



GOLDEN STATE RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT

For the Three Months ended 30 September 2007

HIGHLIGHTS

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

Testing of Paradox Basin #1 has been completed. The well is shut-in pending production.

- **USA Uranium Project**

July 2007 drilling confirmed the location and grade of the Daneros ore body, previously defined by historical drilling, and upgraded and increased the area of the higher grade zones defined by that drilling.

A prospectus for the spin-off of the Company's uranium assets is finalised and awaiting clearance by the ASX on the use of historical "reserve" estimates. Golden State shareholders have a 1 for 4 priority entitlement to subscribe for shares in the capital raising for the new company.

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

During the quarter the current phase of completion operations on the Paradox Basin #1 well, which reached total depth of 16,471 feet (5,020m) during the previous quarter, was concluded at the Golden Eagle Oil & Gas Prospect in Grand County, Utah.

Intervals tested since the last quarterly report were:

Akah interval

Following fracing, the Akah interval from 10,815' and 10,850' flowed water, and was abandoned.

Upper Ismay interval

Following a successful slickwater frac of three Upper Ismay gas intervals: 9850'–9860', 9732'–9727' and 9740'–9760', totalling 35 feet a flow test was conducted. At completion of a 72 hour test, gas flow stabilised at 340 Mcf/day (thousand cubic feet per day) through a 28/64" choke with water produced at 2 bbl/hr (barrels per hour).

Well Shut-in

The well was completed for production and shut-in.

Gauges were set in the well prior to shut-in and later retrieved. The Company is assessing the economics of the well, in particular whether production is independent of, or conditional on the next well, Paradox Basin #2.

Paradox Basin #2

The confirmation of potential gas production from this wildcat well is a good result for the Company. Permitting for the pipeline connector and for the second, follow-up well to Paradox Basin #1 is proceeding. Preparation

SUMMARY:

Issued Shares (GDN):	196.7 million
Market Capitalization:	\$35 million
12 month high:	126 cents
12 month low:	10 cents

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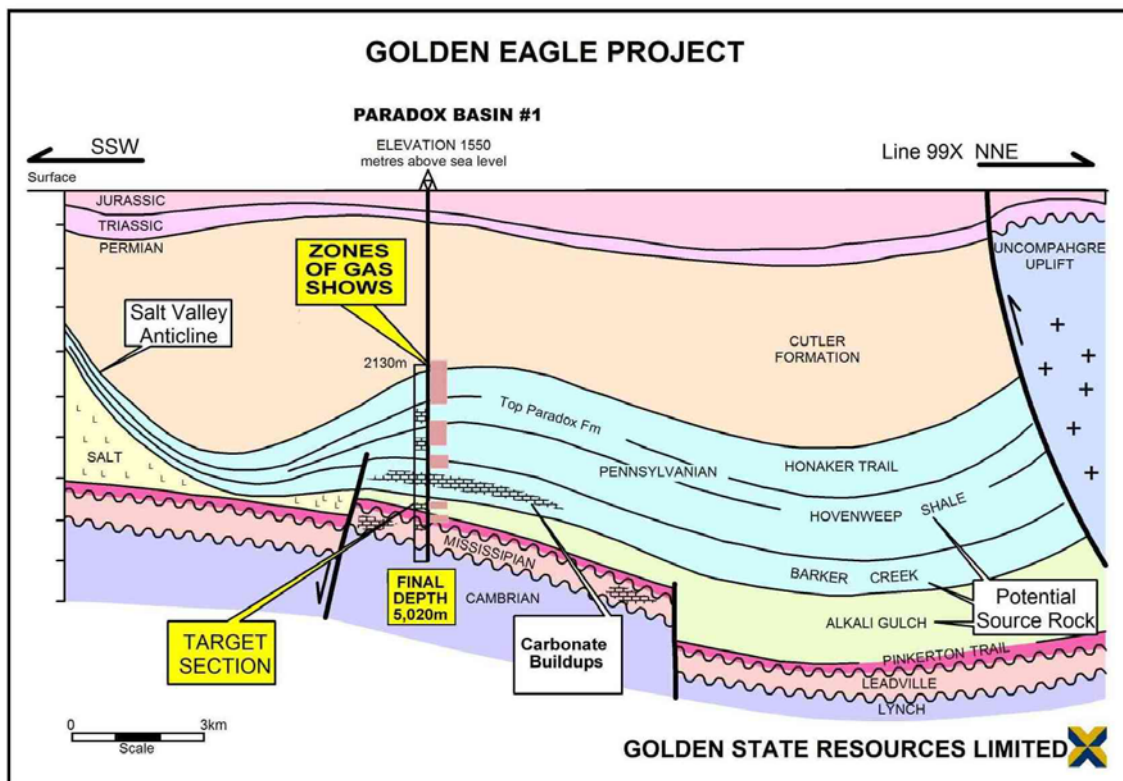
continues for the commencement of the second earning well, Paradox Basin #2, to be drilled on a site one mile (1.6 km) from the current well. A timetable for this second well will be announced once permits are granted by the issuing authority.

