GOLDEN STATE MINING

ASX ANNOUNCEMENT

29 January 2021

ASX Code: GSM

December 2020

Quarterly Activities Report

- **Yule phase two reconnaissance air-core drill program complete - 196 holes for 15,125m**
  - **Drilling undertaken on two target areas at Yule South and four at Yule North**
  - **First results reveal multiple indicator grades and silica pyrite alteration above intrusive target at Target 1 West**
- **Adds to encouraging targets identified from phase one first-pass reconnaissance drilling**
- **Follow up RC drill planning underway for fully funded program in March**
- **Target generation completed on tenement application E45/5570 Yule East**
  - **Multiple structural and intrusive style targets identified for air-core drilling in Q2**
- **New Exploration License E47/4343 granted - interpreted intrusive setting within Sholl Shear Corridor**
  - **Expansion of granted tenure in the Yule region**
  - **Four priority target areas identified for further air-core drilling in Q2**
- **Mining of gold tailings at Cue has commenced under minimal risk, 50:50 profit share arrangement with Adaman Resources**

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 31 December 2020.

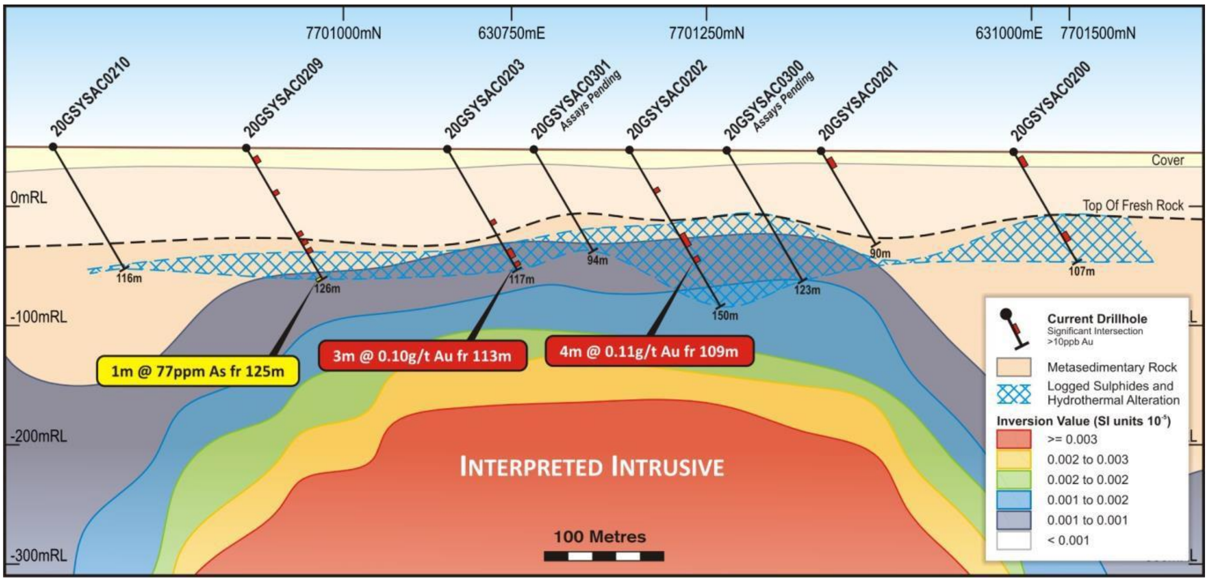

Figure 1: Target 1 West section showing significant results over interpreted intrusive at Yule South.

Yule Project 100% GSM

Yule Phase Two AC Program

The second phase of AC drilling was completed ahead of schedule with 196 drill holes completed for a total advance of 15,125 metres. Six main target areas have been tested (refer to ASX announcement dated 7 October 2020 & 20 November 2020) including two target areas at Yule South (Figure 2) and four broad target areas at Yule North (Figure 3).

