

ASX ANNOUNCEMENT

23 January 2019

ASX Code: GSM

BOARD OF DIRECTORSDamien Kelly
Non-Executive ChairmanMichael Moore
Managing DirectorBrenton Siggs
Non-Executive DirectorGreg Hancock
Non-Executive DirectorJanet Wicks
Non-Executive Director**ISSUED CAPITAL**

Shares	36.3 m
Options	9.0 m

REGISTERED OFFICELevel 1, Suite 14
19-21 Outram Street
West Perth WA 6005Tel: + 61 (08) 6323 2384
Fax: + 61 (08) 9467 9114Golden State Mining Limited
ACN 621 105 995

Completion of Cue Strategic Ground Acquisition

Highlights

- **Regionally significant Cue acquisition completed**
- **Quadrupling of Cue exploration footprint - by 120km²**
- **Includes 'Big Bell South' Exploration License**

Golden State Mining Limited (ASX:GSM, "Golden State" or the "Company") is pleased to announce that it has completed the Asset Sale Agreement ("Agreement") to acquire a 100% interest in the tenements held by Lefroy Exploration Limited (ASX:"LEX") in the Murchison region of Western Australia ("the Murchison Project") as announced on 20 December 2018.

As consideration for the purchase GSM has paid LEX:

- \$25,000 cash consideration;
- 1,700,000 ordinary fully paid GSM shares (12 month voluntary escrow); and
- 800,000 options in GSM.

GSM Managing Director, Mike Moore commented:

"The completion of this acquisition really strengthens our footprint at Cue. Already since listing we have completed our inaugural drill program in December, of which we are expecting results in the coming days, and added 120km² of very exciting and prospective ground."

As previously announced, the LEX Murchison Project tenements are considered highly prospective to GSM's regional exploration strategy in the Cue region. The new tenements are considered positive, 'Greenfields' exploration ground and cover substantial prospective greenstone stratigraphy and structure in a well-endowed gold mining district either along strike, or in the vicinity of previous and current gold mining operations.

