Sacramento Basin Update

Upcoming Drilling Activity

California focused with a portfolio of several projects including Gas Production, Gas Production Enhancement, and High Impact Exploration and Appraisal

ASX: XST

Investor Presentation - July 2017

Xstate Resources Limited
Company Overview

- California focused natural gas producer with high impact gas exploration and appraisal
- Highly Qualified Board & Management team
- Near term activity to drive share price
  - Dempsey-1 exploration well (July 2017)
  - Alvares appraisal well (late 2017)
  - Production enhancements to increase cash flow (ongoing)
  - Settlement of Legal dispute
- Ongoing search to acquire low cost, low risk, profitable production
- Low cost company with focus on Projects rather than Overheads

Corporate Summary: ASX:XST as at July 7, 2017	
Current Shares on Issue	626.9 million
Options @$0.05 (expire Dec 2020)	42.0 million
Market Cap (@$0.007/share)	A$4.4 million
12 Month High/Low ($/share)	$0.027 / $0.003
No of Shareholders	1,528
Top 20 Shareholders	48.0%
Directors/Management	+5.0%

Xstate Share Price & Volume – 12 Months

Source: Bell Potter Securities

Investment Thesis
Near Term Catalysts for Growth

- Two "drill-ready" prospects: Dempsey -1 well and Alvares appraisal activity
- Three newly identified prospects on trend, mapped on 3D seismic and in process of being leased

Value catalysts

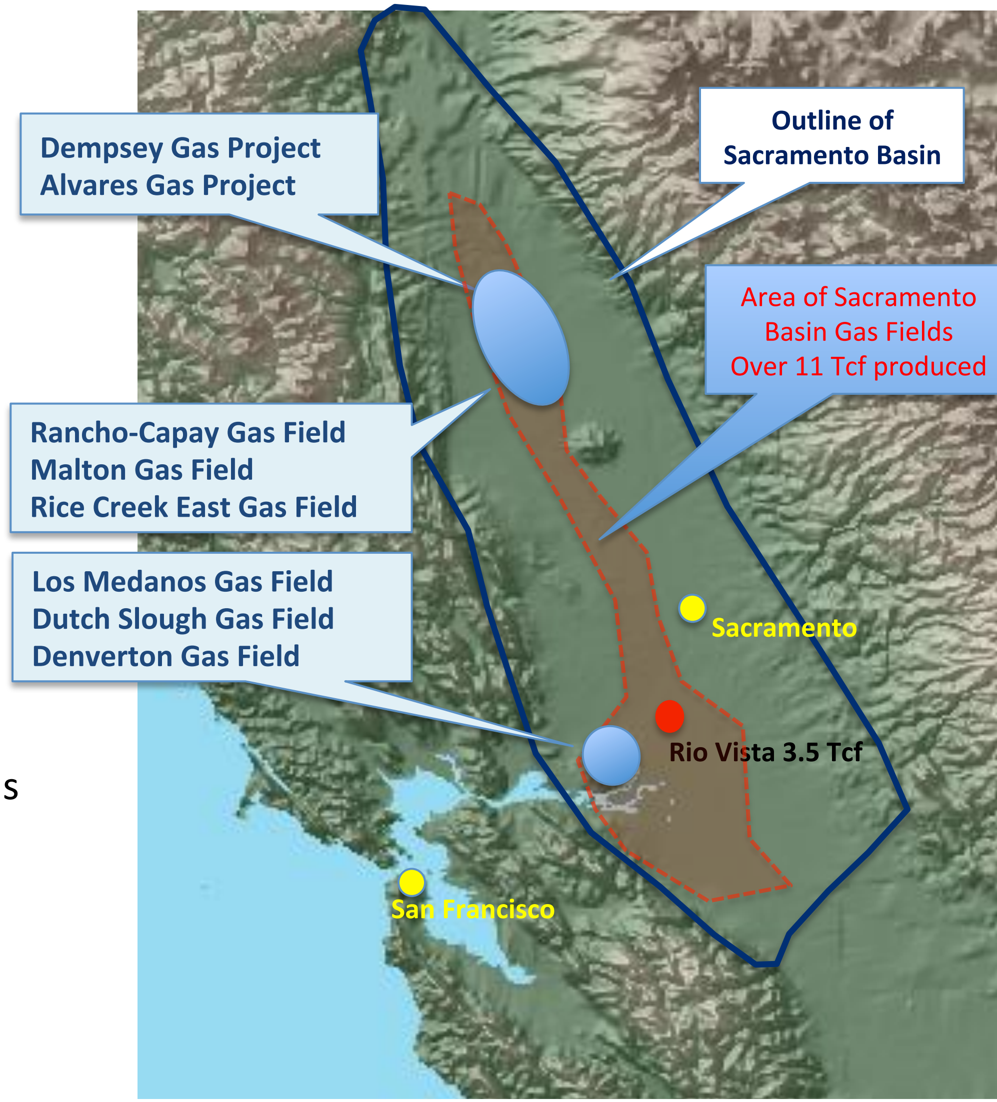
1. **Exploration Well: imminent exploration drilling of Dempsey-1 targeting >1 Tcf[1] (100%)**
   - Drilling late July 2017; Xstate's share of drilling cost US$440,000 (Drill & Complete)
   - Xstate 10% WI equivalent to >100 Bcf[1] net
   - Several follow up prospects and leads identified "on-trend"
2. **Appraisal Activity: on Alvares gas discovery targeting >2 Tcf[1] (100%)**
   - Xstate 21% WI equivalent to >400 Bcf[1] net
   - Re-entry of existing well planned 2H 2017; Xstate share of drilling cost US$80,000
3. **Corporate**
   - Settlement of legal dispute
4. **New Ventures**
   - Ongoing search to acquire low cost, low risk, profitable oil and gas production

