

# Mining Commences at Cue

## Highlights

- **Mining of GSM's gold bearing tailings at Cue has commenced**
  - **Purchase price structured as a 50:50 profit share arrangement**
  - **Material to be processed at the Adaman Resources Kirkalocka gold plant**
  - **Minimal risk: No Capex or Opex requirement for GSM**

Golden State Mining Limited (ASX code: "GSM" or the "Company") is pleased to announce that the mining of a 1000 tonne bulk sample has been completed and that Adaman Resources Pty Ltd ("Adaman") has commenced mining the balance of the remnant mine tailings and stockpiles located at the historic Cue No.1 and Salisbury mines.



Figure 1: Mining of tailings underway at Cue.

**Golden State's Managing Director, Michael Moore commented:** The commencement of mining activities at Cue has the potential to provide a low-risk source of modest funding for the Company as it plans further aggressive drilling campaigns at Yule in 2021. We continue to evaluate further low risk opportunities for shallow mining and remnant mine tailings reprocessing at Cue which we hope will provide further opportunities to monetise the Cue assets."

## Cue Project 100% GSM

### Mining Agreement

An agreement was signed (refer to ASX announcement dated 19 June 2020) with Adaman Resources Pty Ltd to purchase, mine and process remnant mine tailings (battery sands) from GSM's historic Cue No. 1 and Salisbury mines. Adaman will process the sands at its Kirkalocka Gold Mine processing plant and has ready access to mining, haulage and transport equipment.

The agreement was subject to a condition precedent, which has now been satisfied, that requires both parties to be satisfied with the outcome of a 1,000 tonne bulk sample.

