



GOLDEN STATE RESOURCES LIMITED

ASX ANNOUNCEMENT 24 MARCH 2010

DRILLING UPDATE FOR PARADOX BASIN # 3 ON THE GOLDEN EAGLE GAS FIELD, UTAH. CURRENT OPERATION: DRILLING AHEAD AT 11,127'

KEY POINTS:

- **Paradox Basin #3 has encountered a further two significant gas shows**
- **High cuttings gas of 777 units occurs over an 18' interval from 10,908' to 10,926' in the Ismay Formation (Show-2)**
- **A third significant gas show of 759 units is present over a 42' interval from 11,012' to 11,054' in limestones of the Ismay Formation (Show -3)**
- **Lithology has changed to limestone**
- **Paradox Basin #3 is currently at 11,127' (9968' TVD) and will be drilling ahead after circulating gas cut mud.**

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.

Paradox Basin #3 encountered two further significant gas shows in the Pennsylvanian Ismay Formation. The new shows bring the total show interval to 86' (74' true vertical). Show-2 occurs over an 18' interval from 10,908' to 10,926'. Gas levels sharply increased from a background of 90 units to a high of 777 units. The gas associates with a mixed clastic interval.

A further 42' show (Show -3) was encountered during a drilling break in limestone from 11,012' to 11,054'. Cuttings gas increased from a background of 90 units and reached 759 units. The gas has a mixed composition including methane and ethane. Elevated gas readings persisted to the current depth of 11,127' and the mud is being circulated and conditioned before further drilling can commence. The mud weight will be increased to 8.6 pounds per gallon.

The depths in this report refer to measured depths along a well bore which is deviated at approximately 30 degrees from vertical.

Rick De Boer
Executive Director

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).