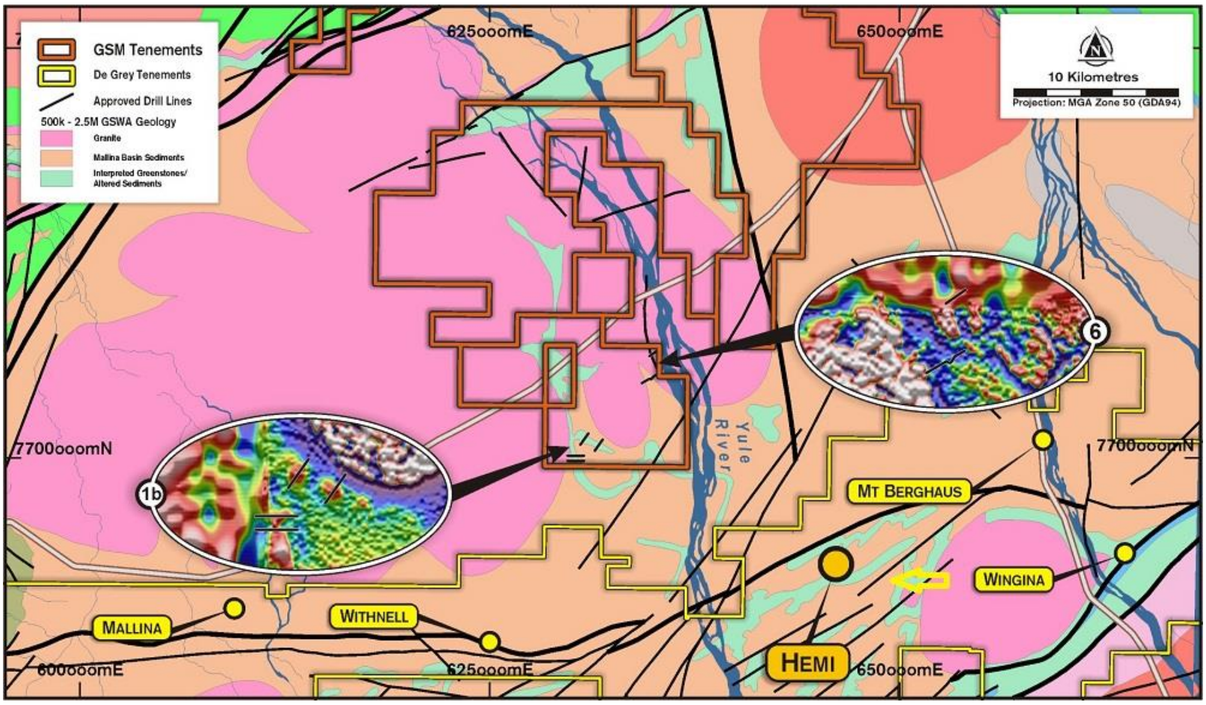

Figure 2: Yule South target location plan showing drill lines on detailed magnetics over regional geology.

