



XState Resources Limited

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30 April 2007

ASX LIMITED

Dear Sir / Madam

The following summarises the exploration activity for the quarter ended 31 March 2007:

ELLE URANIUM JOINT VENTURE – ARIZONA USA (XSTATE 50%)

The Elle Joint Venture is owned 50% by XState and 50% by US listed Liberty Star Gold Inc. The joint venture area comprises 22 square miles (57km²). Within this area, there are 17 prospective uranium targets of which three have been allocated to the joint venture and the balance are subject to a first right of refusal.

The joint venture area of mutual interest is strategically located within a large uranium bearing breccia pipe terrain which occurs on the Arizona Strip lying just south of the Utah border. Eight mines were brought into production during the 1970s and early 1980s on deposits discovered within the immediate area.

The uranium bearing pipes which were mined are the second highest grade uranium mineral deposits in the world and the highest grade in the United States. Previously mined mineralisation in these pipes has graded about 0.6% to 0.7% uranium or about 12 to 14 pounds per tonne. In addition to uranium they are known to contain copper, zinc, silver, vanadium, cobalt, nickel, molybdenum, gallium, germanium and other metals. Past producers have recovered copper, silver and vanadium as by-products of uranium mining.

The joint venture area hosts numerous visible collapsed features, and the joint venture partners are assessing complementary geophysical, geochemical and geological techniques to locate breccia pipes within the collapsed features. A number of other companies exploring along the Arizona Strip are utilising a number of geophysical techniques including the techniques trialled above with some encouraging reported results.

During the quarter Liberty Star Gold Corp, the company's joint venture partner in Arizona, USA completed drilling and down hole geophysics on 2 of the 3 initial targets chosen for preliminary exploration. These were the Elle and Hada target areas.

The drill holes successfully encountered the expected flat stratigraphic horizons that are typical for this part of the Arizona Strip, including the Coconino sandstone and the Hermit shale. However the holes did not encounter brecciated material consistent with a collapsed pipe feature. Assay results from the downhole sampling has not been received.

The targets were chosen based upon surface CS/NS AMT geophysics anomalies coincident with surface expressions of circular features derived from the detailed interception of colour air photos. The drilling was completed to test the validity of the geophysical technique.

Downhole electrical geophysical surveys known as TEM were subsequently completed down both holes to locate any conductive bodies proximal to the drillholes. The downhole surveys did not identify any potential conductors. In addition the joint venture conducted an airborne VTEM survey over the three circular features with no obvious anomalous expressions recorded.

Although the geophysics and drilling comprising the first phase of exploration did not give a positive result, the region has excellent potential to host a number of new discoveries.

On Monday 16 April 2007 Liberty Star Gold announced as follows in relation to the Elle Joint Venture in Arizona:

“Geochemical surveys are being conducted by Liberty Star over other pipes to define how this methodology can be used to target mineral zones both for the Elle Joint Venture and for other pipe targets held by Liberty Star. Liberty Star and XState will continue to evaluate these studies to determine how to most effectively continue this program. This is part of the exploration process. Much valuable information has been gained and we believe additional drilling will penetrate the breccia pipes.”

In addition to the geochemical orientation survey, the Elle Joint Venture partners are reviewing the recently completed geophysical survey’s including airborne, surface and downhole electromagnetic techniques.

The combination of geochemistry, geophysics and geological mapping will be used to focus future explorations.

XState’s technical team are currently working with Liberty Star technical staff to determine the next phases of exploration by the Elle Joint Venture. The program and the indicative timing will be released to the market as soon as they are determined.

Of the US\$2.9 million contributed to the Elle Joint Venture by XState, a balance of US\$2.3 million remains, and XState has cash reserves of A\$2.5 million in its own right.

CORPORATE

During the quarter Mr Rhod Grivas was appointed as a non-executive director.

Mr Grivas brings significant geological and mining experience to the Board. Mr Grivas has over 19 years experience in all technical aspects of exploration from grassroots through to resource estimation and feasibility. He has held a number of director and senior management positions with resource companies.

Yours faithfully

XSTATE RESOURCES LIMITED



DAVID McARTHUR

Director

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

XSTATE RESOURCES LIMITED

ACN or ARBN

009 217 154

Quarter ended ("current quarter")

31 March 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(150)	(150)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	40	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(110)	(110)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(13)	(13)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(13)	(13)
1.13 Total operating and investing cash flows (carried forward)	(123)	(123)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(123)	(123)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	280	280
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	280	280
Net increase (decrease) in cash held			
		157	157
1.20	Cash at beginning of quarter/year to date	2,351	2,351
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,508	2,508

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	48
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes all management and consulting fees and salaries paid to directors and director-related entities during quarter, as well as superannuation paid on behalf of directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation paid via JV investment	-
4.2 Development	-
Total	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.2

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,508	2,351
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,508	2,351

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities	Nil	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 +Ordinary securities **	54,829,593	50,029,593	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities	Nil	N/A	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 Options Listed options	5,325,000	0	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 30 June 2007
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	1,400,000	0	20 cents	30 June 2007
7.10 Expired during quarter	Nil	N/A	N/A	N/A
7.11 Debentures <i>(totals only)</i>	Nil	N/A		
7.12 Unsecured notes <i>(totals only)</i>	Nil	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2007
Director

Print name: David McArthur

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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