



GOLDEN STATE RESOURCES LIMITED

ASX ANNOUNCEMENT 2 MARCH 2010

DRILLING UPDATE FOR PARADOX BASIN # 3 ON THE GOLDEN EAGLE GAS FIELD, UTAH, DRILLING AHEAD

KEY POINTS:

- **Currently drilling ahead at 6,600'**
- **Drilling of the 8 ¾" section is proceeding to plan**
- **The well is drilling ahead at approximately 25-30' per hour and is on target and maintaining a steady trajectory**
- **The Paradox Formation is expected at 9,941'**

US focussed oil and gas company Golden State Resources Limited (ASX: GDN) ("Golden State" or "the Company") is pleased to update shareholders on the progress with drilling operations at its Paradox Basin # 3 (PB#3) production well, its third well on the Golden Eagle Gas field in the highly productive Paradox Basin region of Utah.

Drilling of the PB#3 production well commenced on 27 January 2010 and operations are proceeding to plan.

The well is currently at 6,600' in 8 ¾" hole. Operations over the past few days included a period of circulating and hole conditioning to ensure that the lost circulation zones previously reported do not become problematic. The bottom-hole assembly was also modified to optimise the directional stability over the lateral section. Since replacing the bottom-hole assembly rates of penetration are averaging 25-30 ft per hour.

The well has a current angle of 34° from vertical and a heading of 18.9°. The current trajectory will be maintained for the remaining portion of the well into targets in the Pennsylvanian Paradox Group. The Paradox Formation is expected to be intersected at 9,941' and the Ismay Formation is expected at 11,063'.

Golden State is pleased with the overall progress of the well, and through the excellent contributions of all involved we have been able to maintain efficient operations through one of the worst winters on record.

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About Golden State Resources

Golden State Resources Limited is an ASX-listed public company with headquarters in Perth, Western Australia. Floated in 1996, the Company is primarily focused on oil and natural gas exploration in the USA and mineral projects in the Eastern Goldfields region of Western Australia.

Website: www.goldenstate.com.au

About the Paradox Basin

The Paradox Basin is richly productive. Currently home to 171 oil and gas fields containing estimated recoverable reserves of one billion barrels of oil, or six trillion cubic feet of gas. The potential for more hydrocarbon reserves is thus enormous. Over its history, the Paradox Basin has produced 500 million barrels of oil and 3.5 trillion cubic feet of gas. Even at current prices that equates to approximately US\$57 billion that the area has already produced, with a similar amount again estimated still to be recoverable.

The producing fields in Paradox Basin run along the same northern/southern producing trend plain, notably, the Lisbon Field (which is 64 km to the projects south and has produced 50 million barrels of oil and 780 billion cubic feet of gas), the Greater Aneth Field (150 km south with production of 385 million barrels of oil).