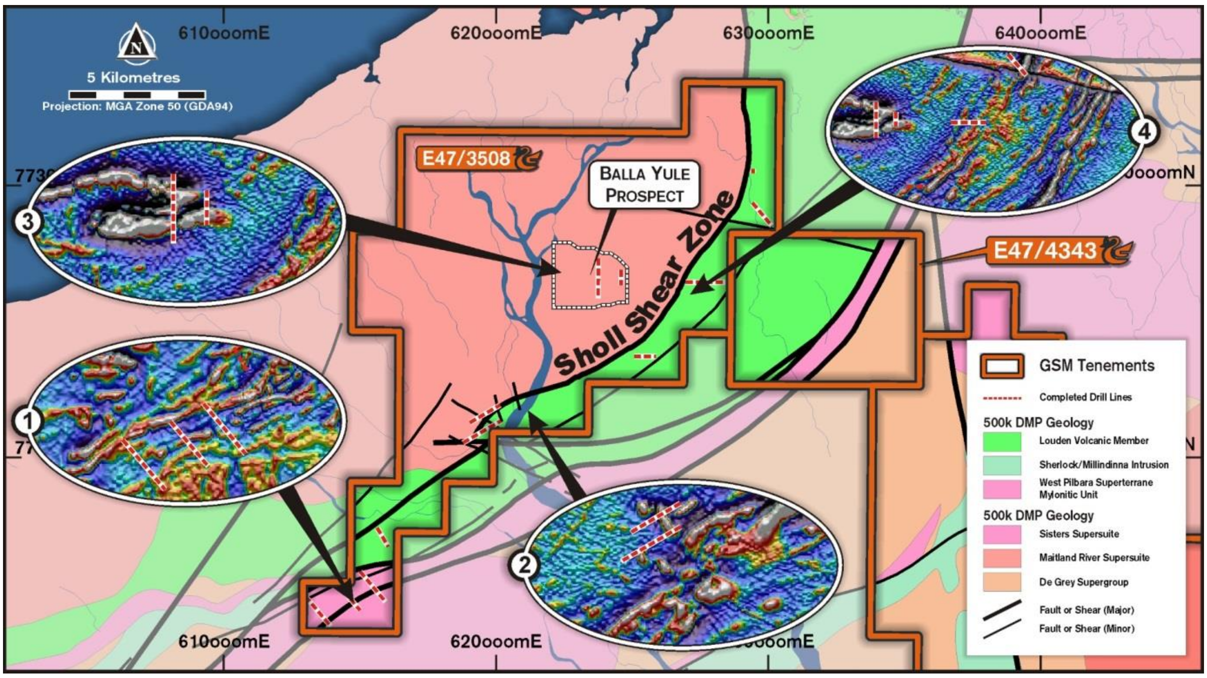

Figure 3: Yule North target location plan showing drill lines on detailed magnetics over regional geology.

First Assay Results

Assay results were received for the first three target (Figure 4) areas drilled during the phase two reconnaissance program (refer to ASX announcement dated 4 December 2020). This represented approx. 30% of the total samples submitted with the remainder of results released in January 2021. All holes were drilled to blade refusal or to limit of available drill rods (156 metres maximum).

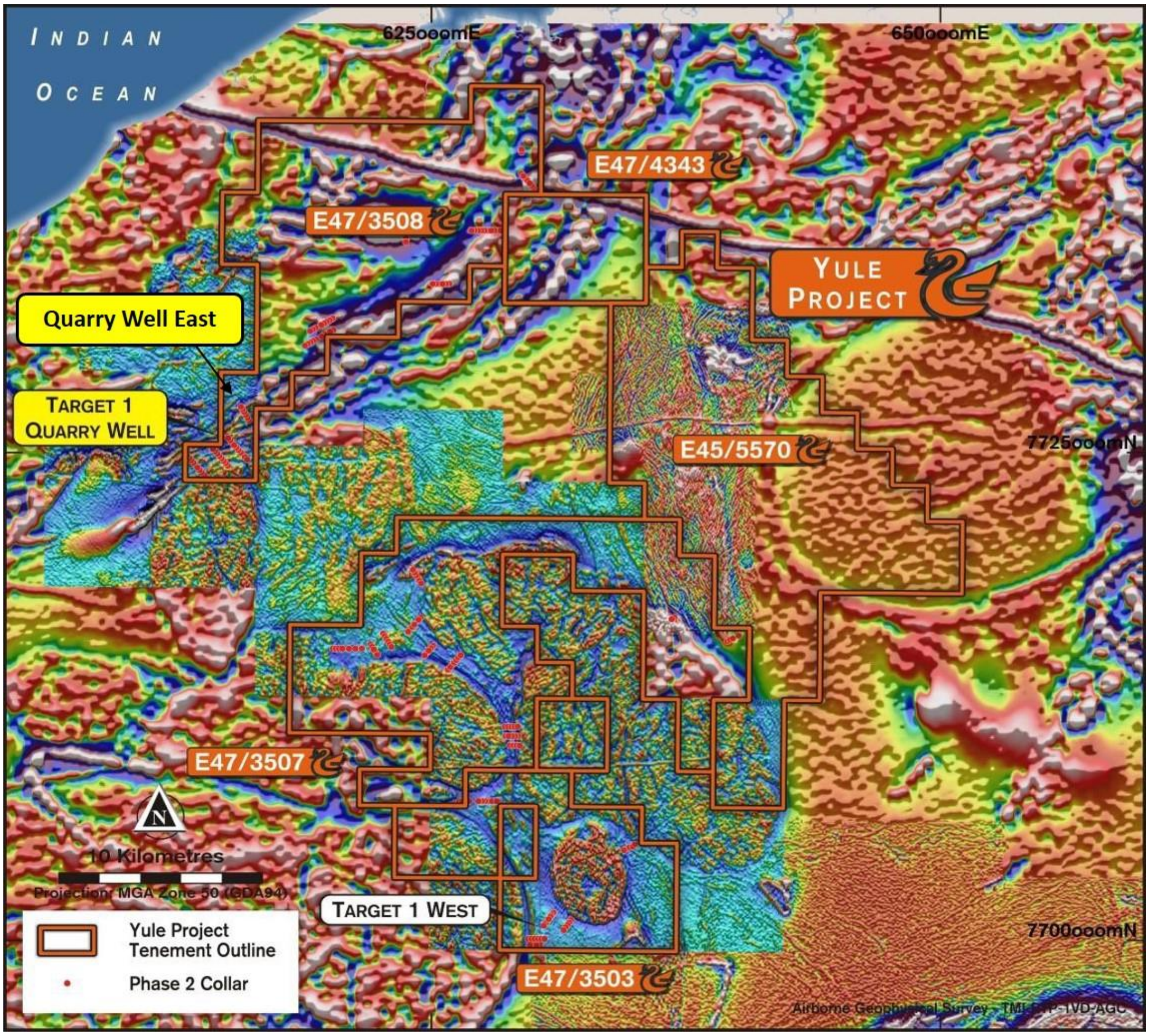

Figure 4: Phase two AC collars and target results location.

