

27 April 2023

Notice of Annual General Meeting

Dear Shareholder,

Xstate Resources Limited (“**Xstate**” or “**the Company**”) will be holding its Annual General Meeting of shareholders at 4:00pm (**AWST**) on 30 May 2023 at Level 1, 31 Cliff Street, Fremantle, WA 6160.

In accordance with section 110D of the Corporations Act 2001 (Cth), the Company will not be sending physical copies of the Notice of Meeting (NoM) to shareholders unless a shareholder has elected to receive notices of meeting in hard copy pursuant to section 110E, or who otherwise requests a hard copy. Instead, a copy of the NoM can be viewed and downloaded online at the following link:

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 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 either of the following methods:

- By mail to PO Box 584, Fremantle, WA 6959; or
- By scan and email to the Company Secretary.

Your proxy voting instruction must be received by 4:00pm (AWST) on 28 May 2023, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after this time will not be valid for the meeting.

The NoM is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the NoM, please contact the Company Secretary.

Regards,

Jordan McArthur

Company Secretary

Xstate Resources Limited

Tel Office: +61 8 9435 3200

Email: companysecretary@xstateresources.com.au



XSTATE RESOURCES LIMITED

ACN 009 217 154

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY STATEMENT

Date of Meeting

30 May 2023

Time of Meeting

4:00 pm (AWST)

Place of Meeting

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

XSTATE RESOURCES LIMITED

ACN 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 4:00 pm (AWST) on Tuesday, 30 May 2023, at Level 1, 31 Cliff Street, Fremantle, Western Australia.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00 pm (AWST) on 28 May 2023.

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 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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 2022."

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

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 2022 Annual General Meeting.

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.

Resolution 2: Election of Director – Mr Andrew Bald

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

“That Mr Andrew Bald, a Director, who having been appointed a Director since the last AGM, retires in accordance with ASX Listing Rule 14.4, Clause 13.4 of the Company’s constitution and for all other purposes, and being eligible is elected as a Director.”

Resolution 3: Re-election of Director – Mr Greg Channon

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

“That Mr Greg Channon, a Director, retires by rotation in accordance with ASX Listing Rule 14.4, Clause 13.2 of the Company’s constitution and for all other purposes, and being eligible is re-elected as a Director.”

Resolution 4: 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 4,000,000 Director Options to Mr Andrew Childs, or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: 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 4 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: 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 4 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.

Resolution 5: 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 4,000,000 Director Options to Mr Greg Channon, or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: 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 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: 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.

Resolution 6: Issue of Options to Director – Mr Andrew Bald

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 4,000,000 Director Options to Mr Andrew Bald, or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: 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 Bald, 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: 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.

Resolution 7: 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 18,000,000 options to employees and consultants on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: 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 8: 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: 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: 12 April 2023

ENTITLEMENT TO ATTEND AND VOTE

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 28 May 2023 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.

Shareholders and their proxies should be aware that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

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

ACN 009 217 154

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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 2022, together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

A copy of the Company's 2022 Annual Report is available on the Company's ASX platform (**ASX:XST**) and on the website 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 Report; 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.

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.

RESOLUTION 2: Election of Director – Andrew Bald

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. However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Clause 13.4 of the Company's Constitution requires that a Director appointed by the Board will hold office only until the next Annual General Meeting and is then eligible for re-election. As Mr Bald was appointed since the previous Annual General Meeting, under clause 13.4 he is eligible for re-election.

Mr Bald has over 35 years of experience in financial markets and since branching out on his own in 2003, has raised capital for, and listed, a number of junior oil & gas and mineral exploration companies. From 2013 through 2016, he was managing director of Bursleson Energy, an oil and gas explorer with production in Texas, USA, and he has also been on the board and acted as company secretary of a number of other ASX listed companies.

Mr Bald is the founder and Executive Director of Panthea Capital, a boutique corporate advisory company that specialises in raising capital for ASX listed companies, advising companies in relation to IPO process and providing strategic planning, risk management and financing advice.

If Resolution 2 is passed, Mr Bald will be elected to the Board as a Non-executive Director.

If Resolution 2 is not passed, Mr Bald will not be elected to the Board as a Non-executive Director and the Board will have the capacity and requirement under its constitution of appointing a Director to ensure it can make up a quorum for meetings of Directors. This Director would then be required under the constitution and ASX Listing Rules to stand for election at the next AGM.

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

RESOLUTION 3: Election of Director – Greg Channon

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. However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

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 Mr Andrew Bald, whose election is the subject of Resolution 2) and accordingly one must retire.

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

Mr Channon is a geologist with over 35 years of global oil and gas experience in a variety of technical and leadership roles. He is currently Executive Chairman of RL Energy, and a Non-executive Director of Samson Oil and Gas Limited. During his career, Mr Channon has worked with a range of E&P companies including Delhi, Santos, Fletcher Challenge Energy, Shell, Swift Energy, BrightOil and Pathfinder. He has lived and worked in Australia, New Zealand, USA, Hong Kong, China and Africa.

Mr Channon has a large range of diverse oil and gas expertise, including exploration, operations, development, production, economics, commercial negotiations, new ventures, business development and IPO start-ups. He has sat on the Board of Directors of companies listed on the ASX, NYSE, TSX and HKSE.

