



ABN 96 009 217 154

21 August 2019

ASX Limited

Electronic lodgement

Champion Project Farm in Termination

Summary

- The Champion project farm in agreement has been mutually terminated by Xstate and Mosman.
- Xstate has agreed to pay Mosman the sum of AUD\$50,000 as a break fee.
- Xstate has negotiated the termination of the farm in agreement due a delay in drilling activity and higher well costs which did not meet Xstate's financial hurdle metrics.
- Alternative asset expansion opportunities in the USA are currently being assessed.

Comments

Xstate Resources Limited (**ASX: XST**) ("**Xstate**" or "**the Company**") provides the following update in relation to the Champion Project farm in agreement with Mosman Oil & Gas Ltd (**AIM:MSMN**) ("**Mosman**") announced on May 8, 2019.

Xstate and Mosman have agreed to mutually terminate the farm in agreement. Under the terms of the termination, Xstate has agreed to pay Mosman the sum of approximately AUD\$50,000. In return Mosman has agreed to release Xstate from its farm in obligations, including any damages claim.

The parties have agreed to terminate the farm in agreement due to a delay in the drilling schedule and Xstate has negotiated to eliminate future obligations whilst examining various investment options.

The Company continues to actively seek to identify and evaluate further asset opportunities that meet Xstate's investment criteria and are capable of being delivered in a timely and cost effective manner.

For and on behalf of the Board of Xstate Resources Limited

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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.