



XState Resources Limited

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20 December 2006

ASX LIMITED

Electronic lodgement

Dear Sir / Madam

Uranium Exploration Program to Commence – Arizona, USA

Attached is an announcement made by XState's joint venture partner US listed Liberty Star Gold Corp.

The announcement details initial exploration activities to be carried out by the joint venture in Arizona, USA.

Yours faithfully

XSTATE RESOURCES LIMITED

A handwritten signature in black ink, appearing to read "D McArthur".

DAVID McARTHUR
Managing Director

LIBERTY STAR GOLD CORP

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NR 41

OTCBB: LBTS

FOR IMMEDIATE DISSEMINATION

LIBERTY STAR – XSTATE RESOURCES LTD. - Elle Uranium Joint Venture Is Funded and Officially Starts Dec. 15, 2006

Tucson, Arizona–December 19, 2006–Liberty Star Gold Corp. (the “Company”), (symbol: LBTS) is pleased to announce that the Elle Joint Venture between XState Resources Limited (symbol: XST ASX) (previously OCR Minerals) and the Company has commenced as of December 15, 2006 with the transfer of \$2,900,000 by Xstate into the US Joint Venture account. This is in addition to the sum of \$100,000 paid to the Company as a non- refundable deposit from Xstate on the initiation of a letter agreement in July 17, 2006.

The total program will consist of 4,500 feet of reverse circulation drilling and 32,160 feet of diamond drilling in order to test three breccia pipes for uranium and other metal mineralization, indicated by surface geology, geochemistry and geophysics. The target pipes are closely adjacent to a previously tested pipe held by a third party which has strongly anomalous mineralization. These breccia pipes are part of the large uranium bearing breccia pipe terrain which occurs on the Arizona Strip lying just south of the Utah border. Eight mines were discovered and brought into production during the late 1970's and early 1980s within the immediate area. Those uranium bearing pipes were considered the second highest grade uranium mineral deposits in the world and the highest grade in the United States. Previously mined mineralization has been in the 0.6% to 0.7% uranium or about 12 to 14 pounds U per ton. In addition to uranium they were known to contain copper, zinc, silver, vanadium, cobalt, nickel, molybdenum, gallium, germanium and other metals. Past producers have recovered copper, silver and vanadium as by-products of uranium mining. Advances in hydrometallurgical extraction techniques as well as current high metal prices are important factors in the potential for important metal byproducts or co-products of any defined uranium ore bodies.

The funds will be used by the joint venture to execute an exploration program consisting of 4,500 feet of reverse circulation rotary drilling on three breccia pipes. These pipes have been defined by surface geophysics. The rotary holes are designed to penetrate the center of each geophysical anomaly. Down hole electrical geophysics will be used to identify additional mineralization within a 200 to 300 foot radius out from the rotary holes. Each rotary hole will then be entered by an NQ size (2.2 inch diameter) diamond core drill and directional diamond core holes will be drilled toward the mineral targets defined by the in-hole geophysics. The budget plans for forty-eight diamond core holes consisting of 32,160 feet of core drilling.

This program will be administered by the Company for the joint venture. It is expected to cost less than half of standard drilling approaches and the intention is to define resources in the three pipes to be tested.

XState will earn a 50% interest in the three breccia pipes by this cash contribution. They have a right of first refusal on an additional seventeen pipes within the twenty-two square mile Elle joint venture Area-of- Mutual-Interest (AMI).

ON BEHALF OF THE BOARD OF DIRECTORS

“James A. Briscoe”
James A. Briscoe,
President/Director

SAFE HARBOR STATEMENT

Statements in this news release that are not historical are forward looking statements. Forward looking statements in this news release include that the program and use of funds will consist of 4,500 feet of reverse circulation drilling and 32,160 feet of diamond drilling in order to test three breccia pipes for uranium and other metal mineralization; that copper, zinc silver, vanadium, cobalt, nickel, molybdenum, gallium, germanium and other metals may be present; that advances in hydrometallurgical extraction techniques as well as current high metal prices are important factors in the potential for important metal byproducts or co-products of any defined

uranium ore bodies; that the rotary holes will penetrate the center of each geophysical anomaly; that down hole electrical geophysics will be used to identify additional mineralization within a 200 to 300 foot radius out from the rotary holes; that each rotary hole will then be entered by an NQ size (2.2 inch diameter) diamond core drill and directional diamond core holes will be drilled toward the mineral targets defined by the in-hole geophysics; that the budget plans for forty-eight diamond core holes consisting of 32,160 feet of core drilling; and that it is expected to cost less than half of standard drilling approaches.

It is important to note that the Company's actual outcomes may differ materially from those statements contained in this press release. Factors which may delay or prevent these forward looking statements from being realized include misinterpretation of data; that we may not be able to get equipment or labor as we need it; that we may not be able to raise sufficient funds to complete our intended exploration; that we are unable to agree with our joint venture partners as to the work to be performed; that our application to drill may be denied; that weather, logistical problems or hazards may prevent us from exploration; that equipment does not work as well as expected; that analysis of data cannot be done accurately and at depth; that results which we or others have found in any particular location are not necessarily indicative of larger areas of our property; and that despite encouraging data there may be no commercially exploitable mineralization on our properties. Readers should refer to the risk disclosures outlined in the Company's most recent 10-KSB and the Company's other periodic reports filed from time to time with the Securities and Exchange Commission.

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