

28 March 2024

Notice of Annual General Meeting

Dear Shareholder,

Xstate Resources Limited (**Xstate** or **the Company**) will be holding its Annual General Meeting of shareholders at 10:00am (**AWST**) on 29 April 2024 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 dispatching 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 10:00am (AWST) on 27 April 2024, 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

Notice is given that the Meeting will be held at:

TIME: 10:00am (AWST)

DATE: 29 April 2024

PLACE: Level 1, 31 Cliff Street, Fremantle, WA 6160

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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 5:00pm AWST on 27 April 2024.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report for the Company for the financial year ended 31 December 2023 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1: ADOPTION OF 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 2023."

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 2023 Annual General Meeting.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR ANDREW CHILDS

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

"That Mr Andrew Childs, 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."

4. RESOLUTION 3: DISPOSAL OF MAIN UNDERTAKING

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

"That, under and for the purposes of Listing Rule 11.2 and for all other purposes, approval is given for the sale by the Company of 100% of its working interest in the Red Earth Assets, to Blue Sky Resources Limited on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 4: APPROVAL OF 7.1A MANDATE

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."

A voting exclusion statement applies to this Resolution. Please see below.

Voting Exclusion Statement:

Resolution 3: Disposal of Main Undertaking	The Company will disregard any votes cast in favour of this Resolution by or on behalf of Blue Sky Resources Limited (or any of its associates) or any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a Shareholder) (each, an Excluded Party).
Resolution 4: Approval of 7.1A Mandate	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 cast 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 an Excluded Party 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:

Resolution 1: Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none">(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. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none">(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; and(b) the voter is the Chair and the appointment of the Chair as proxy:<ul style="list-style-type: none">(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 though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
--	--

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:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) 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:

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

Voting in person

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

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives of the Company will need to verify your identity. You can register from 9:30 am AWST on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9435 3200.

By Order of the Board



Jordan McArthur

Company Secretary

Dated: 28 March 2024

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 which are the subject of the business of the Meeting.

ASX takes no responsibility for the contents of this notice.

1. 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 2023, together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

A copy of the Company's 2023 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.

2. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

2.1 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.

2.2 Voting consequences

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 the 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.

2.3 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.

3. RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR ANDREW CHILDS

3.1 General

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 three Directors and accordingly one must retire.

3.2 Qualifications and other material directorships

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

Mr Childs graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology. Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Mr Childs moved to petroleum geology and geophysics with Perth based Ranger Oil Australia (later renamed Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director.

Mr Childs is also Non-executive Chairman of Sagasco Limited, and held a Non-executive Directorship on the board of ADX Energy Limited until 5 March 2024.

3.3 Independence

If re-elected, the Board considers Mr Childs will not be an independent Director by virtue of being the Executive Chairman.

3.4 Technical information required by Listing Rule 14.1A

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

If Resolution 2 is not passed, Mr Childs 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.

3.5 Board recommendation

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

4. BACKGROUND TO DISPOSAL OF MAIN UNDERTAKING

4.1 Transaction

The Company has entered into an agreement with Blue Sky Resources Limited (**BSRL**) to dispose of its 25% working interest in the Red Earth Assets in Alberta, Canada, for consideration of US\$2.73m (approximately A\$4.17m) (**Asset Sale Agreement**).

The Effective Date of the transaction is 1 January 2024, with an anticipated closing date of 29 March 2024.

Xstate will be retaining its 25% working interest in the Crest Jinn assets, which were acquired in early 2023 and re-entered during Q2 2023. The Company considers these assets prospective for further development and intends to work with the operator on potential exploration programs in the Keg River formation area.

The disposal of Xstate's 25% working interest in the Red Earth Assets constitutes a disposal of the Company's main undertaking (**Disposal**) (the subject of Resolution 3).

A summary of the material terms and conditions precedent for the Asset Sale Agreement is set out in Schedule 1 to this Notice.

The purpose of Resolution 3 is to seek Shareholder approval for the Disposal in terms of Listing Rule 11.2 and, more generally, to provide Shareholders with an opportunity to vote in favour or against the Disposal.

Shareholders should refer to Section 5.2 for a summary of Listing Rule 11.2 and the implications for the Company if Shareholder approval for the Disposal is not obtained.

4.2 Recommendation from the Board

The Directors unanimously recommend Shareholders vote **IN FAVOUR OF** Resolution 3 in the absence of a superior proposal for the reasons set out in Section 4.5 below.

