



GOLDEN STATE RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT

For the Three Months ended 31 December 2007

HIGHLIGHTS

- **Golden Eagle Oil & Gas Prospect, USA**

The drilling permit for Paradox Basin #2 is pending. Drilling is planned for March 2008.

- **Utah Uranium Projects**

A prospectus has been issued for the spin-off of the Company's uranium assets. A \$17.5 million fund raising under the prospectus will complete acquisition of minority interests, and fund exploration and development of already defined uranium deposits in Utah, USA. The closing date for IPO applications is 18 February.

GOLDEN EAGLE PROSPECT - ONSHORE OIL & GAS, UTAH, USA

The Company is exploring 10,457 hectares (25,937 acres) of State and Federal Government oil and gas leases in south-eastern Utah, in the USA.

The wildcat Paradox Basin #1 gas discovery well has been developed for production and is now shut-in awaiting construction of gas gathering facilities and pipeline connector. The Company has elected to complete the next well, Paradox Basin #2, before moving to production.

Paradox Basin #2

Preparation continues for the second earning well, Paradox Basin #2, to be drilled on a site one mile (1.6 km) from the current well. Issue of the drilling permit awaits a site inspection by the BLM, the issuing authority. The well is currently timetabled for March 2008.

Paradox Basin #2 will test a similar section as Paradox Basin #1 in a shallower, more structurally advantageous position. Multiple targets will be tested over a 5,000 foot (1,524 m) thick section from the Upper Ismay zone of the Pennsylvanian Paradox Formation, through to the Mississippian Leadville Formation.

Initial 100% Ownership and Operator

Golden State holds an initial 100% interest in Paradox Basin #1 well, and operatorship through its 100%-owned US subsidiary, Golden Eagle Exploration LLC. Denver-based joint venture partner Eclipse Exploration Inc has the right to back in with a 16.67% working interest after the drilling of two wells by Golden State.

Glossary

Completion The operations that prepare a well for producing oil or gas from the reservoir.

Shut-in well A well that is capable of producing but is not presently producing. Reasons for a well being shut in may be lack of equipment, market conditions, or other.

SUMMARY:

Issued Shares (GDN):	225.7 million
Market Capitalization:	\$25 million
12 month high:	126 cents
12 month low:	7 cents

CONTACTS:

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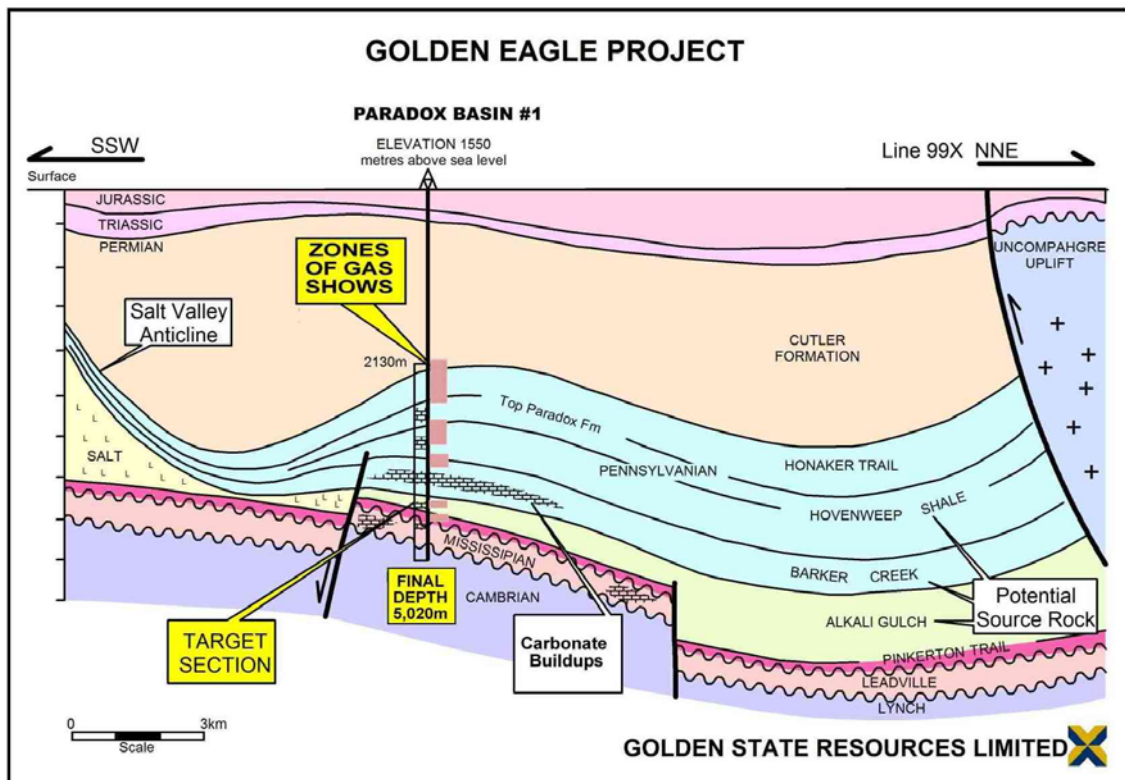
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JOHNSTON RANGE IRON ORE PROJECT, WESTERN AUSTRALIA (Golden State 100%, Polaris earning 70%)

