



ABN 96 009 217 154

29 April 2022

## Notice of Annual General Meeting

Dear Shareholder,

Please be aware that Xstate Resources Limited (“**Xstate**” or “**the Company**”) has today released a Notice of Meeting for its Annual General Meeting of Shareholders to be held on 31 May 2022 at 11:00 am Australian Western Standard Time (**AWST**).

In accordance with the *Corporations Amendment (Meetings and Documents) Act 2022*, the Company will not be dispatching physical copies of the Notice of Meeting (**NoM**) unless specifically requested to do so. Instead, a copy of the NoM can be viewed and downloaded online at the following link:

[www.xstateresources.com.au/investor-centre/announcements/](http://www.xstateresources.com.au/investor-centre/announcements/)

Should you wish to receive a physical copy of the NoM, please contact the Company Secretary on [companysecretary@xstateresources.com.au](mailto:companysecretary@xstateresources.com.au) or via phone to +61 8 9435 3200.

A copy of the proxy form is enclosed in the NoM located at the above link. Proxy votes may be lodged by any of the following methods:

- In person to Level 1, 31 Cliff Street, Fremantle, WA 6160;
- By mail to PO Box 584, Fremantle, WA 6959; or
- By scan and email to the Company Secretary.

**Regards,**

**Jordan McArthur**

*Company Secretary*

Xstate Resources Limited

Tel Office: +61 8 9435 3200

Email: [companysecretary@xstateresources.com.au](mailto:companysecretary@xstateresources.com.au)



**XSTATE RESOURCES LIMITED**

ABN 96 009 217 154

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**NOTICE OF ANNUAL GENERAL MEETING**

**PROXY FORM**

**AND**

**EXPLANATORY STATEMENT**

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*Date of Meeting*

**31 May 2022**

*Time of Meeting*

**11:00 am (AWST)**

*Place of Meeting*

**Level 1, 31 Cliff Street  
Fremantle, Western Australia**

# XSTATE RESOURCES LIMITED

ABN 96 009 217 154

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Xstate Resources Limited ("**Company**") will be held at 11:00 am (AWST) on Tuesday, 31 May 2022, at Level 1, 31 Cliff Street, Fremantle, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 4:00 pm (AWST) on 29 May 2022.

An Explanatory Statement containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

### AGENDA

To consider and, if thought fit, to pass the following Resolutions.

### ORDINARY BUSINESS

#### Financial Statements and Reports

To receive and consider the annual financial report for the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

#### Ordinary Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report contained within the Company's annual financial report for the financial year ended 31 December 2021."*

**Note 1:** The vote on this resolution is advisory only and does not bind the Directors of the Company.

#### **Voting Prohibition Statement:**

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
  - (b) a Closely Related Party of such a member,
- (collectively, a "**Prohibited Voter**").

However, a Prohibited Voter may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Prohibited Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Prohibited Voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

**Note 2:** If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election. Less than 25% of shareholder voted against the remuneration report at the 2021 Annual General Meeting.

### **Ordinary Resolution 2: Re-election of Director – Mr David McArthur**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr David McArthur, a Director, retires by rotation in accordance with Clause 13.2 of the Company's constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible is re-elected as a Director."*

### **Ordinary Resolution 3: Ratification of Prior Issue of Shares – LR 7.1A – Placement**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 250,000,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting "*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Ordinary Resolution 4: Ratification of Prior Issue of Shares – LR 7.1 – Issue for Acquisition of Working Interest**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 254,521,500 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting "*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Ordinary Resolution 5: Issue of Options to Director – Mr Andrew Childs**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 35,000,000 Director Options to Mr Andrew Childs, or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the person who is to receive the securities in question, being Mr Andrew Childs, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons (**Resolution 5 Excluded Party**).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written communication to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

### **Ordinary Resolution 6: Issue of Options to Director – Mr David McArthur**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 35,000,000 Director Options to Mr David McArthur, or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the person who is to receive the securities in question, being Mr David McArthur, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons (**Resolution 6 Excluded Party**).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written communication to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

### **Ordinary Resolution 7: Issue of Options to Director – Mr Greg Channon**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 35,000,000 Director Options to Mr Greg Channon, or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the person who is to receive the securities in question, being Mr Greg Channon, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons (**Resolution 7 Excluded Party**).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written communication to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

#### **Ordinary Resolution 8: Approval of Issue of Options**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 10,500,000 options to employees and consultants on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the person who is to receive the securities in question, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written communication to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Special Resolution 9: Approval of 10% Placement Capacity**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Important note:** The proposed recipients of any Equity Securities under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

#### **By Order of the Board**



Jordan McArthur

**Company Secretary**

Dated: 21 April 2022

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## **ENTITLEMENT TO ATTEND AND VOTE**

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The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Annual General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 4:00pm (AWST) on 29 May 2022 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### **VOTING IN PERSON**

To vote in person, attend the Meeting at the time, date and place set out above.

