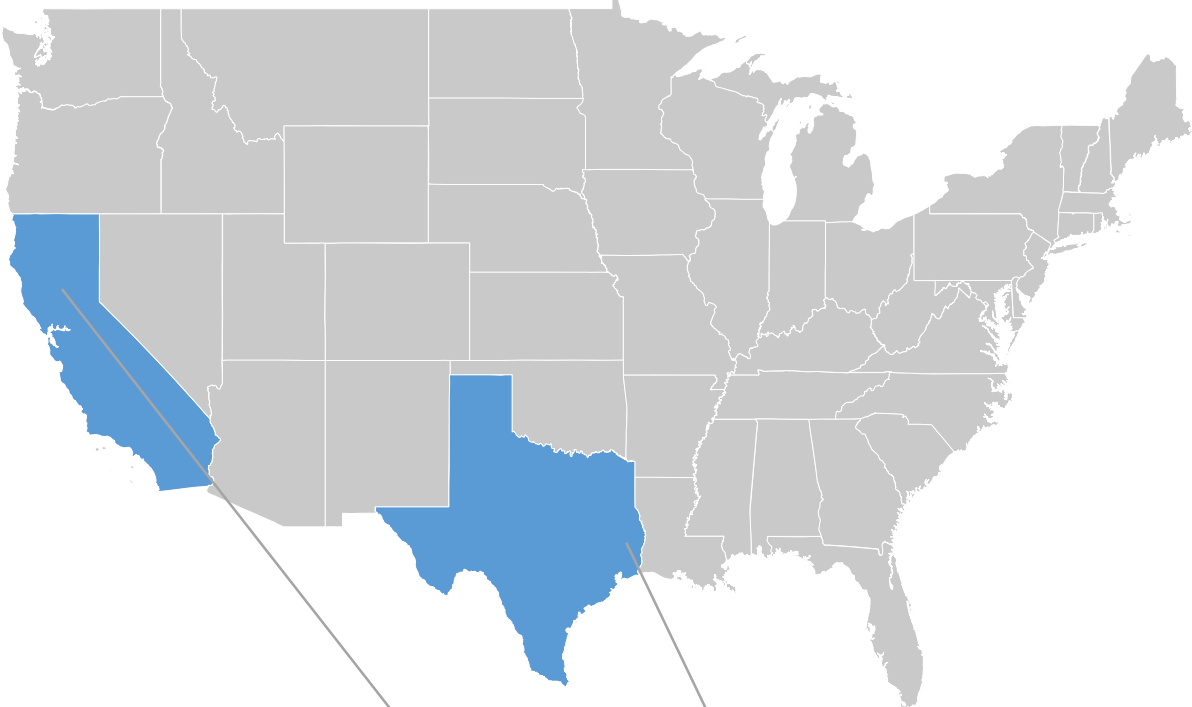


GROWTH THROUGH EXPLORATION, APPRAISAL & ACQUISITION OF EXISTING PRODUCTION



Northern California
Gas Projects
Production, Appraisal & Exploration
WI: 10-25%; Non operated

South East Texas
Oil & Gas Projects
Exploration
WI: 25%; Non operated



Company Update

Annual General Meeting
30 May 2019

USA focused exploration, appraisal and development company

Disclaimer

Extent of Information

This document has been prepared by Xstate Resources Limited (“Xstate” or “Company”). This Presentation, including the information contained in this disclaimer, does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither the Presentation, disclaimer nor anything contained in such forms the basis of any contract or commitment. This Presentation does not take into account your individual investment objective, financial situation or particular needs. You must not act on the basis of any matter contained in this Presentation but must make your own assessment of the Company.

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained in this Presentation, including the accuracy, likelihood of the achievement or reasonableness of any forecast, prospects, returns or statements in relation to future matters contained in the Presentation (“Forward-looking statements”). Any such forward-looking statements that are contained in this Presentation or can be implied by the same are by their nature subject to significant uncertainties and contingencies associated with the oil and gas industry and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of Xstate Resources and its directors) which may cause the actual results or performance of Xstate to be materially different from any future results or performance expressed or implied by such forward-looking statements.

To the maximum extent permitted by law, none of Xstate’s, or related corporations, directors, employees, agents nor any other person accepts any liability, including without limitation arising from fault or negligence, for any loss arising from use of this Presentation or its content or otherwise arising in connection with it.

