ABN 96 009 217 154

13 October 2017

ASX Limited **Electronic lodgement**

Legal Update on Supreme Court Action

Comments

Xstate Resources Limited **(ASX: XST) ("Xstate" or "the Company")** provides the following update in relation to its Supreme Court action against Tanzil Hidayat, Chloe Kowk Yun Qing, Hong Hung Thiam and Kevin Lim Gunawan seeking damages for 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 as previously advised to the market .

On 5 October 2017, Xstate advised the market that the defendants had requested an additional 4 weeks to file any affidavits in response to the summary judgment application made by the Company. The Company declined to consent to the defendants' request and a directions hearing was held on 12 October 2017 before Master Sanderson of the WA Supreme Court to make a ruling.

Xstate opposed the defendants' request for the additional four weeks. It raised, among other grounds of opposition, the prejudice which the Company is suffering as a result of the delays, the defendants' several earlier requests for extensions, their differing reasons for requesting extensions and emphasised Xstate's desire to ensure the special appointment is heard before year's end.

The Court agreed to grant the defendants an extension while still having the special appointment heard before the end of the year. The Court recorded that no further extension would be granted and said that the revised timetable must be honoured. The Court set the following timetable:

1. The defendants file any affidavits in response to the summary judgment application by 2 November 2017 (was 3 October 2017).
2. Xstate to file any affidavits in response by 16 November 2017 (was 24 October 2017).
3. The parties to exchange written submissions on or before 30 November 2017 (was 14 November 2017).
4. The summary judgment application be listed for a special appointment on 4 December 2017 (was 21 November 2017).

Xstate will keep the market fully informed of any further changes.

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. Xstate is presently pursuing new opportunities in the oil and gas sector onshore North America.