



ABN 96 009 217 154

28 April 2016

ASX Release

Electronic lodgement

ASX Code: XST

DISPATCH OF NOTICE OF GENERAL MEETING

Attached is copy of a Notice of General Meeting, Explanatory Memorandum and Proxy Form for a General Meeting of shareholders to be held on Tuesday, 31 May 2016. This information has been dispatched to shareholders today.

A copy of the Notice of General Meeting will also be available on our website www.xstate.com.au

On behalf of the Board of Directors

XSTATE RESOURCES LIMITED

ABN 96 009 217 154

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Tuesday 31 May 2016

Time of Meeting

10.00 am (WST)

Place of Meeting

**Level 2, 55 Carrington Street
Nedlands, Western Australia**

XSTATE RESOURCES LIMITED

ABN 96 009 217 154

NOTICE OF GENERAL MEETING

Notice is hereby given that a Meeting of shareholders of Xstate Resources Limited ("**Company**") will be held at 10.00 am (WST) on Tuesday 31 May 2016, at Level 2, 55 Carrington Street, Nedlands, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 5.00pm (Sydney time) on 29 May 2016.

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

AGENDA

Ordinary Resolution 1: Ratification of Issue of Shares – Placement

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 58,265,423 fully paid ordinary shares on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 by any persons who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Ordinary Resolution 2: Approval to Issue Placement Securities

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

"That, subject to ASX Listing Rule 7.1 and for all other purposes, approval is given to issue up to 300,000,000 fully paid shares at an issue price of \$0.01 through the subscription by sophisticated investor clients of Sanston Securities Pty Ltd to raise up to \$3,000,000 subject to the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the placement and any associates of those persons and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Ordinary Resolution 3- Ratification of issue of Convertible Note

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of a Convertible Note on the terms and conditions set out in the explanatory memorandum."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any persons who participated in Convertible Note issue and any associates of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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By Order of the Board



D M McARTHUR
Company Secretary

Dated: 26 April 2016

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 5:00pm (Sydney Time) on 29 May 2016 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

PROXIES

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Proxies must be lodged with the Company not less than 48 hours before the commencement of the General Meeting.

CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A ‘Certificate of Appointment of Corporate Representative’ is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, David McArthur on +61 8 9423 3200 if they have any queries in respect of the matters set out in this document.

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 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.

ORDINARY RESOLUTION 1: Ratification of Issue of Shares- Placement

As announced to ASX on 7 April 2016, the Company placed 58,265,423 Shares at \$0.005 per Share to raise \$291,327 before costs (**Placement**).

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue, subject to specified exceptions, during any 12-month period any equity securities which, when aggregated with the number of other securities issued within that 12-month period exceeds 15% of the number of ordinary shares on issue at the beginning of that 12-month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

ASX Listing Rule 7.1A provides that the Company can issue a further 10% of the number of ordinary shares at the beginning of the 12-month period under Listing Rule 7.1.

The Placement was made as follows:

Listing Rule 7.1 – 34,559,254 Shares
Listing Rule 7.1A- 23,706,169 Shares

Listing Rule 7.4 provides an issue made within the 15% limit or the 10% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 and Listing Rule 7.1A if subsequently approved by shareholders, thereby 'refreshing' the company's ability to issue shares within the 15% limit and the 10% limit, and restoring the company's ability to make placements within those limits (if that is thought desirable) without the need for shareholder approval.

While the Shares described in this Resolution 1 have been issued within the 15% limit and the 10% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be refreshed and it will have the flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Shares the subject of this Resolution 1:

- (a) the total number of Shares issued by the Company was 58,265,423;
- (b) the Shares were issued for \$0.005 per Share;
- (c) the Shares issued rank pari passu with the Company's existing Shares;
- (d) the shares were issued to the following parties:

Mr Chee Seng How	\$72,500
Mr Teng Kian Hwang	\$72,500
Mr Soon Keong Chew	\$73,828
Mr Choo Seng Ong	\$72,500

- (e) as announced on 7 April 2016, the funds raised under the Placement will be used for working capital purposes.

Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

ORDINARY RESOLUTION 2 - Approval of issue of Securities to Clients of Sanston Securities Pty Ltd

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the Company to have the ability to issue up to 300,000,000 shares each at \$0.01 per share. Listing Rule 7.1 allows a Company to issue in excess of the 15% placement capacity afforded by the Listing Rules if shareholders specifically approve the placement.

