



ABN 96 009 217 154

20 May 2015

ASX Limited

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ANNUAL GENERAL MEETING PRESENTATION

Attached is a copy of a presentation to be given by the Company's Managing Director, Mr Chris Hodge, at today's Annual General Meeting.

The presentation will also be available on our website www.xstate.com.au.

On behalf of the Board of Directors

XST

Xstate Resources
Limited

Annual General
Meeting

20 May 2015

**Positioned for Success
in a low oil price
environment**

**Portfolio of TCF–scale
Prospects
Onshore California**

Corporate Information

Shares on Issue	~180 million
Unlisted Options	17.0 million at 6-10 cents expire 31/12/15 19.5 million at 4-8 cents expire 31/05/16 2.5 million at 5 cents expire 31/12/16
Top 10 shareholders	35%
Top 20 shareholders	48%
Directors	>5%
Directors	Chris Hodge: Managing Director Ian Tchacos: Independent NED David McArthur: NED & Company Secretary
Cash	\$220,000



1 year price chart for XST (red) versus the Energy Index (blue)

California Strategy – prolific old basins, new ideas

Why California?

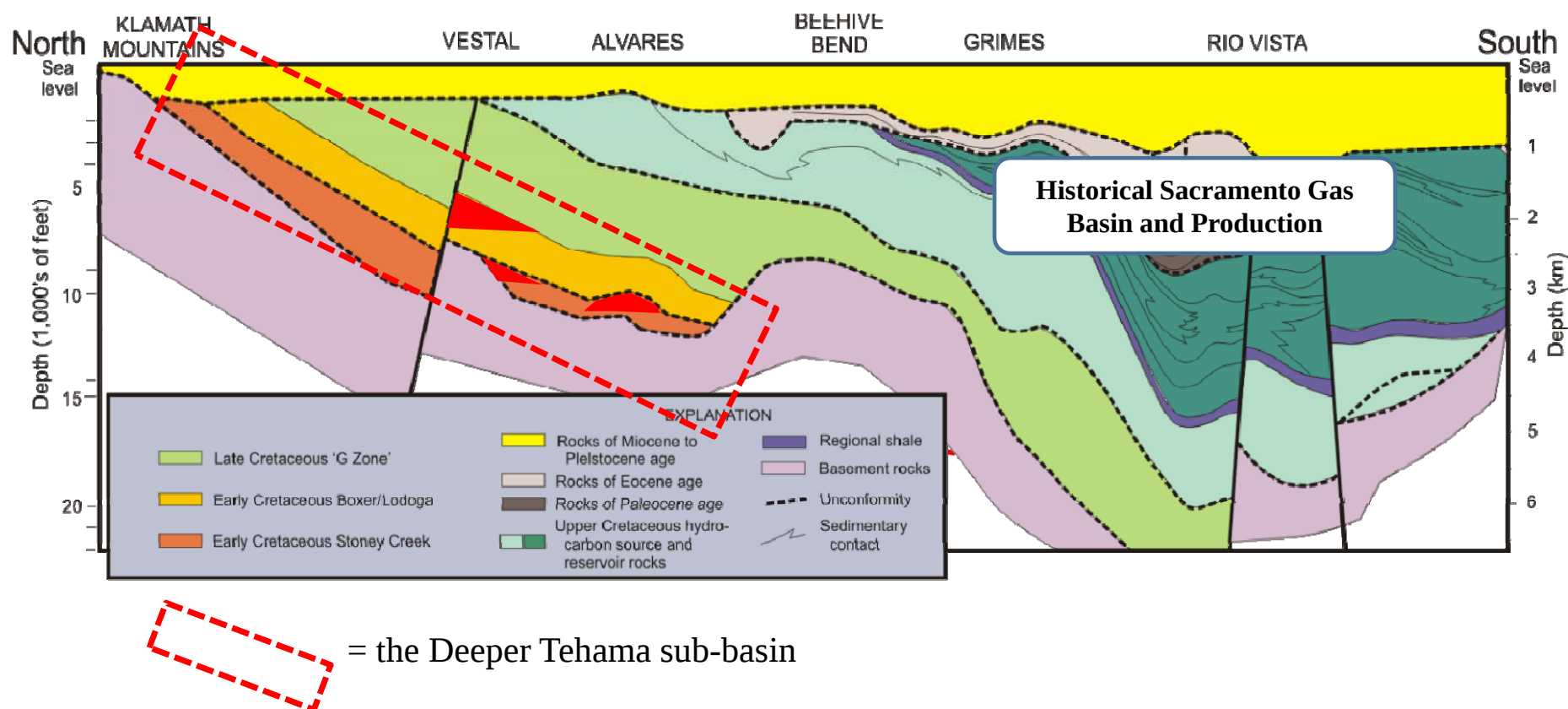
- Proven and prolific conventional petroleum systems and production history
- Well information, seismic data and drilling services readily available
- With good people and our history and operating experience we have the ability to find overlooked opportunities
- Inexpensive lease and drilling costs
- Strong gas market and infrastructure