Exclusion of Financial Product Advice

This Presentation is for information purposes only and is not a prospectus or other offering under Australian law or under any others laws in the jurisdictions where the Presentation might be available. Nothing herein constitutes investment, legal, tax or other advice. This Presentation is not a recommendation to acquire shares and has been prepared without taking into account the investment objectives, financial situation or needs of individuals.

Independent Advice

You should consider the appropriateness of the information having regard to your own objectives, financial situation and needs and seek appropriate advice, including, legal and taxation advice appropriate to your jurisdiction. Xstate is not licensed to provide financial advice in respect of its shares.

Glossary

MMbbl	million barrels	Mboe	thousand of barrels oil equivalent	M / MM	thousand / million
Mcf/d	thousand cubic feet per day	WI	working interest	\$	United State dollars
Boe/d	barrels of oil equivalent		bbl/d barrels of oil per day		

Company Overview

- North American focused E&P company with legacy assets located in Northern California and a recent farm in acquisition in South East Texas.
- Continued focus on business development – to de-risk the company from high risk exploration to appraisal and production.
- Low cost - with focus on Projects rather than Overheads.
- **Near term activity (SE Texas 3Q 2019):**
 - 2 exploration wells to target gas and oil
- **Ongoing Activity (Northern California):**
 - Production enhancements;
 - Anzus gas exploration prospect; and
 - Alvares gas project – re-entry.
- **Other Activity:**
 - Settlement of Legal dispute; and
 - Ongoing search to acquire low cost, low risk, profitable production.

Corporate Summary: ASX:XST as at 29 May 2019

Current Shares on Issue	1,140.5 million
Options \$0.05 expire 31 Dec 2020	42.0 million
Options \$0.005 expire 30 Dec 2020	5.0 million
Market Cap (@\$0.003/share)	A\$3.4 million
12 Month High/Low (\$/share)	\$0.007 / \$0.003
No. of Shareholders	1,570
Top 20 Shareholders	49.5%
Directors/Management	~6.0%

Xstate Share Price & Volume – 12 Months



Source: Bell Potter Securities

Xstate is undergoing a strategic shift to “reset” the Company.

- For new business, the shift is required due to a lack of suitable production opportunities commensurate with Xstate’s size, risk profile and funding capacity
- For the existing exploration business – there is a need to balance the relatively expensive, high risk / high reward California prospects with a portfolio of high chance of success, low cost prospects.
- Hence a move to Texas where there is a deeper and more active market for oil and gas properties.
- If the new strategy is successful it is envisaged that Xstate will grow via revenues from production, ongoing exploration (notionally 3 to 4 wells per year), small scale production purchase – along with production from the existing California assets.
- To implement the strategy, the Company has access to highly experienced technical team of staff and selected consultants with deep knowledge of our areas of activity and operations.

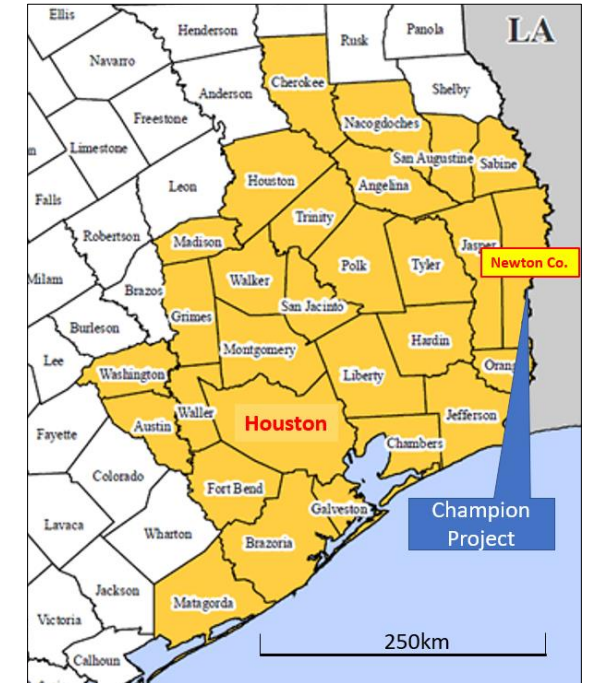
South East Texas Farm In – Transaction Rationale