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.

Definitions

- Completion** The operations that prepare a well for producing oil or gas from the reservoir.
- Fracing** The process of injecting water, steam or gas into a natural gas well to improve natural gas recovery, and which creates an increase in the available surface area by creating fractures that are “propped up” or held open by the propping agents in the frac fluid (from “fracture treatment”).
- 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.



WHITE CANYON & THOMPSON URANIUM PROJECTS, UTAH, USA

Golden State Resources and the White Canyon vendors executed formal agreements for the acquisition of the Daneros and Geitus Projects in the White Canyon Uranium District, near Blanding, Utah. The formal agreements replace the original memorandum of agreement between the Company and Utah-based independent uranium miner White Canyon Exploration LLC (“WCE”) and its principals.

The Geitus, Daneros and Thompson Projects are combined in White Canyon Uranium Limited, currently a majority-owned subsidiary of Golden State that, following an IPO capital raising, will be listed on the Australian Securities Exchange.

It is anticipated that Golden State and WCE’s principals will hold approximately 25% each of the new entity, with the remainder to be held by the public as a result of an IPO capital raising. Golden State shareholders will have a 1 for 4 priority entitlement to subscribe for shares in the IPO.

The IPO prospectus has been finalised and is awaiting clearance by ASX on the use of historical “reserve” estimates.

Uranium drilling programme

An initial exploration programme was successfully completed during the quarter on the Daneros uranium-vanadium ore body at White Canyon, with the drilling of 8 holes to confirm width and grade of earlier drill holes used to generate the previously announced historical reserve (**see detailed announcement of 3 May 2007**).

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.

Holes were completed to an average depth of 130 metres. Following drilling, holes were gamma logged by Jet West Geophysical Services of Farmington, New Mexico, to provide U_3O_8 concentrations. Significant results are listed in the table below.

Drilling confirmed the location and grade of the Daneros ore body, previously defined by historical drilling, and upgraded and increased the area of the higher grade zones defined by that drilling. Several historical drill holes were twinned by new holes with exceptional results. New hole locations are marked on the grade x width contour plan below. As examples:

- DAN001**, twinned old hole 125-014 (8.5' of 0.402% U_3O_8), yielding **8.5' of 0.84% U_3O_8** . This intersection also included a higher grade zone of **2 feet of 1.9% U_3O_8** .
- DAN003**, twinned old hole 125-022 (9' of 0.167% U_3O_8), yielding **7.5' of 0.71% U_3O_8** .

The twinned holes showed an increase in U_3O_8 grade while confirming the depth, width and consistency of grade of the uranium ore body indicated by historical drilling between 1975 and 1985.