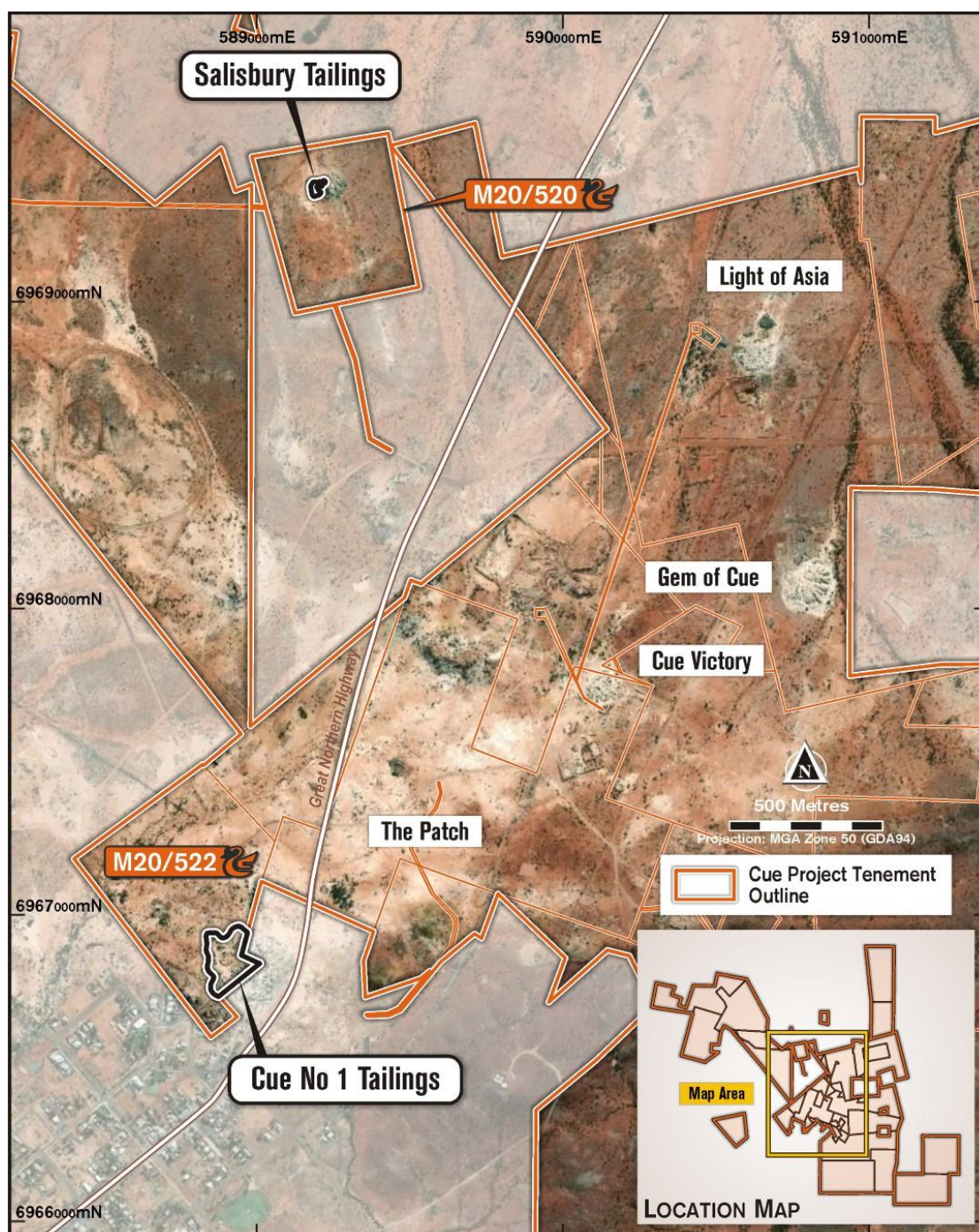


Figure 2: Cue Project Tailings Plan.



The sale price for the battery sands will be driven by a formula based on the tonnes finally trucked/processed (adjusted for moisture), gold recovered, the gold price achieved and certain agreed costs. The price is conceptually structured similar to a 50:50 profit share and cannot be negative, so the Company considers that the risk of direct financial loss on the sale of the sands is minimal. However, there is also no guarantee that the purchase, mining and processing of the entire battery sands will proceed, or that it will yield the agreed tonnes or any financial benefit to the Company, there being foreseeable risks that the final tonnes sold will be less than agreed and that financial benefit may also be minimal.

## Cue No 1 and Salisbury Mines

The Cue No.1 Mine was one of the larger deposits in the immediate Cue area and produced a recorded 37,000 ounces of gold at an average grade of 31g/t during the early 1900's. The Salisbury Mine was a less significant producer at the time with a total recorded output of 5,902 ounces at an average grade of 18.51 g/t. There are approximately 90 auriferous reefs hosted in the Cue Granite Complex which have been mined for gold mainly between 1891-1914. These reefs in combination with alluvial sources have produced a significant amount of gold historically with a total recorded gold production of approximately 247,000 ounces of gold at an average grade of 22 g/t recorded from the Cue Mining Centre prior to 1986<sup>1</sup>.

In addition to the Cue No. 1 and Salisbury tailings there are several other historic mine tailings dumps, mine stockpiles and in ground opportunities within the Cue Project tenements that potentially could also be mined and processed, and the Company is currently evaluating several options to further extract value from the Cue assets (Figure 2).

## Upcoming Yule Activities in 2020/21



## For further information please contact:

- Mike Moore (Managing Director) on 08 6323 2384 / 0438 938 934
- Greg Hancock (Non-Executive Director) 08 6323 2384 / 0418 263 388

<sup>1</sup> Refer to GSM IPO prospectus dated 22 August 2018.

**BOARD OF DIRECTORS**

Damien Kelly  
Non-Executive Chairman

Michael Moore  
Managing Director

Brenton Siggs  
Non-Executive Director

Greg Hancock  
Non-Executive Director

**ISSUED CAPITAL**

Shares	56.6 m
Options	10.8 m

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**FORWARD LOOKING STATEMENTS**

As a result of a variety of risks, uncertainties and other factors, actual events, trends and results may differ materially from any forward looking and other statements mentioned or implied herein not purporting to be of historical fact. In certain cases, forward-looking information may be identified by (without limitation) such terms as "anticipates", "believes", "should", "could", "estimates", "target", "likely", "plan", "expects", "may", "intend", "shall", "will", or "would". Any statements concerning mining reserves, resources and exploration results may also be forward looking in that they involve estimates based on assumptions. Forward looking statements are based on management's beliefs, opinions and estimates as of the respective dates they are made. The Company does not assume any obligation to update forward looking statements even where beliefs, opinions and estimates change or should do so given changed circumstances and developments.

**COMPETENT PERSONS STATEMENT**

The information in this report that relates to historical production figures, is based on information compiled by Geoff Willetts who is a Member of the Australian Institute of Geoscientists (AIG). Geoff Willetts is the Exploration Manager, a full-time employee of Golden State Mining Limited (GSM) and holds shares and options in the Company.

Geoff Willetts has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Geoff Willetts consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Information on previous explorers and historical results are summarised in the Independent Geologist's Report of the Golden State Mining Limited Prospectus dated 22 August 2018.

This release was authorised by Mr. Michael Moore, Managing Director of Golden State Mining Limited.