- **Why shift from California?**
 - despite numerous production opportunities reviewed, Xstate has been unable to get traction (high transactional risk)
- **Why move to Texas?**
 - the best USA State to explore for and to produce oil and gas. Geological diversity with low political risk
 - multiple play types and a range of opportunities to suit every risk profile and budget
- **Why partner with Baja & Mosman?**
 - the principals are well-known to Xstate. They are technically capable and focused, routinely use 3D seismic and are commercially astute.
 - Houston based with a wealth of local knowledge and the potential for a long-term relationship.
- **Why Champion project?**
 - 240 acres - intensely structured with compelling seismic amplitude support, nearby production analogues and multiple targets
 - modestly priced with clear pathway to production. Baja and Mosman have an attractive project but lacked the necessary financial resources
- **Where from here?:**
 - plan is to add projects with cost, risk and reward, and commercial characteristics to complement Champion

South East Texas – Champion Project Farm In

- Xstate has acquired a 25%¹ working interest (net revenue interest 18.75%) in an oil and gas exploration opportunity onshore Newton County, Texas.

Location Map – Newton County, TX



Investment Rationale	<ul style="list-style-type: none"> Low risk exploration; high value inventory of conventional reservoirs prospects and leads Adjacent to existing production and infrastructure for rapid commercialization Diversification outside of California which has been problematic market to transact in to date Near term activity in 3Q 2019 that can be funded internally by Xstate Strong local partner and additional consolidation opportunities and follow up projects
Champion Project Area	<ul style="list-style-type: none"> 240 gross acre; with two drill ready prospects (Galaxie and Falcon wells) Multiple potential reservoirs, most objectives at shallow depths <8,000' Frio sand (Hackberry member and others) reservoir, 6,700'-7,500' well depths Excellent reservoir properties, high recovery factors Additional acreage available along trend A further five (5) prospects and leads defined by modern 3D seismic
Two Drill Ready Targets Defined by 3D seismic	<ol style="list-style-type: none"> <u>Falcon</u>; gas target; <ul style="list-style-type: none"> Primary target 7,500' sand Targeting gross estimates^{2 & 3}: Low 0.45bcf to High 3.9bcf; Best 1.34bcf Timing: August 2019 <u>Galaxie</u>; oil target; <ul style="list-style-type: none"> Primary target 7,500' sand Targeting gross estimates^{2 & 3}: Low 127mbo to High 660mbo; Best 290mbo Timing: November 2019
Financial Exposure	<ul style="list-style-type: none"> Total exposure of ~US\$400,000 net to Xstate

¹ Subject to completion of farm in obligations

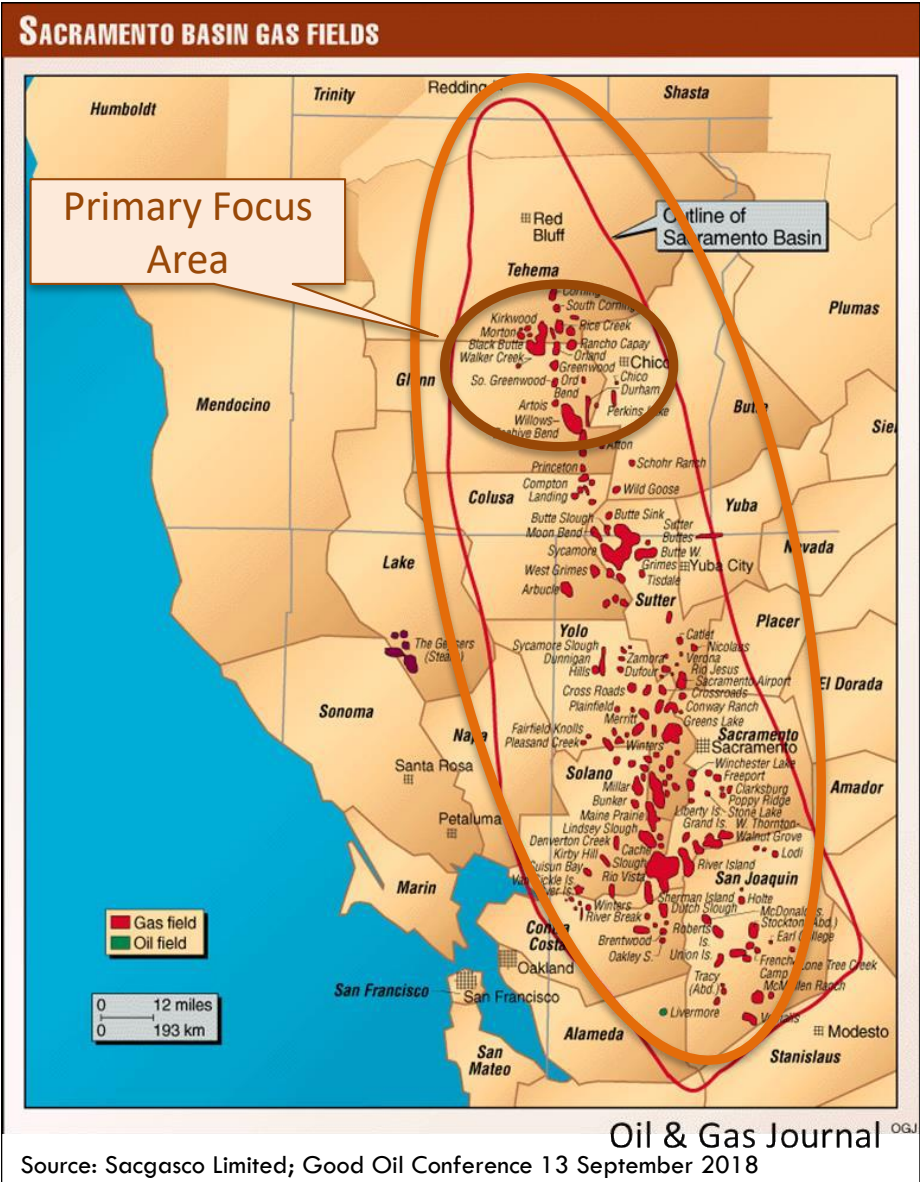
² Prospective resources: the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