### **VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### **CORPORATE REPRESENTATIVE**

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A ‘Certificate of Appointment of Corporate Representative’ is enclosed if required.

### **ENQUIRIES**

Shareholders are invited to contact the Company Secretary, Mr Jordan McArthur, on +61 8 9435 3200 if they have any queries in respect of the matters set out in this document.

# XSTATE RESOURCES LIMITED

ABN 96 009 217 154

## EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting (**Notice**) of the Company.

The Directors of the Company (**Directors**) recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

### FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2021, together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

A copy of the Company's 2021 Annual Report is available on the Company's ASX platform (**ASX:XST**) and on the website [www.xstateresources.com.au](http://www.xstateresources.com.au). Alternatively, a hard copy will be made available upon request.

The Company's auditor, BDO Audit (WA) Pty Ltd, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the meeting date to the Company Secretary.

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### ORDINARY RESOLUTION 1: Adoption of Remuneration Report

#### General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

#### Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration

report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the Directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### **Previous voting results**

At the Company's previous Annual General Meeting, the votes cast against the remuneration report considered at that Annual General Meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

### **Proxy restrictions**

Shareholders appointing a proxy for Resolution 1 should note the following:

(a) ***If you appoint a member of the Key Management Personnel (other than the Chair) as your proxy***

If you elect to appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

(b) ***If you appoint the Chair as your proxy***

If you elect to appoint the Chair where he/ she is also a member of the Key Management Personnel whose remunerations details are included in the Remuneration Report, or a Closely Related Party of such a member, ***you must direct the Chair how they are to vote***. Undirected proxies granted to these persons will be voted in favour of all Resolutions.

(c) ***If you appoint any other person as your proxy***

You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the Proxy Form. Undirected proxies granted to these persons will be voted at their discretion.

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### **ORDINARY RESOLUTION 2: Re-election of Director – David McArthur**

ASX Listing Rule 14.4 provides that a Director of an entity must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or 3 years, whichever is longer.

Clause 13.2 of the Company's Constitution requires that at every Annual General Meeting of the Company one-third of the Directors excluding the Managing Director (rounded up to the nearest whole number) shall retire from office. The Directors to retire are those who have been longest in office since their last election. A Director who retires by rotation under clause 13.2 is eligible for re-election.

The Company currently has two Directors (excluding the Managing Director) and accordingly one must retire.

Mr David McArthur, the Director longest in office since his last re-election, retires by rotation and seeks re-election as a Director.

Information about Mr McArthur is set out in the Company's 2021 Annual Report.

The Board unanimously supports the re-election of Mr McArthur.

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### **ORDINARY RESOLUTION 3: Ratification of Prior Issue of Shares – LR 7.1A Placement**

On 27 July 2021, the Company announced that it had placed 250,000,000 fully paid ordinary shares at \$0.004 per share to raise \$1,000,000 before costs (**Placement**) to fund the Company's share of costs for Borba infrastructure, workovers to be performed in California and Canada to increase production and additional working capital for further opportunities being assessed. 250,000,000 shares were issued on 2 August 2021.

The issue was made pursuant to the Company's discretionary placement capacity under ASX Listing Rule 7.1A. Resolution 3 of this Notice seeks Shareholder approval to ratify this issue of Shares.

#### **Regulatory Requirements**

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue, subject to specified exceptions, more equity securities during any 12-month period than an amount which, when aggregated with the number of other securities issued within that 12-month period, represents 15% of the number of ordinary shares on issue at the commencement of that 12-month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

ASX Listing Rule 7.1A provides that the Company can issue a further 10% of the number of ordinary shares at the beginning of the 12-month period under Listing Rule 7.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 and 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.