None of the Directors have a material interest in the outcome of Resolution 1, other than as a result of their interest, if any, arising solely in their capacity as Shareholders.

Please refer to Section 5.4 of this Explanatory Statement for further information with respect to the Directors' recommendations and interests in the securities of the Company.

4.3 Background on the Company and its existing assets

The Company is a junior oil and gas explorer and producer with its principal activities being oil and gas exploration with associated natural gas flows as a by-product in California; oil and gas exploration, production and development activities on-shore Canada, and oil and gas exploration, production and development activities on-shore Austria.

For further information with respect to the Company's assets, please refer to the Company's ASX platform (**ASX:XST**), specifically the Company's 2023 Interim Report, ASX Announcement dated 13 September 2023, and the Company's December 2023 Quarterly Activities Report, ASX Announcement dated 31 January 2024.

A description of the Company's assets are set out below:

Canada – Oil Production Assets

Xstate has Working Interests (**WI**) in a group of non-operated on-shore assets in northern Alberta, Canada known as the **Red Earth Assets**. The Company in 2023 divested its 35% WI in a separate group of non-operated on-shore assets, in southern Alberta, Canada that were known as the **Alberta Plains Assets** as identified in the Company's ASX Announcements dated 19 July 2023 and 29 September 2023.

An initial 15% WI in the Red Earth Assets was originally acquired in November 2020 for purchase consideration of C\$300,000 (approximately A\$320,000 at the time) in cash and 58,333,333 fully paid ordinary Xstate Shares at an issue price of 0.3 cents per share (A\$175,000).

A further 10% WI in the Red Earth Assets was subsequently acquired in March 2021 for purchase consideration of C\$700,000 (approximately A\$746,000 at the time) in cash and 10,135,135 fully paid ordinary Xstate Shares at an issue price of 1.48 cents per share (A\$150,000).

The Red Earth area consists of 6 oilfields and associated infrastructure, located 450km north of Edmonton and is operated by BSRL. The area includes extensive long-life oil and gas leases covering an area of 123,000 acres, with vertical and horizontal oil wells and extensive associated production facilities and oil flow lines.

For the financial year ended 31 December 2023, the Red Earth Assets produced 74,517 bbl oil net to Xstate before royalties, equating to 61,115 bbl oil net to Xstate after royalties were taken in kind by the crown. The Red Earth Assets produced 79,415 bbl oil net to Xstate for the year ended 31 December 2022 before royalties, which equated to 62,750 bbl oil net to Xstate after royalties were taken in kind.

The Net Reserves for the Red Earth Assets as at 31 December 2023 were as follows:

Canada - TOTAL Reserves Table 31 Dec 2023	XST Reserves Canada Before Royalty 31 Dec 2023	XST Reserves Canada After Royalty 31 Dec 2023	XST Reserves Canada After Royalty 31 Dec 2022
Barrels of Oil Equivalent (BOE)			
Proved Developed Producing (PDP)	659,500	580,400	1,067,400
Proved Developed Not Producing (PDNP)	463,900	411,600	471,000
Proved Undeveloped (PUD)	77,700	67,300	64,700
Total Proved (1P) Reserve	1,201,100	1,059,300	1,603,100
<i>Probable Reserves (Prob.)</i>	333,200	285,400	530,300
Total Proved plus Probable (2P) Reserves	1,534,300	1,344,700	2,133,400

Note – Conversion Factor: 6 MCF gas equates to 1 BOE

The details contained in the table above differ from the information contained in the Annual Report released to ASX MAP on 28 March 2023 for the basis that the table above contains only reserves related to the Red Earth Assets and the table included in the Annual Report related to amalgamated reserves for the Red Earth Assets and the Alberta Plains Assets.

In February 2023 the Company announced it had acquired a 25% working interest in the Crest Jinn assets, adjacent to the Red Earth Assets in Northern Alberta, Canada. The acquisition was for cash consideration of C\$750,000 (approximately A\$810,000 at the time). The acquisition included:

- a) 2 oil discovery wells that had been drilled, completed and recovered oil, which were planned for imminent equipping and commencement of production activities;
- b) 10,240 gross acres of unencumbered crown land with no rehabilitation liabilities beyond the existing two wells noted in a) above;
- c) 10 Keg River Formation prospects mapped within the acreage that displayed similar technical characteristics to the existing discovers and fields in the region.
- d) Prospects that had been identified on a 30km² 3D seismic survey that was acquired in 2002.

