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10 May 2018

ASX Limited

Electronic lodgement

Dempsey Project Sale Update

Summary

- Xstate has received a non refundable deposit of US\$35,000 from Raven.
- Raven has exclusivity under the Binding Letter of Intent until July 15, 2018 to pay the balance of the USD cash component being US\$465,000.

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 is pleased to advise that Raven has paid US\$35,000 non refundable deposit to the Company. Under the terms of the Binding Letter of Intent, Raven now has an exclusivity period until July 15, 2018 to pay the balance of US\$465,000 (total US\$500,000) or make an additional non refundable deposit of US\$35,000 to extend closing to August 31, 2018, at which point the balance is due and payable.

A further payment of A\$500,000 payable in cash or Raven shares issued at \$0.0018 cents per share is due 90 days after closing and the deferred payment method is at the solo discretion of Raven.

The Dempsey Project includes Xstate's working interests in the current well being drilled, Demspey 1-15, surrounding leases, land, mineral ownership, wells and related production and infrastructure. Post completion of the Dempsey Project sale to Raven, Xstate's sole exposure in the Sacramento Basin will be its working interest in the Alvares appraisal well and Alvares 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.