



XState Resources Limited

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4 January 2007

ASX LIMITED

Electronic lodgement

Dear Sir / Madam

On 20 December 2006 the Company lodged a prospectus for the issue of up to 30,000 shares at 20 cents each, and lodged an Appendix 3(B). The Company wishes to advise that no shares are to be placed pursuant to this prospectus.

Yours faithfully

XSTATE RESOURCES LIMITED

A handwritten signature in black ink, appearing to read "D McArthur".

DAVID McARTHUR

Managing Director