[1] Unrisked Recoverable Best Case Prospective Resources

Sacramento Basin

Strategy - Targeting World Class Natural Gas Fields

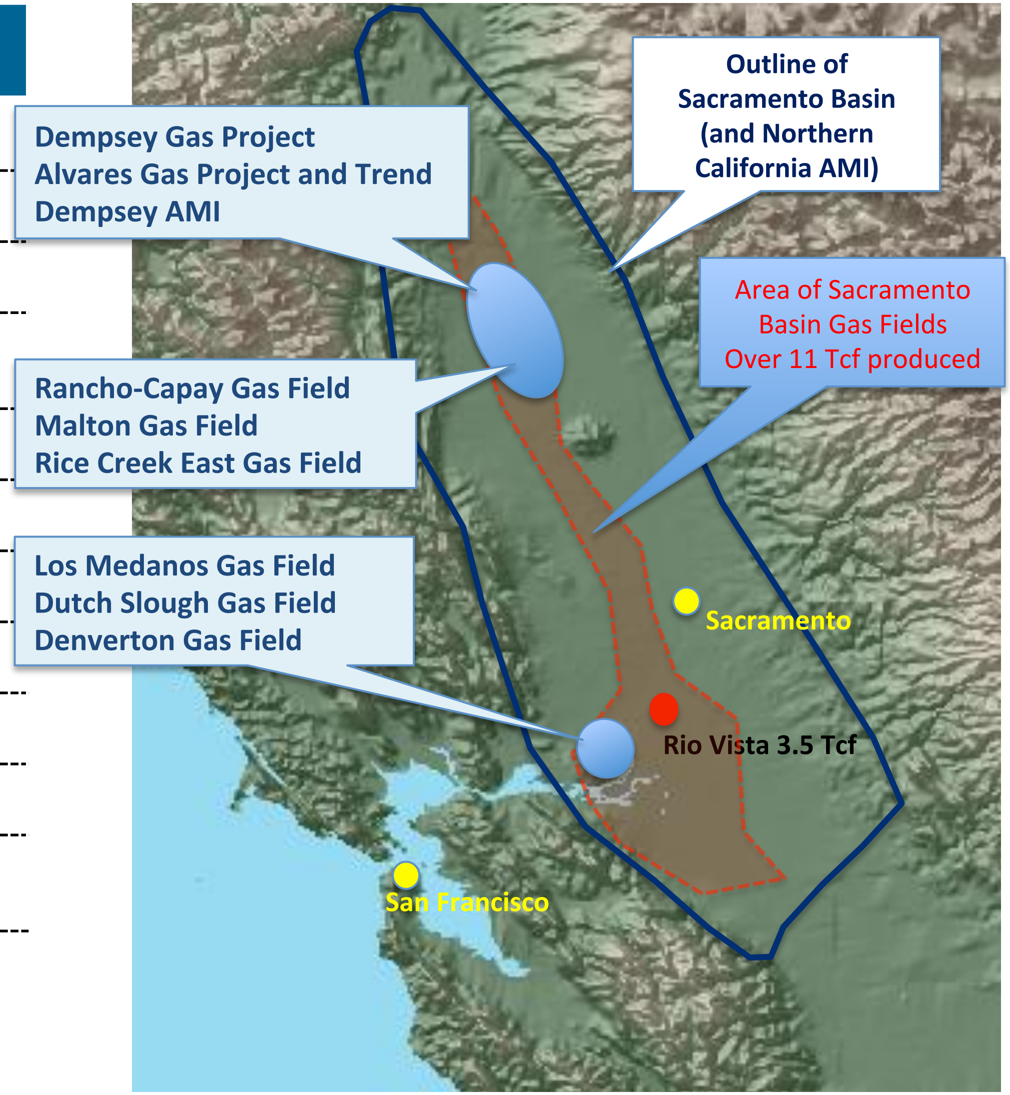
- Targeting low risk and/or multi - Tcf prospects onshore Sacramento Basin, California
- Technical edge: use of 3D seismic, extensive database, local knowledge, long experience in the basin to identify prospects
- Technical edge: focus on lightly explored or undrilled deeper formations, typically beneath producing gas fields. A proven strategy.
- Build a prospect portfolio with materiality, diversity and follow-up potential
- Take up ground floor land positions over prospects and prospective trends.
- Several prospects identified; currently in various stages of leasing
- Existing gas fields acquired either to secure an acreage position or to access undeveloped gas reserves