Yule South

Target 1 West

Drilling at this target was designed to test prospective structural and intrusive zones in this area (refer to ASX announcement dated 7 October 2020). Twenty-one holes were drilled at 160 metres centres on four variably spaced traverses for a total advance of 2,168 metres (Figure 5). Bedrock geology consisted of a range of variably weathered and highly altered metasediment rock types and schists displaying increasing silica and pyrite alteration downhole.

Two ~900 metre spaced AC traverses tested discrete magnetic anomalies constrained along an interpreted south-east structural trend. The best composite gold intersections included 4 metres @ 0.11g/t Au from 109 metres in hole 20GSYSAC0202 and 3 metres @ 0.10g/t Au from 113 metres in hole 20GSYSAC0203 (Figure 1). These encouraging intersections were accompanied by multiple four metre composite intersection greater than +10ppb gold.

The presence of highly anomalous gold grades and increasing silica and pyrite alteration provides sufficient evidence to warrant follow up drilling in this target.

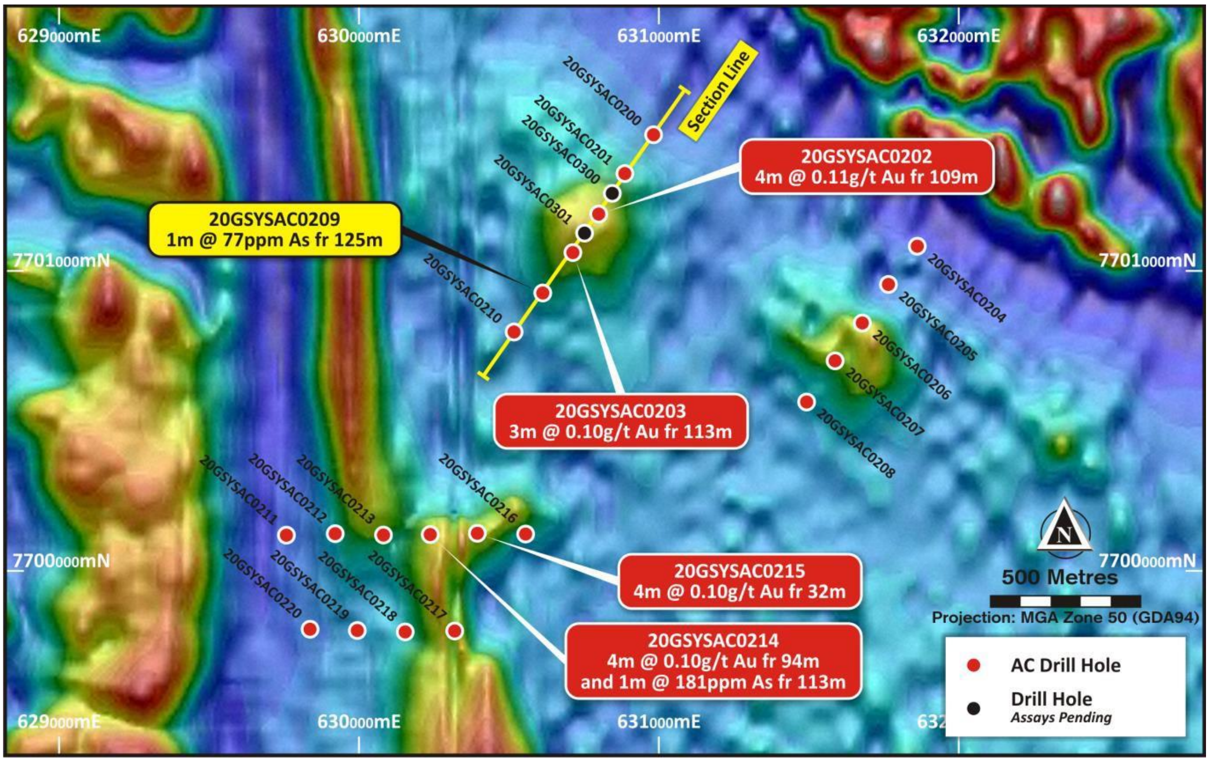

Figure 5: Target 1 West plan showing significant assay results.

