

# June 2020

## Quarterly Activities Report

- Finalised +10,000m Aircore drill planning over a number of priority gold target areas at Yule South
- GSM awarded \$150,000 EIS grant to fund upgraded Yule South Aircore drilling program
- Additional license application expands the Yule Project up to 715 km<sup>2</sup> capturing a significant portion of the Pilbara Craton
- Purchase Agreement signed with Adaman Resources to mine and process GSM's gold bearing tailings at Cue
- Placement to raise \$2.2 million

Gold and base metals exploration company Golden State Mining Limited (ASX code: "GSM" or the "Company") is pleased to report on its activities for the quarter ending 30 June 2020.

## Yule Project – 100% GSM

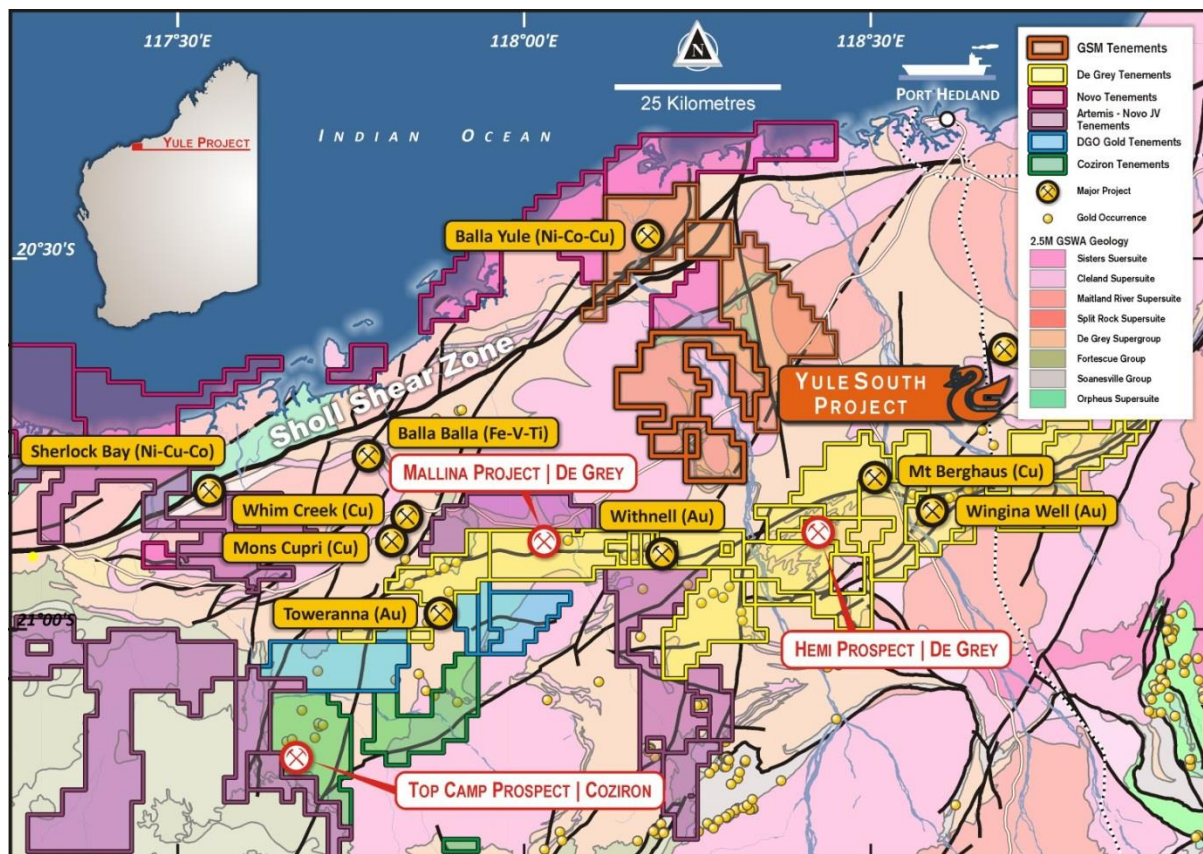


Figure 1: Location Plan of GSM's 715km<sup>2</sup> of Yule Mallina Basin tenements showing regional Prospects.