Assets

Assets/Projects	XST WI	Resource (Tcf[1]) Gross	Net
Alvares Appraisal[2]	21%	2.4	0.5
Alvares Trend[3]	24%	3 large prospects	
Dempsey Prospect	10%	1.0	0.1
Dempsey AMI	30%	Active leasing on 3 large prospects	
Rancho Capay	10%	n/a	n/a
Malton Gas Field	30%	n/a	n/a
Rice Creek East Gas Field	10%	n/a	n/a
Los Medanos Gas Field	10%	n/a	n/a
Dutch Slough Gas Field	30%	n/a	n/a
Denverton Gas Field	30%	n/a	n/a
Northern California AMI	30%	Active Prospect Generation	

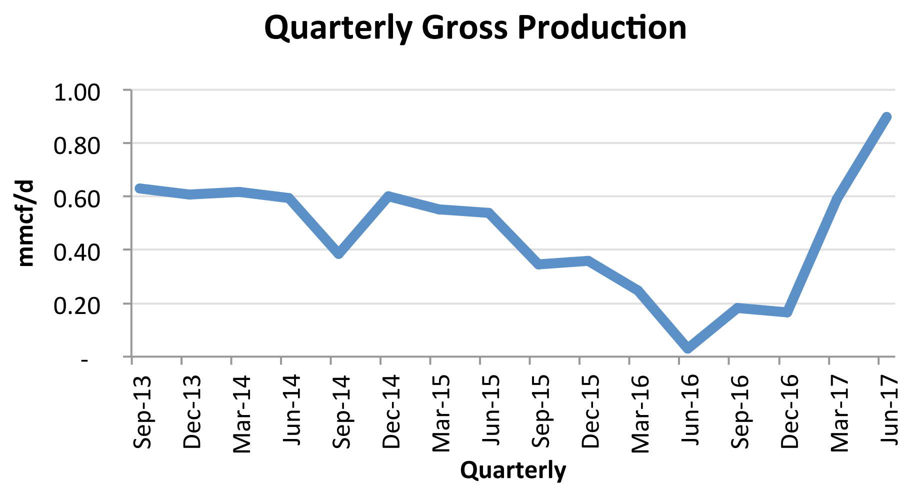
Notes
[1] Unrisked Recoverable Best Case Prospective Resources
[2] Assumes sale of 4% WI to Bombora Natural Energy Pty Ltd
[3] Assumes sale of 6% WI to Bombora Natural Energy Pty Ltd



Production Assets
Material production increases

- Recent acquisitions and development/work overs have materially increased production
- Legacy gas fields
  - Rancho Capay and Los Medanos Gas Fields
  - 165 mcf/d[3]; March 2017
- Recently acquired
  - Malton, Dutch Slough, Denverton and Rice Creek East Gas Fields
  - 640 mcf/d[3]; March 2017
- Shut in wells identified as work over targets with immediate production upside

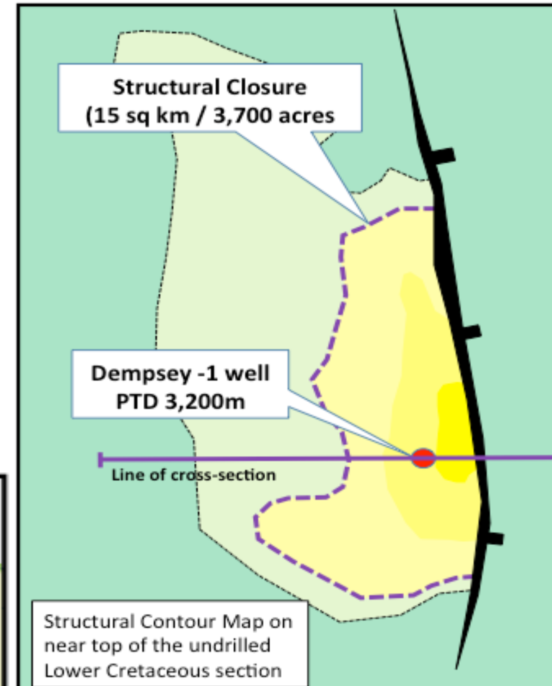
Assets/Projects	XST WI
Malton Gas Field	30%
Rancho Capay	10%
Rice Creek East Gas Field	10%
Los Medanos Gas Field	10%
Dutch Slough Gas Field	30%
Denverton Gas Field	30%

