ABN 96 009 217 154

4 November 2011

ASX Limited

Electronic lodgement

Shareholder Update Presentation

Please find attached a revised presentation by Xstate Resources Limited incorporating the latest released information on the Sidi Dhaher oil discovery well and the exploration and appraisal potential of Xstate's oil and gas permits.

For and on behalf of the Board.

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XST

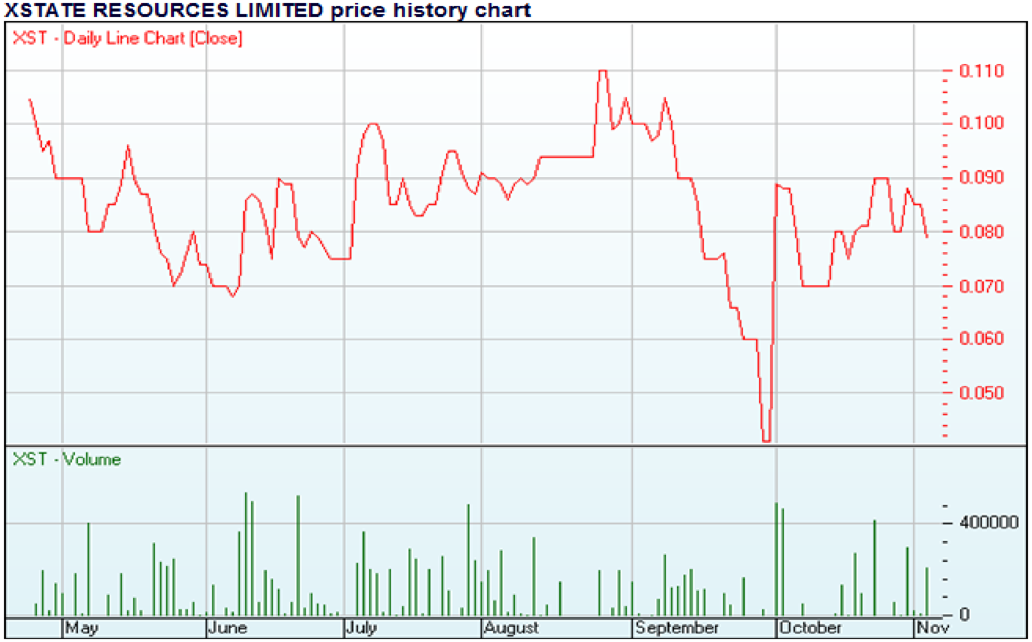
Shareholder Update
4 November 2011

Xstate… ready to test Sidi Dhaher oil discovery

Board and Management	
David Whitby	Non-Executive Chairman
Gary Jeffery	Managing Director
Ross Kestel	Non-Executive Director
James Brown	Non-Executive Director
David McArthur	Company Secretary

Xstate Capital Structure	
Shares on issue (ASX: XST)	77.5 million
Listed Options (ASX:XSTO) @24c w/ June 2013 expiry	48.4 million
Debt	Nil
Cash on hand	$0.5m

XSTATE RESOURCES LIMITED price history chart



- **Onshore Permit - oil flow testing of high impact Sidi Dhaher well in near term**
- **Offshore Permit with 3 Discoveries to be appraised for Development in medium term**
- **Tight capital structure and experienced Board**
- **Nearby infrastructure provides access to International Oil Markets and higher priced EU gas markets**