## Yule Project 100% GSM

Exploration activities for the June 2020 quarter at the Yule Project were focused on advancing drill program planning and logistics. A first pass reconnaissance program of +10,000m of Aircore ('AC') drilling was planned for Yule South, targeting high priority gold targets interpreted from aeromagnetic data. Similar planning is also ongoing for Yule North where several high priority targets have been identified.

### Yule South (E47/3503 & 3507)

The planned AC program at Yule South was upgraded with the aim of more effectively testing the priority gold targets at a greater drill density along approved drill lines. Five main target areas (see Figure 2) have been prioritised and are the focus of GSM's maiden drill program at the Yule Project, which commenced after the end of the quarter.

De Grey Mining's Hemi Prospect was discovered using a nominal 640m x 80m drill pattern (refer to DEG ASX announcement dated 6 February 2020). GSM recognises this as a suitable drill pattern for testing similar geological features and targets and is utilising a similar strategy for this initial program.

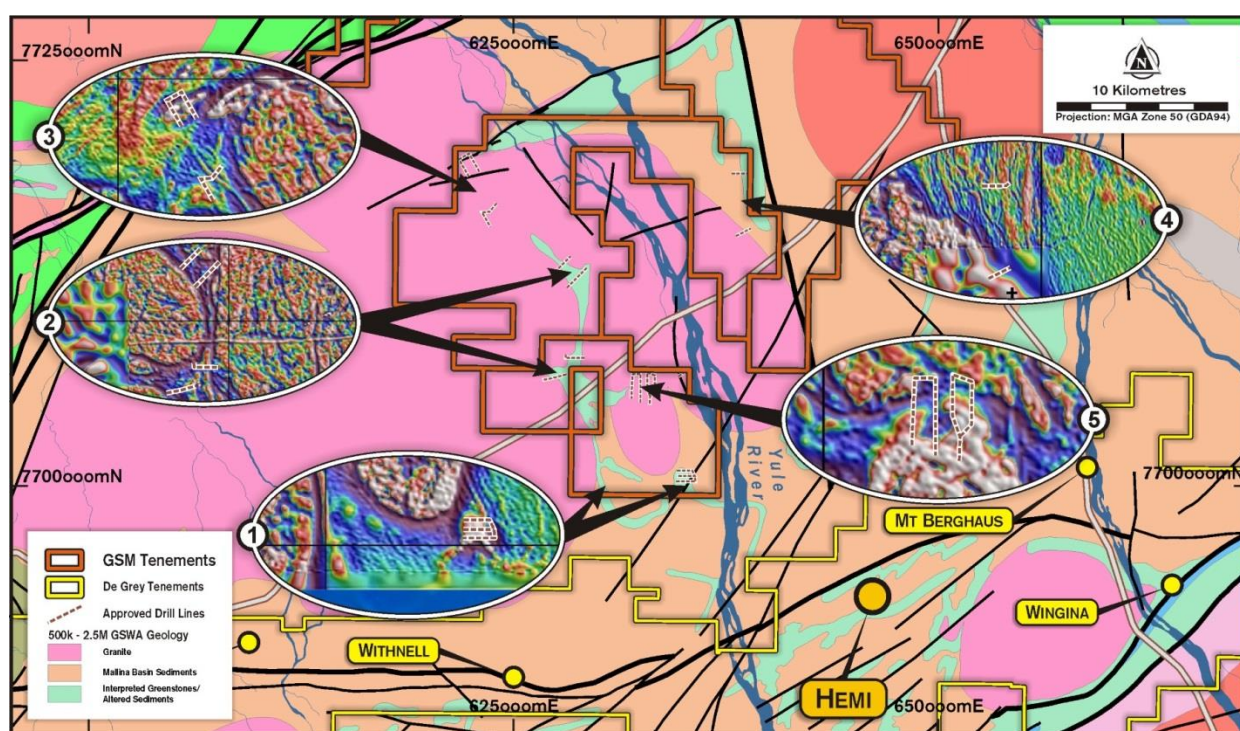


Figure 2: Yule South plan showing approved drill lines and detailed magnetics of target areas over regional geology.