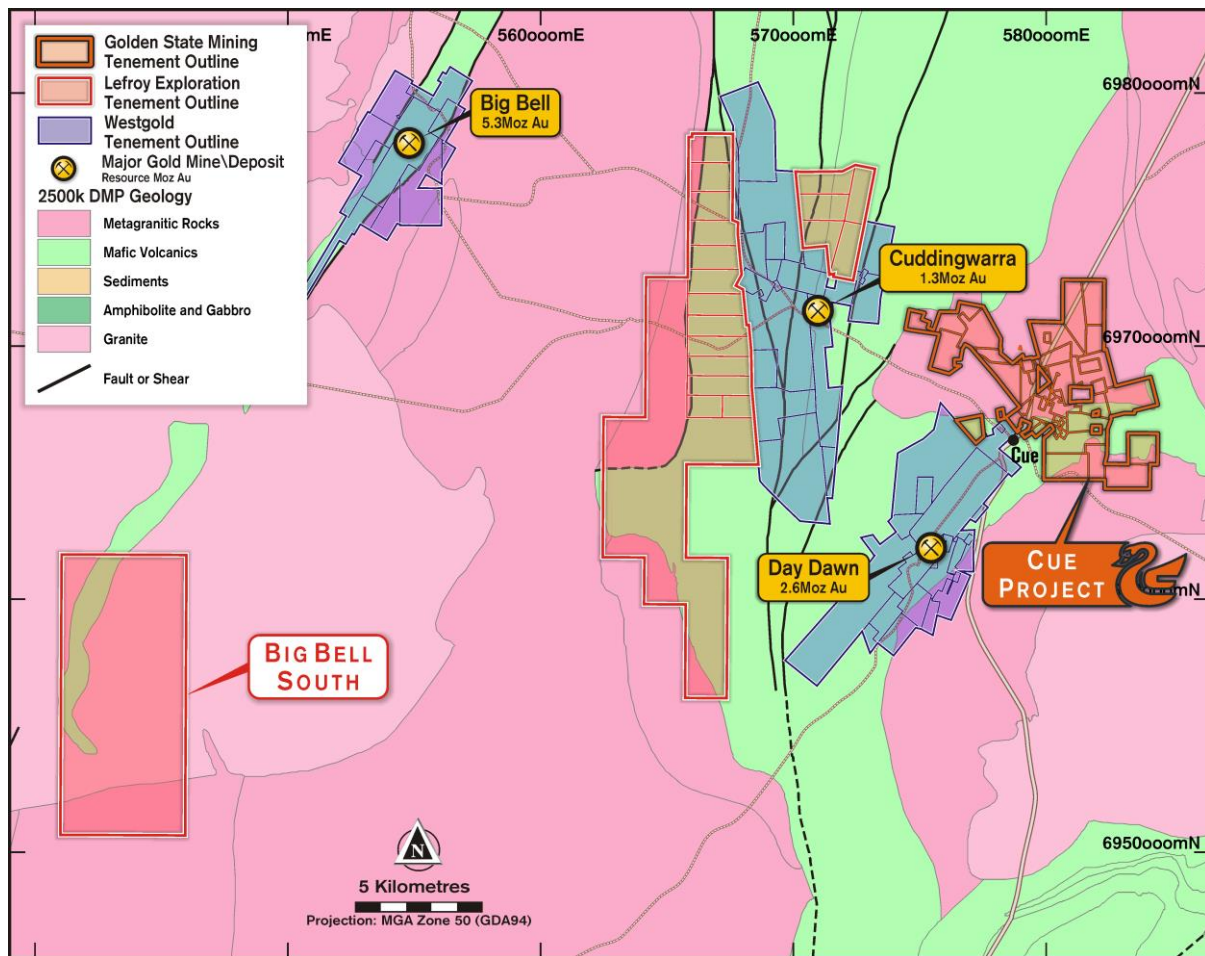


Figure 1. GSM and LEX tenement packages at Cue

The new tenure compliments the current GSM held flagship Cue Project, which was the subject of an inaugural Reverse Circulation (RC) and Diamond Drill-hole (DDH) drilling program in December 2018. This drilling program was primarily designed to test targets generated from the reprocessing of the Geoscience Australia ('GA') regional 2D seismic line 10GA-YU1 as well as the recently completed gravity and DDIP. Additional priority aims of the drilling program were to test for dip/plunge extensions and the potential for high grade gold shoot repetitions beneath historic gold mines in the Cue project area. First assay results from pre-Christmas drilling are expected in late January, 2019.

The new project tenure location, access and infrastructure are considered excellent and the presence of +1 Moz gold mines in the area (Big Bell, Day Dawn Mining Centre) and recent, new gold exploration successes by other explorers in the Cue area (eg. Musgrave Minerals, ASX:MGV 'Diamond Drilling Confirms Significant Gold Discovery, 2nd December, 2018) are strongly encouraging indicators for the exploration potential of both the newly acquired LEX tenure and the GSM existing flagship Cue Project.

Due diligence completed by GSM indicates the new LEX project areas acquired have been the subject of mainly limited first pass exploration activities with negligible systematic and effective follow up, despite encouraging historic geochemistry results with a paucity of drill testing.

Shares and options issued to LEX under the Asset Sale Agreement are subject to a one-year voluntary escrow period from their date of issue. Each GSM option issued to LEX will carry the right to subscribe for one GSM share at an exercise price of \$0.25, with the options expiry date being 26th October, 2022.

For further information please contact:

- Mike Moore (Managing Director) on 08 6323 2384
- Trevor Beazley/Nanne van 't Riet (Maiden Capital) on 0419 939 820/ 0400 902 940.