³ Source Baja Oil & Gas LLC

Sacramento Basin

Targeting World Class Natural Gas Fields

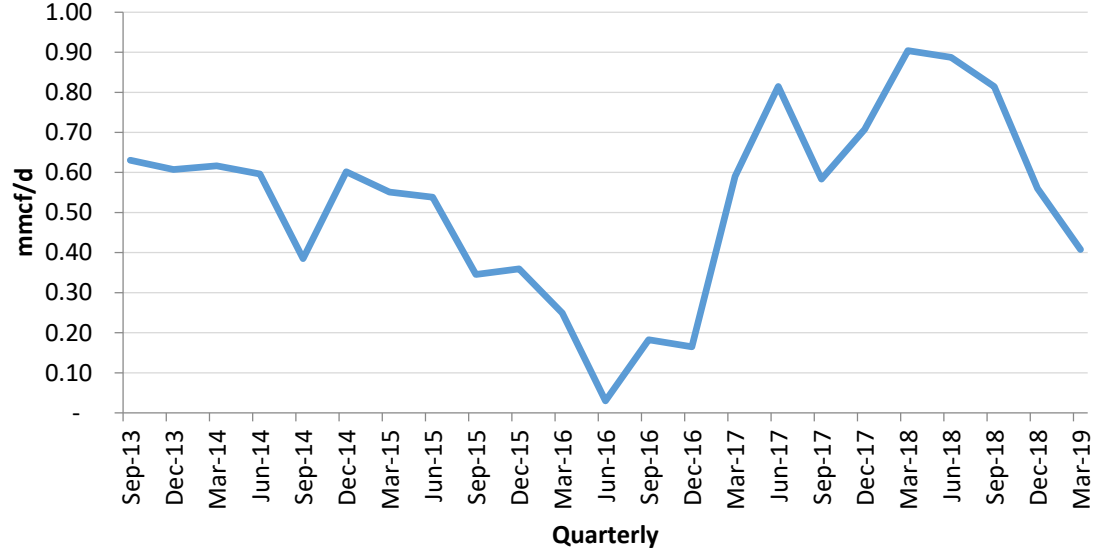
- Targeting low risk and/or multi - Tcf projects and prospects onshore Sacramento Basin, California.
- Technical edge: use of 3D seismic, extensive database, local knowledge, long experience in the basin to identify prospects.
- Technical edge: focus on lightly explored or undrilled deeper formations, 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.



Producing Assets

- Strategy: access and produce remaining natural gas resources from existing currently producing and / or idle well bores, through well work overs, recompletion or new zone completions, and pipeline connections.
- The Operator regularly evaluates wells for work-over, drilling and tie-in opportunities.
- Work-overs are low cost and will be scheduled as soon as production operations allow.
- A drilling and workover program is in the process of being developed.