While the Shares described in this Resolution 3 have been issued within the 10% limit of Listing Rule 7.1A, the Company seeks Shareholder ratification of the issue of these Shares for the purpose of Listing Rule 7.4 so that the Company may retain the flexibility to issue equity securities in the future, up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval, should the need or opportunity arise.

If Resolution 3 is passed, the Issue will be excluded in calculating Xstate's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 3 is not passed, the Issue will be included in calculating Xstate's 10% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

#### **Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution 3:

- (a) the total number of Shares issued by the Company (on 2 August 2021) was 250,000,000 under Listing Rule 7.1A;
- (b) the issue price was \$0.004 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing shares;
- (d) the Shares were issued to sophisticated investor clients of 180 Markets Pty Ltd and Oracle Capital Group Pty Ltd, none of whom are related parties of the Company and none of whom were investors that are required to be disclosed under ASX Listing Rules; and
- (e) as set out in the announcement on 27 July 2021, the funds raised were to be utilised to fund Xstate's share of costs for Borba infrastructure, workovers to be performed in California and Canada to increase production and additional working capital for further opportunities being assessed.

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## **ORDINARY RESOLUTION 4: Ratification of Prior Issue of Shares – LR 7.1 Issue for Working Interest Acquisition**

On 14 July 2021, the Company announced it had entered into an agreement with Blue Sky Resources Limited to acquire a further 25% working interest (**WI**) in the Alberta Plains Assets for a purchase price of C\$1,250,000 to be paid as C\$300,000 in cash and C\$950,000 in XST shares. The balance of shares calculated for issuance was identified as 254,521,500 fully paid ordinary shares at a deemed issue price of \$0.004 per share. 254,521,500 shares were issued on 2 August 2021.

The issue was made pursuant to the Company's discretionary placement capacity under ASX Listing Rule 7.1. Resolution 4 of this Notice seeks Shareholder approval to ratify this issue of Shares.

### **Regulatory Requirements**

A summary of ASX Listing Rule 7.1 is provided in Resolution 3 above.

If Resolution 4 is passed, the Issue will be excluded in calculating Xstate's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 4 is not passed, the Issue will be included in calculating Xstate's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

### **Summary of Agreement to Acquire Alberta Plains Assets Working Interests**

- Xstate entered into binding agreement to acquire from Blue Sky Resources Limited their Alberta Plains assets – a further 25% WI in 500 BOEPD from Producing Oil Fields in Alberta, Canada with 125 BOEPD net to Xstate;
- Purchase price of C\$300,000 cash (A\$321,500) and C\$950,000 in XST shares (A\$1,018,086). 254,521,500 fully paid ordinary shares issued at a deemed issue price of \$0.004 per share;
- Blue Sky Resources Limited is the Operator of the Alberta Plains assets; and
- Working interest splits post acquisition: Xstate Limited (**35%**), Saggasco Limited [**ASX:SGC**] (**20%**), Blue Sky Resources Limited [Canadian Private entity] (**45%**).

### **Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution 4:

- (a) the total number of Shares issued by the Company (on 2 August 2021) was 254,521,500 under Listing Rule 7.1;
- (b) the deemed issue price was \$0.004 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing shares;
- (d) the Shares were issued to Blue Sky Resources Limited who are not considered a related party of the Company, nor are considered an investor required to be disclosed under ASX Listing Rules ; and
- (e) as set out in the announcement on 14 July 2021, the issue of shares was as consideration for the acquisition of a further 25% working interest in the Alberta Plains Assets.

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## **ORDINARY RESOLUTIONS 5-7: Approval to Issue Options to Directors**

The Company has agreed, subject to shareholder approval, to issue 105 million Options (**Director Options**) to Andrew Childs (35 million Director Options), David McArthur (35 million Director Options) and Greg Channon (35 million Director Options), all Directors of the Company (**Related Party**), on the terms and conditions set out in Appendix 1.

For a public company to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit, and Messrs Childs, McArthur and Channon are Related Parties of the Company by virtue of being Directors.