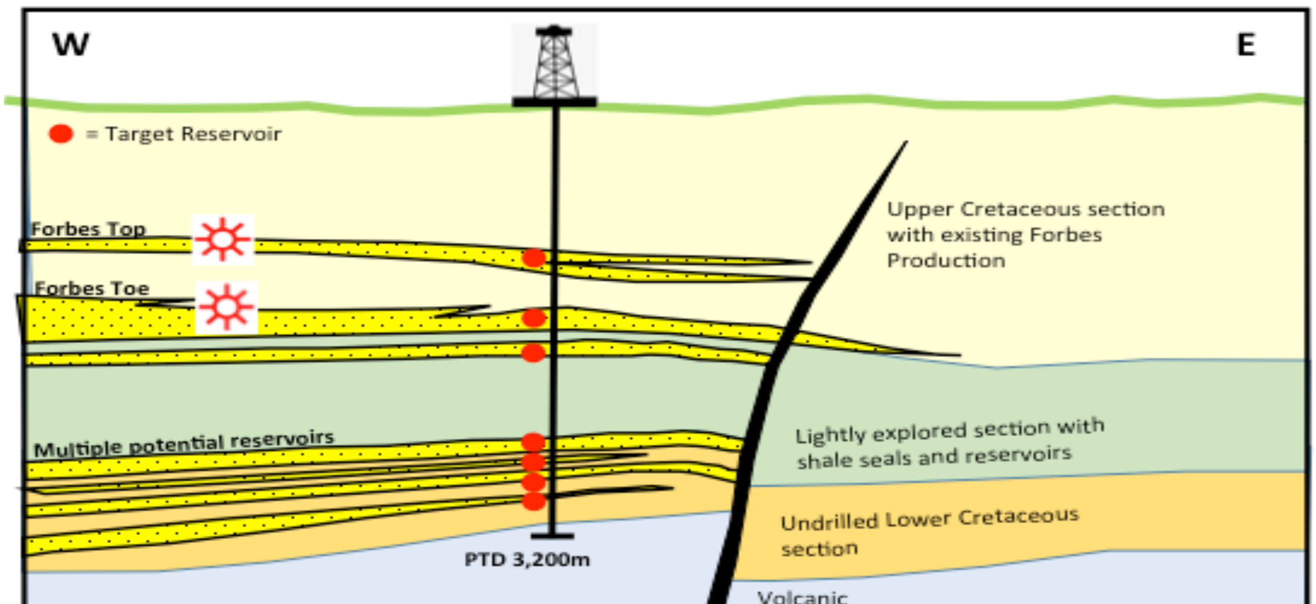


[1] As at March 31, 2017
[2] mcf/d is defined as thousand cubic feet per day

Dempsey Project
Multi-Tcf gas exploration prospect – XST 10% Interest

- Dempsey will be the first prospect to unlock the high-multiple upside of the Sacramento Basin
- Simple prominent high relief structure mapped on 3D seismic
- 100% deterministic unrisked recoverable Best Case Prospective Resources ~1 Tcf* gross
- Reduced risk - 7 stacked independent conventional sand reservoirs
- Multiple independent targets, range from 1+ Bcf* to 350+ Bcf*
- Strategically located nearby owned infrastructure





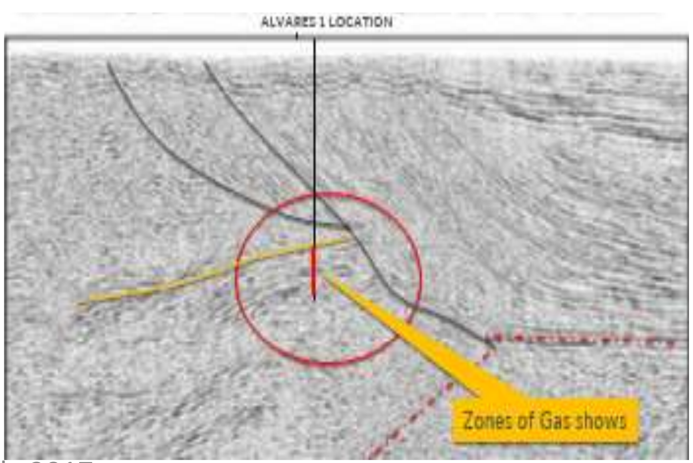
* Further details were included in the operators, Sacgasco Limited (ASX:SGC) Company's ASX release dated 4 September 2014.
Prospective resources: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons

