



XState Resources Limited

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25 September 2007

**ASX LIMITED**

Dear Sir / Madam

**ELLE JOINT VENTURE – ARIZONA - USA**

Attached is a copy of a release made by Liberty Star Uranium, XState's joint venture partner in Arizona, USA.

The announcement makes reference to exploration activity over the XState joint venture area of mutual interest.

**“Liberty Star Uranium Announces the Transfer of the Loreto Breccia Pipe Target to the Joint Venture with XState Resources.**

24 September 2007

Tuscon, Arizona – 27 September 2007 – Liberty Star Uranium & Metals Corp. (the “Company”), (OTCBB symbol: LBSU) is pleased to announce it has transferred 50% interest in four standard federal lode mining claims, an area of about 83 acres, which cover the Loreto breccia pipe target (Pipe) to joint venture partner XState Resources Limited (ASX symbol: XST).

The Loreto Pipe lies about five miles southeast and along trend of the Hazel-Elle-Hermina northwest-southeast alignment. It lies within the Liberty Start-XState Elle joint venture area of mutual interest (AMI). Surface examination to date suggests it has three breccia centers but this observation is subject to further work and drilling. Silicification and boxwork openings after mineral pyrite (iron sulphide) in the southern feature are encouraging for stronger mineralisation at depth. Detailed grid sampling has been completed and assays have recently been received. They are currently undergoing evaluation and compilation with other geotechnical studies. As these studies and interpenetrations are completed the results will be released.

The breccia pipes are part of the 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 ton. 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.

Yours faithfully

**XSTATE RESOURCES LIMITED**

**DAVID McARTHUR**

Director