



XState Resources Limited

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13 June 2007

**ASX LIMITED**

Dear Sir / Madam

**Exploration Update**

Xstate Resources Limited ("Xstate") is pleased to announce the scheduled commencement of a geochemical exploration program over three circular features that form part of the Elle joint venture in Arizona, USA, with project manager, Liberty Star Uranium ("Liberty Star"). Xstate and Liberty Star each have a 50% percent interest in the joint venture. The sampling program is planned to commence this month.

Over the past 6 months Liberty Star has conducted a number of geochemical orientation surveys over 12 existing circular features. The majority of these circular features were located within the Elle joint venture area of mutual interest.

In addition, Liberty Star has reviewed soil geochemical programs conducted by the United States Geological Survey ("USGS") over 50 collapsed features during the 1970's and 1980's. This work included three mineralised pipes. The work conducted by the USGS suggests that geochemical sampling is a useful tool for assisting exploration for mineralised breccia pipes. Results indicate that mineralised pipes are often enriched in a number of varied elements against a background of sedimentary rocks.

A multi phased geochemical soil survey is planned with phase 1 consisting of an east-west and a north-south traverse over the circular features with samples collected every 50 metres. The collected samples will be sent for multi-elemental analysis using 4 acid digest and ICP-MS analysis. Anomalous results will be followed up by infill grid sampling on a nominal 50 metre grid pattern.

It is expected that a successful soil survey program will be followed by detailed drilling. Previous drilling by explorers in the region have used shallow drilling to confirm the surface expression of the collapsed feature, locate the breccia pipe within the collapsed feature and analyse the pipe and surrounds for anomalous uranium and base metals that distinguish the mineralised pipes.

Yours faithfully  
**XSTATE RESOURCES LIMITED**



**DAVID McARTHUR**  
Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information provided by Liberty Star Uranium and Metals Corp and compiled by Mr R Grivas, MAIG, MAusIMM an employee of Goodheart Pty Ltd. Mr Grivas has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.