Tunisian Oil and Gas - Linked to Europe

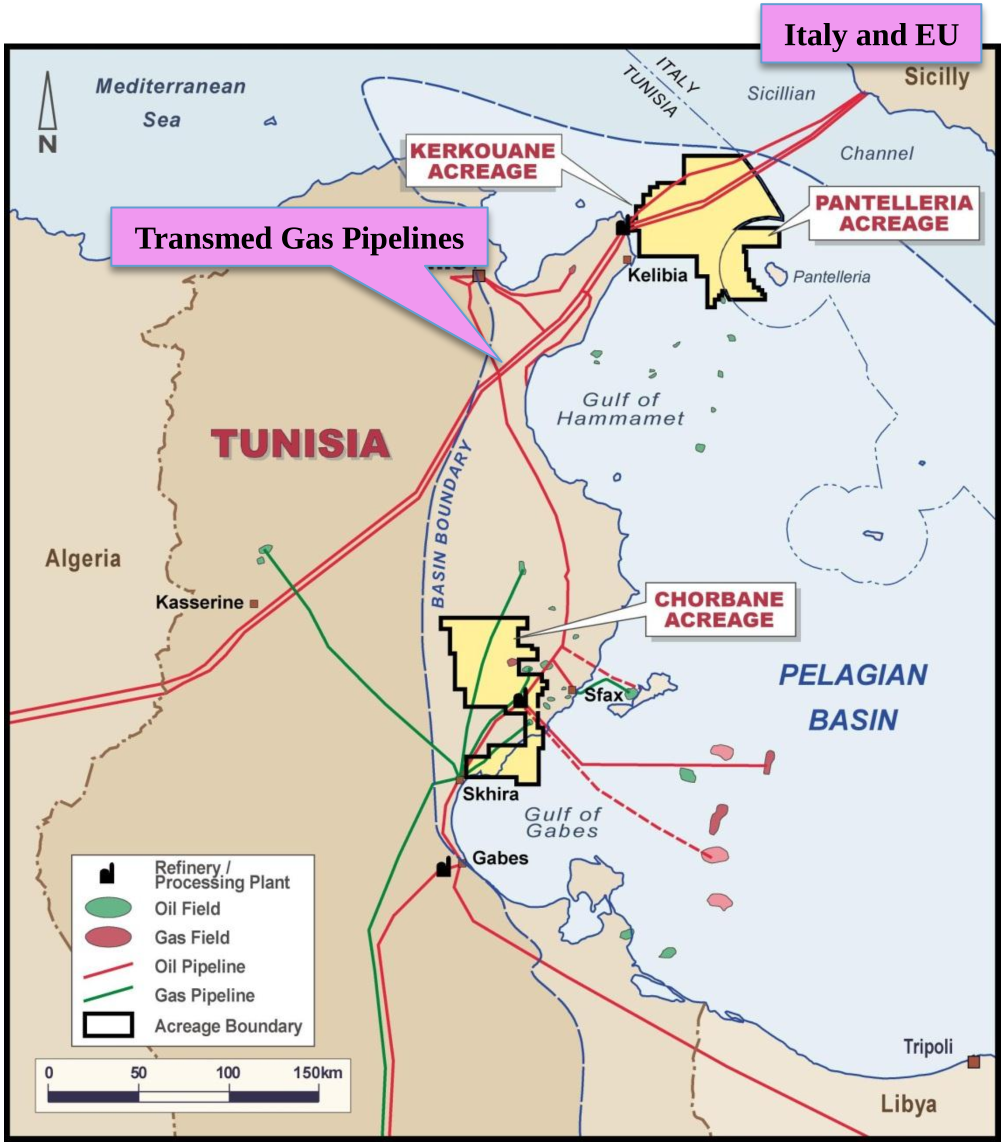
Xstate Permits are coloured yellow on Map

Tunisia has attractive prospects and infrastructure:

- **Tunisian Oil:**
  - Proved Reserves: 425 mmbbl
  - Production approx. 91,000 bopd
  - Consumption: approx. 89,000 bopd
- **Tunisian Natural gas:**
  - Proved Reserves: 2.3 tcf
  - Production: approx. 287 mmscf/d
  - Consumption: approx. 408 mmscf/d

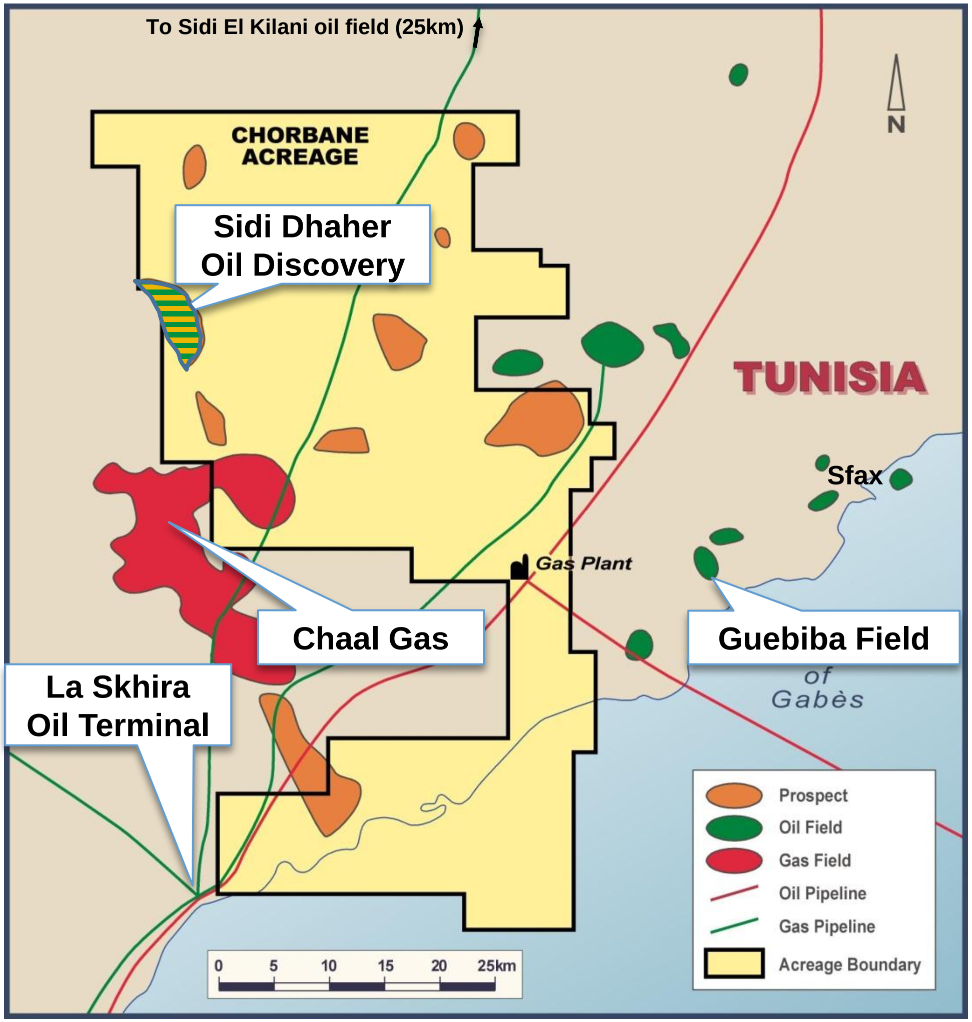
- **Substantial oil and gas infrastructure**
  - 45 oil and gas fields
  - Trans-Mediterranean (Transmed) pipelines carrying Algerian and Libyan gas to European gas market
  - Refining and processing plants, storage and distribution of gas, crude oil and petroleum products