Key high priority targets (see Figure 2) include:

#### Target 1

This area consists of a tightly folded hinge zone of interpreted mafic units or an intrusive within the Malina formation metasediments and magnetic anomalies parallel to a major north-south structure.

#### Target 2

A >10km structural corridor 'squeezed' between nested and deformed granitoid complexes is interpreted to contain altered metasediments and remnant greenstone enclaves within folded structures.

**Target 3**

The geology of this area is interpreted as a tightly folded greenstone/ultramafic sequence or intrusive along a granite contact zone which is parallel to a regional NNE trending regional Pilbara structure.

**Target 4**

The magnetic signature of this area is interpreted as potential greenstone sequences within Mallina Basin sediments which are proximal to a secondary fault splay trending NE off the Yule River Shear Zone ('YRSZ') to east.

**Target 5**

This target is located along the highly magnetic northern contact zone of a later intrusive body within the Portree granite complex which is interpreted as a distinct intrusive phase or alteration zone.

**EIS co-funding grant**

The Company was successful in its application for co-funding as part of the Western Australian Government's Exploration Incentive Scheme (EIS). GSM has been awarded a \$150,000 grant to partly fund its expanded 10,000m+ Aircore ('AC') drill program at the Yule South Project in the Mallina Basin.

**Exploration License Application E47/4391**

A new exploration license application covering an additional 13 km<sup>2</sup> of prospective ground central to the current Yule South Project has been submitted, bringing the total project area (granted and application to 715km<sup>2</sup>.

**Yule North (E47/3508)**

The Yule North project area is dominated by the Sholl Shear Zone ("SSZ") which is a major regional structure within the Western and Northern Pilbara and is situated at the Northern margin of the Mallina Basin. The SSZ consists of a major easterly to north easterly trending strike-slip fault zone and is interpreted as an important tectonic domain boundary in this region. The strike extent of the SSZ is over 21 kilometres along the southern boundary of the Yule North project and represents a significant exploration opportunity for GSM.

This section of the SSZ has been subject to only limited previous gold exploration activities targeting magnetic highs interpreted as Banded Iron Formation ("BIF") and ultramafic units. GSM has been reviewing this previous exploration data and has noted a lack of systematic exploration in and around favourable interpreted structures offsetting the main SSZ trend.

Interpretation of geophysical data within the Yule North project area has generated several target areas (refer to ASX announcement dated 26 June 2019) requiring follow up investigation. Six target areas were identified (Figure 3) with 3 high priority targets requiring drill testing. Initial reconnaissance AC drilling is planned for Q3 2020. A drill program plan has been submitted and approved by the Department of Industry Regulation and Safety (DMIRS) and a heritage survey is scheduled to commence mid-August.



## Balla Yule

Drill planning and statutory approvals are ongoing for the Balla Yule Prospect (Figure 3) which forms part of the greater Yule North area (refer to ASX announcement dated 20 December 2019).