In addition, Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies. It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

### **Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the Related Parties are Andrew Childs, David McArthur and Greg Channon under ASX Listing Rule 10.11.1 by virtue of being Directors.
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is 105,000,000;
- (c) the Director Options will be exercisable at 0.5 cents per Option on or before 31 January 2024, on terms and conditions as reflected in Appendix 1 to this notice;
- (d) the Director Options will be granted to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (e) the Director Options will be granted for nil cash consideration; accordingly, no funds will be raised;
- (f) the value of the Director Options is \$339,755 and the pricing methodology is set out in Appendix 2;
- (g) the relevant interests of the Directors as of the date of this notice are:
  - Andrew Childs: 23,000,000 shares and 25,000,000 options exercisable at 0.5 cents by 31 December 2022
  - David McArthur: 28,993,699 shares and 22,500,000 options exercisable at 0.5 cents by 31 December 2022
  - Greg Channon: 5,281,930 shares and 20,000,000 options exercisable at 0.5 cents by 31 December 2022
- (h) the Related Parties each receive Director remuneration for the current financial year as follows:
  - Andrew Childs: \$60,000 pa
  - David McArthur: \$60,000 pa
  - Greg Channon: \$60,000 pa

- (i) if the Director Options granted to the Related Parties are exercised, a total of 105,000,000 Shares would be issued. This will increase the number of shares on issue from 3,215,181,651 to 3,320,181,651 (assuming that no other Options are exercised and no other shares issued) with the effect that the shareholding of existing shareholders would be diluted by 3.27%.

The market price for shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time, any of the Director Options are exercised and the shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company in that the shares issued on conversion of the options will be issued at less than the prevailing market price of shares in the company.

- (j) the trading history of the shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	PRICE	DATE
HIGHEST	0.8 cents	3 May 2021
LOWEST	0.2 cents	4 April 2022
LATEST	0.4 cents	20 April 2022

- (k) the primary purpose of the issue of the Director Options is to provide a market linked incentive to the Related Parties to motivate and reward their performance in their role as a Directors;
- (l) the Board acknowledges the grant of Related Party Options to a Director is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations, however the Board considers the grant of Related Party Options to the Director reasonable in the circumstances for the reason set out in paragraph (m);
- (m) The Board (each of whom declares an interest in the resolutions) recommend that Shareholders vote in favour of this Resolution for the following reasons:
- (i) the grant of Director Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Director Options upon the terms proposed;
- (n) in forming their recommendations, the Director considered the experience of the Related Parties, the current market price of Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise prices and expiry dates of those Director Options; and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Options to the Related Party as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Should shareholders approve Resolutions 5 to 7 the Company will be able to grant Options to the Directors as a method for remuneration that is an alternative for cash remuneration to preserve cash reserves for utilisation on operations.

Should shareholders not approve Resolutions 5 to 7 the Company will not be able to grant Options to the Directors as a method for remuneration that is an alternative for cash remuneration to preserve cash reserves for utilisation on operations.

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## **ORDINARY RESOLUTION 8: Approval of Issue of Options**

Resolution 8 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 10,500,000 options to employees and consultants to the company on terms and conditions set out in Appendix 1. The options will be issued for nil consideration. The options will be issued by way of an incentive to employees and consultants that would otherwise require the company to provide such incentive by way of financial remuneration, and to align employee and consultant objectives to those of all shareholders.

A summary of ASX Listing Rule 7.1 is provided in Resolution 3 above.

The effect of Resolution 8 will be to allow the Company to issue 10,500,000 options to employees and consultants for a period of 3 months following the Meeting (or a longer period, if allowed by ASX), without utilising the Company's 15% (Listing Rule 7.1) annual placement capacity.

Should shareholders approve Resolution 8 the Company will be able to issue the options to employees and consultants without utilising the discretionary placement capacity afforded by Listing Rule 7.1.

Should shareholders not approve Resolution 8 the Company will be required to issue the options to employees and consultants utilising the 15% discretionary placement capacity under Listing Rule 7.1

### **Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue:

- (a) the maximum number of Options to be issued is 10,500,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Options will be exercisable at 0.5 cents each on or before 31 January 2024;
- (d) the Options will be issued to employees and consultants to the Company; and
- (e) the value of the Options is \$33,975 and the pricing methodology is set out in Appendix 2.

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## **SPECIAL RESOLUTION 9: Approval of 10% Placement Capacity – Shares**

### **General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 9, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 9 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 9 is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 9 for it to be passed.

If Resolution 9 is passed, the Directors will be able to issue up to 10% of the Company's fully paid ordinary share securities on issue under the 10% placement capacity during the period of up to 12 months after the approval.

If Resolution 9 is not passed, the Directors will not be able to issue up to 10% of the Company's fully paid ordinary share securities on issue under the 10% placement capacity during the period of up to 12 months after the approval.