The Crest Jinn wells were put back into production in April 2023. Initial flow assessments showed strong production that tapered off for one of the two wells put back into production. By September 2023, the operator made the decision that the production was uneconomical to continue and one of the two wells was shut in. The remaining well continues to produce approximately 20-30 bbl/d gross (5-6 bbl/d net to Xstate) and opportunities are available for further assessment of well optimisation and Crest Jinn acreage exploration.

Austria – Oil Production Asset

The Anshof Oil Discovery Area is located in the ADX-AT-II license in Upper Austria. The Anshof-3 exploration well encountered oil in Eocene oil reservoirs during January 2022 and was subsequently flow tested in May 2022. An extended production test commenced in October 2022 using a leased early production unit. In September 2023 the Anshof-3 well was shut in upon reaching the regulatory limit of 5,000 Tonnes (ca. 36,000 bbl) of test production. ADX Energy Limited (**the Operator**) had identified that production is anticipated to recommence after the drilling of the Anshof-2 well and installation of a permanent production facility during 2024, noting that the Anshof-2 well would be drilled from the same wellsite as Anshof-3.

Xstate acquired the right to farm to the Anshof-3 well in Q4 2021, whereby Xstate funded 40% of the exploration well during 2022, up to a cap of €1.8 million, to earn its 20% equity interest in the entire Anshof Prospect Area.

During 2023, the Anshof-3 well produced at an average of 116bbl/d, producing a total of 29,801 bbl gross, with production net to Xstate's 20% working interest of 5,960 bbl.

In November 2023, the Company notified the market of its determination not to participate in the Anshof-2 exploration well with the Anshof Discovery Area joint venture partners, MND Austria a.s. and ADX Energy Limited. The Board determined that participation in a non-core asset well was no longer considered an appropriate utilisation of Company funds at the time.

The Net Reserves for Anshof-3 as at 31 December 2023 was as follows:

Anshof Field, Austria Reserves Table	XST Reserves and Resources after Royalty 31 Dec 2023			XST Reserves and Resources after Royalty 31 Dec 2022		
	Oil (MMbbls)	Gas (MMCF)	Oil Equiv. (MMboe)	Oil (MMbbls)	Gas (MMCF)	Oil Equiv. (MMboe)
Total Proved (1P) Reserve	0.1	19.2	0.1	0.1	19.2	0.1
Total Proved plus Probable (2P) Reserves	1.0	234.0	1.0	1.0	234.0	1.0
Total Proved plus Probable plus Possible (3P) Reserves	2.4	562.0	2.5	2.4	562.0	2.5
Total Contingent (1C) Resource	-	-	-	-	-	-
Total Contingent (2C) Resource	-	-	-	-	-	-
Total Contingent (3C) Resource	2.6	608	2.7	2.6	608	2.7

Onshore California – Oil and Gas Exploration Assets with by-product of gas production

The Company continues to maintain a WI in various leases held in the Sacramento Basin by Sacgasco Limited (**ASX:SGC**). Workings interests in the area range from 10% to 33% in oil and gas leases which cover natural gas prospects ranging in size from 5bcf to 20bcf, with up to 1tcf recoverable unrisks prospective resources of natural gas.

Gross gas flows in the Sacramento Basin assets for the year ended 31 December 2023 were 115,077 mcf, with 14,691 mcf net to Xstate after mineral royalties. Gross gas flows for the year ended 31 December 2022 were 143,546 mcf, with 16,318 mcf net to Xstate after mineral royalties.

A copy of the tenement table as at 31 December 2023 is included on the following page.

Project names	Leases; related gas field (HBP leases); or key well	Project Type	Working Interest (WI)*
<i>Dempsey Area Project</i>	Rancho Capay, East Rice Creek, East Gas Fields - HBP Leases; Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	10-33%
<i>Borba Project</i>	Oil and Gas Mineral Leases	Exploration	33%
<i>Los Medanos Project</i>	Los Medanos Gas Field HBP Leases	Appraisal and Rework	10%
<i>Malton Project</i>	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	30%
<i>Dutch Slough Gas Project</i>	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal and Rework	30%
<i>Alvares Project</i>	Alvares 1 well (P&A re-entry)	Exploration and Appraisal	25%

The Company confirms that it is not aware of any new information or data that materially affects the information included in its previous announcements with respect to the assets.