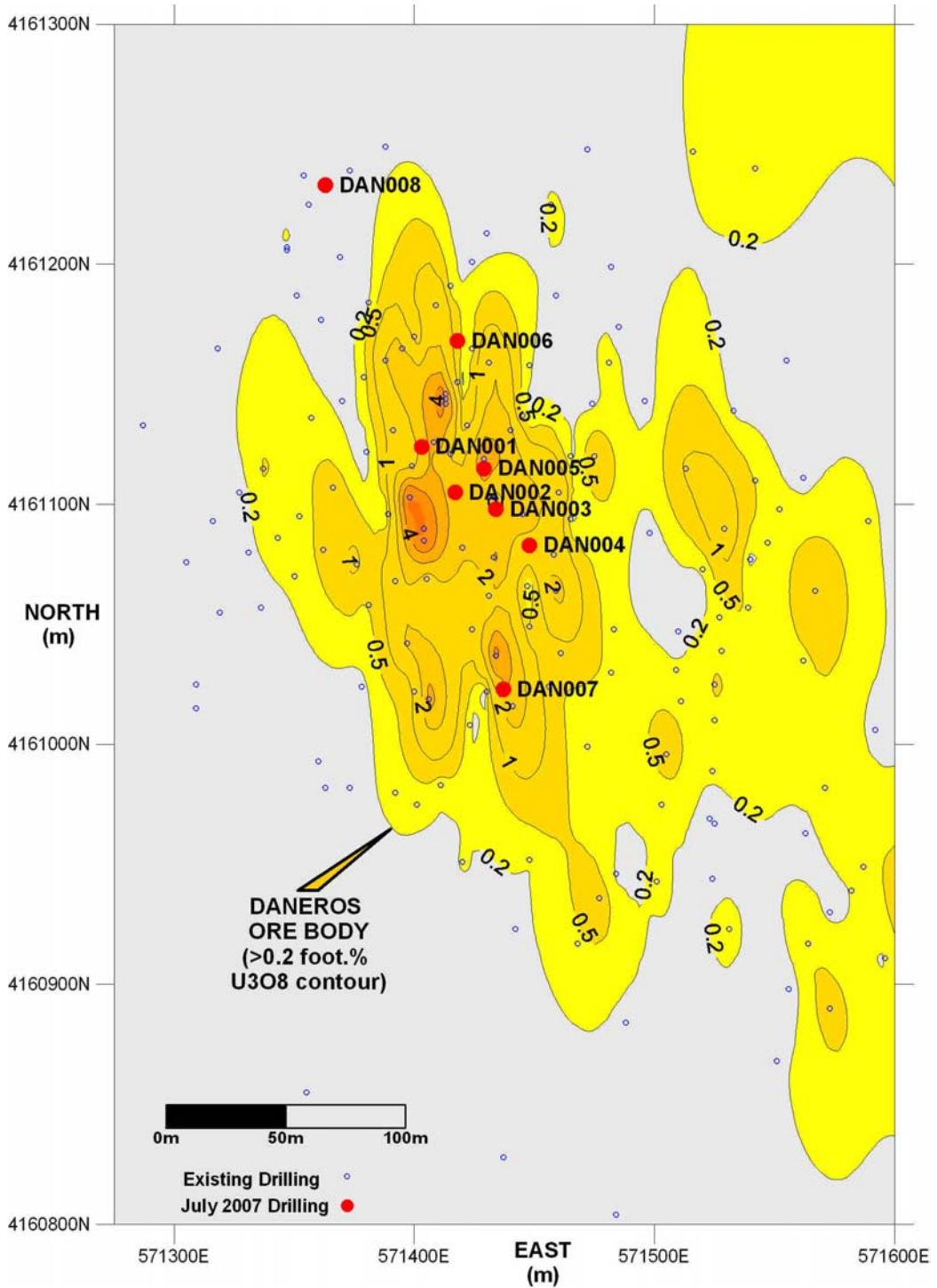
WHITE CANYON URANIUM PROJECT: JULY 2007 DRILLING - SIGNIFICANT INTERSECTIONS

Hole	North (m)	East (m)	RL (m)	RL (ft)	Depth (feet)	U_3O_8 @ 0.05% cut off					
						From (ft)	To (ft)	Thick (feet)	Thick (m)	U_3O_8 %	U_3O_8 lb/t
DAN001	4161124	571403	1826	5991	453	406.8	415.3	8.5	2.6	0.84	19
				including		411.8	413.8	2.0	0.6	1.9	42
DAN002	4161105	571417	1829	6002	427	411.2	414.2	3.0	0.9	0.12	2.7
DAN003	4161098	571434	1832	6010	427	411.7	419.2	7.5	2.3	0.71	16
DAN004	4161083	571448	1830	6003	430	398.8	401.2	2.4	0.7	0.223	5.0
						408.2	418.7	10.5	3.2	0.30	6.7
DAN005	4161115	571429	1829	6000	430	402.6	405.6	3.0	0.9	0.10	2.2
						414.1	416.1	2.0	0.6	0.10	2.2
DAN006	4161168	571418	1827	5994	420	398.1	401.6	3.5	1.1	0.248	5.6