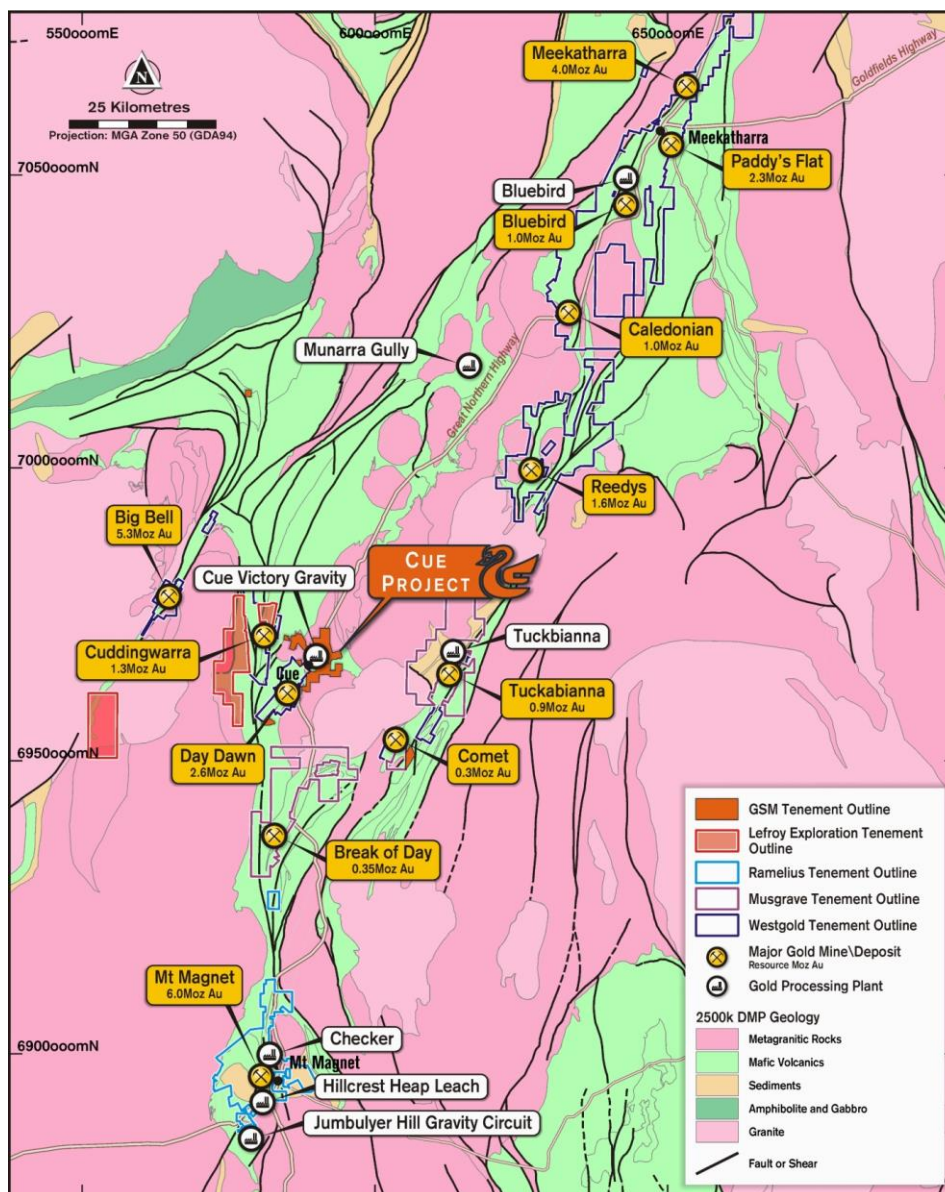


Figure 2. Regional mining and exploration activity

About Golden State Mining

GSM is a Western Australian minerals exploration company listed on the Australian Securities Exchange (ASX: GSM). The company's prime focus is the exploration and development of three highly prospective Western Australian gold projects.



CUE PROJECT

The company's cornerstone project is located adjacent to the historical town of Cue in the Murchison district.

- Approximately 645km by road northeast of Perth
- Targeting large, high-grade gold system
- Proven Gold Region - produced over 7Moz of gold the past 126 years
- Day Dawn/Great Fingall mine (1.7Moz production) ~5km along trend
- Exploration potential significantly bolstered by recent seismic interpretation at Cue.
- Historic mines operated until around the 1920's exploiting high grade +15g/t gold shoots

YULE PROJECT

- The Yule Project is located between 35km and 65km southwest of Port Hedland in the Northern Pilbara region of Western Australia
- Three granted exploration licences for a total of 434km² comprising the Yule North tenement E47/3508 and the Yule South tenements E47/3503 and E47/350 capture a significant portion of the Pilbara region
- Potential targets identified from airborne geophysics at Yule South
- Negligible follow-up work completed
- Review of historical drill assay data at Yule North has identified anomalous lithium with associated anomalous values of cesium
- Prospective for gold, base metals and lithium

FOUR MILE WELL PROJECT

- The Four Mile Well Project is located 9km to the north of the Laverton townsite in the Eastern Goldfields and consists of a single 38 block exploration licence (approximately 107 km²)
- The region is well endowed with a number of major gold and nickel deposits within close proximity to the Four Mile Well Project area
- Significant nickel sulphide deposits (Windarra and Mt Windarra) are located to the west of the project area and the 1.3Moz Lancefield gold deposit is located less than 1km to the south
- Previous work has identified several geochemical gold anomalies which will be followed-up with closer spaced geochemical sampling

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 Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Brenton Siggs who is a member of the Australasian Institute of Geoscientists (AIG). Brenton Siggs is the Principal Geologist of Reefus Geology Services, a consultancy that provides geological services to the Company. Brenton Siggs is a director of Golden State Mining (GSM) and holds ordinary shares and options in the Company.

Brenton Siggs 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". Brenton Siggs 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 for the Cue Project, is summarised in the Independent Geologists Report of the Golden State Mining Limited Prospectus dated 22 August 2018.