ABN 96 009 217 154

26 June 2017

ASX Limited **Electronic lodgement**

Subscription Agreements - Legal Proceedings Update

Xstate Resources Limited **(ASX: XST) ("Xstate" or "the Company")** provides the following update in relation to the non-payment of A$25 million in subscription funds by four investors who had signed binding, unconditional subscription agreements, such non-payment resulting in the termination by the vendor of Xstate's acquisition of the Los Angeles Basin assets.

On 15 May 2017, the Board of Xstate advised that the Company had served all four investors Letters of Demand, seeking substantial compensation for the loss and damage it has suffered in consequence of breach of the agreements. The investors were given 14 days to respond to the Company's claim.

Xstate advises that a Writ of Summons has been served on three of the four investors. The defaulting investors have 42 days in which to respond.

As previously advised Xstate confirms that initial court proceedings for the breach of agreement will be heard in Western Australia in relation to this matter. Xstate has appointed Clifford Chance, lawyers, in Perth and Singapore to act on behalf of the company.

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.