The Johnston Range project is part of a large package of iron ore exploration tenements situated north of Southern Cross, which joint venture partner Polaris Metals NL (as operator) is exploring for a resource base sufficient for export of 2.5Mtpa of direct shipping iron ore. Such an operation would utilise the established rail link from Koolyanobbing to Kwinana.

Polaris Metals has the right to earn 70% interest in the iron ore potential of the Johnston Range Project tenements, 160km north of Southern Cross. Golden State retains and continues to explore the gold, nickel and copper potential.

Previously reported gravity surveys, mapping and sampling have outlined bedrock iron targets in the area.

RC drilling

36 RC holes were drilled in the Johnston Range tenements during the Quarter for 2,160 metres. The drilling targeted outcrops of haematite-goethite mineralisation and aeromagnetic/gravity targets. Results to date have indicated very restricted widths of oxide iron mineralisation that grades progressively into magnetite-bearing banded iron formation. Further results are awaited.

WHITE CANYON & THOMPSON URANIUM PROJECTS, UTAH, USA

Golden State has elected to spin-off its US uranium assets in a new ASX listed company, White Canyon Uranium Limited. The new company will hold 100% of the advanced Thompson and White Canyon (Daneros & Geitus) Projects in south-east Utah. The projects include historically defined ore bodies.

The combination of large uranium mineralized exploration acreage, local knowledge, demonstrated exploration and mining expertise, an established uranium mining jurisdiction and proximity to permitted uranium treatment mills will give White Canyon Uranium an early opportunity to establish production and aggressively increase its resource base.