### **ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$12.86 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (**ASX Code: XST**)

The exact number of Equity Securities that the Company may issue under an approval of Listing Rule 7.1A will be calculated according to the following formula contained within that Listing Rule.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 9:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date above, the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting;
- (ii) the time and date of the entity's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(c) **Allocation policy**

The Company has not yet determined who the Shares will be issued to. At the time of any placement pursuant to this resolution, the Directors would place the Company into a trading halt whilst it discussed the proposed placement by the company with existing shareholders and interested brokers;

(d) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 9 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Shares on issue Variable A* in Listing Rule 7.1A.2	Dilution			
	Issue price per Share	\$0.002 50% decrease in Issue Price	\$0.004 Issue Price	\$0.008 100% increase in Issue Price
3,215,181,651 Shares Current Variable A	<b>10% Voting Dilution</b>	321,518,165 Shares	321,518,165 Shares	321,518,165 Shares
	<b>Funds raised</b>	\$643,036	\$1,286,073	\$2,572,145
4,822,772,477 Shares 50% increase in Current Variable A	<b>10% Voting Dilution</b>	482,277,247 Shares	482,277,247 Shares	482,277,247 Shares
	<b>Funds raised</b>	\$964,554	\$1,929,109	\$3,858,218
6,430,363,302 Shares 100% increase in Current Variable A	<b>10% Voting Dilution</b>	643,036,330 Shares	643,036,330 Shares	643,036,330 Shares
	<b>Funds raised</b>	\$1,286,073	\$2,572,145	\$5,144,291

\* The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- 1) The current shares on issue are the Shares on issue as at 20 April 2022;
- 2) No options are exercised into Shares before the date of issue of the Equity Securities;
- 3) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. That is why the voting dilution is shown in each example as 10%;
- 4) The issue price set out above is the closing price of the Shares on the ASX on 20 April 2022;
- 5) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity;
- 6) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1;
- 7) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances; and
- 8) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for cash consideration only. The funds raised may be used for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital.

The Company will comply with the disclosure obligations under Listing Rule 7.1A(4) upon issue of any Equity Securities.

(f) **Allocation under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (i) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(g) **Previous Approval under ASX Listing Rule 7.1A**

The Company obtained approval under Listing Rule 7.1A on 28 May 2021.

As the Company has previously sought shareholder approval for the additional placement capacity under Listing Rule 7.1A, the following information is provided in relation to all issues of equity securities in the 12 months prior to the date of the Annual General Meeting, pursuant to the requirements of Listing Rule 7.3A6(a) and 7.3A6(b):

A total of 250,000,000 ordinary shares have been issued under LR 7.1A representing 9.04% of the equity securities on issue at the commencement of the 12 month period preceding the date of the Annual General Meeting (being 2,764,587,516 equity securities). Ordinary shares issued under LR 7.1A are detailed in the table on the following page.

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 02/08/2021 Appendix 3B – 27/07/2021	250,000,000	Shares <sup>2</sup>	Sophisticated investors <sup>3</sup>	\$0.004 per Share (no discount to Market Price)	<p><b>Cash</b></p> <p>Amount raised = \$1,000,000 Amount spent = \$1,000,000 Amount remaining = \$nil</p> <p>Use of funds: Proceeds used to fund the Company's share of costs for Borba infrastructure, workovers in California and Canada to increase production and additional working capital.</p>

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: XST (terms are set out in the Constitution).
3. Sophisticated investor clients of 180 Markets Pty Ltd and Oracle Capital Group Pty Ltd.

**Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 9.

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## GLOSSARY

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**10% Placement Capacity** has the meaning given in Resolution 9 of the Explanatory Statement.

**Annual General Meeting** or **Meeting** means the meeting convened by this Notice.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Xstate Resources Limited - ABN 96 009 217 154

**Directors** means the current directors of the Company.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Shareholder** means a holder of a Share.