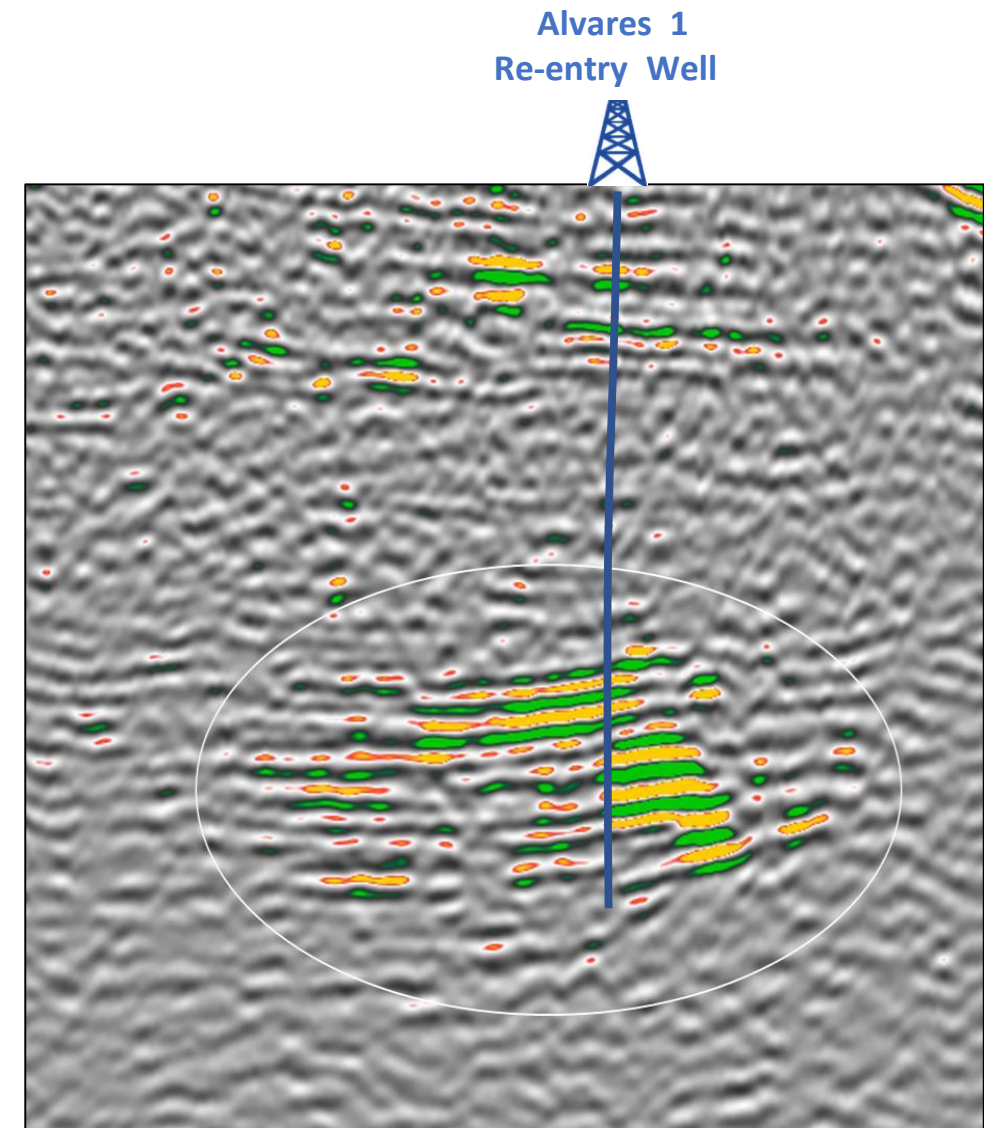
Quarterly Gross Production – Sacramento Basin



- March 2019 quarter 408 mcf/d gross.
- Xstate net production was 49 mcf/d.
- Production to for the 12 months ending December 31, 2019 was 288,564 cubic feet (gross) and 36,845 cubic feet net to Xstate.
- Gas sales revenue for the 12 months ending December 31, 2019 were A\$131,173 net to Xstate up from the prior year (A\$89,770)