If Resolution 2 is passed, Mr Channon will be re-elected to the Board as a Non-executive Director.

If Resolution 3 is not passed, Mr Channon will not be re-elected to the Board as a Non-executive Director and the Board will have the capacity and requirement under its constitution of appointing a Director to ensure it can make up a quorum for meetings of Directors. This Director would then be required under the constitution and ASX Listing Rules to stand for election at the next AGM.

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

ORDINARY RESOLUTIONS 4-6: Approval to Issue Options to Directors

The Company has agreed, subject to shareholder approval, to issue 12 million Options (Director Options) to Andrew Childs (4 million Director Options), Greg Channon (4 million Director Options) and Andrew Bald (4 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, Greg Channon and Andrew Bald 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 12,000,000;
- (c) the Director Options will be exercisable at 3 cents per Option on or before 30 June 2026, 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 \$68,145 and the pricing methodology is set out in Appendix 2;
- (g) the relevant interests of the Directors as of the date of of this notice are:

Andrew Childs: 2,500,000 shares and 3,500,000 options exercisable at 5 cents by 31 January 2024

Greg Channon: 528,493 shares and 3,500,000 options exercisable at 5 cents by 31 January 2024

Andrew Bald: 3,166,108 shares and nil options

- (h) the Related Parties each receive Director remuneration for the current financial year as follows:

Andrew Childs: \$60,000 pa

Greg Channon: \$60,000 pa

Andrew Bald: \$60,000 pa

- (i) if the Director Options granted to the Related Parties are exercised, a total of 12,000,000 Shares would be issued. This will increase the number of shares on issue from 321,519,150 to 333,519,150 (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 3.59%.

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. It is noted this information has been adjusted to reflect the effects of the 10-for-1 capital consolidation that occurred in March 2023:

	PRICE	DATE
HIGHEST	4.5 cents	20 April 2022
LOWEST	1.0 cents	30 March 2023
LATEST	1.2 cents	12 April 2023

- (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 4 to 6 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 4 to 6 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.

RESOLUTION 7: Approval of Issue of Options

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 18,000,000 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.

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.

The effect of Resolution 7 will be to allow the Company to issue 18,000,000 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 7 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 7 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 18,000,000;
- (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 3 cents each on or before 30 June 2026;
- (d) the Options will be issued to employees and consultants to the Company; and
- (e) the value of the Options is \$102,217 and the pricing methodology is set out in Appendix 2.

SPECIAL RESOLUTION 8: 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 8, 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 8 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 8 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 8 for it to be passed.

If Resolution 8 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 8 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 \$3.85 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 8:

(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 8 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	\$0.06 50% decrease in Issue Price	\$0.012 Issue Price	\$0.024 100% increase in Issue Price
321,519,150 Shares Current Variable A	10% Voting Dilution	32,151,915 Shares	32,151,915 Shares	32,151,915 Shares
	Funds raised	\$192,911	\$385,823	\$771,646
482,278,725 Shares 50% increase in Current Variable A	10% Voting Dilution	48,227,872 Shares	48,227,872 Shares	48,227,872 Shares
	Funds raised	\$289,367	\$578,734	\$1,157,469
643,038,300 Shares 100% increase in Current Variable A	10% Voting Dilution	64,303,830 Shares	64,303,830 Shares	64,303,830 Shares
	Funds raised	\$385,823	\$771,646	\$1,543,292

* 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 12 April 2023;
- 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 12 April 2023;

- 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 31 May 2022.

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):

No ordinary shares have been issued under LR 7.1A in the 12-month period preceding the date of the Annual General Meeting, representing 0.00% of the equity securities on issue at the commencement of stated 12-month period (being 340,569,150 equity securities – adjusted for 10-for-1 capital consolidation occurring in March 2023).

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 8.

PRO FORMA CAPITAL STRUCTURE:

If all the resolutions in this notice of meeting are passed, the capital structure of the Company will change as follows:

	<u>Shares</u>	<u>Options</u>
Currently on issue	321,519,150	11,550,000
Resolution 4	-	4,000,000
Resolution 5	-	4,000,000
Resolution 6	-	4,000,000
Resolution 7	-	18,000,000
	<hr/> 321,519,150	<hr/> 41,550,000 <hr/>

GLOSSARY

10% Placement Capacity has the meaning given in Resolution 8 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 - ACN 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

ACN 009 217 154

APPENDIX 1

UNLISTED 30 JUNE 2026 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 3 cents (“**Exercise Price**”):
- (c) The Options are exercisable at any time on or before 30 June 2026 (“**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

ACN 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	12 April 2023
Share price	\$0.012
Exercise price	\$0.030
Term	37.5 months
Expiry Date	30 June 2026
Volatility	100%
Risk free interest rate	3.4%
Indicative value per Option (cents)	\$0.0057

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 30 May 2023 commencing at 4.00 pm (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)

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

PROXY FORM

XSTATE RESOURCES LIMITED

ACN 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 4.00 pm (AWST) on 30 May 2023 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
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Election of Director – Andrew Bald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Director – Greg Channon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval to Issue Options – A Childs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval to Issue Options – G Channon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval to Issue Options – A Bald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 8 – 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: _____

Individual or Member 1

Member 2

Member 3

Sole Director / Company Secretary

Director

Director / Company Secretary

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,

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.