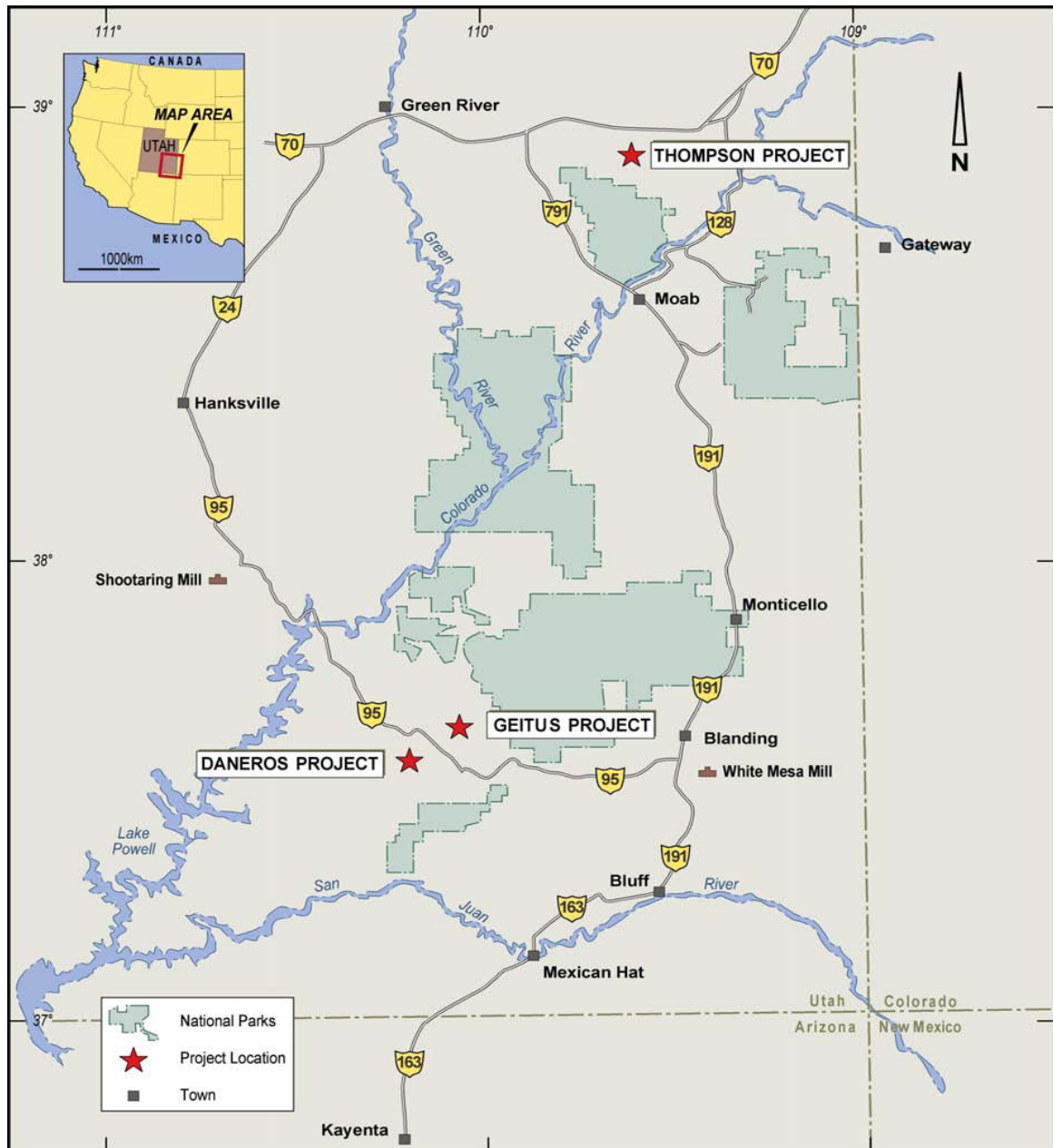
Hole DAN007 collapsed and was abandoned prior to gamma logging. Hole DAN008 tested formation outside the ore envelope (see map below).

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 Ore Body. Golden State's partners in this venture, WCE, have commenced engineering studies and permitting in preparation for the development of the Daneros ore body.

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WHITE CANYON URANIUM PROJECT DANEROS ORE BODY:
U₃O₈ GRADE x THICKNESS (%.FEET)



LOCATION: URANIUM MINING AND EXPLORATION PROJECTS, UTAH, USA

John Hasleby
Director

31 October 2007

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.

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