Two more east-west 320 metre spaced AC traverses tested dislocations to a major north-south structure and parallel demagnetised zones interpreted to represent localised alteration. Two more notable gold intersections included 4 metres @ 0.10g/t Au from 94 metres in hole 20GSYSAC0214 and 4 metres @ 0.10g/t Au from 32 metres in hole 20GSYSAC0215.

Yule North

Target 1 Quarry Well

The Quarry Well area (Figure 4) is interpreted as a strongly deformed aeromagnetic target related to a granite contact zone along the southern edge of the Sholl Shear Zone ("SSZ"). Twenty-nine holes were drilled on three ~1,000 metre spaced traverses for a total advance of 1,571 metres. Bedrock geology consisted of a range of variably weathered ultramafic rock types with minor schist and chert units. Multiple elevated +10ppb Au values were recorded.

Quarry Well East

Drilling at this structural target 1.3 kilometres north-east of Quarry Well (Figure 4) was designed to test a dislocated zone within the SSZ. One AC traverse (160m centres) for a total advance of 323 metres was completed. Bedrock geology consisted of silicified mafic rock types with variable quartz veining and possible hematite alteration. The best composite gold intersection occurred in the alluvial cover with 6m @ 0.18g/t Au from 6 metres downhole in a sandy calcrete horizon with conglomeratic nodules at the bottom of the interval.

Yule East (Tenement Application E45/5570) 100% GSM

A review of open file aeromagnetic data over an exploration license application (refer to ASX announcement dated 8 January 2020) to the east of the Yule project tenements has been completed by Core Geophysics Pty Ltd.

Numerous intrusive style targets and prospective structural settings and corridors (Figure 6) have been identified and prioritised ahead of the 2021 field season. The new targets will compliment previously identified targets along the Yule River Shear Zone ("YRSZ") within the tenement area.

