

CAPITAL RAISING FOR MAJOR MAIDEN GOLD DRILLING PROGRAM IN MALLINA BASIN

HIGHLIGHTS

- Capital raising of \$2.2 million to fund expanded gold drilling program in the Mallina Basin closed oversubscribed
- Maiden drilling program (initially 10,000+m) to commence late June 2020
- Prioritising 5 Key gold target areas
- GSM well funded to continue additional exploration in H2 2020 across Yule East, Balla Yule and Sholl Shear gold and base metals targets

Golden State Mining Limited ("Golden State", "GSM" or the "Company") (ASX: GSM) is pleased to advise that it has completed a bookbuild for a placement to qualified sophisticated and professional investors to raise up to \$2.2 million ("Placement") 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.

Golden State's Managing Director, Mike Moore commented: "Golden State welcomes the significant support demonstrated for the Placement by existing shareholders and new investors of the Company. This is a very exciting time for the Company as we now work towards the fully approved and expanded inaugural gold drilling program which is planned to be in excess of 10,000 metres (refer to ASX announcement dated 12 February 2020). The revised and upgraded scope of the program is designed to test an increased number of high priority gold targets."

Use of Proceeds

Funds raised pursuant to the Placement are 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 & 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.

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

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Upcoming Drilling Programs

Yule South Expanded Aircore Program

The planned Aircore ('AC') program at Yule South has been modified and expanded with the aim of more effectively testing the priority gold targets at a greater drill density along approved drill lines.

De Grey's Hemi Prospect was discovered using an initial 640m x 80m drill pattern (refer to DEG ASX announcement dated 6 February 2020). GSM recognises this as an effective drill pattern for testing similar geological features.

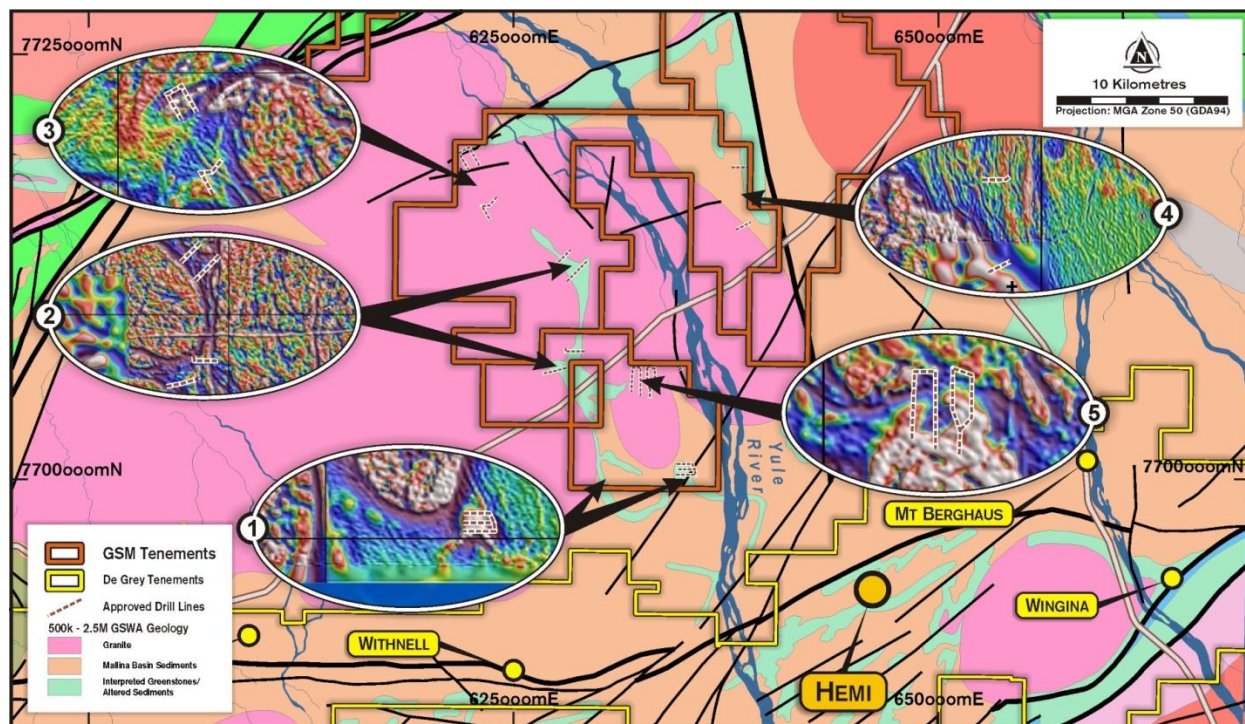


Figure 1: Yule South plan showing approved drill lines and detailed magnetics of target areas over regional geology.

Target 1

This area consists of a tightly folded hinge zone of interpreted mafic units or an intrusive within the Mallina Formation metasediments and aeromagnetic anomalies/trends 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.

Further Yule Drilling Programs

GSM aims to test additional priority targets at the Yule South Gold Project in 2H 2020. This program will be based on a similar aircore strategy to the maiden 10,000+ program. Follow up drilling with infill lines and deeper RC drilling (2H 2020) will also be planned if required depending on logging data and initial assay results (expected August 2020).