Strategy

- Innovative geological and geophysical interpretation to identify prospects
- Take up ground floor land positions over prospects and prospective trends
- Build a prospect portfolio with materiality, diversity and follow-up potential
- Secure funding for drilling via farmout
- Position company to maximise value from success

In the current low oil price environment XST continues to seek a suitable farminee – at the same time prudently managing its cash.

Tehama Early Cretaceous Basin – our technical edge



The deeper Tehama-sub Basin contains the play types that XST is chasing – older but not deeper and under-explored.

Sacramento Basin - high potential prospects

	Prospect Size	100% Value	Value net to XST	Chance of Technical Success	Estimated Total Depth (metres)	Cost to Drill
	Best estimate – recoverable	US\$ millions	US\$ millions	To recover measureable quantities of gas		US\$ millions
Alvares	2.4 TCF	\$2,400mm	\$600mm	>60%	~3,000m	4 – 8**
Dempsey	1.0 TCF	\$1,000mm	\$100mm	~50%	3,200m	4.5
Arnaudo	20 BCF x2	\$50mm	\$5mm	~40%	2,500m	2
Totals	3.4TCF	3.4 Billion	\$705mm			

Total net risked resource to XST = ~400BCF with a value of ~US\$400m (at US\$1 in the ground)

** depending on whether a redrill or a side-track of the existing well

Note: Prospect sizes and POS previously referenced in 2014 XST Annual Report and in Oct 2014 Corporate Presentation

Gas Market in California

- Gas Prices in California remain at attractive levels for the development of large conventional sandstone reservoirs - gas trades at a premium to southern states
- Current gas market in California is 2.5 TCF per year – 90% of which is imported
- Existing pipeline network provides access to growing North American export LNG markets
- XST participation in Cal LNG joint venture provides optionality and upside for monetising exploration success

2015 Activity

- **Secure farmin partner for Dempsey and Alvares prospects**
 - Potentially exercise option to secure additional interests over Dempsey and other 3D prospects
 - Continue to generate new prospects and lease land
 - Drill Dempsey (~1 TCF gas – via farmout)
 - Drill Alvares (>2 TCF gas – via farmout)
 - Drill Arnaudo (~40BCF gas – via farmout or at equity)
 - Drill Porter Ranch (~10mmbbbls oil – via farmout or drill at equity)
- A diverse portfolio of prospects**

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Chris Hodge, Managing Director of Xstate Resources Limited. He is a qualified geologist with over 30 years technical, commercial and management experience in exploration for, appraisal and development of oil and gas. Mr Hodge consents to the inclusion of the information in the form and context in which it appears.

In accordance with ASX Listing Rules, any new hydrocarbon resource information in this document has been reviewed by Australian Oil Company's Technical Director, Mr Keith Martens, who has over 35 years of experience in the sector, with 15 years of experience in working in North America. Mr Martens is a qualified resources evaluator and consents to that information being included in the form and context in which it appears.

Before investing it is recommended that you conduct your own due diligence and consult financial and technical advisors.