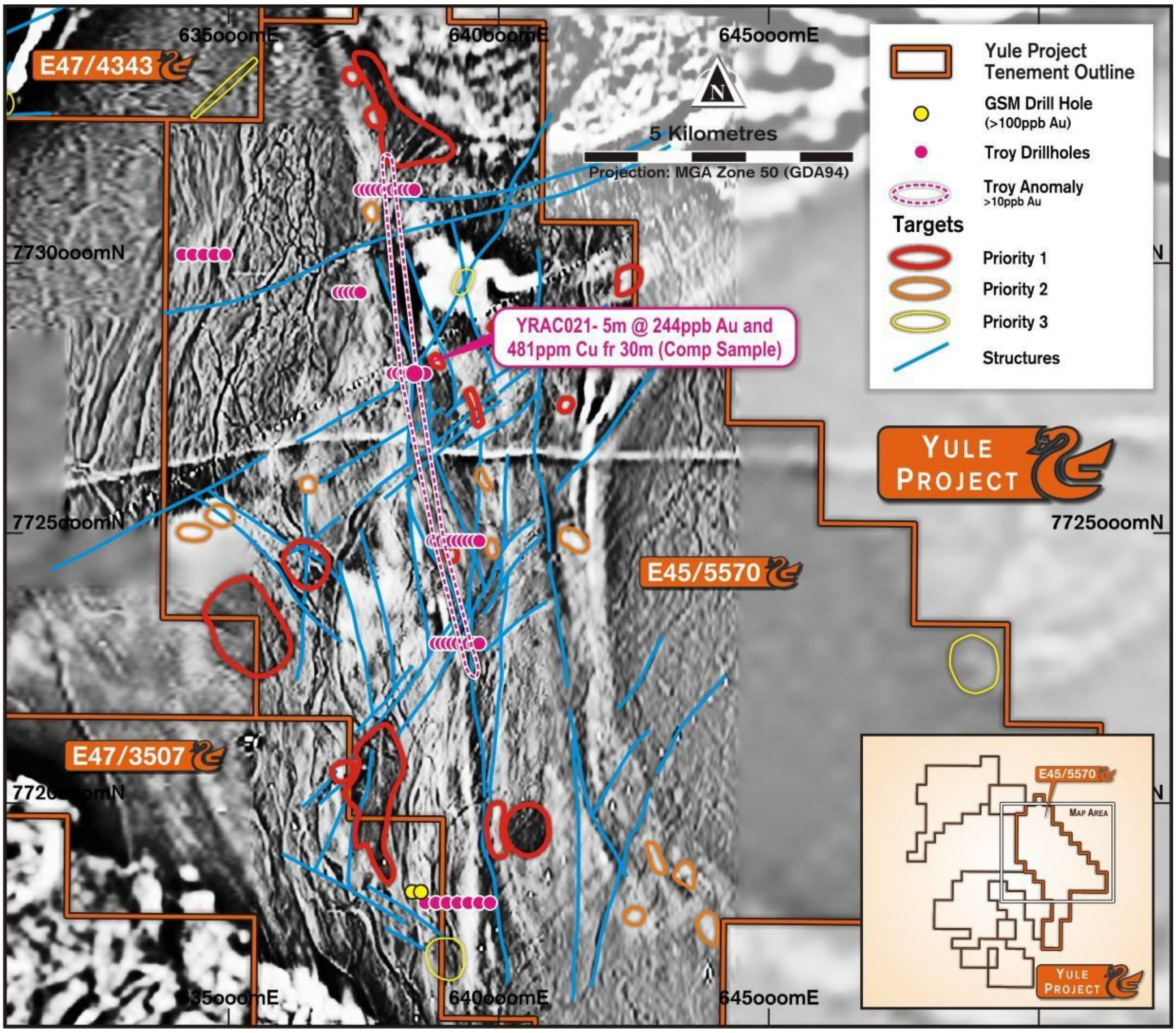

Figure 6: Exploration license application E45/5570 aeromagnetic interpretation and target areas.

Exploration License E47/4343

An exploration license application (refer to ASX announcement dated 12 February 2020 & 27 October 2020) for additional prospective ground to the east of the current Yule North tenement has been granted. E47/4343 provides an extension of the Boodarie Greenstone Belt within the SSZ and an interpreted intrusive-style setting. Open file drilling report data has recorded only limited (4 drillholes), base-metal focused historic drilling within this tenement.

