



GOLDEN STATE RESOURCES LIMITED

ASX ANNOUNCEMENT 1ST JULY 2010

ACTIVITY UPDATE: PARADOX BASIN #3

KEY POINTS:

- Paradox Basin #3 produced 723,000 cubic feet of gas during the last 24 hours
- The well is currently shut in for a 72 hour build-up
- Paradox Basin #3 is undergoing a clean-up operations to recover fracture fluids
- 105 barrels of fluid was recovered yesterday
- The maximum flow rate was 1.684 Million Cubic feet per day

US focussed oil and gas company Golden State Resources Limited (ASX: GDN) ("Golden State" or "the Company") is continuing to flow test and clean-up Paradox Basin #3. The well has been flowed for a 24 hour period during which time a total of 723,000 cubic feet of gas was recovered. The well also returned 105 barrels of fluids bring the total gas recovered since the stimulation to 6.223 Million cubic feet and the total fluid to 1,450 barrels.

During the clean-up flow the maximum gas rate of 1.684 Million cubic feet per day occurred 1 ½ hours into the flow. The minimum rate of flow of 425,000 cf/d occurred after 6 ½ hours after which the rates increased as the fluid unloaded.

The forward plan is to run a 72 hour shut-in with down-hole gauges, and then continue to flow, clean-up and monitor the well in line with standard post-fracture procedures.

Petrophysical Results				
Testing intervals	Zone	Net Pay (ft)	Shows Units	Comments
1	1	10'	548	
2	2	23'		Zone 2 shows permeability sweet spot on NMR
	3	3'	777	Zone 3 has major fracture present
	4	30'	270	High Permeability on NMR corresponds to the show
	4a	37'	none	Algal reef facies with two permeability sweet spots on NMR
3*	5	3'	416	Good Perm on NMR
	5a	10'	Minor	Thin bed pay
	6	2'+	3099	NMR indicates high permeability gas zone
	Total	116'		

**The current completion has only stimulated the lower three zones 5, 5a, & 6 in the well.*

A handwritten signature in black ink, appearing to read 'Rick De Boer', with a stylized, cursive script.

Rick De Boer
Executive Director