



**GOLDEN STATE RESOURCES LIMITED**

## **RELEASE OF INDEPENDENT AUDITORS REPORT**

**11 MARCH 2009**

**Golden Eagle Field, Grand County, Utah**

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**The Directors of Golden State Resources Limited are pleased to announce the completion of an independent audit of the Golden Eagle gas field in Grand County Utah by RPS Energy. The results confirm Golden Eagle as a new field discovery which has confirmed discovered gas and significant upside potential**

Hydrocarbon in place estimates for the Golden Eagle gas field were prepared in accordance with SPE/WPC/AAPG/SPEE Resource Management System (PRMS, 2007), by a team of independent experts from RPS Energy. The results confirm the large potential of the Golden Eagle gas field. Full details are provided in the Opinion letter.

In accordance with the above standards of resource management the Gas Initially in Place (GIIP) is categorised firstly into confirmed discovered gas which has been produced on test and is supported by petrophysical data. Both the Barker Creek and Ismay Formation accumulations fall into this category. The second category is undiscovered gas. Undiscovered gas represents zones which have not produced gas on test but which have strong indications of gas initially from ditch cuttings and petrophysical evaluation indicates contain movable hydrocarbons.

The GIIP is estimated at Low volume and high confidence (P90), Mid volume and mid case (P50) and High volume lower confidence (P10) levels. These divisions reflect the expected ranges in key parameters such as areal extent, thickness, porosity, and hydrocarbon saturations.

The Paradox Basin #2 well will appraise both the discovered and the undiscovered GIIP and once completed will extend the area attributed to the P90 estimate which was determined by using a 640 acre area around the Paradox Basin #1 discovery well. Successful tests in the Alkali Gulch or Leadville Formation would move their respective GIIP into the discovered category. Paradox Basin #1 did not successfully test the Alkali Gulch or Leadville Limestone. On completion of Paradox Basin #2 the additional data recovered will enable the resource estimate for Paradox Basin #1 to be re-defined at the Alkali Gulch and Leadville levels.

Richard Sciano  
**Executive Director**

**11 March 2009**

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**Date:** 10 March 2009

The Directors  
 Golden State Resources Limited  
 Level 1, 181 Roberts Road, Subiaco  
 Western Australia, 6008

Dear Sirs

**EVALUATION OF THE GOLDEN EAGLE PROJECT**

In response to your request, RPS Energy (RPS) has completed an independent evaluation of the Golden Eagle Project, Paradox Basin, Utah in which Golden State Resources Limited ("Golden State") has an interest.

Hydrocarbon in place estimates has been prepared in accordance with SPE/WPC/AAPG/SPEE Resources Management System (PRMS, 2007). The work was undertaken by a team of petroleum engineers and geoscientists and is based on data supplied by Golden State. Our approach has been to review the data and interpretations supplied by Golden State for reasonableness and then independently estimate the ranges of hydrocarbon initially in place.

**Gas-Initially-In-Place (GIIP) Estimates**

The estimates for discovered GIIP for the Golden Eagle Project within the Ismay and Barker Creek Formations are shown in Table 1. The estimates for undiscovered GIIP for the Golden Eagle Project within the Alkali Gulch and Leadville formations are shown in Table 2. All volumes were estimated probabilistically by RPS. Golden State working interest in the permit is 100%.

Formation	Discovered GIIP (Bscf)		
	Low (P90)	Mid (P50)	High (P10)
Ismay	8.1	46.7	169.0
Barker Creek	6.9	32.2	138.0

**Table 1 – Gas-Initially-In-Place - Discovered Gas in Golden Eagle, Paradox Basin (100% basis)**

Formation	Undiscovered GIIP (Bscf)		
	Low (P90)	Mid (P50)	High (P10)
Alkali Gulch	9.3	29.7	90.0
Leadville	3.0	10.0	21.4

**Table 2 – Gas-Initially-In-Place - Undiscovered Gas in Golden Eagle, Paradox Basin (100% basis)**

### **Qualifications**

RPS Energy is an independent consultancy specialising in petroleum reservoir evaluation and economic analysis. Except for the provision of professional services on a fee basis, RPS Energy does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report. Mr. David R. Guise, RPS Managing Director of Consulting – Australia and South East Asia, has reviewed and subsequently approved the results of the evaluation.

Mr. Guise has in excess of 30 years of petroleum engineering experience. He is a Technical Director of RPS Energy, a Registered Professional Engineer and member of the Society of Petroleum Engineers. Other RPS Energy employees involved in this work hold degrees in geology, geophysics, petroleum engineering or a related subject and have relevant experience in the practice of geology, geophysics or petroleum engineering.

### **Basis of Opinion**

The evaluation presented in this report reflects our informed judgement based on accepted standards of professional investigation, but is subject to generally recognised uncertainties associated with the interpretation of geological, geophysical and engineering data. The evaluation has been conducted within our understanding of petroleum legislation, taxation and other regulations that currently apply to these interests. However, RPS is not in a position to attest to the property title, financial interest relationships or encumbrances related to the property.

It should be understood that any evaluation, particularly one involving exploration and future petroleum developments may be subject to significant variations over short periods of time as new information becomes available.

Yours faithfully



David Guise  
Managing Director - Consulting  
Australia and S.E. Asia  
RPS Energy Pty Ltd.