



XSTATE RESOURCES LIMITED

ABN 96 009 217 154

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

.....

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Wednesday 27 May, 2009

Time of Meeting

12:00pm (WST)

Place of Meeting

Level 2, 45 Stirling Highway
Nedlands, Western Australia

XSTATE RESOURCES LIMITED
ABN 96 009 217 154

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of XState Resources Limited will be held at Level 2, 45 Stirling Highway, Nedlands on Wednesday 27 May 2009 at 12:00pm.

In order to determine voting entitlements, the register of Shareholders will be closed at 12:00pm Monday 25 May 2008.

An Explanatory Memorandum containing information in relation to each of the resolutions to be put to the meeting accompanies this Notice.

AGENDA

To consider and, if thought fit, to pass the following resolutions.

ORDINARY BUSINESS

2008 Accounts

To receive and consider the Directors' report and income statement for the year ended 31 December 2008, the balance sheet at that date, the Auditors' report and the Directors' declaration on the accounts.

Non-binding Ordinary Resolution 1: Directors' Remuneration Report

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

"That pursuant to and in accordance with section 250R (2) of the Corporations Act the Directors' Remuneration Report contained within the Directors' Report be adopted."

Ordinary Resolution 2: Re-election of a Director

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

"That Mr Ross Kestel, a director retiring by rotation in accordance with clause 12.2 of the Company's Constitution, is re-elected a director of the Company."

By Order of the Board



D M McARTHUR
Company Secretary

Dated: 10 April 2009

XSTATE RESOURCES LIMITED
ABN 96 009 217 154

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting (“**Notice**”) of the Company.

The Directors of the Company (“**Directors**”) recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

NON-BINDING ORDINARY RESOLUTION 1 – Directors’ Remuneration Report

Pursuant to Section 250R (2) of the Corporations Act, a resolution adopting the Directors’ Remuneration Report contained within the Directors’ Report must be put to the vote of the Company.

Shareholders are advised that pursuant to Section 250R (3) of the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

The Director’s Remuneration Report is set out within the Director’s Report. The Report:

- explains the Board’s policy for determining the nature and amount of remuneration of executive and non executive Directors and senior executives of the Company;
- sets out remuneration details for each Director and the 4 most highly remunerated senior executives of the Company;
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company; and
- provides an explanation of share based compensation payments for each Director and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Directors’ Remuneration Report at the Meeting.

The Board unanimously recommends that shareholders vote in favour of adopting the Directors’ Remuneration Report.

ORDINARY RESOLUTION 2 – Re-election of Mr Ross Kestel as a Director of the Company

Clause 12.2 of the Company’s Constitution provides that at every Annual General Meeting of the Company one-third of the Directors (other than alternate Directors and the Managing Director) shall retire from office. The Directors to retire at an Annual General Meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election.

Accordingly, pursuant to Clause 12.2 of the Company’s Constitution, Ross Kestel, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

PROXY FORM

**APPOINTMENT OF PROXY
XSTATE RESOURCES LIMITED
ABN 96 009 217 154**

ANNUAL GENERAL MEETING

I/We

Address

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at Level 2, 45 Stirling Highway, Nedlands, Western Australia, on Wednesday 27 May 2009 at 10.00am (WST) and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr R Kestel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

In relation to the Resolutions, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on these Resolutions, please place a mark in this box

By marking this box, you acknowledge that if you have appointed the Chairman as your proxy the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman intends to vote in favour of all of the resolutions.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to 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 _____%

Signed this _____ day of _____ 2009

By:

Individuals and joint holders

<input type="text"/>
Signature
<input type="text"/>
Signature
<input type="text"/>
Signature

Companies (affix common seal if appropriate)

<input type="text"/>
Director
<input type="text"/>
Director/Company Secretary
<input type="text"/>
Sole Director and Sole Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies.
2. If a member appoints two proxies, each proxy must be appointed to represent a specified portion or number of the member's voting rights and neither proxy may vote on a show of hands.
3. If a member appoints two proxies, and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
4. A proxy need not be a member of the Company.
5. If a corporate representative is to attend the meeting on behalf of a corporation, a formal notice of appointment must be brought to the meeting.
6. The Proxy Form must be signed by the shareholder or the shareholder's attorney. If the shareholder is a corporation, the Proxy Form should be signed under its common seal, or by two directors (or a director and a company secretary), or if a corporation with a sole director and sole secretary by that director, with the office held printed under each signature. Alternatively, a corporation can sign by its attorney or duly authorised officer.
7. The Proxy Form and any power of attorney or authority under which it is signed must be received at the registered office of the Company not less than 48 hours prior to the appointed time of Meeting. Proxy Forms can be lodged:

. **in person at:** XState Resources Limited
Level 2, 45 Stirling Highway
NEDLANDS WA 6009

. **by post to:** XState Resources Limited
PO Box 985
NEDLANDS WA 6909

. **by facsimile on:** (61 8) 9389 8327

8. In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 5:00pm (WST) on Friday 22 May 2009.

Please advise of any change of address by completion of the section below:

My new address is _____