**AWST** means Australian Western Standard Time (Perth, Western Australia).

# XSTATE RESOURCES LIMITED

ABN 96 009 217 154

## APPENDIX 1

### UNLISTED 31 JANUARY 2024 OPTION TERMS AND CONDITIONS

The material terms and conditions of the Options are as follows:

- (a) The Options will be unlisted.
- (b) The Options will be issued in one tranche with an exercise price of 0.5 cents ("**Exercise Price**"):
- (c) The Options are exercisable at any time on or before 31 January 2024 ("**Expiry Date**").
- (d) The Options have no vesting conditions.
- (e) Each Option exercised will entitle the holder to one Share in the capital of the Company.
- (f) The notice attached to the certificate has to be completed when exercising the Options ("**Notice of Exercise**").
- (g) Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Option being exercised prior to the Expiry Date.
- (h) The Options do not confer voting rights upon the holder. Voting rights are received upon conversion of the Options into Shares.
- (i) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares.
- (j) Shares issued pursuant to the exercise of Options will be issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.
- (k) The holder of Options cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been issued and registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.
- (l) If the Company makes a bonus issue of Shares to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- (m) If the Company makes a pro-rata issue of Shares to existing shareholders (except a bonus issue), the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option

E = the number of underlying Shares into which one option is exercisable

P = volume weighted average market price (as defined by ASX LRs) per share during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- (n) If at any time the capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

# XSTATE RESOURCES LIMITED

ABN 96 009 217 154

## APPENDIX 2

### VALUATION OF OPTIONS TO BE ISSUED

The Company has valued the Options using the Black-Scholes option model and based on the assumptions as set out in the table below, with the Options ascribed a value as follows:

#### ***Assumptions:***

Value date	20 April 2022
Share price	\$0.004
Exercise price	\$0.005
Term	21 months
Expiry Date	31 January 2024
Volatility	203.95%
Risk free interest rate	1.34%
Indicative value per Option (cents)	\$0.0032

# CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

## Shareholder Details

This is to certify that by a resolution of the directors of:

..... (Company),  
*Insert name of Shareholder Company*  
the Company has appointed:

.....,  
*Insert name of corporate representative*

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at a general meeting of the members of Xstate Resources Limited to be held on 31 May 2022 commencing at 11.00 am (AWST) and at any adjournments of that general meeting.

DATED .....

---

### Please sign here

Executed by the Company )  
in accordance with its constituent documents )  
)

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

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### Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg “John Smith” or “each director of the Company”).
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Xstate Resources Limited at Level 1, 31 Cliff Street, Fremantle WA or email the Certificate to the Company Secretary – [companysecretary@xstateresources.com.au](mailto:companysecretary@xstateresources.com.au)

**PROXY FORM**  
**XSTATE RESOURCES LIMITED**  
 ABN 96 009 217 154  
**ANNUAL GENERAL MEETING**

I/We

of (Address):

being a Member of Xstate Resources Limited entitled to attend and vote at the Annual General Meeting, hereby appoint:

Name:

Name of proxy (**Please note:** Leave blank if you have selected the Chair of the Annual General Meeting as your proxy.)

OR  the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions or if no directions have been as the proxy sees fit, at the General Meeting to be held at 11.00 am (AWST) on 31 May 2022 at Level 1, 31 Cliff Street, Fremantle, Western Australia, and at any adjournment of that meeting.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. In exceptional circumstances, the Chair of the Meeting may change their voting intention on any resolution, in which case an ASX announcement will be made immediately disclosing the reasons for the change.**

**Voting on Business of the General Meeting**

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2 – Re-election of Director – David McArthur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3 – Ratification of Prior Issue of Shares – LR 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4 – Ratification of Prior Issue of Shares – LR 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 5 – Approval to Issue Shares – A Childs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 6 – Approval to Issue Shares – D McArthur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 7 – Approval to Issue Shares – G Channon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 8 – Approval to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 9 – Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_%.

**Signature of Member(s)** \_\_\_\_\_ **Date:** \_\_\_\_\_

<b>Individual or Member 1</b>	<b>Member 2</b>	<b>Member 3</b>
<input style="width: 250px; height: 25px;" type="text"/>	<input style="width: 250px; height: 25px;" type="text"/>	<input style="width: 250px; height: 25px;" type="text"/>
<b>Sole Director / Company Secretary</b>	<b>Director</b>	<b>Director / Company Secretary</b>

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**Date:** \_\_\_\_\_

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - In person to Level 1, 31 Cliff Street, Fremantle, WA 6160;
  - By mail to PO Box 584, Fremantle, WA, 6959; or
  - By scan and email to [companysecretary@xstateresources.com.au](mailto:companysecretary@xstateresources.com.au),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**