4.4 Blue Sky Resources Limited

Blue Sky Resources Limited (BSRL) is a privately owned and Canadian domiciled Oil and Gas producer. BSRL owns and operates various oil and gas assets located in Alberta and British Columbia, Canada, including its 40% interest and operatorship of the Red Earth Assets.

BSRL currently produces close to 8,500 boe/d from its assets. Xstate has been engaged with BSRL since its acquisition of the Red Earth Assets in 2020/2021.

BSRL is a substantial shareholder of the Company, holding 28,617,247 fully paid ordinary shares (being 8.90% of the voting rights in the Company). Blue Sky International Holdings Inc., a related party entity of BSRL by virtue of both entities being controlled by the same shareholder, owns a further 500,000 fully paid ordinary shares in Xstate (being 0.156% of the voting rights in the Company).

4.5 Financial effect, advantages and disadvantages of the Disposal

4.5.1 Financial effect and use of proceeds

The Company has received US\$400,000 (approximately A\$613,000) as settlement of the first two tranches of consideration for the divestment of the Red Earth Assets, as contemplated in the Asset Sale Agreement, the material terms of which are disclosed in Schedule 1.

The Company is due to receive a further US\$2,327,273 (approximately A\$3,570,000) in cash consideration for the Asset Sale Agreement, upon satisfaction of the conditions outlined in Schedule 1, being Shareholder approval.

The impact of the Disposal on the Company is set out in the pro forma balance sheet contained in Schedule 2.

The proceeds received from the Disposal will be available for deployment on new venture projects, including but not limited to:

- additional exploration and development activities in the Company's Californian working interests;
- exploration and appraisal activities at the Company's retained working interests in the Crest Jinn assets in Alberta, Canada; and
- potential new venture exploration projects that are being assessed by the Company.

At present, no additional cash will be raised as a result or subsequent to the Disposal, however, upon completion of the Disposal, the Company will be in an optimal position to proceed to pursue its key objectives and strategies (as set out in Section 4.6.1). The Company does not rule out the need to raise new capital should new opportunities arise.

The Company's assets and liabilities proposed to be sold (as set out in the pro forma balance sheet in Schedule 2) from the Disposal of the Red Earth Assets are as follows:

Assets held for sale	Value (\$)
Inventory	84,295
Property, plant and equipment	10,644,648
Total	10,728,943

These above assets represent 84% of the total assets of the Company as at 31 December 2023.

Liabilities held for sale	Value (\$)
Provisions (current and non-current)	(9,898,397)
Total	(9,898,397)

These above liabilities represent 94% of the total liabilities of the Company as at 31 December 2023.

4.5.2 Advantages

The Directors consider that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 3:

- (a) the Company will divest itself of significant potential abandonment liabilities associated with the Red Earth wells;
- (b) the Company will have capital to fund its continued operations in Canada and California, and have capital to fund future potential exploration and development opportunities that may arise within these project areas;
- (c) the Disposal will enable the Company to consider alternative asset acquisitions that the Directors believe will add value to Shareholders; and
- (d) the Consideration from the Disposal will provide capital for the Company to review potential investment and acquisition opportunities and for general working capital purposes.

4.5.3 Disadvantages

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 3:

- (a) the consequence of the Disposal is that the Company will sell its main assets, being the Red Earth Assets, which may not be consistent with the investment objectives of all Shareholders; and
- (b) notwithstanding the unanimous recommendation by the Board that, in the absence of a superior proposal, the Disposal is in the best interests of Shareholders, you may believe that the Disposal is not in your best interests or believe that the Disposal consideration is inadequate.

4.6 The Company's intentions post-settlement

4.6.1 Direction and Business Model

The Company confirms that it intends to:

- (a) continue to pursue its business of evaluating global oil and gas prospects and exploring for commercial accumulations of hydrocarbons;
- (b) look for avenues to optimise production and cash flow from the Crest Jinn assets, and to assess with the Operator, opportunities for exploration and appraisal within the Keg River field; and
- (c) evaluate, alongside the Operator of the Sacramento Basin assets, and if commercially feasible, invest in value accretive exploration opportunities in California;

The estimated expenditure required to complete the proposed activities above over the next 12 months is approximately A\$1.71m, which is broken down as follows:

Activities	Expenditure (A\$)
Feasibility of commercialising Borba Gas Field	\$35,000
Analysis of infill and production optimisation opportunities in Crest Jinn	\$375,000
Assessing New Venture Opportunities	\$700,000
Drilling Exploration well in California Exploration Opportunities	Up to \$600,000
Total	\$1,710,000

4.6.2 Listing Rule Matters

The Company notes that Listing Rule 12.3 provides:

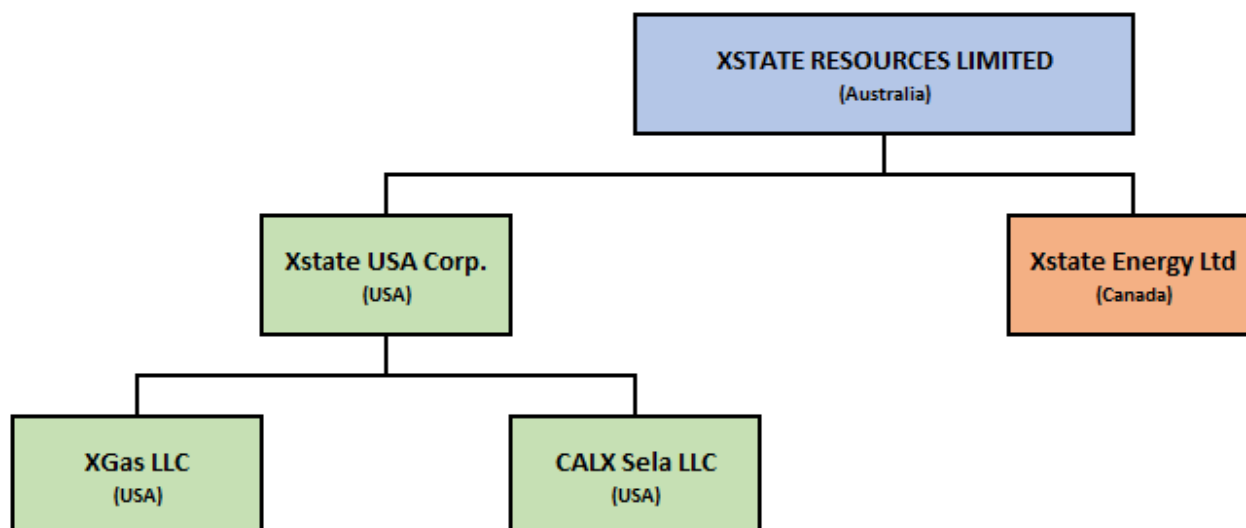
"If half or more of an entity's total assets is cash or in a form readily convertible into cash, ASX may suspend quotation of the entity's securities until it invests those assets or uses them in the entity's business. The entity must give holders of ordinary securities in writing details of the investment or use..."

Notwithstanding Listing Rule 12.3, ASX will generally continue quotation of a listed entity's securities for six months from the date of the agreement to complete the Disposal (being 29 October 2024 – a date six months from Shareholder approval date if received). Following completion of the Disposal, it may be necessary for the Company to satisfy ASX that it has sufficient operations to continue quotation of its securities or, if not, re-comply with the Listing Rules.

The Company may be suspended six months after the date of the agreement to complete the Disposal if ASX is not satisfied that it has sufficient operations to continue quotation of its securities or, if required, whilst it undertakes a re-compliance.

4.6.3 Group structure

Upon completion of the Disposal, the corporate structure of the Company will remain unchanged as follows:



4.6.4 Proposed changes to the Company's Board and management

There will be no changes to the Company's Board nor to senior management personnel of the Company as a result of the Disposal.

4.6.5 Effect on capital structure

The Disposal will have no effect on the capital structure of the Company.

4.6.6 Indicative timetable

Subject to the Listing Rules and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

Event	Date*
Effective Date of Agreement	1 January 2024
ASX announcement of Red Earth Disposal Transaction	29 February 2024
Notice of Meeting for the Transactions sent to Shareholders	28 March 2024
Second Tranche Payment for Disposal Transaction	28 March 2024
Shareholder Meeting to approve the Nido Transaction	29 April 2024
Closing of Disposal Transaction and Third Tranche Payment	29 April 2024
Final Payment for Disposal Transaction	29 June 2024

* Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

5. RESOLUTION 3: DISPOSAL OF MAIN UNDERTAKING

5.1 General

The Notice of Meeting has been prepared to seek Shareholder approval for the matters required to complete the Disposal for the purposes of ASX Listing Rule 11.2. ASX takes no responsibility for the contents of the Notice.

