ABN 96 009 217 154

24 October 2018

ASX Limited

Electronic lodgement

ASX Code: XST

Despatch of Notice of General Meeting

Attached is copy of the Notice of Annual General Meeting, Explanatory Statement and Proxy Form which have today been despatched to shareholders.

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 STATEMENT

Date of Meeting

Tuesday 27 November 2018

Time of Meeting

11:00 am (AWST)

Place of Meeting

Level 1, 31 Cliff Street
Fremantle, Western Australia

XSTATE RESOURCES LIMITED

ABN 96 009 217 154

NOTICE OF GENERAL MEETING

Notice is hereby given that a meeting of Shareholders (**Meeting**) of Xstate Resources Limited ("**the Company**" or "**XST**") will be held at 11:00am (AWST) on Tuesday 27 November 2018, at Level 1, 31 Cliff Street, Fremantle, Western Australia.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AWST) on 25 November 2018.

An Explanatory Statement 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

<u>Ordinary Resolution 1: Ratification of Prior Issue of Placement Shares (Tranche 1) – LR 7.1</u>

To consider and, if thought fit, to pass 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 116,666,667 fully paid ordinary Placement Shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting*."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of any persons who participated in the issue, or any persons who obtained a material benefit from the issue (except a benefit solely by reason of being a holder of ordinary securities in the Company or an associate 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 on 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.

<u>Ordinary Resolution 2: Approval of Issue of Placement Shares (Tranche 2)</u>

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 216,666,667 fully paid ordinary Placement Shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any persons who may participate in the issue, or any persons who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or 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 on 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.

<u>Ordinary Resolution 3: Approval of Issue of Director Shares – Mr Cosimo Damiano</u>

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to issue 11,666,667 fully paid ordinary shares to Mr Cosimo Damiano (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Mr Damiano, his nominee or any of their associates (**Resolution 3 Excluded Party**). 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, provided the Chair is not a Resolution 3 Excluded Party, 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, in favour of this Resolution if:

(a) The proxy is either;
 (i) A member of the Key Management Personnel; or
 (ii) A Closely Related Party of such a member; and
(b) The appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

(c) The proxy is the Chair of the Meeting; and
(d) The appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Ordinary Resolution 4: Approval of Issue of Director Shares – Mr David McArthur

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to issue 11,666,667 fully paid ordinary shares to Mr David McArthur (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr McArthur, his nominee or any of their associates (**Resolution 4 Excluded Party**). 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, provided the Chair is not a Resolution 4 Excluded Party, 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, in favour of this Resolution if:

(a) The proxy is either;
 (i) A member of the Key Management Personnel; or
 (ii) A Closely Related Party of such a member; and
(b) The appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

(c) The proxy is the Chair of the Meeting; and
(d) The appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnell.

Ordinary Resolution 5: Approval of Issue of Director Shares – Mr Ian Tchacos

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to issue 5,000,000 fully paid ordinary shares to Mr Ian Tchacos (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Tchacos, his nominee or any of their associates (**Resolution 5 Excluded Party**). 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, provided the Chair is not a Resolution 5 Excluded Party, 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, in favour of this Resolution if:

(a) The proxy is either;
   (i) A member of the Key Management Personnel; or
   (ii) A Closely Related Party of such a member; and
(b) The appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

(c) The proxy is the Chair of the Meeting; and
(d) The appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

<u>Ordinary Resolution 6: Approval of Issue of Director Shares – Mr Chris Hodge</u>

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to issue 5,000,000 fully paid ordinary shares to Mr Chris Hodge (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Hodge, his nominee or any of their associates (**Resolution 6 Excluded Party**). 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, provided the Chair is not a Resolution 6 Excluded Party, 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, in favour of this Resolution if:

(a) The proxy is either;
   (i) A member of the Key Management Personnel; or
   (ii) A Closely Related Party of such a member; and
(b) The appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

(c) The proxy is the Chair of the Meeting; and
(d) The appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

By Order of the Board

D M McArthur

D M McARTHUR
Company Secretary

Dated: 12 October 2018

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 Annual General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AWST) on 25 November 2018.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

(a) each Shareholder has a right to appoint a proxy;

(b) the proxy need not be a member of the Company; and

(c) a Shareholder who is 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. If the member appoints two proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the *Corporations Act 2001* (Cth) 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.