Alvares Project

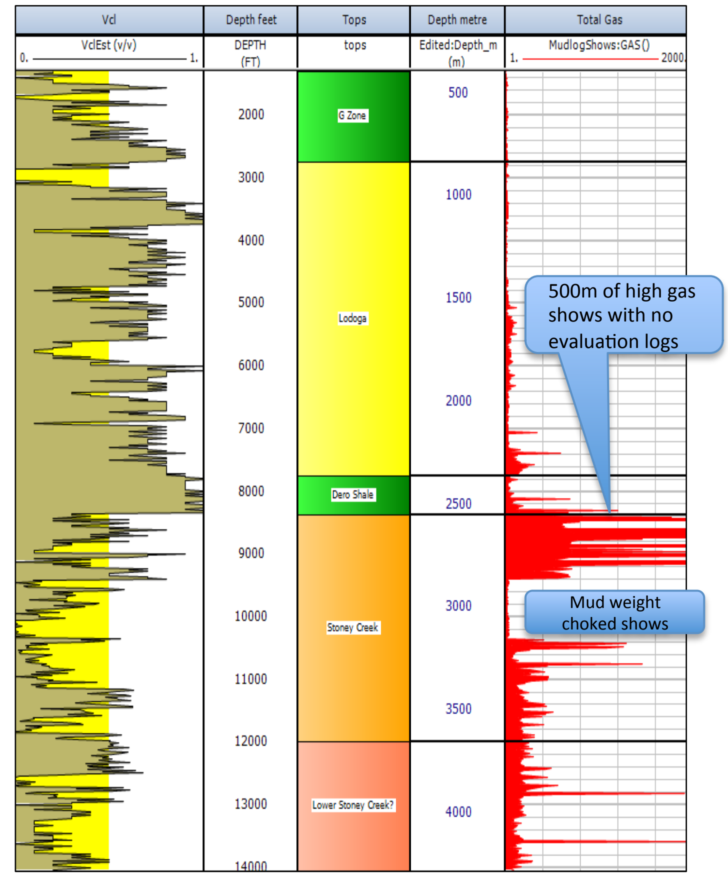
Multi Tcf gas appraisal prospect – XST 21%[1] Interest

- Targeting unrisked recoverable Best Case Prospective Resources of 2.4Tcf** (100%)
- Alvares -1 was drilled in 1982 on a large anticline & encountered over 1,500m of gas shows and flowed gas to surface
- The forward plan at Alvares will be to appraise this gas discovery by either a re-entry to flow-test potentially productive sands, or to drill a new well
- Alvares is on trend to the analog Tulainyo discovery which is now confirmed to have encountered "multiple stacked gas-bearing reservoirs" over a 50 square mile structure

Below: Published seismic line from Texaco (hence poor quality) showing the large Alvares structure



Right: Composite well log from Alvares – 1 showing the lithology (yellow is sandstone, brown is shale) and the strong gas shows



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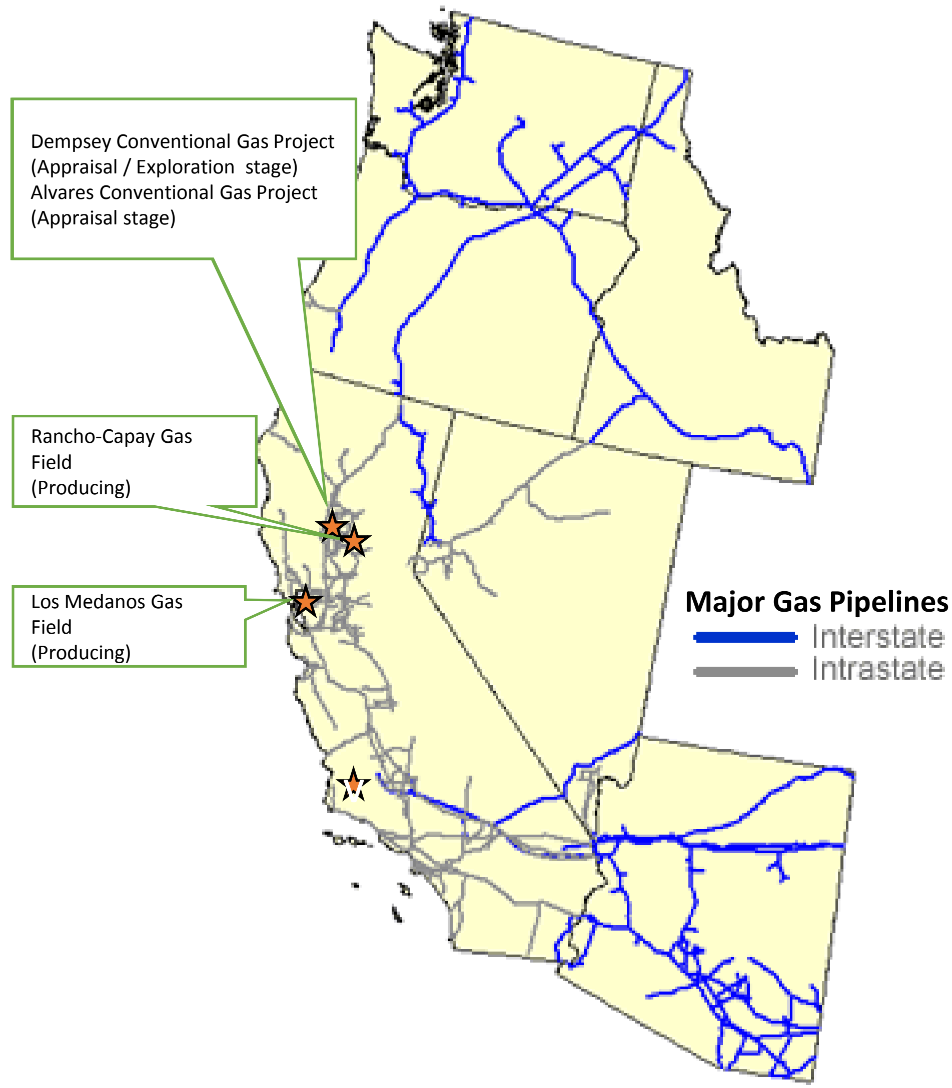
Appendix

