



ABN 96 009 217 154

19 August 2010

ASX Limited

Electronic lodgement

LAMBOUKA-1 HEADING FOR THE PRIMARY ABIOD TARGET

XState Resources informs shareholders that the Lambouka-1 well is currently setting 9 ⁵/₈ inch casing before drilling towards the Abiod Formation, the primary objective of the well.

Lambouka-1 is expected to drill through the Abiod and Allam Formations over the next 4-7 days.

The Abiod is the main hydrocarbon reservoir in the Dougga gas and condensate discovery, (where XState has an option to increase equity to 20%) located some 22 km to the southwest of the Lambouka-1 well. The Abiod is also a major producing reservoir in Maamoura Field, Sidi El Kilani Field, in the Souassi area and Zinnia -Field, and at the Miskar Field in Tunisia. The Allam Formation also had porous reservoir zones containing hydrocarbons in the Dougga Discovery.

"XState (ASX: XST) has multiple opportunities to find large volumes of hydrocarbons in Tunisia and Italy. It is not a single prospect or single reservoir investment!"

Gary Jeffery -Managing Director

Other XState Activities:

Drilling of the onshore Sidi Daher Prospect (300 MMBOE) to Commence in Late 2010

Exploration plans are being advanced with further seismic interpretation, rig contracting and well site permitting underway to get ready to drill Sidi Daher in the Chorbane Block onshore Tunisia in late 2010. The Sidi Daher prospect has the potential for recoverable Prospective Resources of over 300 million barrels of oil equivalent¹ (MMBOE) from up to 6 reservoirs. XState holds a 10% equity interest in Sidi Daher.

3D Seismic Data Interpretation to Define Follow-up Prospects for XState

XState has recently received the final processed version of the offshore 3D seismic, acquired in April 2010 in the area surrounding the Dougga discovery and the Lambouka-1 well. Xstate will interpret these data to advance understanding of the Dougga discovery and further define the follow up prospects that have already been identified adjacent to both Dougga and Lambouka.

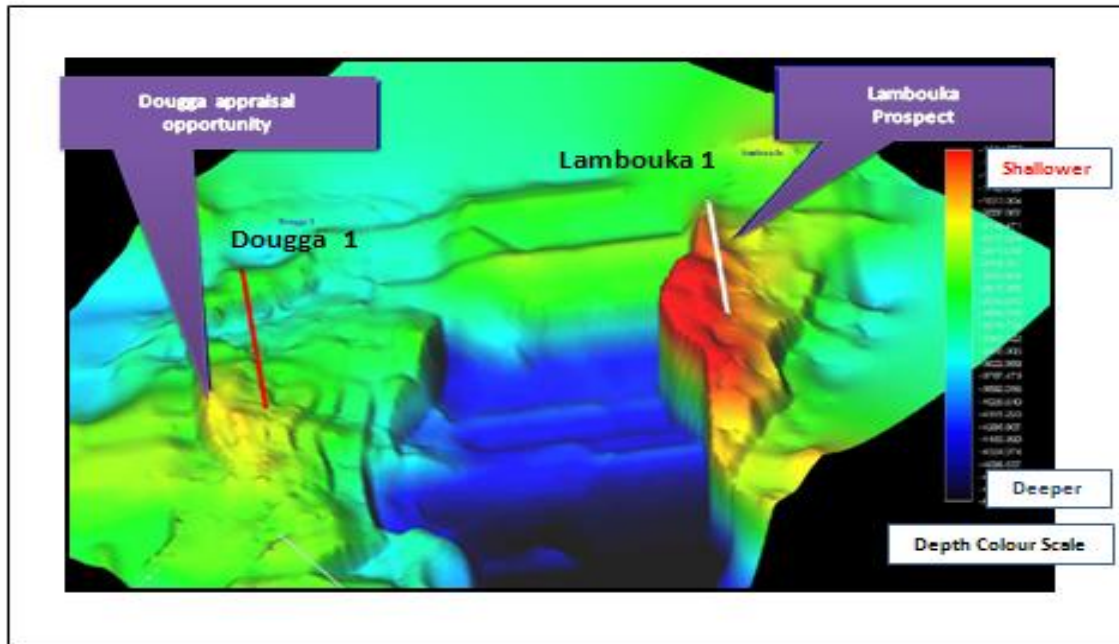
¹ Prospective Resource estimates from XState Prospectus dated 26 May 2010, Independent Experts Report

Participants in Lambouka-1 well are:

XState Resources Ltd	10%
ADX Energy Ltd	30%
Gulfsands Petroleum Plc	30%
Carnavale Resources Ltd	20%
PharmAust Limited	10%

Participants in Sidi Daher well are:

XState Resources Ltd	10%
ADX Energy Ltd	50%
Gulfsands Petroleum plc	40%



Schematic of Top Abiod Structure Map showing the relative size and depths of the Dougga and Lambouka Structures at the primary Abiod target reservoir.

For further information on XState's Projects or the Lambouka-1 well, please visit the Company's website xstate.com.au or contact the Company on +61 8 9423 3200.