

**ASX ANNOUNCEMENT**

31 January 2019

ASX Code: **GSM**

**BOARD OF DIRECTORS**

Damien Kelly  
Non-Executive Chairman

Michael Moore  
Managing Director

Brenton Siggs  
Non-Executive Director

Greg Hancock  
Non-Executive Director

Janet Wicks  
Non-Executive Director

**ISSUED CAPITAL**

Shares	36.3 m
Options	9.0 m

**REGISTERED OFFICE**

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Golden State Mining Limited  
ABN 52 621 105 995

# December 2018

## Quarterly Activities Report

### Highlights

- GSM lists on the ASX 8 November 2018
- First drilling program completed at the flagship Cue Gold Project situated in a premier gold district of WA
- High-grade gold results from the shallow RC program and broad structural alteration zones intersected in the diamond drilling
- Strategic ground acquisition quadruples tenure at Cue
  - Exploration footprint increased by 120km<sup>2</sup>
  - Includes 'Big Bell South' Exploration License
- WA Government awards co-funded drilling grant for Cue
  - Up to \$150,000 to cover 50% of direct drilling costs
- Loyalty option issue announced
- Initial mapping and reconnaissance work completed at Yule

Golden State Mining Limited (ASX code: "GSM" or the "Company") is pleased to present its quarterly report for the period ending 31 December 2018. Since listing on the ASX on 8 November 2018 the Company has got off to a flying start, having undertaken its first and successful drilling campaign at its flagship Cue project, secured a co-funded drilling grant, initiated its first post-listing exploration at Yule and significantly increased its exploration footprint around Cue.

### Corporate

#### IPO and ASX listing

GSM commenced trading on ASX on 8 November 2018. The Company raised \$4,560,000 pursuant to the offer under its prospectus dated 22 August 2018 by the issue of 22,800,000 shares at an issue price of \$0.20 per share.

### Quadrupling of tenure around Cue

The Company also announced (on 20 December 2018) that it had entered into a binding Asset Sale Agreement to acquire a 100% interest in the tenements held by Lefroy Exploration Limited (ASX code: "LEX") in the Murchison region of Western Australia ("the Murchison Project").

The LEX Murchison Project tenements are considered highly prospective, with synergies to GSM's 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.

The new tenure compliments the current GSM held flagship Cue Project where location, access and infrastructure are considered excellent along with the presence of +1 Moz gold mines in the area (Big Bell, Day Dawn Mining Centre).

