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3 February 2021

ASX Limited

Electronic lodgement

Successful Placement / Increase in Borba Working Interest

- **Xstate is pleased to advise it has placed 500 million shares at 0.8 cents per share to raise \$4,000,000 (before costs).**
- **Proceeds will be used to fund the the Company's share of costs for the imminent drilling of the Borba 1-7 well in California and will provide working capital for further investment opportunities that are being assessed.**
- **Xstate has agreed to fund an additional 13.5% of the Borba well cost to earn and additional 9.33% of the Borba well, taking Xstate's working interest in the Borba leases to 33.33% for 37.5% of the well cost.**

Xstate Resources Limited (**ASX: XST**) ("**Xstate**" or "**the Company**") is pleased to announce that it has raised \$4,000,000 (before costs) via a private placement to new and existing domestic investors ("**Placement**").

The Placement will result in the issue of 500 million new fully paid ordinary shares in the Company ("**Shares**") at an issue price of \$0.008 per share.

The Placement was made follows:

- 284,142,577 shares were placed under the Company's ASX LR 7.1 placement capacity.
- 215,857,423 shares were placed under the Company's ASX LR7.1A placement capacity.
- All shares were placed pursuant to s708 of the Corporations Act.

Borba Working Interest

Xstate and Sacgasco Limited (**ASX:SGC**) have entered an agreement whereby Xstate will earn a further 9.33% interest in the Borba leases by expending 13.5% of the Borba well cost. The funds raised by the placement cover the expanded well cost to Xstate.

Funds

Additional funds raised above the Borba well cost will see the Company very well placed to explore numerous opportunities that have been made available to the Company on shore North America for assessment in recent months.

Alberta Plains Acquisition Update

On 28 January 2021, Xstate announced the acquisition of further production interest in Alberta, Canada. The announcement stated that the acquisition by Xstate was subject to the completion of the acquisition of the assets by the vendor, Blue Sky Resources Limited ("**Blue Sky**"). Xstate can now confirm that Blue Sky has completed the acquisition and have now acquired the assets, thus enabling Blue Sky to dispose of a 10% interest in the assets to Xstate per the terms previously announced.

Xstate Managing Director David McArthur commented:

“The Directors of Xstate are very appreciative of the overwhelming support shown for the drilling of the Borba well in California through the applications received under the current placement. The ability to increase the Company’s interest in the well to 33.33% has been recognized as a strategic step for the Company immediately prior to drilling of the well.

The Company has been able to raise sufficient funds over and above the Borba well costs to fast track the workovers of the recently acquired production interests in Alberta, and also enables the Company to seriously consider some of the extremely attractive investment opportunities that have been made available in recent weeks at current relatively low oil prices in North America.”

This release was approved by the Board of the Company

David McArthur

Managing Director

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 interests together with production interests in Alberta, Canada. Xstate is presently pursuing new opportunities in the oil and gas sector onshore North America.