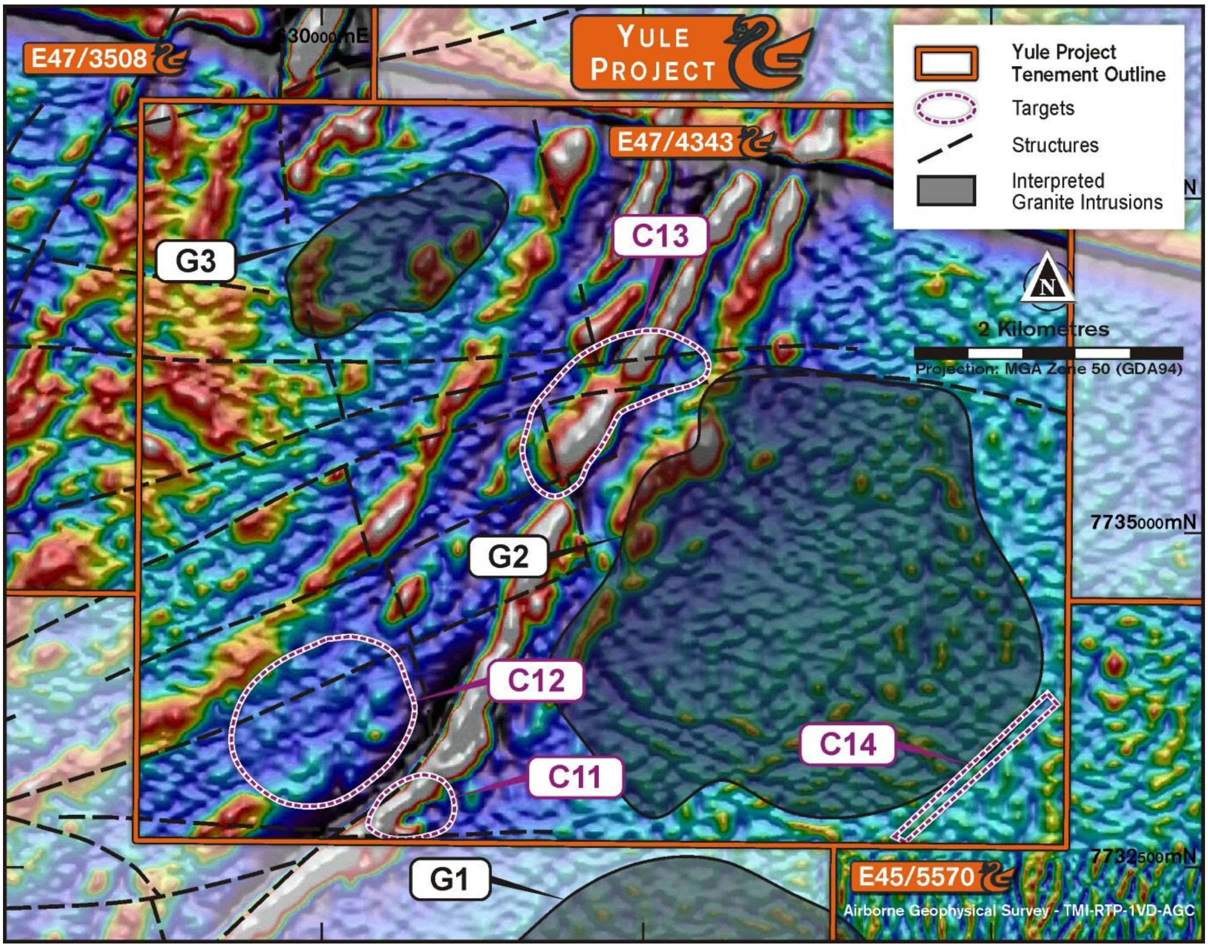

Figure 7: Core Geophysics Interpretation and targets over E47/4343

Four targets have been identified by Core Geophysics, all of which are considered primarily prospective for gold (Figure 7).

Target C11

An interpreted ultramafic unit displaying possible magnetic destruction due to structural deformation or potentially chemical alteration at a point of flexure.

Target C12

A broad zone of generally non-magnetic stratigraphy i.e., mafics, volcaniclastics, felsics and sediments, proximal to a point of inflexion. This location between two interpreted granitic intrusives is considered favourable for deformation and a fluid focus trap site.

Target C13

Zone of low stress resulting from the intrusion of an interpreted granite pluton ('G2') at its north-western margin. This area shows dislocation of south-west trending shears of the SSZ which may favour dilatant brittle deformation and subsequent accumulation of mineralising fluids.

Target C14

Similar interpreted zone of potential low stress produced when intrusion of G2 caused warping of regional north-northeast and west-northwest structures at its south-eastern margin.

Upcoming Yule Activities in 2021

The encouraging results generated in the 2020 field season warrant both follow up drilling to test anomalous zones and fresh reconnaissance drilling of unexplored targets (particularly intrusive targets) and structural corridors. The company is compiling sufficient information to complete the planning of a targeted RC drill programme along existing, heritage-cleared lines in March 2021. Shareholders can look forward to an active programme of targeted reverse circulation ("RC") drilling.

Cue Project 100% GSM

Mining Agreement

Mining activities commenced at the Cue project during the quarter at the Salisbury and Cue No.1 mines (refer to ASX announcement dated 18 December 2020). 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.

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 occur, 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.

Figure 8: Mining of tailings underway at Cue.