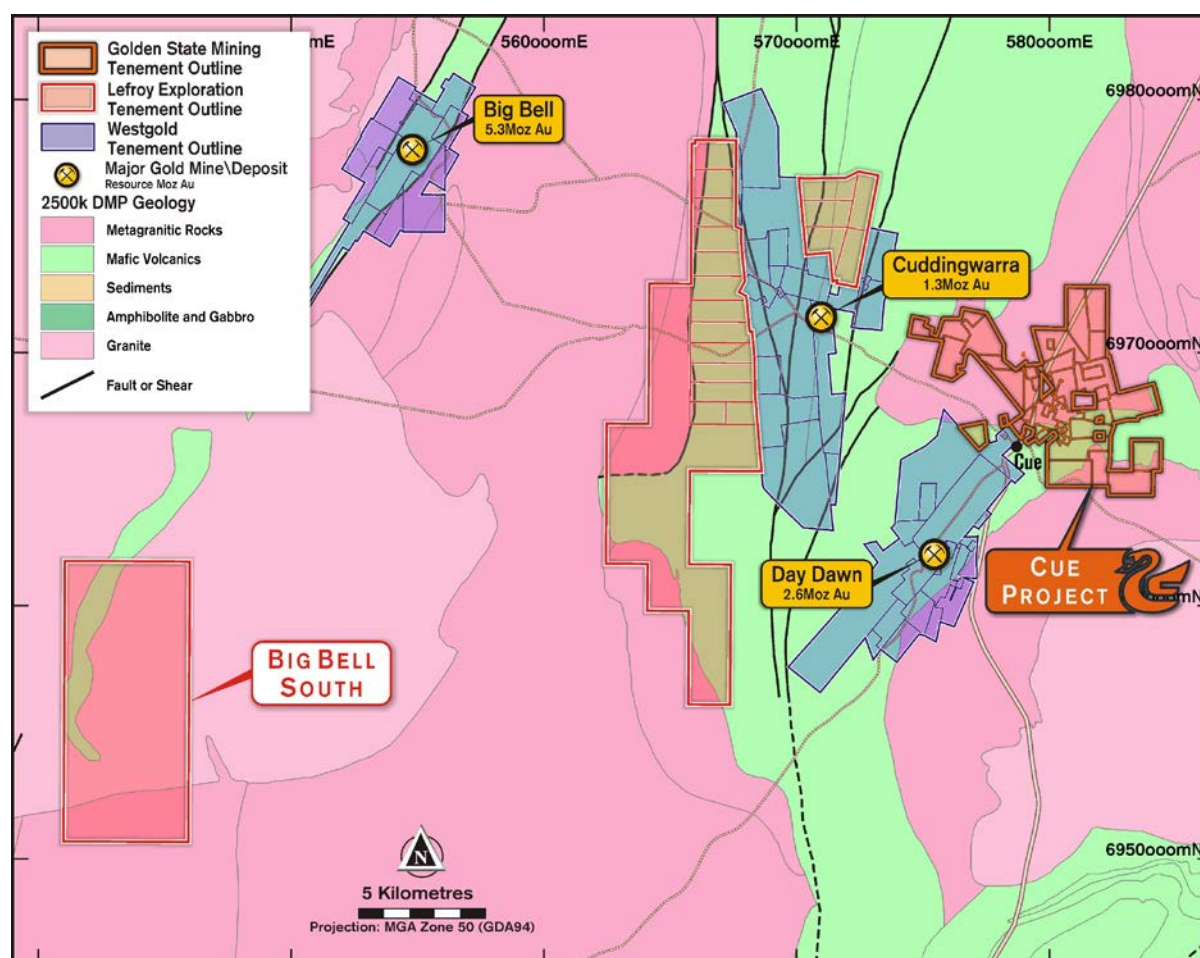


Figure 1. GSM and LEX tenement packages at Cue

As consideration for the purchase GSM agreed to pay LEX:

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

In addition, GSM agreed to reimburse LEX for certain agreed expenses associated with the Murchison Project which LEX already pre-paid for the period following transaction completion.

The agreement was completed on 23 January 2019.

#### **Successful \$150,000 EIS grant application**

In October the Company submitted a grant application, as part of Round 18 of the WA state government's Exploration Incentive Scheme (EIS), for the co-funding of drill programs to be completed between 1 January 2019 – 31 December 2019. As announced to ASX on 3 December 2018, the application was a success, and the government will grant to the Company up to \$150,000 to pay for 50% of the drilling costs associated with the upcoming drill program at Cue. The program will consist of further deep drillholes targeting the seismic reflectors as interpreted from geophysical data including 2D seismic data and gravity data.

#### **Loyalty option issue announced**

On 14 December 2018, GSM announced that it intends to conduct a pro-rata non-renounceable entitlement issue of options to eligible shareholders on the basis of one (1) option for every eligible two (2) shares held.

The options will have an issue price of 0.5 cents each and will raise approximately \$86,000 before costs. Each option will be unlisted, exercisable to acquire one fully paid ordinary share at 25 cents and will expire on 8 November 2019.

The proposed record date is 28 February 2019.

## Cue Project – 100% GSM

Haines Surveys Pty Ltd completed a (400m x 400m) gravity survey covering the entire Cue Project area in mid-November. The data was processed by Southern Geoscience Consultants (SGC) and the data used to map density variations associated with the granite-greenstone stratigraphy around the Cue Project area. The gravity data will be modelled in conjunction with existing magnetic data, and previously re-processed GA seismic data, to further identify and target prospective units of the Meekatharra Greenstone formation beneath the intrusive Cue Granite. The aim of this exercise is to produce a detailed litho-structural interpretation and 3D model, which will then be used to refine high priority drill targets. Moombarriga Geoscience was also engaged to complete a single line Dipole-Dipole Induced Polarisation (DDIP) traverse at the Salisbury prospect with the data being processed by Southern Geoscience. The purpose of this work was to establish the effectiveness of this geophysical technique at the Cue Project. No significant chargeability anomalies were identified from this exercise, but further work is required to review final data.