The shares will be placed to sophisticated shareholder clients of Sanston Securities Pty Ltd pursuant to S 708 of the Corporations Act.

Regulatory requirements

The Company seeks Shareholder approval to issue the Shares pursuant to ASX Listing Rule 7.1 so that the Company's ability to issue securities will be 'refreshed' and it will have flexibility to issue additional securities in the future should the need or opportunity arise.

Listing Rule 7.1 sets out the regulatory requirements that must be satisfied in relation to the issue of securities under resolution 1. Listing Rule 7.1 prohibits the Company issuing equity securities in excess of 15% of the existing share capital in any rolling 12-month period without prior shareholder approval.

ASX Listing Rule 7.3 requires that a notice of meeting pursuant to which Shareholders are requested to consider approving an issue of equity securities pursuant to Listing Rule 7.1 must include certain specified information in relation to the securities to be issued. The information is provided below:

- (a) the maximum number of Shares to be issued is 300,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be \$0.01 per Share;
- (d) the Shares will be issued to sophisticated investor clients of Sanston Securities Pty Ltd. None of these subscribers are related parties of the Company/the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue towards completion of due diligence of potential oil and gas acquisitions, ongoing lease costs in the Sacramento Basin and for general working capital.

Effect on the capital structure of the company

The total number of fully paid ordinary shares on issue is 296,327,118. Should the shares the subject of resolution 2 be issued the number of fully paid ordinary shares on issue would be 596,327,118, resulting in a dilution of 49.49 % to Shareholders.

Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

ORDINARY RESOLUTION 3: Approval to Issue of Shares on Conversion of Convertible Note

On 7 April 2016, the Company issued a Convertible Note to raise \$125,000 in capital. The Convertible Note will convert into 25,000,000 Shares at an issue price of \$0.005 per Share. Interest payable may also be converted to shares at an issue price of \$0.005 each.

Regulatory requirements for the Convertible Note

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue, subject to specified exceptions, during any 12-month period any equity securities which, when aggregated with the number of other securities issued within that 12-month period exceeds 15% of the number of ordinary shares on issue at the beginning of that 12-month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

Listing Rule 7.4 provides an issue made within the 15% limit or the 10% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby 'refreshing' the company's ability to issue shares within the 15% limit, and restoring the company's ability to make placements within those limits (if that is thought desirable) without the need for shareholder approval.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Convertible Note the subject of this Resolution 3:

- (a) the Company issued one Convertible Note, that is convertible, subject to compliance with the Listing Rules into 25,000,000 Shares;
- (b) the Convertible Note was issued with a face value of \$125,000;
- (c) the Convertible Note was issued on the terms and conditions outlined in Schedule 1. Any Shares issued on conversion of the Convertible Note will rank *pari passu* with the Company's existing Shares;
- (d) the Convertible Note was issued to Mr Teik Tatt Oh, who is not a related party of the Company;
- (e) as announced on 7 April 2016, the funds raised under the Convertible Note will be used to fund the Company's due diligence of three material potential oil and gas acquisitions in the USA, ongoing lease costs in the Sacramento Basin and for working capital.

Effect on the capital structure of the company

The total number of fully paid ordinary shares on issue is 296,327,118. Should the Convertible Notes be converted in full (25,000,000 new shares) the number of fully paid ordinary shares on issue would be 321,327,118, resulting in a dilution of 7.7 % to Shareholders.

Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Company means Xstate Resources Limited- **ABN 96 009 217 154**

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by this Notice.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Australian Western Standard Time (Perth, Western Australia).