Alvares Appraisal Project

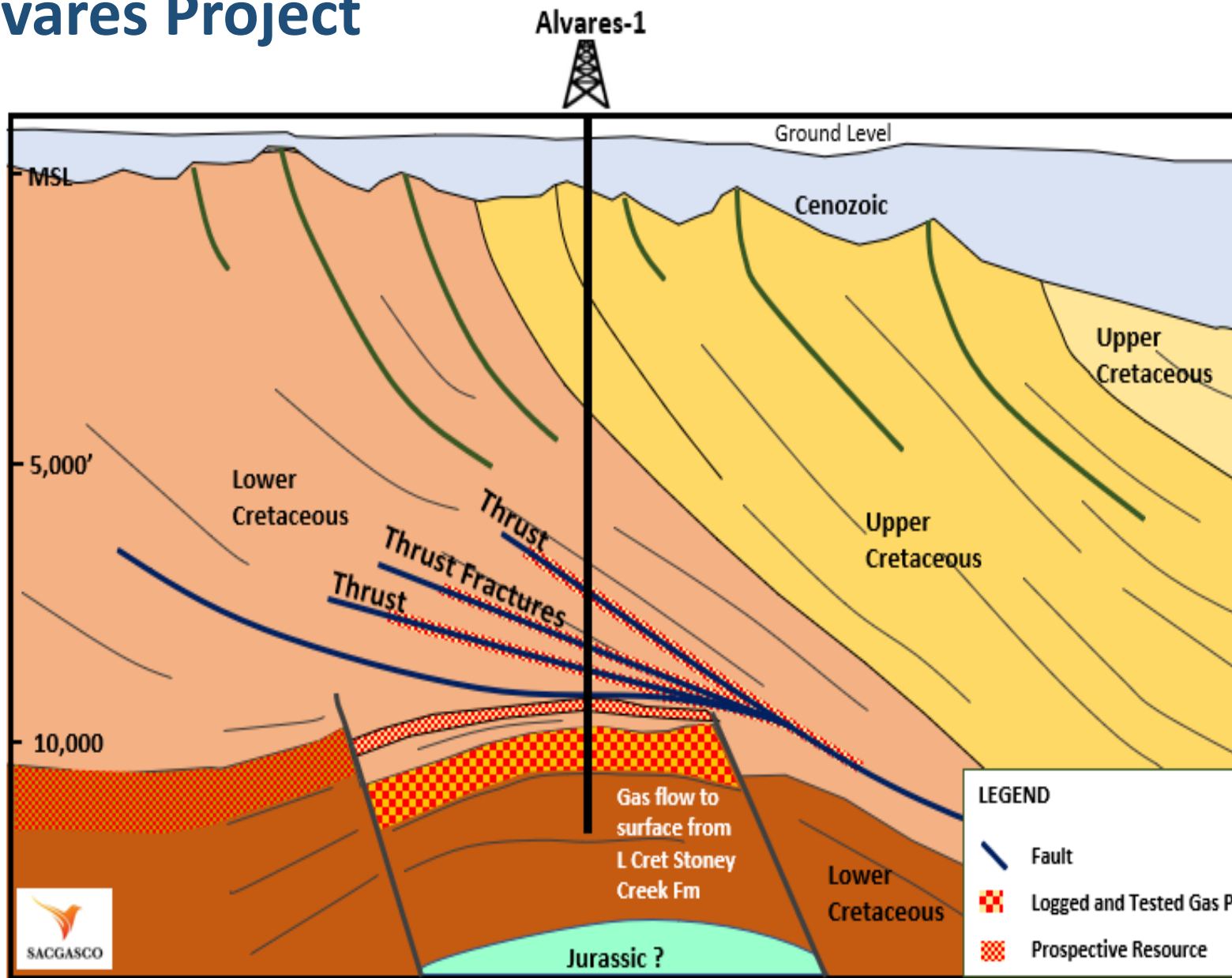
- Originally drilled for oil in 1982 - found extensive natural gas shows and flowed gas to surface.
- Turbidite fan sandstones and conglomerates described in mud logs.
- Operator is encouraged by 2D seismic amplitude conformance to 6,000 acres (25 sq km) of structural closure.
- Gas reservoir porosity and permeability quality confirmed from core.
- Pipeline quality natural gas analyzed from pre-test flow.
- Located 9 miles to pipeline valve station.
- An application has being prepared to re-enter Alvares, and to sequentially evaluate its casing integrity and to potentially test the interpreted gas-filled reservoirs.