- **57 international and Tunisian oil companies are involved in 54 exploration licences**
  - Including Shell, BG (British Gas), OMV, Lundin, Oil Search, Kufpec



Sources: Entreprise Tunisienne d'Activités Pétrolières (ETAP); IHS Energy; CIA Handbook; eoearth.org

Chorbane Acreage- Oil Discovered



KEY FACTS:

- **Xstate interest:** **10%**
- Participants: ADX Energy (40%, Operator), Gulfsands (40%), Verus Investments (10%)
- Area: 2,428 sq km
- Onshore, covered by 2D seismic

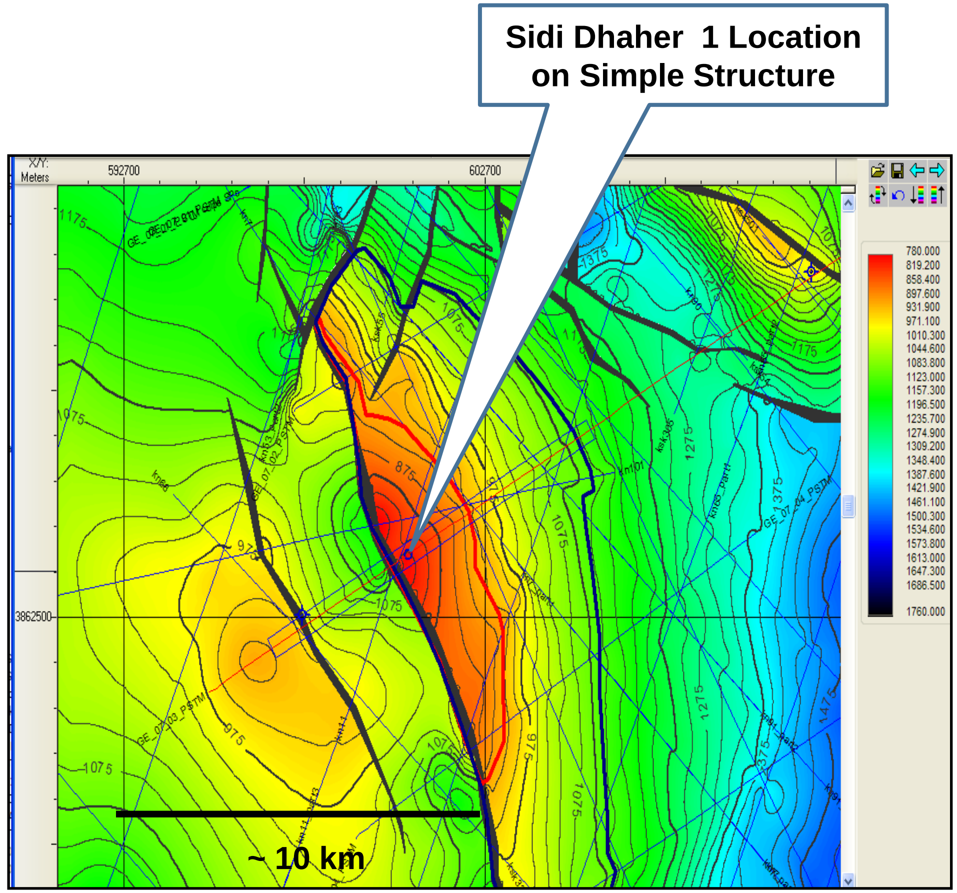
- **Sidi Dhaher oil discovery**
  - Potential to flow from 30 metres light oil column
  - 2 other reservoir zones of interest with over 150 m reservoirs
  - Planning for Flow test in late 2011
  - Oil Reserves to be determined from well data evaluation, remapping and testing
- **Simpler development as close to oil infrastructure**
  - La Skhira oil terminal approx. 60km by road
  - Oil pipelines to La Skhira terminal within Chorbane
  - Regional support base within 50 km
  - Transmed gas pipeline to Italy / EU
  - BG gas processing plant in Chorbane
- **Chaal gas discovery confirmed in 2005**
  - Estimated ~0.85 tcf recoverable gas
  - Tight gas discovery with 50 barrels condensate / mmcf gas
  - Extends into Xstate acreage – evaluation ongoing
- **7 other prospects and leads identified to date**

Sidi Dhaher Oil Discovery- Ready for testing

KEY FACTS:

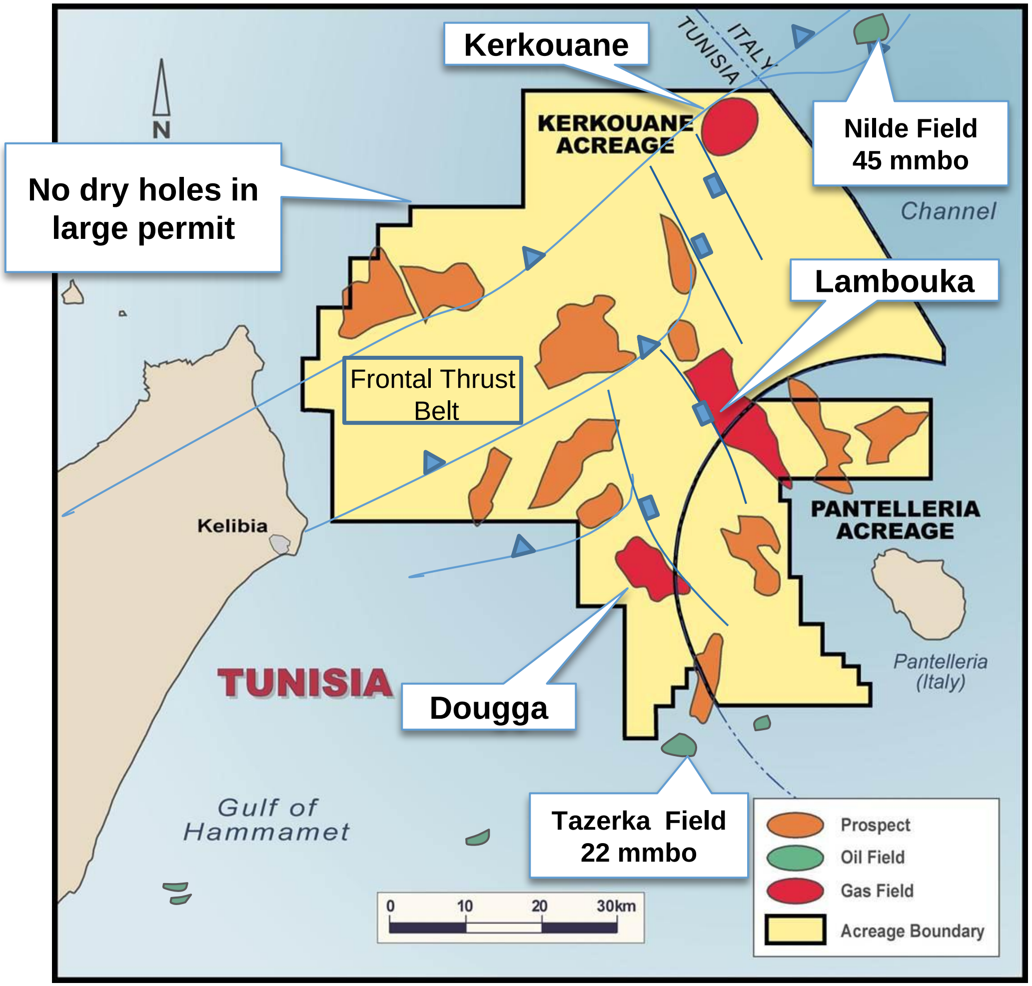
- **Xstate interest: 10%**
- Location: Onshore, Chorbane acreage
- Description: Oil Discovery
- Covered by 2D seismic

- **Potential for commercial light oil flow from 30 metre column**
  - On trend with multiple oil and gas discoveries
- **Relatively simple structure**
  - Fewer wells for development
- **2 other zones of interest being evaluated for testing**
  - All at less than 1250 metres
- **Light Oil indicated**
  - Recovered Oil Sample confirmed as live oil
  - Pressure Data
  - Analogues in adjacent area oil fields
- **Lower development well cost (~US$3-4m, gross)**
  - Easy terrain, close to sealed highways
  - Oil can be trucked 60 km to oil export terminal
  - Close to pipeline with spare capacity
- **Getting ready to test as soon as practical**



Pre – Drill Map - Being Revised

Kerkouane and Pantelleria Permit Discoveries



KEY FACTS:

- **Xstate interest:** **10%**[(1)]
- Participants: ADX Energy (Operator) 60%, Gulfsands 30%
- Area: 3,725 sq km
- Offshore, 50-1,000m water depth, covered by 2D and 3D seismic