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, Mr David McArthur on +61 8 9435 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 STATEMENT

This Explanatory Statement 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 Statement 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 Prior Issue of Placement Shares (Tranche 1)

General

As announced on 10 October 2018, the Company is undertaking a capital raising through the placement of 333,333,334 fully paid ordinary Shares (**Placement Shares**) at $0.003 per share to raise $1,000,000 before costs (**Placement**). The issue of Placement Shares is to be completed in two tranches, with Tranche 1 having been issued pursuant to the Company's discretionary placement capacity under ASX Listing Rules 7.1, and Tranche 2 being subject to shareholder approval under ASX Listing Rule 7.1.

On 17 October 2018, the Company issued 116,666,667 Tranche 1 Placement Shares under its Listing Rule 7.1 capacity.

This Resolution seeks Shareholder approval to ratify the issuance of Placement Shares set out above.

Completion of the Placement is subject to the passing of Resolution 2, to issue 216,666,667 Tranche 2 Placement Shares.

The Placement Shares were issued and will be issued pursuant to section 708 of the *Corporations Act 2001* (Cth), to sophisticated and professional investors and clients of Patersons Securities Limited (**Subscribers**).

Regulatory requirements

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 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

While the Placement Shares described in this Resolution have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those securities 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.

Technical Information required by ASX Listing Rule 7.5

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 under the Tranche 1 Placement, the subject of this Resolution:

(a) the total number of securities issued by the Company was 116,666,667 fully paid ordinary shares;

(b) the Placement Shares were issued for $0.003 per Share;

(c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(d) the Placement Shares rank pari passu with the Company's existing Shares;

(e) the Tranche 1 Placement Shares were issued to sophisticated investor clients of Patersons Securities Limited. None of these subscribers are related parties of the Company; and

(f) the funds raised under the Placement will be used for exploration operations in the Sacramento Basin and for working capital purposes.

ORDINARY RESOLUTION 2: Approval of Issue of Placement Shares (Tranche 2)

General

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 216,666,667 Placement Shares at $0.003 per share to raise $650,000, as detailed in Resolution 1.

Regulatory requirements

A summary of ASX Listing Rule 7.1 is set out in Resolution 1 above.

If Shareholders approve Resolution 2, the shares can be issued during the period 3 months after the Meeting (or a longer period if allowed by the ASX) without using the Company's annual 15% placement capacity.

Technical Information required by ASX Listing Rule 7.3

In accordance with the requirements of ASX Listing Rule 7.3, the following information is provided to Shareholders to allow them to assess the approval of the issue of the Shares and Placement Options pursuant to the Tranche 2 Placement, the subject of this Resolution:

(a) up to 216,666,667 Placement Shares are to be issued;

(b) the Placement Shares will be issued for $0.003 per Share;

(c) the Placement 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);

(d) the Shares to be issued will all 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) the Placement Shares will rank pari passu with the Company's existing Shares;

(f) the Tranche 2 Placement Shares will be issued to sophisticated investors and clients of Patersons Securities Limited. None of these subscribers are related parties of the Company; and

(g) the funds raised under the Tranche 2 Placement will be used for exploration operations in the Sacramento Basin and for working capital purposes.

ORDINARY RESOLUTIONS 3-6: APPROVAL OF ISSUE OF DIRECTOR SHARES

As at 30 September 2018, the Directors of Xstate Resources Limited ("**Directors**") had accumulated debts totalling $403,850 for collective deferral of Director's Fees and Salaries to ensure continuity of operations for the Company.

The Company has agreed, subject to shareholder approval, to issue 33,333,334 fully paid ordinary shares at a price of $0.003 per share (consistent with capital raising the subject of Resolutions 1 and 2) as partial extinguishment of the liability owed to the Directors (together, the **Related Parties**) as set out below:

(a) Cosimo Damiano (Managing Director) – 11,666,667 fully paid ordinary shares ($35,000)
(b) David McArthur (Non-Exec. Director / Co. Secretary) – 11,666,667 fully paid ordinary shares ($35,000)
(c) Ian Tchacos (Non-Exec. Director) – 5,000,000 fully paid ordinary shares ($15,000)
(d) Chris Hodge (Non-Exec. Director) – 5,000,000 fully paid ordinary shares ($15,000)

For a public company to give a financial benefit to a related party of the company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in Section 217 to 227 of the *Corporations Act 2001* (Cth); and
(b) Give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the *Corporations Act 2001* (Cth).

The issuance of Director Shares, on the sames terms as the Placement Shares noted in Resolutions 1 and 2, as partial extinguishment of an existing liability constitutes an arm's length transaction under Section 210 of the *Corporations Act 2001* (Cth). Messrs Damiano, McArthur, Tchacos and Hodge are Related Parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party (or a person who has been a Related Party in the last 6 months), or a person whose relationship with the entity or a Related Party is, in the ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies. Accordingly, Shareholder approval is sought for the issuance of Director Shares to the Related Parties as partial extinguishment of existing liability.

