



ABN 96 009 217 154

15 November, 2011

ASX Limited

Electronic lodgement

51 MILLION BARRELS OF OIL IN PLACE ESTIMATED AT SIDI DHAHER

XState Resources Limited (ASX: XST- shares and XSTO- options), is pleased to provide the following update on the previously announced Sidi Dhafer oil discovery located within the Chorbane Permit onshore Tunisia.

The interpreted 30 metre oil column in the Sidi Dhafer 1 well occurs in good quality Cretaceous age, Bireno Carbonate reservoir rocks. Oil was recovered from the reservoir using wireline sampling tools.

The oil bearing reservoirs are quite shallow at around 1100 metres which would result in relatively inexpensive appraisal and development wells.

A review of the existing seismic and geologic data was undertaken in order to incorporate the well results, and provide the basis for a preliminary estimate of the oil in place at the Sidi Dhafer discovery.

The Operator of the Chorbane Permit has provided the following management estimate of the gross original oil in place ("OOIP") in the Bireno reservoir, calculated using probabilistic methods.

The Mean OOIP estimate is 51 million barrels;

and is derived from the following range of estimates:

-P90	OOIP	13 million barrels
-P50	OOIP	37 million barrels
-P10	OOIP.	110 million barrels

Assessment of recoverable volumes and resulting potential reserves are contingent upon completion of the currently ongoing fluid studies and a flow test from the well.

Testing of the hydrocarbon bearing zones will determine the commerciality of the discovery and confirm that oil can be produced at commercial rates.

Other zones of interest in the Sidi Dhafer well are also still being evaluated for potential testing.

The Operator for the Chorbane Permit is currently in the process of finalizing rig selection to proceed with well testing as soon as is practicable.

For personal use only

The Sidi Dhaher-1 well is located within the 2,428 square kilometre Chorbane Exploration Permit onshore central Tunisia, near the oil industry services supply centre of Sfax. It is surrounded by several producing oil fields, some with characteristics similar to the Sidi Dhaher discovery well, and extensive oil and gas infrastructure, which can facilitate early development of discovered oil fields.

Xstate has earned a 10% interest in the Chorbane Permit and will pay 10% of future costs including the cost of testing the well.

Commenting on the estimates of oil in place at the Sidi Dhaher oil discovery, Managing Director Gary Jeffery said:

“The discovery of oil at Sidi Dhaher has increased the prospectivity of the entire Chorbane Permit and makes the other mapped prospects on the permit more attractive as future drilling targets. When combined with the interpreted extension of the Chaal gas discovery onto the Chorbane Permit, the potential for future oil discoveries and a gas development present a valuable and exciting onshore asset for exploitation on behalf of Xstate shareholders.”

Participant interests in the Sidi Dhaher 1 well are:

XState Resources Ltd 10% (ASX code: XST)
ADX Energy Ltd 40% Operator (ASX code: ADX)
Gulfsands Petroleum Plc 40%
Verus Investments Limited 10% (ASX code: VIL)

Xstate also has a 10% interest (with an option to increase to 20%) in the 3,725 square kilometre offshore Kerkouane and Pantelleria Permits where there have been 3 discoveries of gas, condensate and oil in the 3 wells drilled in the large permits. The prospectivity of these permits is being continually upgraded by ongoing technical evaluations.

For the Board of XState Resources Limited