Instructions for Completing 'Appointment of Proxy' Form

1. **(Changes to Proxy Voting):** Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Section 250R(5) of the Corporations Act came into effect on 28 June 2012 and will affect the Chair's votes on undirected proxies. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:
 - (a) if proxy holders vote, they must cast all directed proxies as directed;
 - (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

2. **(Appointing a Proxy):** A member with two or more votes entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
3. **(Proxy vote if appointment specifies way to vote):** Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
 - (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
4. **(Transfer of non-chair proxy to chair in certain circumstances):** Section 250BC of the Corporations Act provides that, if:
 - (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
 - (b) the appointed proxy is not the chair of the meeting;
 - (c) at the meeting, a poll is duly demanded on the resolution; and
 - (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

5. **(Signing Instructions):**
 - (a) **(Individual):** Where the holding is in one name, the member must sign.
 - (b) **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - (c) **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

6. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
7. **(Voting in person):**
 - (a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.
 - (b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting
8. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):
 - (a) In person to Level 2, 55 Carrington Street, Nedlands, Perth, WA;
 - (b) By mail to PO Box 985, Nedlands, WA, 6909.
 - (c) By Facsimile to +61 8 9389 8327;
 - (d) By scan and email to davidm@broadwaymgt.com.au

so that it is received at least 48 hours prior to commencement of the General Meeting. Proxy Forms received later than this time will be invalid.

SCHEDULE 1 – TERMS AND CONDITIONS OF UNSECURED CONVERTIBLE NOTE

The key terms of the Unsecured Convertible Note include:

- (a) the Unsecured Convertible Note has a term of 6 months (**Term**);
- (b) the Unsecured Convertible Note bears interest at a rate of 8% per annum payable quarterly in arrears;
- (c) the Company will not apply for quotation of the Unsecured Convertible Note;
- (d) the Unsecured Convertible Note can be converted by the holder at any time during the Term. Shares issued on conversion will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) each Unsecured Convertible Note may be converted, in whole or in part, into Shares at an issue price of \$0.005 per Share ("**Issue Price**");
- (f) the company must repay the outstanding amount of the unsecured convertible notes and any outstanding interest in cash on the date of expiry of the term, unless, and to the extent, the holder has given a conversion notice in respect of the unsecured convertible note;
- (g) the unsecured convertible note does not provide for any voting rights at shareholder meeting of the company;
- (h) the unsecured convertible notes are not transferrable except:
 - (i) with the prior written consent of the Company; or
 - (ii) to a related body corporate of the Unsecured Convertible Note holder;
- (i) if there is a reconstruction of the capital of the Company (including consolidation, subdivision, reduction, return, scheme of arrangement or otherwise, but other than by way of a bonus issue, rights issue or other security issue), prior to the date a Unsecured Convertible Note is fully repaid or converted into Shares, a proportionate adjustment will be made to the number of Unsecured Convertible Notes and the Issue Price to which the holder is entitled upon conversion of the Unsecured Convertible Note so that the holder does not receive any additional benefits that are not conferred on Shareholders;
- (j) if at any time the Company issues securities pursuant to a bonus issue to Shareholders, then the Unsecured Convertible Note, to the extent that they have not been converted or repaid, shall be adjusted in accordance with ASX Listing Rule 6.22.3; and
- (k) there are no participation rights or entitlements inherent in the Unsecured Convertible Note and the Unsecured Convertible Note holders will not be entitled to participate in new pro rata issues of capital offered to Shareholders during the currency of the Unsecured Convertible Note without first converting the Unsecured Convertible Note prior to the date for determining entitlements to participate in any such issue.

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder Details

This is to certify that by a resolution of the directors of:

..... (Company),
Insert name of Shareholder Company
the Company has appointed:

.....
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at a General meeting of the members of Xstate Resources Limited to be held on 31 May 2016 commencing at 10.00 am (WST) and at any adjournments of that meeting.

DATED

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Xstate Resources Limited at Level 2, 55 Carrington Street, Nedlands WA 6009 or fax the Certificate to the registered office at +61 8 9389 8327

PROXY FORM

XSTATE RESOURCES LIMITED

ABN 96 009 217 154

GENERAL MEETING

I/We

Address

being a Member of Xstate Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy (**Please note:** Leave blank if you have selected the Chair of the General Meeting as your proxy)

OR

☐ the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 10.00 am (WST) on Tuesday 31 May 2016 at Level 2, 55 Carrington St, Nedlands, Perth, Western Australia, and at any adjournment of that meeting.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1: Ratification of placement	☐	☐	☐
Ordinary Resolution 2: Approval to issue shares	☐	☐	☐
Ordinary Resolution 3: Ratification of issue of Convertible Note	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not 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 ____%.

Signature of Member(s)

_____ Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____ **Date:** _____