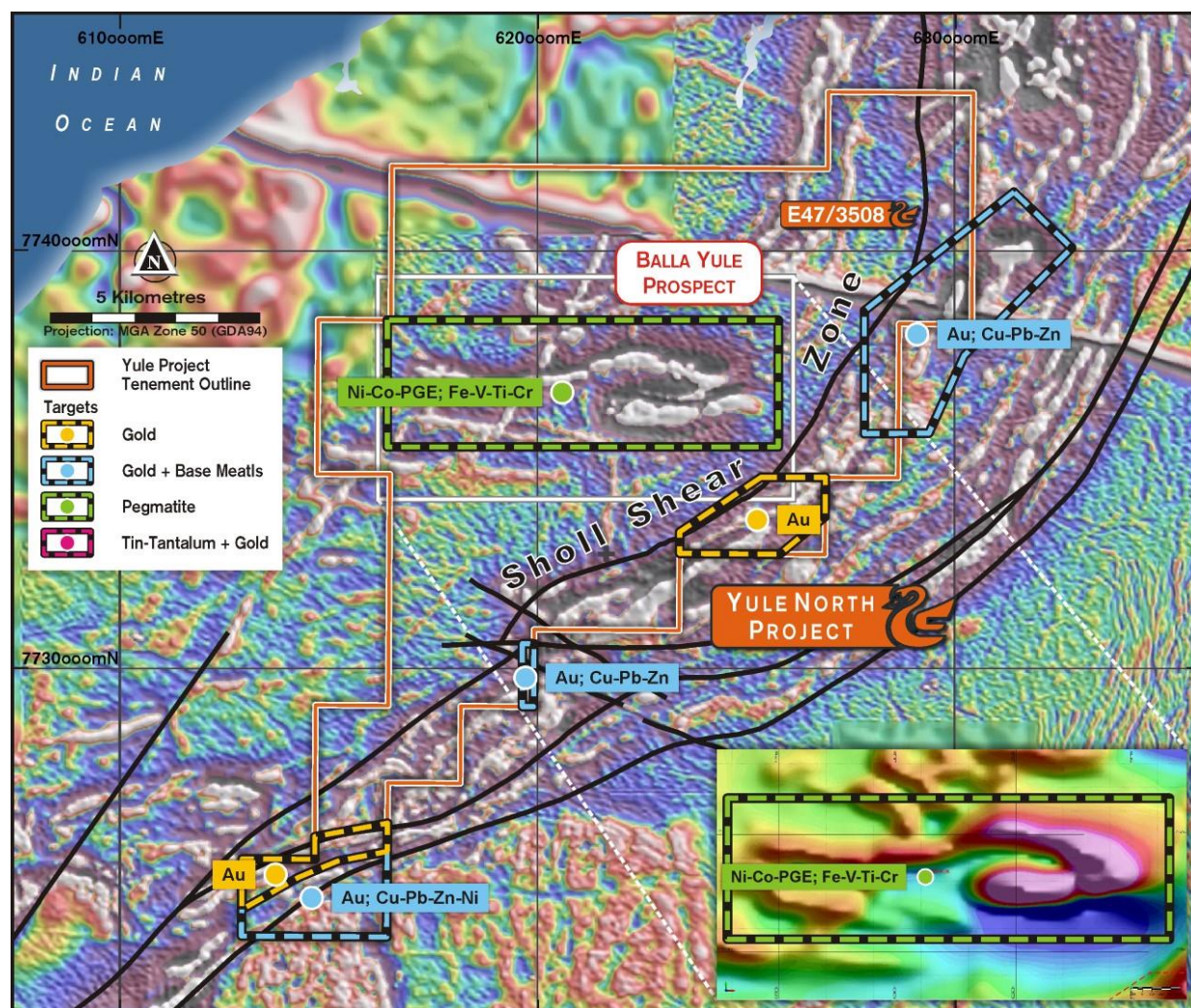


Figure 3: Yule North Target Areas over RTP 1VD Magnetic Image

## Murchison – 100% GSM

### Mining Agreement

An agreement has been signed with Adaman resources Pty Ltd (“Adaman”) to purchase, mine and process approximately 48,000 tonnes of remnant mine tailings (battery sands) from the historic Cue No. 1 and Salisbury mines (refer to ASX announcement dated 19 June 2020).

