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29 October 2015

ASX Limited

Electronic lodgement

Xstate Executive Director Appointment

Xstate Resources Limited (ASX: XST) is pleased to announce the appointment of Mr Cosimo Damiano to the Board of XST. Mr Damiano provides to XST extensive commercial and finance experience as well as asset familiarity on the ground in XST's core areas of interest in the USA. Mr Damiano's remuneration will be based on a small retainer plus a day rate for actual productive days worked. This is in line with XST's operating philosophy of securing access to committed skills while minimising fixed overhead.

Mr. Damiano's experience involves the strategic analysis and financial modelling of oil & gas companies for global Investment Banks and Energy Commodity Trading companies in a principal investment role. This experience has provided Mr. Damiano with a strong commercial understanding and analytical analysis of financing oil and gas assets across various geographic and fiscal regimes. He has extensive experience in North America, representing the Mercuria Group as a Director of Upstream Investments and represented Mercuria's Board interests in the company's oil and gas investments throughout North America located in California and North Dakota.

Mr Damiano's appointment is intended to assist XST to pursue, assess and secure funding for a revised strategy of adding low operating cost conventional oil and gas production as well as undeveloped reserves to the Company's portfolio. The Company intends to target assets where undeveloped reserves upside exists which could be accessed in the event of a rising oil or gas price. It is intended that such lower risk production assets will compliment XST's existing high impact appraisal and exploration portfolio in the Sacramento basin.

David McArthur

For and on behalf of the Board of Xstate Resources Limited