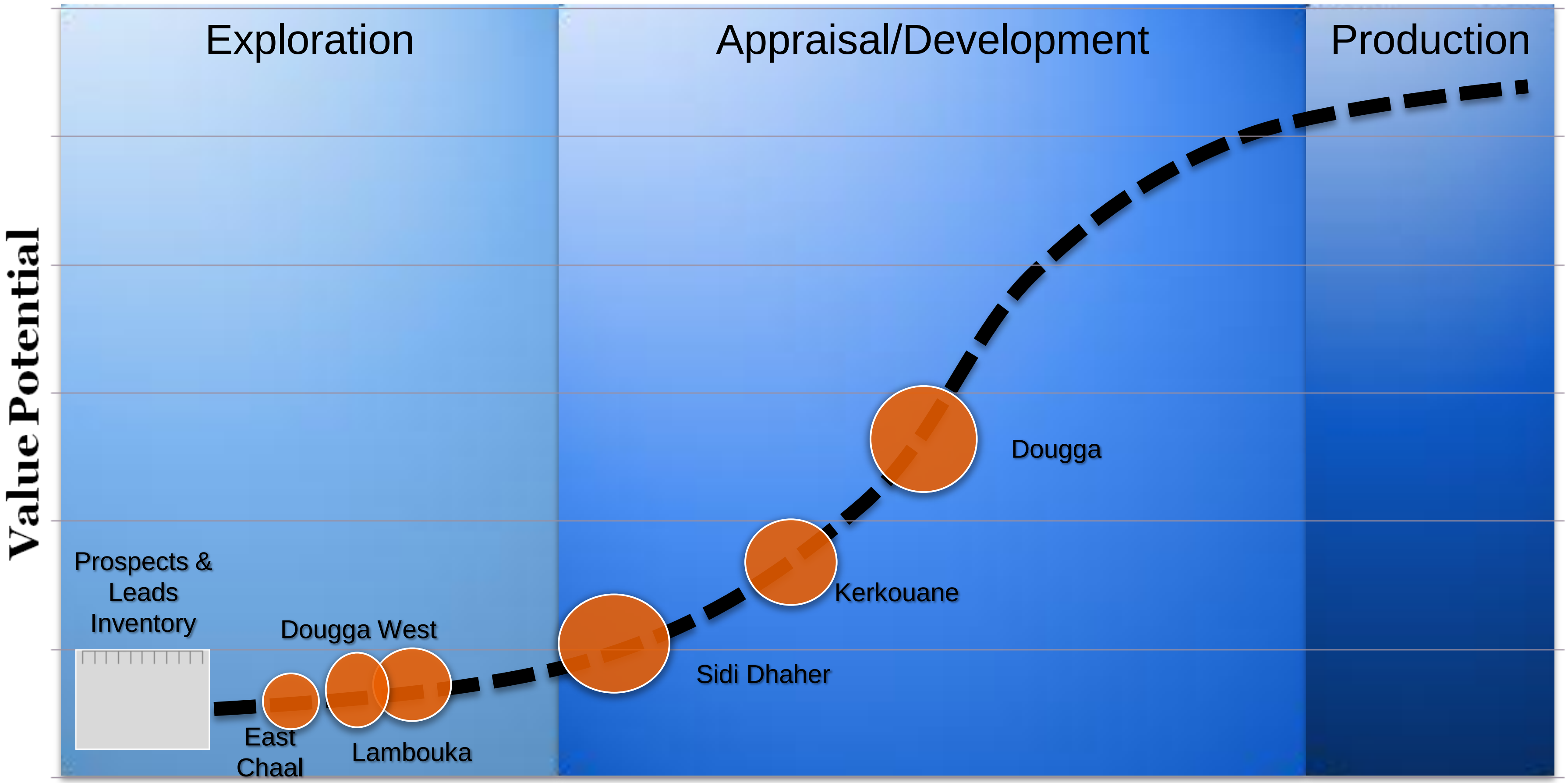
- **Three gas-condensate discoveries**

Contingent Recoverable Resources[(2)]		
	Gas (tcf)	Oil/Cond (mmbbl)
Dougga	0.24+	41+
Kerkouane	0.2+	70
Lambouka	0.3	28
TOTAL	**0.74+**	**139**

- **New 2D seismic on Kerkouane Discovery**
- **Dougga conceptual development planning underway**
- **8 prospects and leads identified to date with prospective resource potential of ~ 1 billion boe**
- **3 year extension granted to January 2014**

1. Xstate has option to increase interest to 20% outside the 150 sq km Lambouka area
2. Gross Mean Unrisked Resource, ISIS Petroleum Consultants and ADX Energy

XState Value Curve- Multiple projects



Xstate's Asset Depth: discoveries, prospects and leads spread along the value curve…

Xstate's Forward Plan…

Short Term (<6 months)

- Flow Test Sidi Dhaher oil discovery
- Appraisal / early Development planning of discovery at Sidi Dhaher after flow confirmation
- Dougga conceptual development studies and related reviews
- Seek, Review and Acquire other drilling opportunities, through mergers if necessary

Medium Term (6-18 months)

- Produce Sidi Dhaher after flow confirmation
- Follow -up implications of Sidi Dhaher Discovery in Chorbane acreage
- Drill Chaal Appraisal on Chorbane
- Assess option to increase interest in Kerkouane and Pantelleria acreage
- Dougga appraisal drilling and testing and exploration drilling opportunities (Dougga North)
- Assess Kerkouane and Lambouka resources for follow-up
- Assessment of development opportunity at Dougga

Long Term (18-36 months)

- Further Kerkouane, Pantelleria and Chorbane exploration drilling
- Other acreage evaluation and drilling

Disclaimer, Risks, Competent Person Statement

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be effected by a variety of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency exchange rate fluctuations, drilling rig availability and timing of drilling, drilling and production results, commercialisation and development progress, operating success and results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and accuracy or otherwise of cost estimates. Refer to Xstate website: www.Xstate.com.au for more detail on risks, resources and projects.

The technical information provided has been compiled by Mr Gary Jeffery, Managing Director of Xstate Resources Limited. He is a qualified geophysicist with over 38 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas and mineral and energy resources. Mr Jeffery has reviewed the results, procedures and data contained in this presentation. Mr Jeffery consents to the inclusion in this presentations of the matters based on the information in the form and context in which it appears.

