



GOLDEN STATE RESOURCES LIMITED

ASX ANNOUNCEMENT: 22 JULY 2010

ACTIVITY UPDATE: PARADOX BASIN #3

KEY POINTS:

- **Well head pressure on Paradox Basin #3 is 3600 Psi and continues to increase**
- **The shut-in will be extended till August 3 to ensure the build-up is complete**
- **The pressure is the highest seen on the field to date**
- **Gas analysis of Paradox Basin #3 has confirmed the gas is a sweet dry gas with low inerts**

US focussed oil and gas company Golden State Resources Limited (ASX: GDN) ("Golden State" or "the Company") is very pleased to announce that the well head pressure on Paradox Basin #3 after a ten day shut-in period is 3600 psi and continues to increase. A 25 psi increase was observed in the past 24 hours and as a result the down-hole gauges will be left in the well until early August. The down-hole gauges are rated for 30 days of measurement.

The well head pressure on Paradox Basin #3 is the highest seen on the field so far and indicates that the bottom-hole pressure is approaching the virgin reservoir pressure which was measured prior to the clean-up and flow testing operation on the well.

Extending the build-up time will improve the data and allow more detailed analysis of the well. The analysis should also indicate whether Paradox Basin #3 would benefit from a larger fracture stimulation. The long tail on the build-up is a preliminary indication that a larger stimulation would increase productivity. The current Stimulation has only placed approximately 32,000 pounds of the intended 120,000 pounds of proppant into the formation.

Gas analysis from Paradox Basin #3 confirms the gas is a sweet dry gas with low inerts. The thermal value is 1024 BTU/cubic foot.

The directors are very pleased with the gas analysis and high well head pressure.

Rick De Boer
Executive Director