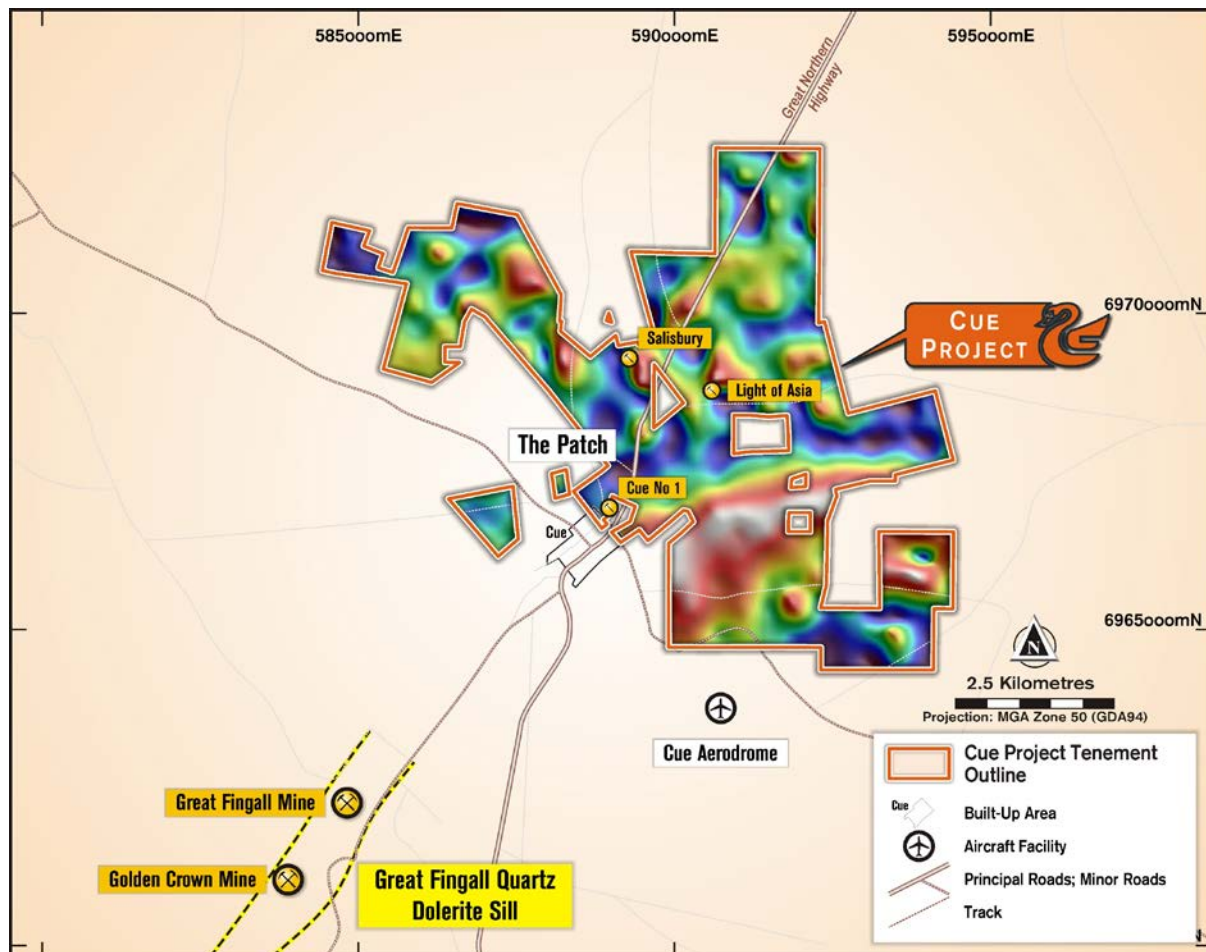


Figure 2: Gravity Survey Results at Cue Project



On the 26 November the Company announced that its initial Cue drilling program commenced to primarily test targets generated from the reprocessing of the Geoscience Australia regional 2D seismic line 10GA-YU1 as well as the gravity and DDIP surveys. The drilling program also tested along trend, plunge extensions and high-grade gold lens repetitions underneath selected historic gold mines in the area.

As part of the initial drilling program the Company drilled 2,269m of reverse circulation (RC) with 507.5m of diamond core tails on both the deeper seismic targets and extensions of the historic high-grade workings. Initial results and interpretations were received after the end of the quarter, with encouraging high-grade gold results from the shallow RC program and broad structural alteration zones intersected in the diamond drilling program.

The RC drill program at Cue was successful in demonstrating significant prospectivity down-dip and along strike of historic workings and previous drilling but more importantly, revealing new high-grade gold intercepts away from the historic workings. The Company is further encouraged by the observations obtained from the first two deep diamond holes that suggests previously unrecorded alteration and structure will assist in interpreting possible sources of mineralisation.