Adaman will process the sands at its Kirkalocka Gold Mine processing plant and has ready access to mining, haulage and transport equipment.

The agreement is subject to a condition precedent, which requires both parties to be satisfied with the outcome of a 1,000 tonne bulk sample (anticipated to commence August 2020), subject to finalising all regulatory approvals) and each party retains the right to terminate the agreement by giving the other



party 30 days' notice (so there is no guarantee that the purchase, mining and processing of any or all of the battery sands will proceed, or that it will yield the stated tonnes or any financial benefit to the Company; the Company will keep the market informed of any material developments).

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 – but the price is conceptually structured similar to a 50:50 profit share and cannot be negative.

Subject to satisfaction of the condition precedent, the mining and processing of the sands is anticipated to take approximately 2-3 months commencing in late August. Scheduling is anticipated to fit in with Adaman's existing feed sources and regional supply logistics.

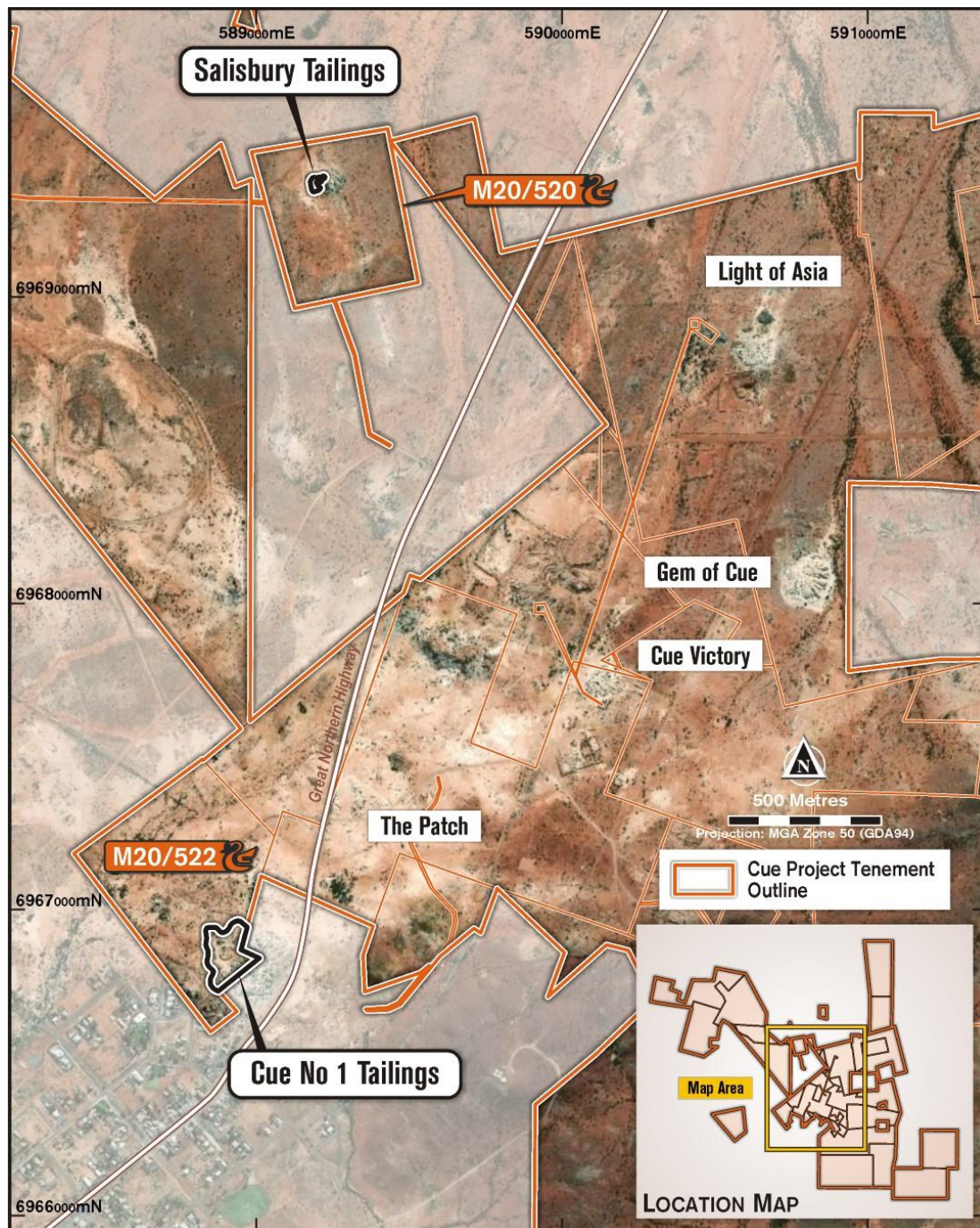


Figure 4: Cue Project Tailings Plan.

## 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>.

## Adaman Tailings Assessment

The assessment of historic mine dumps and stockpiles by Adaman during the quarter included an unmanned aerial drone survey (UAV) and the drilling of 15 auger holes at the Cue No.1 and Salisbury Mines. Seven auger samples taken from the Salisbury tailings returned an average grade of 0.78 g/t gold and eight samples taken from the Cue No 1 tailings returned an average grade of 1.29g/t gold.<sup>2</sup> These gold grade estimates are consistent with those obtained by previous operators performing similar assessments.