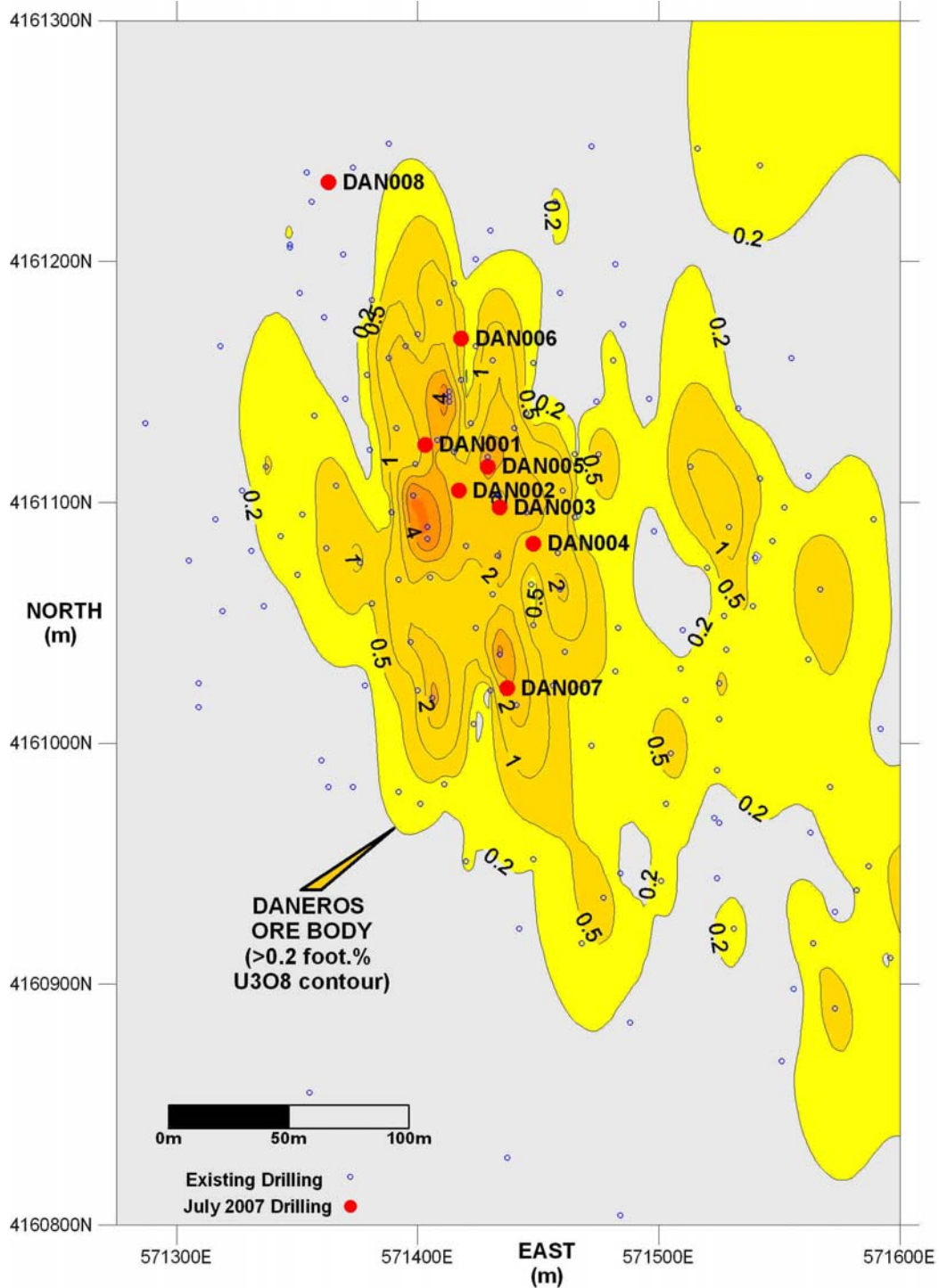
A prospectus, for the IPO capital raising of up to \$17.5 million by the issue of 70 million shares, was lodged on 4 December 2007. The issue will close on 18 February 2008.

