

RAVEN ENERGY LIMITED

17 August 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 and Xstate have agreed to vary the LOI by entering into a deed of variation (**Deed**). Under the Deed the terms of the LOI have been amended as follows:

- Raven has agreed to pay Xstate an additional non-refundable extension payment of US\$20,000 (**Second Extension Deposit**) payable on 31 August 2018. In consideration for payment of the Second Extension Deposit, Xstate has agreed to extend the end date of the Acquisition to 31 October 2018, unless extended by written agreement between the parties (**End Date**). The Second Extension Deposit will reduce the final payment of cash consideration payable on completion of the Acquisition by \$US20,000. The balance of US\$410,000 (total US\$500,000) is due and payable on completion of the Acquisition which must occur before the End Date.
- The share consideration element of the Acquisition has been amended whereby Raven shall issue Xstate the value of A\$500,000 in fully paid ordinary shares in Raven at a deemed issue price of \$A0.0018 per Share (**Shares**) subject to a 12 month voluntary escrow (**Share Consideration**) payable as follows:
 - (i) The issue of 138,888,889 Shares to Xstate representing 50% of the Share Consideration payable on execution of the Deed (**Tranche 1 Shares**); and

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- (ii) The issue of 138,888,889 Shares to Xstate representing the remaining 50% of the Share Consideration payable on Completion being no later than the End Date.

All other terms and conditions of the Acquisition pursuant to the LOI remain unchanged and continue to apply. For further details on the Acquisition refer to the Company's announcement dated 7 May 2018.

Raven will also be releasing the required Appendix 3B shortly after this announcement to confirm the issue of the Tranche 1 Shares to Xstate.

The parties have agreed that should the Acquisition not complete, the Second Extension Deposit, Tranche 1 Shares issued to Xstate and any other prior payments made to Xstate as part of the Acquisition are non-refundable and will be forfeited by Raven.

Raven is presently working on further financing and acquisition arrangements upon completion of which the Company will advise the market accordingly. It also expects to be in a position to update on the timing of the proposed shareholder meeting prior to 31st August 2018.

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.