ABN 96 009 217 154

6th November 2013

ASX Limited

Electronic lodgement

APPOINTMENT OF NEW MANAGING DIRECTOR

The Board of Xstate Resources Limited advise that Gary Jeffery has resigned as Managing Director of Xstate and, as announced separately, will become the Managing Director of Australian Oil Company Limited (ASX: AOC).

Paul Cartwright who is presently a Non-Executive Director and substantial shareholder will become the Managing Director of Xstate Resources.

The Board would like to thank Mr Jeffery for his valuable contribution to the Company during his time as Managing Director and looks forward to a continuing working relationship with his appointment at Australian Oil Company. Mr Jeffery remains Xstate’s largest shareholder.

The company is delighted to have Paul Cartwright as Managing Director. Paul’s 20 years experience in the oil and gas industry, in which he has consistently and successfully established and expanded business operations in previously under-explored parts of the world, will benefit Xstate’s shareholders.

Xstate and Australian Oil Company have recently announced an alliance in an Area of Mutual Interest (‘AMI’) in which the companies will co-operate and share interests in new joint venture opportunities which are currently being generated in California.

The contacts and experience of the Directors of Xstate and AOC will enable Xstate to develop the existing relationship between the two companies and benefit from the opportunities to be realised in onshore California.

The key terms of the Managing Director contract are attached.

For and on behalf of the Board of Xstate Resources Limited

David McArthur
Company Secretary

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www.xstate.com.au

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Managing Director Contract

Pursuant to the requirements of Listing Rule 3.16.4 the Company advises the following material terms of a contract entered into with its Managing Director, Paul Cartwright:

1. A remuneration of $ 200,000 per annum for 70% of Mr Cartwright's time. This shall comprise $ 100,000 cash and $ 100,000 in shares, such shares issued on a calendar quarterly basis. The issue price of the shares will be the mathematical average of the VWAP for the first 5 trading days in the calendar quarter and the VWAP for the last 5 trading days in the calendar quarter. The issue of shares will be subject to shareholder approval.

2. The issue of 10.5 million unlisted options, such options having the following terms, and their issue is subject to the approval of shareholders:
   - 3.5 million exercisable at 6 cents each on or before 31 December 2015
   - 3.5 million exercisable at 8 cents each on or before 31 December 2015
   - 3.5 million exercisable at 10 cents each on or before 31 December 2015

3. The contract can be terminated with 3 months notice by either party.

For and on behalf of the Board of Xstate Resources Limited.

David McArthur
Director

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