5.2 Listing Rule 11.2

Subject to Resolution 3 passing, the Company is proposing to proceed with the Disposal.

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The Disposal is a disposal of the Company's main undertaking for these purposes.

Resolution 3 seeks the required Shareholder approval to the Disposal on the terms of the Asset Sale Agreement under, and for the purposes of, ASX Listing Rule 11.2.

If Resolution 3 is passed, the Company will be able to proceed with the Disposal, resulting in the Company being in an optimal position to pursue its key objectives and strategies (as set out in section 4.6.1).

If Resolution 3 is not passed, the Company will not be able to proceed with the Disposal. This outcome will result in a reduction in near-term working capital the Company intends to utilise on value accretive exploration activities. Without this working capital, the Company would need to seek alternate sources of funding.

For the reasons set out above, the Directors recommend that Shareholders vote in favour of the Resolution.

The Buyer is not a related party of the Company, and Shareholder approval for the Disposal is not required for the purposes of ASX Listing Rule 10.1.

5.3 Listing Rule 10.1

The Company confirms that:

- (a) none of the shareholders, directors or officers of Blue Sky are parties to whom Listing Rule 10.1 applies; and
- (b) the Asset Sale Agreement has been negotiated on an arms' length basis.

5.4 Directors' interests and recommendations

None of the Directors have a material interest in the outcome of Resolution 3, other than as a result of their interest, if any, arising solely in their capacity as Shareholders.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	Options	Percentage (%) (Undiluted)	Percentage (%) (Fully Diluted)
Andrew Childs	2,500,000 ¹	4,000,000 ²	0.78%	2.02%
Greg Channon	528,493 ³	4,000,000 ⁴	0.16%	1.41%
Andrew Bald	3,166,108 ⁵	4,000,000 ⁶	0.98%	2.23%

Notes:

1. Comprising:

- (a) 1,500,000 Shares held directly by Mr Childs; and
- (b) 1,000,000 Shares held indirectly by *Brazell Pty Ltd <A & M Super Fund A/C>* - a Director Controlled Entity.

2. Unlisted Options exercisable at \$0.03 on or before 30 June 2026, held directly by Mr Childs.

3. Held indirectly by *Ruby Lloyd Pty Ltd* – a Director Controlled Entity.

4. Unlisted Options exercisable at \$0.03 on or before 30 June 2026, held indirectly by *Ruby Lloyd Pty Ltd – a Director Controlled Entity*.
5. Held indirectly by *Hera Investments Pty Ltd – a Director Controlled Entity*.
6. Unlisted Options exercisable at \$0.03 on or before 30 June 2026, held indirectly by *Hera Investments Pty Ltd – a Director Controlled Entity*.

The Directors have approved the proposal to put Resolution 3 to Shareholders.

Having regard to the advantages and disadvantages of the Disposal above, each Director intends to vote all of their Shares in favour of Resolution 3.

Based on the information available, the Directors consider that the proposed Disposal is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1 in the absence of a superior offer.

5.5 Other material information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 3 (being information that is known to any of the Directors, and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement and the Schedules.

6. RESOLUTION 4: APPROVAL OF 7.1A MANDATE

6.1 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 4, 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 4 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 4 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 4 for it to be passed.

If Resolution 4 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 4 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 \$5.14 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 6:

(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 4 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 on the following page 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	\$0.008 50% decrease in Issue Price	\$0.016 Issue Price	\$0.032 100% 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	\$257,215	\$514,431	\$1,028,861
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	\$385,823	\$771,646	\$1,543,292
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	\$514,431	\$1,028,861	\$2,057,723

* 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 21 March 2024;
- 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 21 March 2024;
- 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 2023.

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 347,819,150 equity securities).

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 4.

GLOSSARY

A\$ means Australian Dollar

Alberta Plains Assets means the group of Oil and Gas producing properties operated by Blue Sky Resources Limited, of which Xstate held a 35% working interest. Refer to XST ASX Announcements dated 28 January 2021 and 14 July 2021.

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

Asset Sale Agreement means the agreement entered into by the Company and Blue Sky as outlined in Section 1.1 of 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.

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

Blue Sky or **Buyer** means Blue Sky Resources Ltd.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

C\$ means Canadian Dollar.