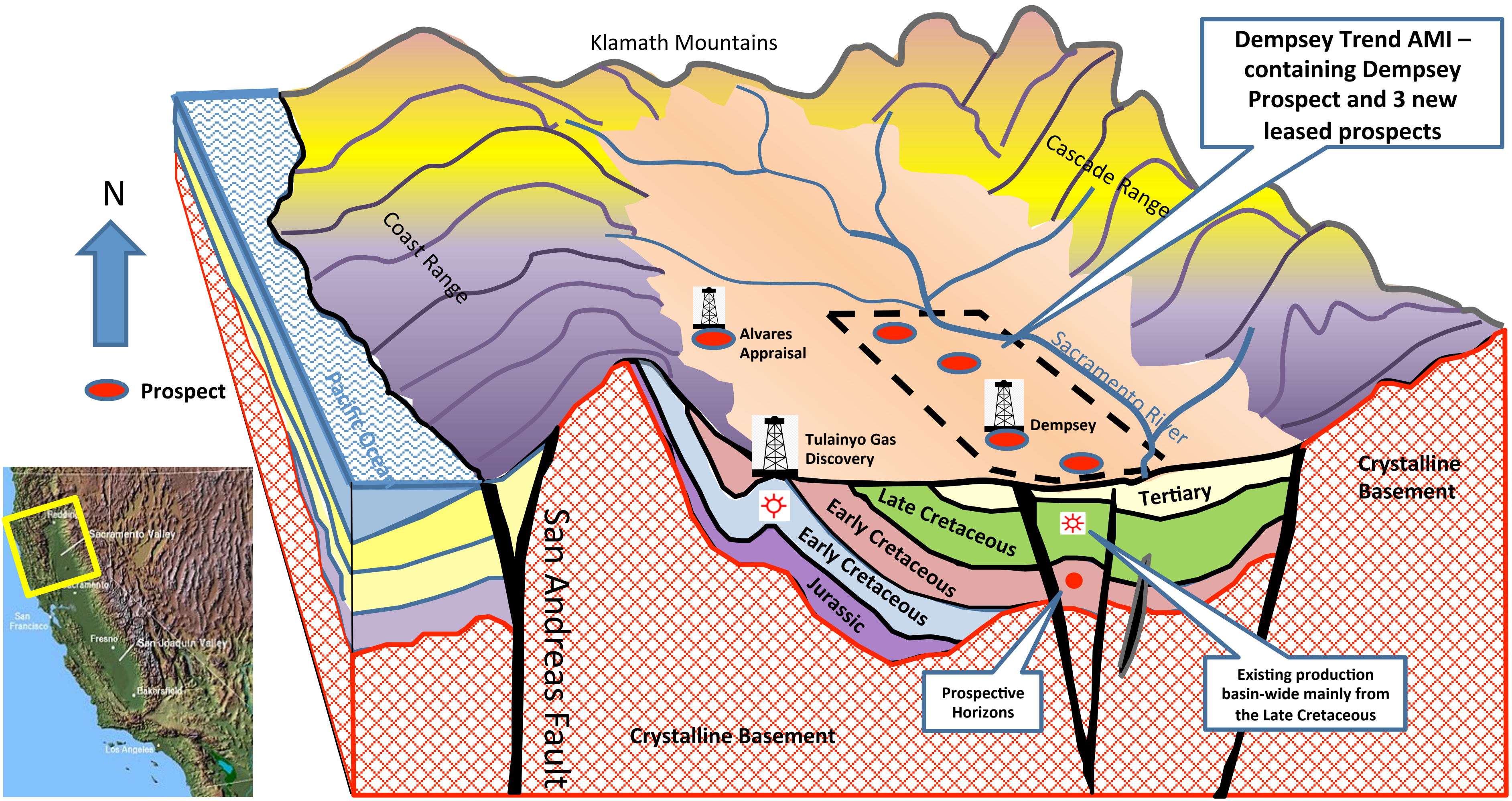
01. Sacramento Basin

Sacramento Basin
Underexplored Onshore Conventional Gas Basin

- Conventional Natural Gas Assets with Significant unrecognized value potential.
- Untapped (>1 million acres) region of proven 11 Tcf Sacramento Basin, California.
- California has compelling gas market dynamics.
- California is short gas – 90% of annual 2.5 Tcf gas usage is 'imported'.
- Locally produced gas commands a 15% premium to Henry Hub.
- Sacramento Basin has produced over 11 Tcf gas; 3.5 Tcf gas produced from Rio Vista field alone.
- Many traps have been overlooked and the basin is under-explored.