Section 195 of the *Corporations Act 2001* (Cth)

Section 195(1) of the *Corporations Act 2001* (Cth) provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

If there is not a quorum of directors who are eligible to vote on a matter because of the operation of Section 195(1) of the *Corporations Act 2001*(Cth), one or more directors may call a general meeting and the general meeting may deal with the matter.

The voting prohibition in section 195(1) of the *Corporations Act 2001* (Cth) does not apply to a proposal to call a general meeting to consider a matter in which one or more directors have a material personal interest – that is, a director with a material personal interest may consider and vote on such a proposal.

Messrs Damiano, McArthur, Tchacos and Hodge each have a material personal interest in the outcome of Resoltuions 3 through 6 because they will be receiving Director Shares.

The Directors have exercised their right under section 195(4) of the *Corporations Act 2001* (Cth) to call the Meeting and put the matters the subject of Resolutions 3 through 6 to Shareholders.

Shareholder Approval - ASX Listing Rule 10.11

Pursuant to, and in accordance with, the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issuance of Director Shares:

(a) the Related Parties are Mr Cosimo Damiano, Mr David McArthur, Mr Ian Tchacos and Mr Chris Hodge by virtue of being Directors of the Company;
(b) the maximum number of Director Shares to be issued to the Related Parties in aggregate is 33,333,334 Director Shares, being 11,666,667 to Mr Cosimo Damiano, 11,666,667 to Mr David McArthur, 5,000,000 to Mr Ian Tchacos and 5,000,000 to Mr Chris Hodge;

(c) the Director Shares will be issued no later than 1 month 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);

(d) the Director Shares will be issued for $0.003 per Share;

(e) the Director Shares will rank parri passu with the Company's existing shares;

(f) the Director Shares will be granted as partial extinguishment of existing liability owed to the Directors for accrued salary balances and accordingly no funds will be raised;

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Shares to the Related Parties as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Director Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant ot Listing Rule 7.1.

GLOSSARY

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

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.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Xstate Resources Limited - ABN 96 009 217 154

Directors means the current directors of the Company.

Director Shares means shares issued at $0.003 each the subject of Resolutions 3, 4, 5 and 6.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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.

Patersons Securities Limited or **Patersons** means Patersons Securities Limited (ABN 69 008 896 311)

Placement Shares means shares issued at $0.003 each the subject of Resolutions 1 and 2

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

Shareholder means a holder of a Share.

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

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 27 November 2018 commencing at 11.00 am (WST) and at any adjournments of that general 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 1, 31 Cliff Street, Fremantle WA or fax the Certificate to the registered office at +61 8 6444 7408

PROXY FORM

XSTATE RESOURCES LIMITED

ABN 96 009 217 154

GENERAL MEETING

I/We

of (Address):

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

Name:

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

OR ☐ the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions or if no directions have been as the proxy sees fit, at the General Meeting to be held at 11.00 am (AWST) on Tuesday 27 November 2018 at Level 1, 31 Cliff Street, Fremantle, Western Australia, and at any adjournment of that meeting.

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 3, 4, 5 and 6 are connected directly or indirectly with the issue of Shares to a Related Party, which includes the Chair.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1 – Ratification of Prior Issue of Shares	☐	☐	☐
Ordinary Resolution 2 – Approval of Issue of Shares	☐	☐	☐
Ordinary Resolution 3 – Approval of Issue of Director Shares – C Damiano	☐	☐	☐
Ordinary Resolution 4 – Approval of Issue of Director Shares – D McArthur	☐	☐	☐
Ordinary Resolution 5 – Approval of Issue of Director Shares – I Tchacos	☐	☐	☐
Ordinary Resolution 6 – Approval of Issue of Director Shares – C Hodge	☐	☐	☐

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:** ____________

Instructions for completing Proxy Form

1. (**Appointing a proxy**): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing instructions**):

    - (**Individual**): Where the holding is in one name, the Shareholder must sign.
    - (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.
    - (**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 Proxy Form when you return it.
    - (**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. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

    - In person to Level 1, 31 Cliff Street, Fremantle, Perth, WA;
    - By mail to PO Box 584, Fremantle, WA, 6959;
    - By Facsimile to +61 8 6444 7408;
    - By scan and email to jordan.mcarthur@broadwaymgt.com.au,

    so that it is received not less than 48 hours prior to commencement of the Meeting.

    Proxy Forms received later than this time will be invalid.