025 shares at a share price of A\$0.055) and \$184,426 in Tonogold Resources (978,261 shares at a share price of US\$0.138 (A\$0.188)), which if required will be sold and converted into cash as necessary.

As per the Company's announcement dated 6 March 2018, the Company is also expecting to receive \$200,000 on or before 19 July 2018 as deferred consideration for the sale of its 25% interest in the Serowe Coal Seam Gas Project. The \$200,000 deferred consideration payment will allow the Company to meet its \$US35,000 cash obligation under the LOI to extend to the End Date.

Additionally, as per the Company's announcement dated 19 April 2018, Raven has access to a \$500,000 undrawn loan facility available which can be called upon at any time and used for project and or working capital purposes. In addition, Raven is working on further debt orientated financing arrangements upon completion of which the Company will advise the market accordingly.

Yours faithfully,



Nathan Featherby
Executive Chairman
Raven Energy Limited

About Raven Energy Limited

Raven Energy Limited is an Australian-based energy and gas resources exploration and development company, working to develop gas exploration and production projects. The Company is currently focused on its Tulainyo Gas Project in the Sacramento Basin California. The Company's goal is to create exceptional value for shareholders through expanding and developing its energy and gas interests both in Australia and internationally.