Sidi Dhaher Rig and Camp Site

Supplementary Information

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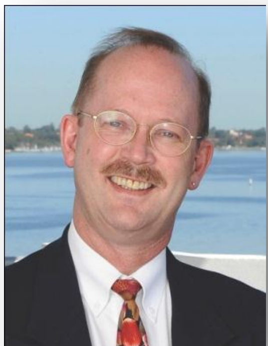
Led by Petroleum Industry Veterans…



David Whitby, Chairman

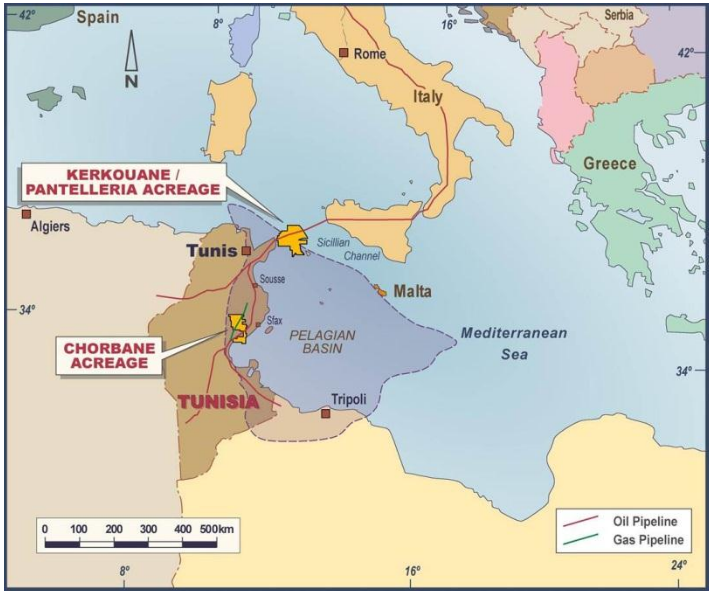
- **Graduate of Royal Military College, Canada**
- **Over 30 years international experience**
- **Negotiated 5 large gas contracts in Indonesia**
- **Non-executive Director Nido Petroleum Ltd**
- **Previously:**
  - Vice President of Heavy Oil for Husky Oil
  - President of Gulf (Australia) Resources Ltd
  - Vice President (Corporate Development), Gulf Indonesia
  - Project Director, West Java Gas Project, Conoco-Phillips
  - Chairman and CEO of Nido Petroleum
  - Non-executive Director Cool Energy

Gary Jeffery, Managing Director

- **Over 38 years worldwide**
- **Developed Varanus Gas Hub**
- **Acquired Greater Gorgon acreage while Exploration Manager, Chevron**
- **Fellow of Australian Institute of Company Directors (FAICD)**
- **Previously:**
  - General Manager, Western Region, AWE
  - Executive Director, Operations, ARC Energy
  - Executive Director, Operations, Tap Oil
  - Exploration and Domestic Gas Manager, WAPET (Chevron)
  - Vice President, International Development, Apache

Why the Pelagian Basin?

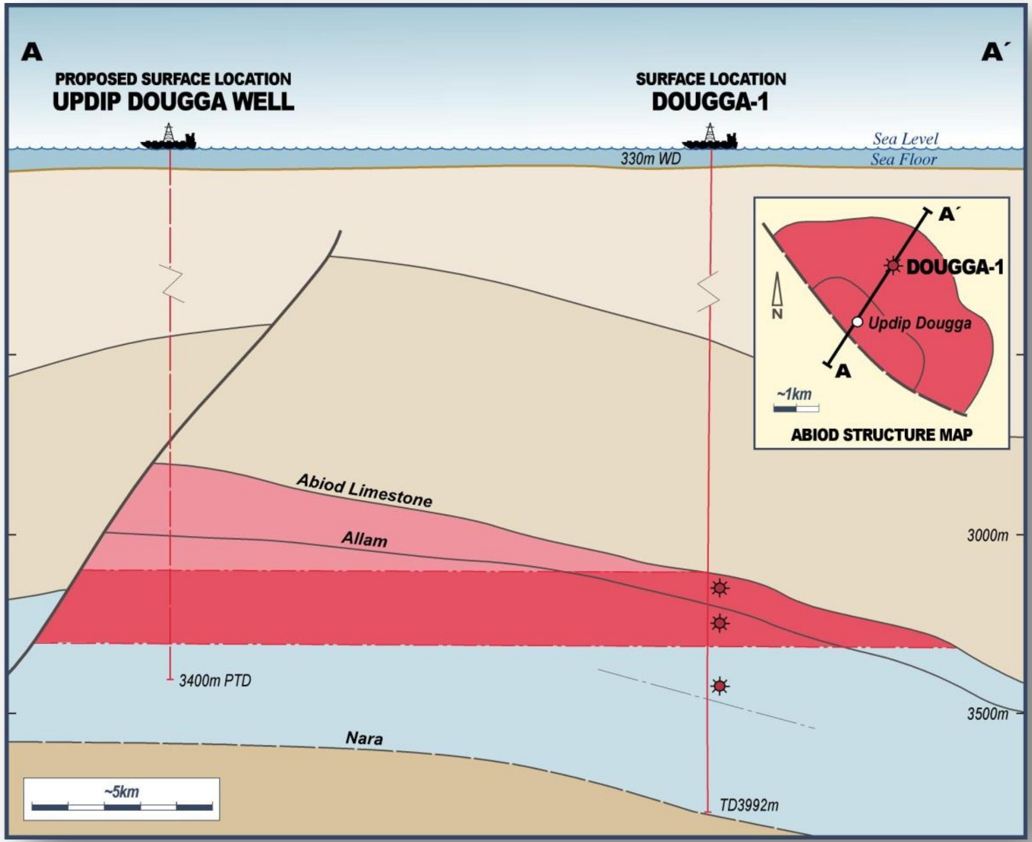
- **Hydrocarbon Source**
  - ✓ Numerous existing discoveries prove prolific source kitchens
  - ✓ Surface and subsurface direct hydrocarbon indicators detected (geochemical and seismic)
- **Structure**
  - ✓ Multiple structures mapped on 2D and 3D seismic across a wide area
  - ✓ Numerous onshore and offshore fields producing in the basin
- **Reservoir**
  - ✓ 10 reservoirs proven through discoveries and production
  - ✓ Multiple reservoir types – carbonate and clastic
- **Seal**
  - ✓ Proven across the basin
  - ✓ Multiple seal and reservoir pairs
- **Timing**
  - ✓ Demonstrated by existing discoveries
  - ✓ ‘Self healing’ sealing faults common in the Pelagian