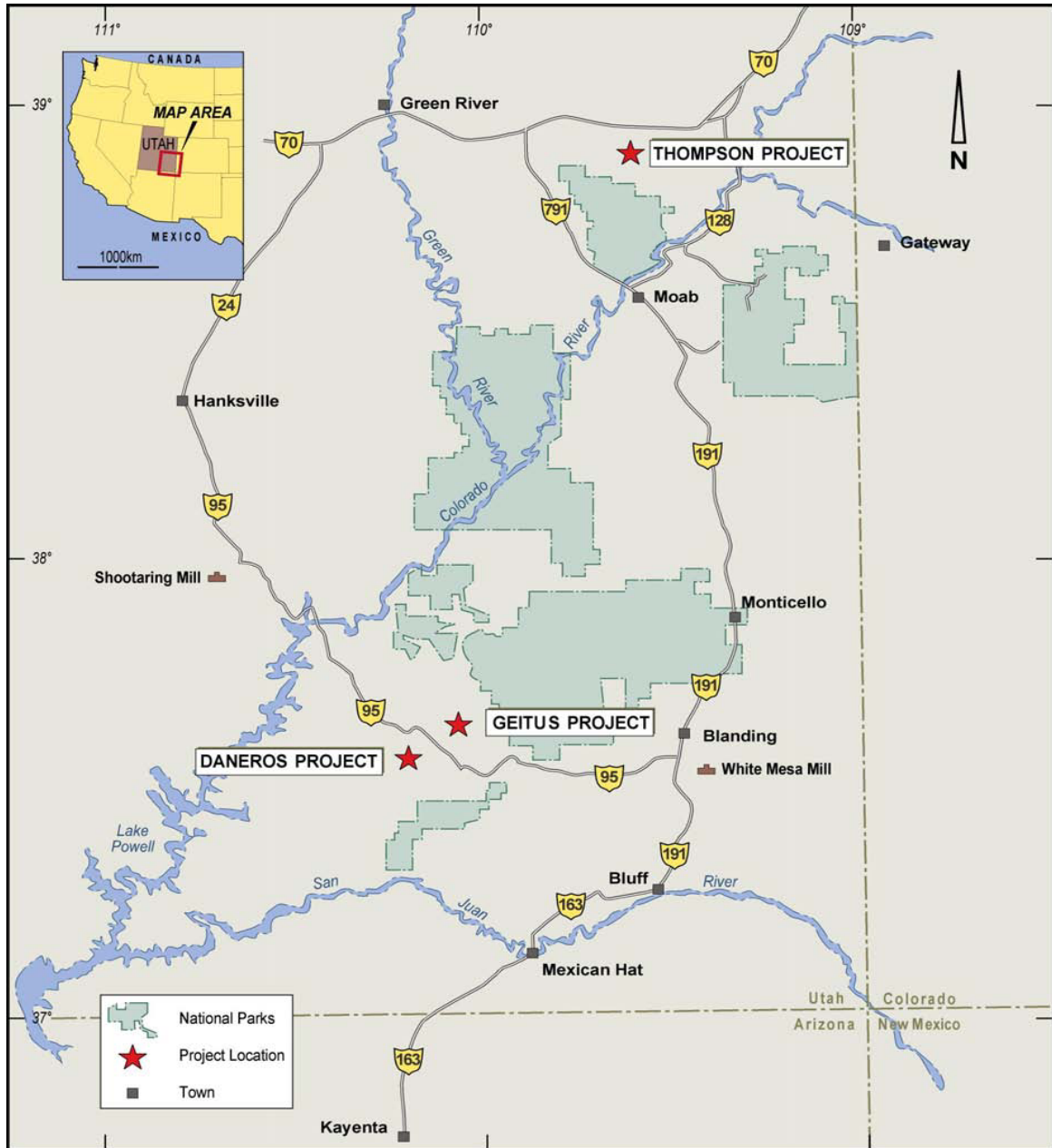
White Canyon Uranium Project programme

Uranium deposits at White Canyon are hosted by almost flat lying sandstones deposited in ancient river channels at the base of the Triassic Chinle Formation. 80% of Utah's historical production of 130 million pounds of U_3O_8 came from the Chinle Formation.

The Company completed a programme of 8 drill holes in July 2007, which confirmed the grade and thickness of uranium mineralisation indicated by 1980s drilling that was used to generate historical reserve estimates.

The next programme of work planned for the White Canyon Project will include core drilling and ore body modelling in preparation for a pre-feasibility study for mining of the Daneros Deposit.





LOCATION: URANIUM MINING AND EXPLORATION PROJECTS, UTAH, USA

John Hasleby
Director

31 January 2008

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Hasleby who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hasleby is full-time Exploration Manager for the Company and has sufficient experience that is relevant to the styles of mineralization and types of deposit under consideration and to the activities that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hasleby consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.