## Ongoing review of shallow mining opportunities and drilling targets

The Murchison projects (Cuddingwarra/Cue) are the subject of an ongoing, integrated review of potential shallow mining opportunities and potential drilling targets which may further support such opportunities.

GSM is exploring the potential for several shallow mining opportunities at a number of historic high-grade mines within the Cue Granite Complex including the Light of Asia, Salisbury and Cue No 1 Mines. Other areas under investigation include The Patch and Cue North which may require further drilling or bulk sampling to determine their viability. There are also several remnant mine tailing dumps within the Cue area which previous sampling has indicated may contain the grade potential for reprocessing if a suitable mill is available nearby.

In addition to the Cue No. 1 and Salisbury tailings there are several other historic mine tailings dumps and mine stockpiles within the Cue Project tenements that could also be processed, including tailings and stockpiles at 'Light of Asia', 'Cue Victory' and 'Gem of Cue' (Figure 4).

Known mineralised gold trends were extended in reverse circulation ('RC') drilling by GSM in late 2018 (refer to ASX announcement dated 25 January 2019). At the Light of Asia mine, drill hole 18GSLARC0006 intersected 3m @ 20.1 g/t including 1m @ 56.6 g/t Au, 500 metres along trend north of the main workings (Figure 5). In addition, another high-grade gold intercept of 2m @ 6.0 g/t Au was recorded approximately 40 metres south of the main Salisbury workings in hole 18GSSLRC0003, which extended known gold mineralisation down-dip.

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

<sup>2</sup> Refer to GSM ASX announcement dated 19 June 2020.