Example Seismic Extract across Alvares Gas Sands

Note: Yellow and Red is interpreted as Gas Reservoir;

Alvares Project



Vd	Depth feet	Tops	Depth metre	Total Gas
VdEst (v/v)	DEPTH (FT)	tops	Edited Depth_m (m)	MudlogShows(GASO)
0	0		0	1
	2000	G Zone	500	
	3000		1000	
	4000		1500	
	5000	Lodops	2000	
	6000		2500	
	7000		3000	
	8000	Dens Shale	3500	
	9000		4000	
	10000	Stoney Creek		
	11000			
	12000			
	13000	Lower Stoney Creek		
	14000			

Wet sands outside of closure

Thick Seal

1500 metres of gas shows with core porosity and permeability and pipeline quality gas sample

LEGEND

- Fault
- Logged and Tested Gas Pay
- Prospective Resource

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

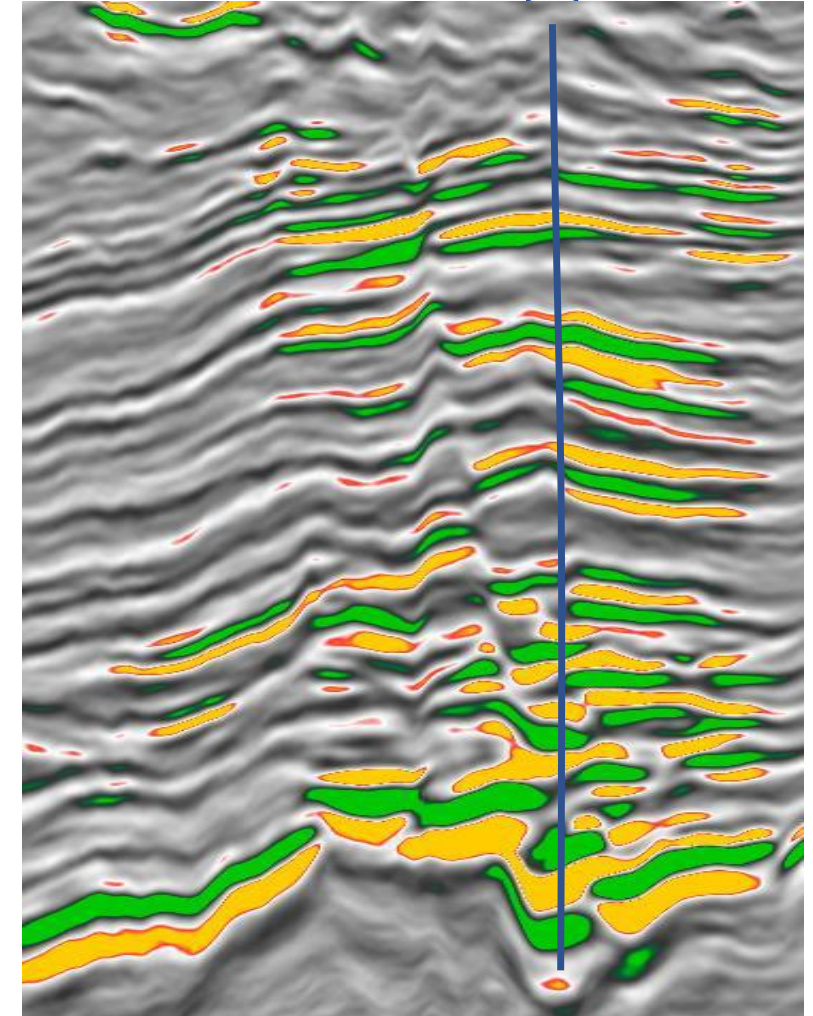
Source: Saggasco Limited; Good Oil Conference 13 September 2018

Anzus Prospect

- Anzus is a large 4-way dip closed structure in a similar structural position to the Dempsey gas discovery and substantially ready for drilling
- Based on seismic attribute comparisons with Dempsey, Anzus is expected to have better reservoir porosity and permeability
- Amplitude conformance to structural closure is especially encouraging
- Anzus will evaluate stratigraphically similar zones to the 5,000 feet of gas saturated rocks in the under-explored strata at Dempsey.
- Stacked conformance of seismic anomalies is significantly greater than at Dempsey
- Adjacent to Natural Gas Pipeline Infrastructure.

