

26 February 2019

Dear Shareholder

NOTICE OF PRO-RATA NON-RENOUCEABLE ENTITLEMENTS ISSUE OF LOYALTY OPTIONS

Golden State Mining Limited ("Company") is pleased to provide you with the following information about a pro rata non renounceable entitlements issue ("Offer") of unlisted options (exercisable at \$0.25; expiring 8 November 2019) at \$0.005 per new option, offered on the basis of one (1) new option for every two (2) shares held at the record date, raising up to approximately \$90,628 (before expenses of the Offer).

The primary purpose of the Offer is to recognise the invaluable support the Company has received from its shareholders and reward them for their loyalty.

The Company encourages you (and is sending you this notice in advance) to be ready so that your acceptance is validly received by the 22 March 2019 closing date should you wish to accept.

GSM has been making great progress in unlocking and adding to the value of its Cue and Yule projects (particularly Cue) since listing in November last year. We appear to have discovered a potentially large system of alteration which contains encouraging signs of gold mineralisation as well as discovering new, high grade gold intercepts near existing high-grade gold workings. Further details are set out in our ASX announcements released on 25 January and 25 February 2019.

The Company's shares will be quoted on an 'ex' basis from 27 February 2019. Any shares bought on market on and after this date will not be entitled to participate in the rights issue.

The prospectus is available to download from both the ASX website (www.asx.com.au) and the Company's website www.goldenstatemining.com, and will be mailed to eligible shareholders with personalised Entitlement and Acceptance Forms on or about 4 March 2019. See the prospectus and the form for further details on accepting the offer.

An indicative timetable for the Offer is set out below:*

"Ex" date	27 February 2019
Record Date	28 February 2019
Dispatch of entitlement and acceptance form and prospectus	4 March 2019
Closing date for acceptance of entitlements (5:00pm AWST)	22 March 2019
Issue date	29 March 2019

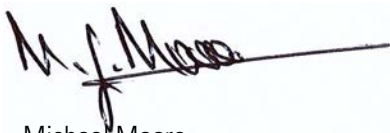
** The above dates are indicative only. Notwithstanding any provision of this announcement or any other announcement or offer document, and to the fullest extent permitted by law, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date or time period referred to in this offer document to such earlier or later date or for such period as the Company thinks fit whether or not the date to be varied has passed or the time period has expired.*

No underwriting fees are payable, there is no broker to the issue and no handling fees are intended to be payable to brokers who lodge acceptances on behalf of shareholders. The maximum number of new options to be issued is up to approximately 18,125,600, which would raise up to approximately \$90,628 (before expenses of the Offer; excluding any funds from the exercise of options) and would result in total issued shares and options in the Company of approximately 36,251,200 and 27,148,160 (respectively; options at various exercise prices and expiry dates) if fully subscribed.

It is not intended that new options issued as a result of entitlements taken up will be quoted on ASX. The options will form a new class of unquoted securities. The rights issue does not require shareholder approval.

The offer will be available to each shareholder registered on the Company's register of members at the record date ("**Eligible Shareholders**"). Fractions of shares will be rounded up to the nearest whole number. Holdings on different registers (or subregisters) will not be aggregated for calculating entitlements.

Yours faithfully,



Michael Moore
Managing Director