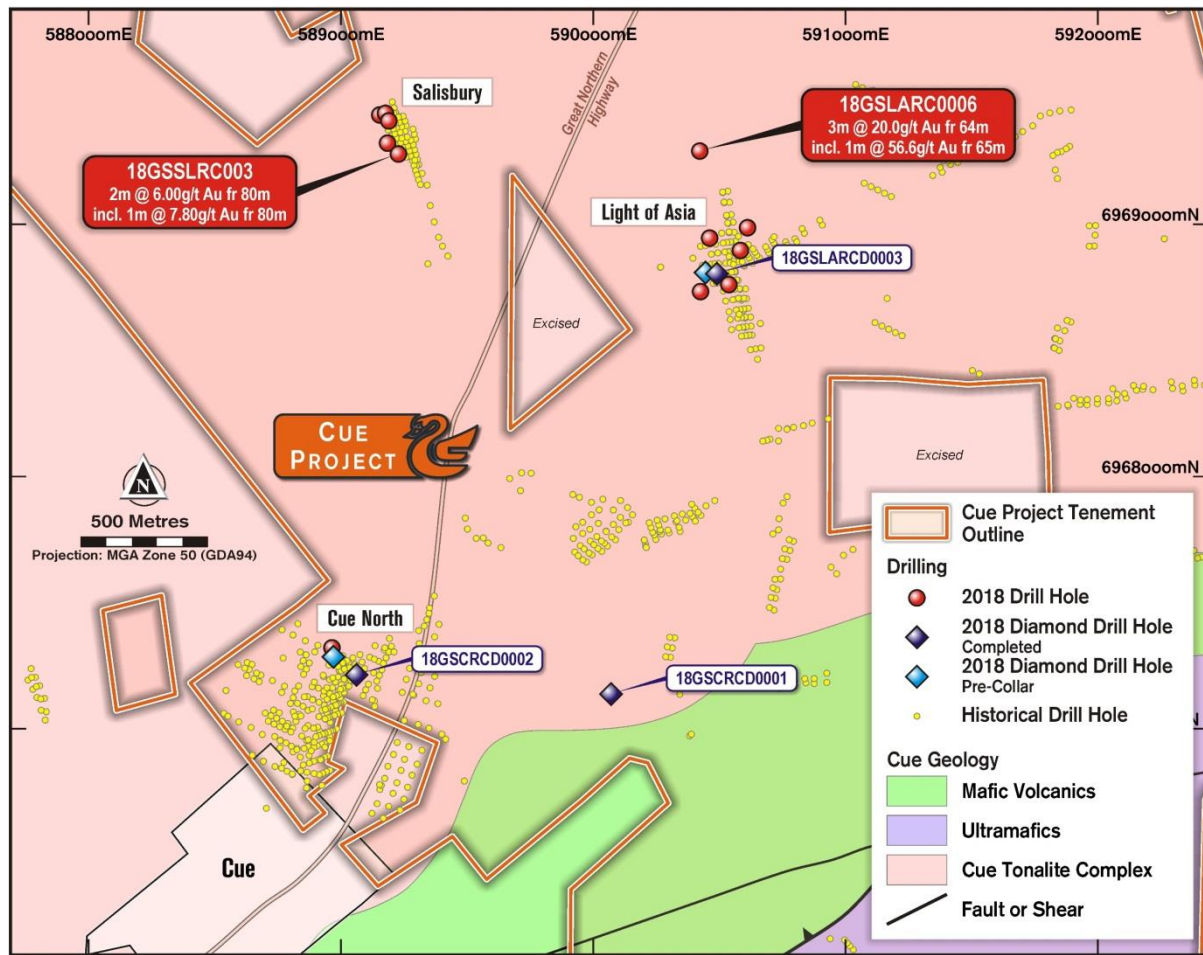


Figure 5: Location Plan of 2018 RC Drill Collars and Significant Intercepts at the Cue Project

Planning activities for the Cuddingwarra group of tenements is ongoing and has included continuing review of previous exploration data for drill target generation purposes. This has led to a refinement of existing targets and planned drilling programs.

Drill target generation is also ongoing on several of the 90+ high grade gold bearing reefs hosted within the Cue Granite Complex.

## Four Mile Well – 100% GSM

No activities during this quarter.



## Corporate

During May, the Company completed a bookbuild for a placement to qualified sophisticated and professional investors to raise \$2.2 million ("Placement") at 12.5 cents per share to fund expanded exploration and drilling programs at its 100% owned Yule Project located 13 kilometres north west of De Grey Mining Limited's (ASX code: "DEG" or "De Grey") recent Hemi gold discovery. 9,150,000 of the Placement shares were issued in May to raise approximately \$1.1 million, with the balance issued (and corresponding funds received) following the end of the quarter.