Company means Xstate Resources Limited - ACN 009 217 154

Corporations Act means the *Corporations Act 2001 (Cth)*

Directors means the current directors of the Company.

Disposal means the Company's sale of the Red Earth Assets, as outlined in Section 1.1 of this Notice

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Red Earth Assets means the group of Oil producing properties operated by Blue Sky Resources Ltd, of which Xstate holds a 25% working interest. Refer to XST ASX Announcements dated 20 November 2020 and 22 March 2021.

Resolution means the resolution set out in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

US\$ means United States of America Dollar.

SCHEDULE 1 – MATERIAL TERMS OF THE RED EARTH DISPOSAL AGREEMENT

The material terms and conditions of the Red Earth Assets Disposal Agreement are as follows:

- (a) **Disposal:** Blue Sky Resources Limited (**BSRL**) has agreed to acquire a 25% working interest in the Red Earth Asset area, excluding the Company's Crest Jinn assets.
- (b) **Consideration:** In consideration of the Disposal, Blue has agreed to pay the Company the following cash consideration:
 - i. US\$100,000 upon execution of the Disposal Agreement;
 - ii. US\$300,000 on March 29th, 2024;
 - iii. US\$1,000,000 cash within 10 days of shareholder approval being obtained; and
 - iv. US\$1,327,273 paid 60 days after payment contemplated at iii. above
- (c) **Conditions to the Disposal Agreement:** Completion of the Disposal Agreement is condition upon (inter alia):
 - i. The Company obtaining Shareholder approval pursuant to Resolution 3.
- (d) **Settlement:** Title and risk in the Red Earth Assets shall pass to Blue Sky on settlement of the Disposal. Settlement will occur after payment of the final instalment of the purchase consideration is received.
- (e) **Default:** Non-payment of any component of the Consideration will be deemed a Default and the Seller will be entitled to be paid interest at a default interest rate of 5% per calendar month, calculated daily and compounded monthly.
- (f) **Termination:** Should the Disposal Agreement be in Default for a period exceeding 60 days, the Seller will have the right to terminate the Disposal Agreement and retain any components of the Purchase Price paid up to and including the end of the Default Period.

SCHEDULE 2 – PRO FORMA BALANCE SHEET

	XST 31 Dec 2023 (1)	Red Earth Sale Transaction (3)	Pro Forma Post Transactions
Current assets			
Cash and cash equivalents	995,260	4,010,000	5,005,260
Trade and other receivables	6,439	-	6,439
Prepayments	22,299	-	22,299
Inventories	84,295	(84,295)	-
Total current assets	1,108,293	3,925,705	5,033,998
Non-current assets			
Oil & gas properties	11,625,726	(10,644,648)	981,078
Total non-current assets	11,625,726	(10,644,648)	981,078
Total assets	12,734,019	(6,718,943)	6,015,076
Current liabilities			
Trade and other payables	(232,034)	-	(232,034)
Current tax liability*	(217,039)	(185,000)*	(402,039)
Borrowings	(4,886)	-	(4,886)
Employee benefits	(1,488)	-	(1,488)
Site restoration provision	(512,005)	512,005	-
Total current liabilities	(967,452)	327,005	(640,447)
Non-current liabilities			
Site restoration provision	(9,569,637)	9,386,392	(183,245)
Total non-current liabilities	(9,569,637)	9,386,392	(183,245)
Total liabilities	(10,537,089)	9,713,397	(823,692)
Net assets	2,196,930	2,994,454	5,191,384
Equity			
Issued capital	58,083,830	-	58,083,830
Reserves	612,821	-	612,821
Accumulated losses	(56,499,721)	2,994,454	(53,505,267)
Total equity	2,196,930	2,994,454	5,191,384

* Current tax liabilities in relation to the proposed Red Earth Sale Transaction is disclosed on an estimated basis as at the time of preparation of this notice of meeting. Actual tax liabilities applicable on the disposal of the Red Earth Assets will be assessed by the Company's tax advisers for the annual income tax return and may vary from the amounts presented above.

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 the Annual General Meeting of the members of Xstate Resources Limited to be held on 29 April 2024 commencing at 10:00am (AWST) and at any adjournments of that 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 Annual 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 Annual General Meeting to be held at 10:00am (AWST) on 29 April 2024 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.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1: Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Re-election of Director – A Childs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Disposal of Main Undertaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Approval of 7.1A Mandate	<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

Sole Director / Company Secretary

Member 2

Director

Member 3

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.