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17 August 2018

ASX Limited

Electronic lodgement

Dempsey Project Sale Update - Deed of Variation

Summary

- **Xstate has revised the sale terms of its Dempsey Project working interests with Raven.**
- **Raven has agreed to pay Xstate an additional non refundable cash payment of US\$20,000 and shares in Raven to the value of AUD\$250,000 on or before August 31, 2018.**
- **Under the revised terms Raven has been granted exclusivity until October 31, 2018.**
- **The final tranches of cash USD\$410,000 and the balance of shares AUD\$250,000 are due and payable no later than October 31, 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 and Raven have agreed to the following amended terms of the sale of Xstate's USA subsidiary XGas LLC which holds the Company's working interests in the Dempsey Project leases.

Raven has agreed to pay Xstate a further non refundable deposit of US\$20,000 (total paid US\$90,000) and issue Xstate with 50% of the share consideration on or before August 31, 2018. Xstate will be issued with approx. 139m Raven shares at \$0.0018 per share which is equivalent to AUD\$250,000 and represents half the consideration under the share component of the transaction.

Under the revised sales terms the remaining cash component of US\$410,000 and share consideration of AUD\$250,000 (i.e. approx. 139 million shares) will be payable by Raven to Xstate no later than October 31, 2018. Should Raven not complete the transaction by the revised closing date all cash payments (US\$90,000) and share payments made by Raven will be forfeited and regarded as a break fee.

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

The Board of Xstate considers the revised terms as a strong commitment from Raven to close the transaction and looks forward to the execution of formal documents between the parties.

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.