Dougga… Appraising the Shell discovery

KEY FACTS:

- **Xstate interest:** **10%**
- Participants: ADX Energy (60%, Operator), Gulfsands (30%)
- Location: Offshore, Kerkouane acreage
- Description: Gas-condensate discovery
- Covered by 3D seismic; 320 m water depth



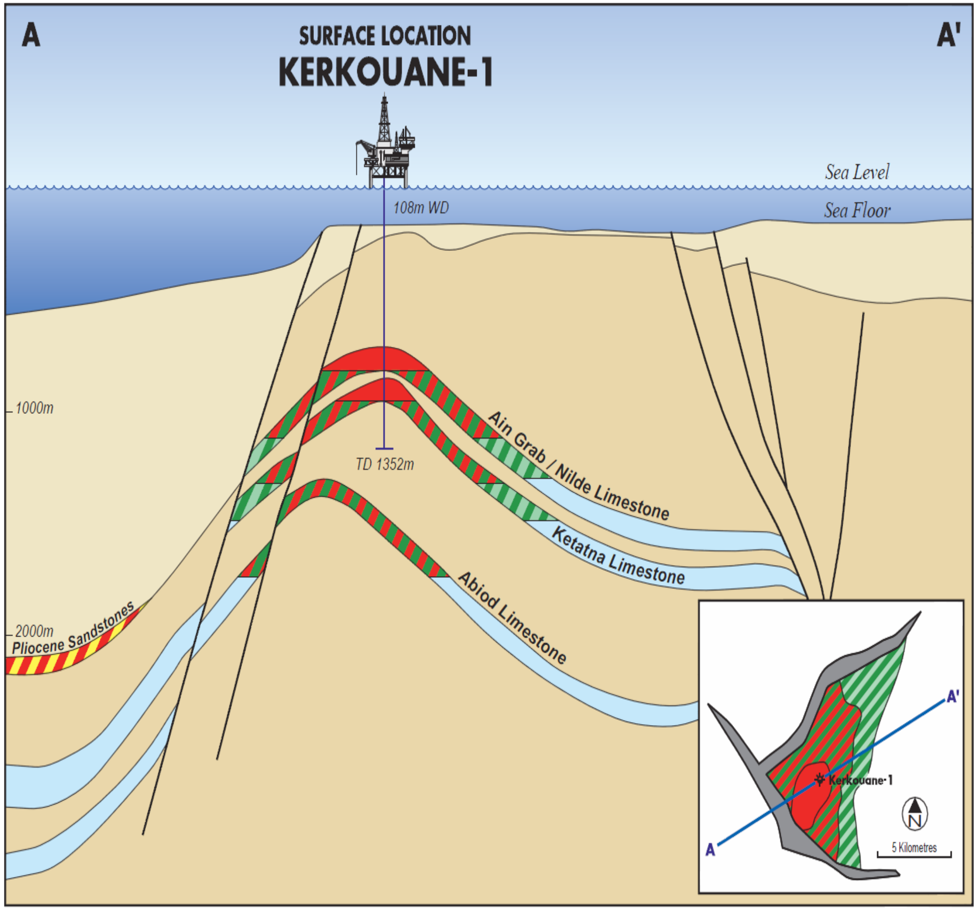
- **Dougga discovered by Shell in 1981**
  - Dougga-1 well drilled on flank of structure
  - Well flow tested – gas and condensate to surface
  - Gas with some CO_2
  - Undeveloped due to low gas prices, no infrastructure and no market
- **New 3D seismic**
  - Potential 300 metre updip target (>500 metres gas/condensate column)
  - Very high chance of appraisal success
- **Conceptual development studies underway**
  - Close to shore and Transmed gas pipelines
  - High gas prices in local and EU markets
- **Xstate has option to double its interest to 20%**

Kerkouane… Appraising another Shell discovery

KEY FACTS:

- **Xstate interest:** **10%**
- Participants: ADX Energy (60%, Operator), Gulfsands (30%)
- Location: Offshore, Kerkouane acreage
- Description: Gas discovery with oil rim
- Covered by 2D seismic; 100m water depth