Figure 3: RC drilling at Cue, December 2018

GSM is currently fast-tracking detailed work on the diamond core including petrological analysis, detailed lithological and structural logging, updating of seismic modelling and core cutting and analysis work. Early work has resulted in the need to deploy specialist resources on its evaluation and exciting further work over the coming weeks will allow GSM to develop a focused exploration and effective drilling strategy based on an enhanced understanding of the Cue mineralisation controls.

Further details of results (including JORC table) and the next steps for the Cue project are set out in the Company's announcement dated 25 January 2019.\*

## Yule Exploration – 100% GSM

In addition to data compilation and reviews, reconnaissance site visits were conducted at the Yule project by Golden State exploration manager Geoff Willetts and consultant geologist Dr Marcus Sweetapple to assess access, topography and geology, as well as to ascertain the character of the regolith, for future exploration activities. Attempts were made to locate historical drill collars especially the most recent drilling in 2010 which reported anomalous Li and Ce values. The three collars were successfully located and sample from drill spoils and rock chips were collected for multi-element assay and petrological studies. Results from this analysis are expected in a report compiled by Dr Sweetapple in late February.

No outcrop of basement lithologies was encountered, which is consistent with existing geological mapping of the tenement areas. Virtually all of the tenement areas are constituted by a recent (Quaternary) sequence of alluvial fine sand with variable amounts of alluvial clay, silt, with local development of claypans and overbank. Much of this sediment is likely to relate to the Yule River, and associated flood plains and tributaries. An exploration program based on aeromagnetic data interpretation and utilising a suitable geochemical method to assess the deep cover is being planned for the 2nd quarter of 2019. \*

## Four Mile Well – 100% GSM

Due to the tight time frame between listing and Christmas, and priorities at Cue and Yule, GSM did not conduct any field exploration activities at the Four Mile Well project.

### 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

\* See also the Independent Technical Assessment Report in the Company's prospectus dated 22 August 2018.

## 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 systems
- 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 434km<sup>2</sup> comprising the Yule North tenement E47/3508 and the Yule South tenements E47/3503 and E47/3507 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 km<sup>2</sup>)
- 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 Geoff Willetts who is a member of the Australasian Institute of Geoscientists (AIG). Geoff Willetts is the Exploration Manager and a fulltime 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 for the Cue Project, is summarised in the Independent Geologists Report of the Golden State Mining Limited Prospectus dated 22 August 2018.

## APPENDIX 1 Summary of Mining Tenements

Table 1. As at 31 December 2018 the Company or its subsidiaries ("Group") had a 100% beneficial interest in the following tenements:

Number	Holder	Status
<b>Cue Project</b>		
L 20/60	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/61	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/62	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/66	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/68	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/69	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/70	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/61	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/519	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/520	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/522	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/523	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/524	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/525	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/547	Western Mining Pty Ltd <sup>1</sup>	Pending
M 20/548	Western Mining Pty Ltd <sup>1</sup>	Pending
P 20/2026	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2027	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2067	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2118	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2134	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2135	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2136	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2160	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2162	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2174	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2177	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2213	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2214	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2223	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2232	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2276	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2319	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2320	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2321	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2322	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2323	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending

P 20/2324	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2325	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2330	Western Mining Pty Ltd <sup>1</sup>	Pending
P 20/2335	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2336	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2342	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2343	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2344	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2345	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2346	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2349	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2368	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2369	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2370	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2371	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2372	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2373	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2374	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2382	Cue Consolidated Mining Pty Ltd <sup>2,3</sup>	Pending
P 21/756	Western Mining Pty Ltd <sup>1</sup>	Live
P 21/765	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 21/766	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
<b>Yule Project</b>		
E 47/3503-I	Crown Mining Pty Ltd <sup>2</sup>	Live
E 47/3507-I	Crown Mining Pty Ltd <sup>2</sup>	Live
E 47/3508-I	Crown Mining Pty Ltd <sup>2</sup>	Live
<b>Four Mile Well Project</b>		
E 38/3282	Crown Mining Pty Ltd <sup>2</sup>	Live

Notes:

1. Acquired during the quarter; Held in trust for Cue Consolidated Mining Pty Ltd pending transfer.
2. 100% subsidiary of GSM.
3. Applied for during the quarter

The Group withdrew or relinquished its interests in the following tenements during the quarter:

Number	Holder	Status
<b>Cue Project</b>		
P 20/2340	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Application withdrawn 19/12/18
P 20/2341	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Application withdrawn 19/12/18
P 21/764	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Application withdrawn 19/12/18