- Proven petroleum systems: two wells tested valid gas traps, both flowed gas to surface.
  - Both wells found over 1,500 meters of gas shows.

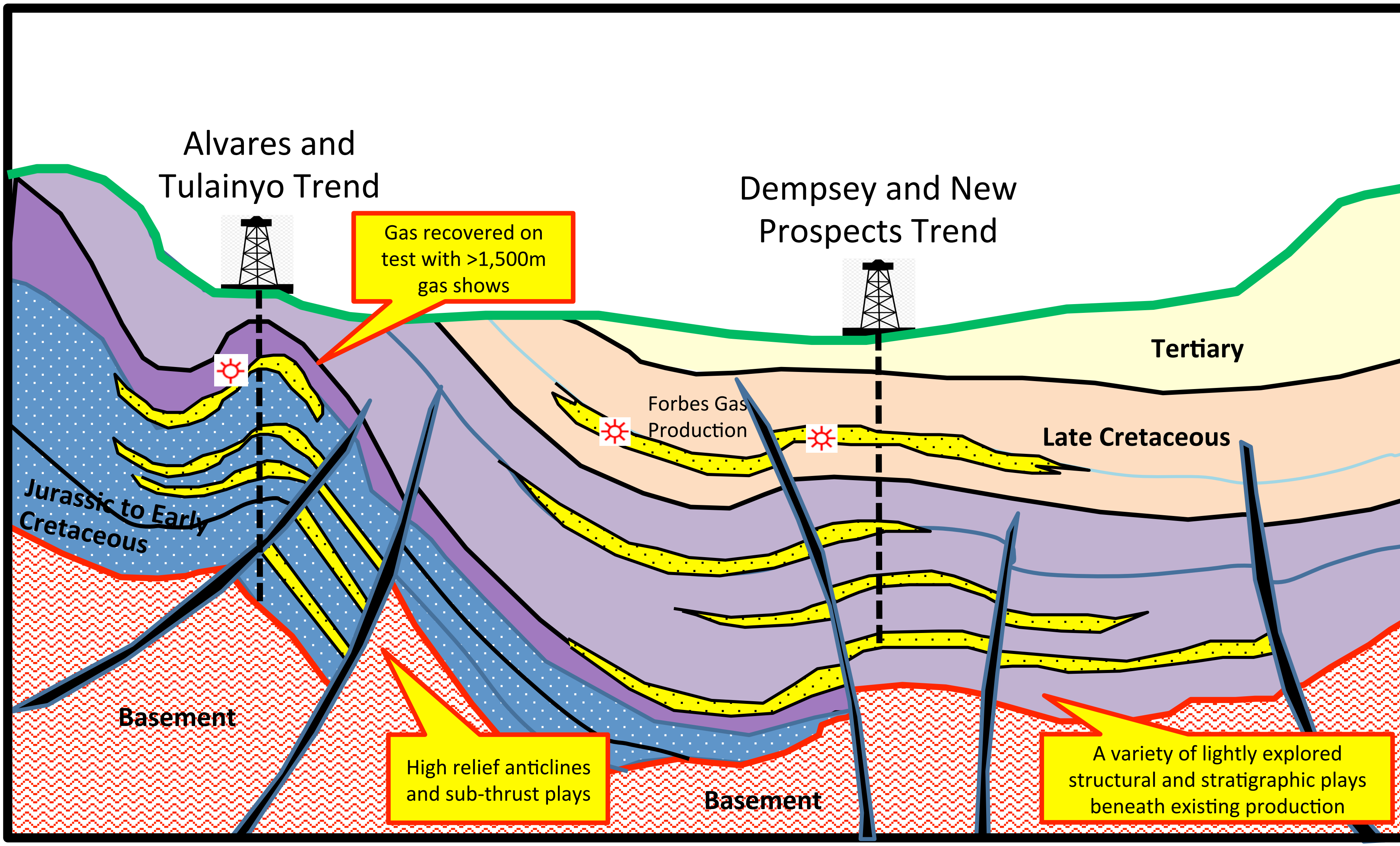


Sacramento Valley Schematic
Prospects and Geology of Sacramento Basin



Sacramento Basin Gas Plays

A tale of Two Trends



Appendix

02. Xstate Resources Limited – Board and Management

Xstate's Competitive Advantage
World Class Technical and Commercial Expertise

- Established a unique group of individuals at a Board and Management level with the key attributes to deliver success.
- Board and Management has a proven track record establishing, growing and ultimately monetizing junior oil and gas companies.

