



ABN 96 009 217 154

7 April 2016

ASX Limited

Electronic lodgement

PRIVATE PLACEMENT OF SHARES & CONVERTIBLE NOTE ISSUE

- **Xstate has raised a total of \$416,327 via a Private Placement and Convertible Note.**
 - \$291,327 placement of 25% of Xstate's equity capital at an issue price of 0.5 cents per share equivalent to 58m shares; and
 - a further \$125,000 through a Convertible Note with a conversion price of 0.5 cents per share representing an additional 25m shares.
- **The funds will be used to complete due diligence of potential oil and gas acquisitions, ongoing lease costs in the Sacramento Basin and for working capital purposes.**

Xstate Resources Limited ("Xstate" or the "Company") announces that it has placed 58,265,423 fully paid ordinary shares at 0.5 cents per share to raise \$291,327 before costs. The placement was made pursuant to Section 708 of the Corporations Act and Rules 7.1 (34,559,254 shares) and Rule 7.1(A) (23,706,169 shares) of the ASX Listing Rules.

The company has received unconditional share application forms for the full amount from investors in Malaysia and is due to settle on 14 April 2016.

Furthermore, Xstate has raised \$125,000 by way of a Convertible Note ("Note") from investors in Malaysia. The unsecured Note converts at 0.5 cents per share and has an 8% per annum coupon rate with a maturity term of 6 months. The Note is subject to shareholder approval and the Company will be convening a meeting of shareholders as soon as practical.

The funds raised will be used to fund the Company's due diligence of three material potential oil and gas acquisitions in the USA, ongoing lease costs in the Sacramento Basin and for working capital purposes.

Commenting on the placement, Managing Director Chris Hodge said:

"The funds raised via this placement will enable Xstate to pursue with vigour its revised strategy of acquiring low risk conventional oil production onshore USA. The production assets under review have the potential to add significant value to the company via production enhancement, cost control, and the drilling of new development and appraisal wells.

Furthermore, we welcome our new shareholders, and we thank our existing shareholders for their ongoing patience and support of the company."

The Company appointed Melbourne based corporate financial advisor Sanston Securities Australia Pty Ltd as the Sole Lead Manager to the Offer.



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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 minor associated gas production.