Hartleys Limited acted as Lead Manager in respect of the Placement and Taylor Collison Limited acted as Co-Manager to the Placement.

## Use of Proceeds

Funds raised pursuant to the Placement are currently intended to be used for:

- A substantial 10,000+ metre maiden Aircore ("AC") drilling program at the Yule South Gold Project (commencing late June 2020);
- Partial funding towards future Aircore & potential Reverse Circulation ("RC") drilling at the Yule South Gold Project (2H 2020), dependent on drill observations and assay results (expected August 2020) from the 10,000m+ maiden drilling program;
- Ongoing exploration and maiden drilling campaigns at the Sholl Shear Zone – gold and base metals focus;
- Ongoing exploration and maiden drilling campaigns at the Balla Yule Project – base metals focus;
- Corporate overheads and general working capital purposes.

## Planned September Quarter Activities

During the September 2020 Quarter, the Company will focus upon the following activities:

- Yule South Project
  - Aircore Drill program Phase2 planning/heritage/ for late Q3 / early Q4 commencement
- Yule North Project
  - Aircore Drill program planning/heritage and approvals for late Q3 / early Q4 commencement
- Murchison
  - Cuddingwarra: Ongoing drill planning and refinement
  - Cue: Ongoing review of shallow mining opportunities
  - Mine tailings reprocessing with Adaman

## 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



**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	56.1 m
Options	12.6 m

**REGISTERED OFFICE**

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Golden State Mining Limited  
ABN 52 621 105 995

**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 and 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.

The information in this release that relates to Geophysical Results and Interpretations is based on information compiled by Anne Tomlinson who is a Member of the Australian Institute of Geoscientists (AIG). Anne Tomlinson is a Principal Geophysicist and Director at Southern Geoscience Consultants. Anne Tomlinson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking 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'. Anne Tomlinson consents to the inclusion in the release of the matters based on this information in the form and context in which it appears.

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

## APPENDIX 1 Summary of Mining Tenements

Table 1. As at 30 June 2020 the Company or its subsidiaries ("Group") had a 100% beneficial interest in the following tenements:

Number	Holder	Status
<b>Murchison Project</b>	Cue Consolidated Mining Pty Ltd <sup>1</sup>	
E 21/192	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
E 21/193	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2256	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2257	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2258	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2259	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2260	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2261	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2262	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2263	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2264	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2265	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2266	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2267	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2268	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2269	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2272	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2273	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2274	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2275	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/60	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/61	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/62	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/66	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/68	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/69	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/70	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
L 20/78	Western Mining Pty Ltd <sup>3</sup>	Pending
M 20/61	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
M 20/519	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
M 20/520	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
M 20/522	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
M 20/523	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
M 20/524	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
M 20/525	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2174	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2213	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2214	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live

P 20/2223	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2276	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2319	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2320	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2321	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2322	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2323	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2324	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2325	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2330	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2335	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2336	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2342	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2343	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2344	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2345	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2346	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2349	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2368	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2369	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2370	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2371	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2372	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2373	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2374	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 20/2382	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Pending
P 21/756	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 21/765	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live
P 21/766	Cue Consolidated Mining Pty Ltd <sup>1</sup>	Live



<b>Yule Project</b>		
E 47/3503	Crown Mining Pty Ltd <sup>1</sup>	Live
E 47/3507	Crown Mining Pty Ltd <sup>1</sup>	Live
E 47/3508	Crown Mining Pty Ltd <sup>1</sup>	Live
E 45/5570	Crown Mining Pty Ltd <sup>1</sup>	Pending
E 47/4343	Crown Mining Pty Ltd <sup>1</sup>	Pending
E47/4391	Crown Mining Pty Ltd <sup>1,2</sup>	Pending
<b>Four Mile Well Project</b>		
E 38/3282	Crown Mining Pty Ltd <sup>1</sup>	Live

Notes:

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

The following tenement was withdrawn during the reporting period: P20/2174.