Technical Knowledge	✓ Highly experienced technical team ✓ Qualified expertise in sub-surface appraisal and surface development ✓ Large company expertise with small company agility
Commercial Experience	✓ Strong deal structuring skills ✓ Robust Business Development skills ✓ Wide Contractual Agreement knowledge
Financial Expertise	✓ Prudent financial/cash management ✓ Strong Banking (debt and equity) relationships ✓ Extensive Finance & Risk Management
Californian Expertise	✓ Long standing contacts in the Californian Oil & Gas sector ✓ All senior management have worked in California ✓ Extensive seismic data base covering project areas

Xstate's Board and Management

Complementary skills and a proven track record

Cosimo Damiano − Managing Director: is a finance professional whose experience involves the strategic analysis and financial modeling of oil & gas companies for global Investment Banks and Energy Commodity Trading companies in a and principal investment role. This experience has provided Mr. Damiano with a strong commercial understanding and analytical analysis of financing oil and gas assets across various geographic and fiscal regimes. He has extensive experience in North America, representing the Mercuria Group as a Director of Upstream Investments and represented Mercuria's Board interests in the company's oil and gas investments throughout North America located in Canada, California, North Dakota and Argentina.

Ian Tchacos Non Executive Director: is a petroleum engineer with over 25 years international experience in corporate development and strategy, mergers and acquisitions, exploration, development and production, operations, marketing and finance. He has a proven management track record in a range of international company environments. In his last appointment as Managing Director of Nexus Energy he was responsible for the company's development from an onshore micro cap explorer to an ASX top 200 onshore production and operator. Mr. Tchacos is currently Executive Chairman of ADX Energy Limited and Non Executive Chairman of Riedel Resources Limited and 3D Oil Limited.

Chris Hodge – Non Executive Director: is a structural geologist and petroleum geophysicist by training. Over a career spanning 35 years he has occupied senior positions at Ampolex (exploration and country manager), Adelphi Energy (MD), Eureka Energy (Advisor) and Roc Oil (Director). Each of these companies was successful during Mr. Hodge's tenure and each was ultimately taken over. In addition he has consulted to both Mitsui and Mitsubishi where he assisted in the building of exploration portfolios and making significant wildcat oil discoveries.

David McArthur − Non Executive Director & Company Secretary: is a Chartered Accountant, having spent four years with a major international accounting firm, and has over 30 years' experience in the accounting profession. Mr McArthur has been actively involved in the financial and corporate management of a number of public listed companies over the past 27 years. He has substantial experience in capital raisings, company reorganizations and restructuring, mergers and takeovers, and asset acquisitions by public companies. Mr. McArthur is an executive director of Lodestar Minerals Limited and Renewable Heat and Power Limited, a Non-Executive Director of Shark Mitigation Systems Limited and is Company Secretary for a number of public listed companies.

03. Legal Update

Corporate Update
Litigation against four investors

- On April 19 , 2017, Xstate commenced legal proceedings against the four investors in Singapore and Indonesia for breach of contract
- Letters of Termination and Letters of Demand (May 15, 2017) where subsequently served on all four investors seeking substantial compensation for the loss and damages Xstate has suffered directly as a result of their breach
- Late June 2017 , Xstate advised that a Writ of Summons had been served on three of the four investors and the three investors who have been served have until early August to enter appearances with the Supreme Court of Western Australia
- As previously advised Xstate confirms that initial court proceeding for the breach of agreement will be heard in Western Australia in relation to this matter
- Xstate is endeavoring to reach a resolution with the investors in respect of Xstate's claim for damages relating to the investors' breach of contract
- Xstate has appointed Clifford Chance, lawyers, in Perth and Singapore to act on behalf of the company

04. Qualifications & Disclaimer

Qualifications

Cautionary Statement

Further details were included in the operator's, Sacgasco Limited (ASX:SGC) Company's ASX release dated 4 September 2014.

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Competent Persons Report

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, Non Executive 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.

Glossary

Tcf is defined as trillion cubic feet

mmbbl is defined as million barrels

mcf/d is defined as thousand cubic feet per day

Bcf is defined as billion cubic feet

mmboe is defined as million barrels oil equivalent

WI is defined as working interest

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