Example Seismic Across Anzus
(Not to Scale)

Anzus 1
Prospect Well



Note: Yellow and Red is interpreted as Gas Reservoir; Amplitudes balanced for comparison with Dempsey Area

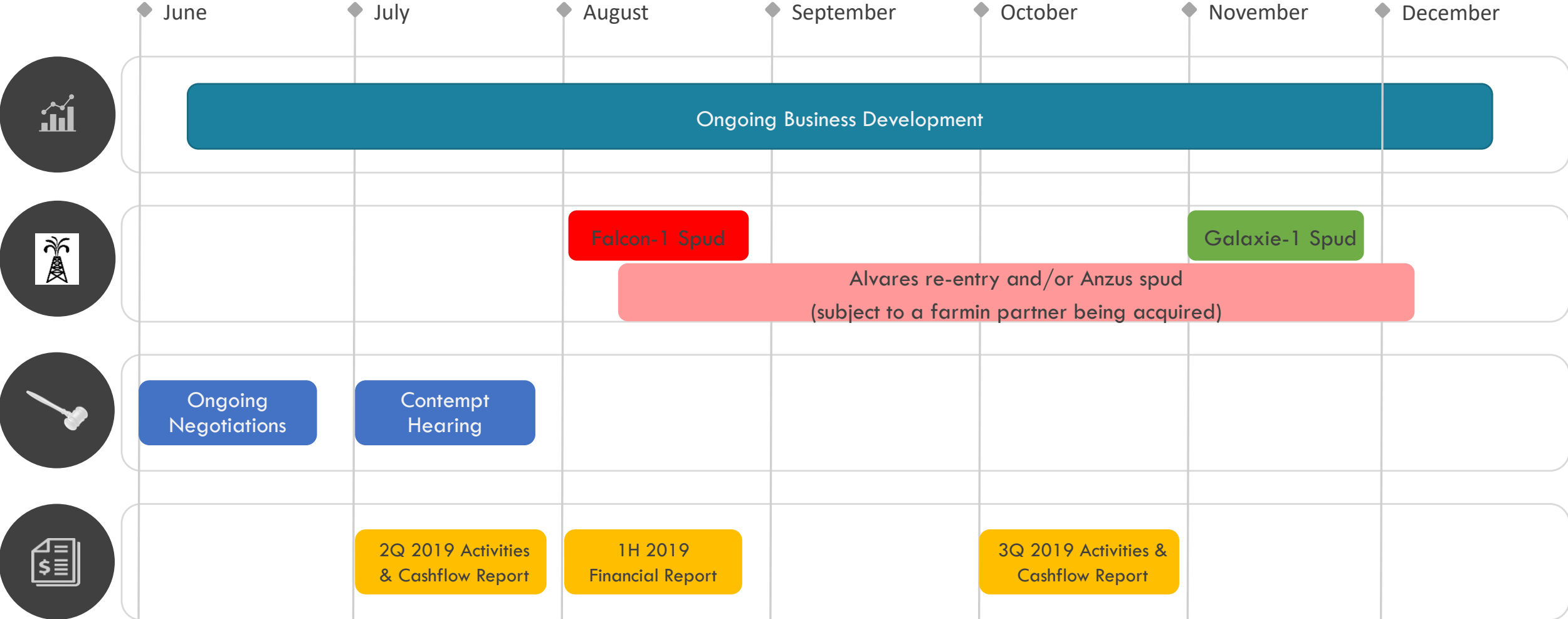
Source: Sacgasco Limited; Good Oil Conference 13 September 2018

Litigation Update: Singapore Supreme Court

- As previously advised Xstate is seeking to enforce the Western Australian Supreme Court judgment “(Australian Judgment”) against the three Singapore based defendants.
- The Australian Judgment was awarded in favor of Xstate on December 4, 2017 and the WA Supreme Court ordered that the three defendants pay Xstate substantial damages.
- Xstate subsequently commenced proceedings in Singapore early January 2018, against the three Singapore based defendants:
 - During the September quarter of 2018, Xstate reached a confidential agreement with Chloe and she agreed to withdraw her challenges to the Australian and Singapore judgments;
 - During the March quarter of 2019, Xstate entered into a Forbearance to Sue Agreement with Hong Hung Thiam. Under the terms of the agreement Hong has paid Xstate the sum of A\$500,000¹; and
 - Contempt Proceedings against Tanzil Hidayat are scheduled for 3 days from 2 to 4 July 2019.
- The Company fully intends to enforce its rights against Tanzil Hidayat (“Tanzil”) for recovery of its debt and to take out the necessary applications against Tanzil.

¹ Final AUD amount is subject to changes in the Australian / Singapore currency rate

Activity Outlook 2019



Contact

Cosimo Damiano

Managing Director

Xstate Resources Limited

Email: cosimodamiano@xstate.com.au

Registered Corporate Office – Australia

Level 1, 31 Cliff Street

Fremantle W.A. 6160

Tel: +61 8 9435 3200 | Fax: +61 8 6444 7408

Australia - Postal Address

PO Box 584, Fremantle W.A. 6959

Internet: www.xstate.com.au