- **Kerkouane discovered by Shell in 1981**
  - Kerkouane well drilled on crest of structure
  - Well tested – gas with implied oil rim
  - Gas with variable CO_2
  - Undeveloped due to low gas prices, no infrastructure and no market
- **New 2D seismic acquired by Shell in Aug 2011**
  - Only shallowest 2 reservoirs tested- implied gas column 600m
  - Primary Reservoir in Tunisia – Abiod Limestone undrilled at less than 1500 m.
  - Potential Pliocene stratigraphic traps within development drilling radius
  - Close to shore and Dougga Development and Transmed gas pipelines
  - High gas prices in local and EU markets
- **Xstate has option to double its interest to 20%**

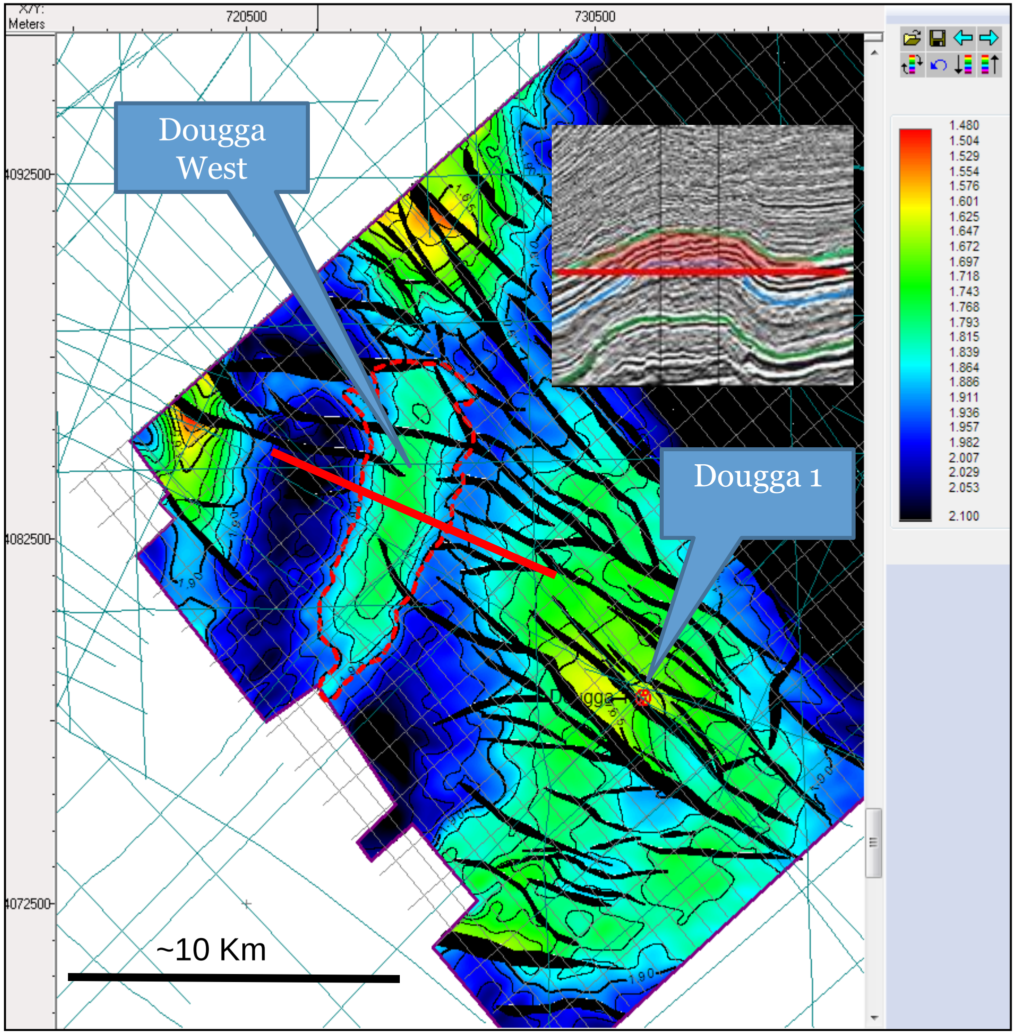


Dougga West… Exciting Exploration Prospect

KEY FACTS:

- **Xstate interest:** **10%**
- Participants: ADX Energy (60%, Operator), Gulfsands (40%)
- Location: Offshore, Kerkouane acreage
- Description: Gas discovery with oil rim
- Covered by 2D seismic; 320m water depth

- **Analogue to Nilde Field on Trend in Italy**
  - Nilde produced 45 million barrels of oil
- **Covered by 3D Seismic acquired in 2010**
  - Excellent Birsa Sands seen in Dougga and along trend- better reservoirs than at Nilde.
  - Potential at the Birsa level to have a mean prospective recoverable resource of 200+ mmboe
  - Multiple other stacked reservoirs in mapped closure
- **Development Options**
  - Close to shore and Dougga Development and Transmed gas pipelines
  - High gas prices in local and EU markets
  - Hydrocarbon source different from Dougga- cf Nilde Oil
- **Xstate has option to double its interest to 20%**



Dougga West Prospect -Nilde Oil Field Analogue