Four Mile Well – 100% GSM

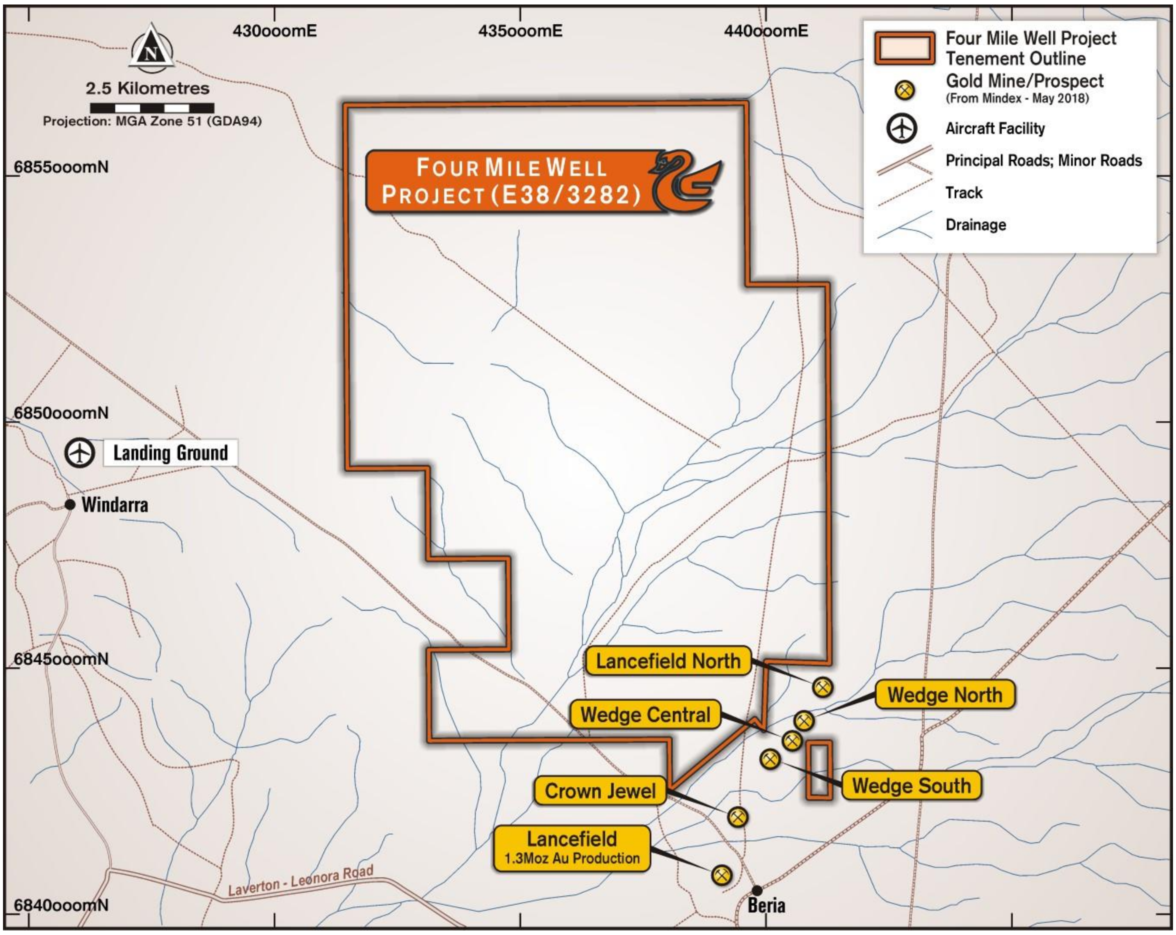

Figure 10: Four Mile Well Project near Laverton.

The company continues to evaluate drill target opportunities over untested historic geochemical anomalies and granite-greenstone contacts within the project area (Figure 10). The company is also focussing on the northern end of the tenement where the greenstone units disappear under deeper sand cover. These greenstone units are potential gold targets as they host ferruginous chert /BIF units. Previous geochemical sampling over this area may have been ineffective here due to the depth of overlying cover or lack of geochemical signature from the target lithologies.

Planned March Quarter Activities

During the March 2021 Quarter, the Company will focus upon the following activities:

- **Yule South Project**
  - Follow up RC drilling
  - Interpretation of Phase 1 & 2 aircore drill program results
  - Planning for further aircore drilling across targets 1, 2 and 5

- **Yule North Project**
  - Interpretation of Phase 2 aircore drill program results
  - Follow up RC drill planning

- **Murchison**
  - Cuddingwarra: Ongoing drill planning and refinement
  - Cue: Review of shallow mining opportunities
  - Completion of mine tailings reprocessing with Adaman

- **Four Mile Well**
  - Evaluate drill target opportunities over northern part of tenement

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	56.6 m
Options	16.7 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 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.

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 31 Dec 2020 the Company or its subsidiaries ("Group") had a 100% beneficial interest in the following tenements:

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

P 20/2223	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2276	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2319	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2320	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2321	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2322	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2323	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2324	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2325	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2330	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2335	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2336	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2342	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2343	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2344	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2345	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2346	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2349	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2368	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2369	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2370	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2371	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2372	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2373	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2374	Cue Consolidated Mining Pty Ltd[1]	Live
P 20/2382	Cue Consolidated Mining Pty Ltd[1]	Pending
P20/2440	Cue Consolidated Mining Pty Ltd[1]	Pending
P 21/756	Cue Consolidated Mining Pty Ltd[1]	Live
P 21/765	Cue Consolidated Mining Pty Ltd[1]	Live
P 21/766	Cue Consolidated Mining Pty Ltd[1]	Live

Yule Project		
E 47/3503	Crown Mining Pty Ltd[1]	Live
E 47/3507	Crown Mining Pty Ltd[1]	Live
E 47/3508	Crown Mining Pty Ltd[1]	Live
E 45/5570	Crown Mining Pty Ltd[1]	Pending
E 47/4343	Crown Mining Pty Ltd[1]	Live
E47/4391	Crown Mining Pty Ltd[1]	Pending
Four Mile Well Project		
E 38/3282	Crown Mining Pty Ltd[1]	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.