GSM is also planning maiden drilling campaigns over the Sholl Shear Zone at the Yule North Project which is a major deep-seated regional structure similar to the Tappa Tappa Shear zone at the southern boundary of the Mallina Basin. This will involve initial Aircore drilling over prospective structural targets along the shear corridor with a gold and base metals focus.

Finally, GSM is continuing ongoing "boots on the ground" field exploration at the Balla Yule Project and is planning its maiden drilling campaigns in H2 2020. Aircore and RC drilling programs are planned with a base metals focus. Reconnaissance Aircore drill lines are planned over structural targets within the Balla Yule area and deeper RC drilling will test the interpreted BYRC1 bedrock conductor (Refer to ASX announcement dated 20 December 2019).

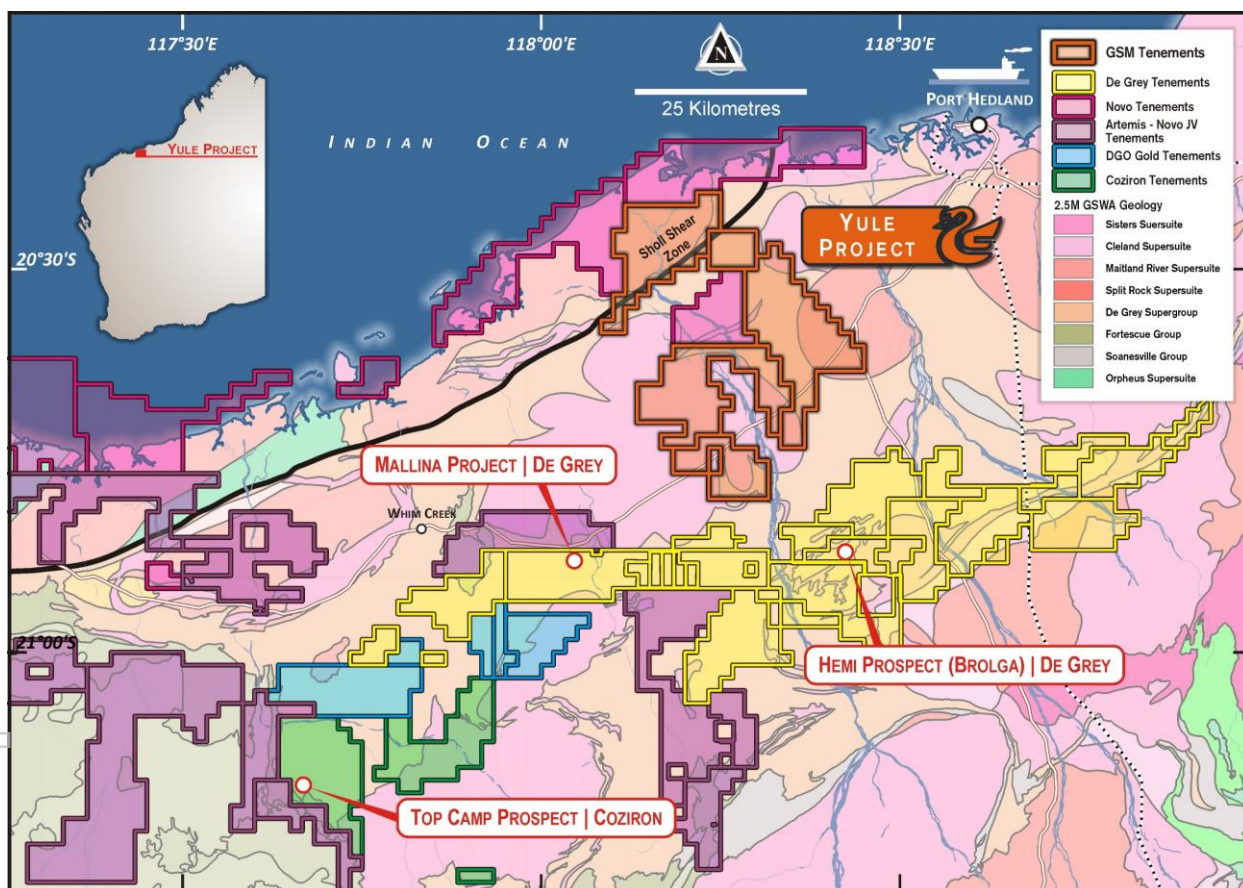


Figure 2: Location of GSM's 702km² of Yule tenements and De Grey prospects (DEG ASX Announcements dated 17/3/2020, 9/4/2020 and 14/04/2020 & CZR ASX announcement 6/2/2020).

Placement

The Company has agreed to issue up to 17.6 million fully paid ordinary shares at an issue price of \$0.125 each to qualified sophisticated and professional investors, raising up to \$2.2 million (before costs).

Tranche 1 of the Placement will utilise the Company's existing placement capacity under ASX Listing Rule 7.1 (up to 5.49 million Shares) and ASX Listing Rule 7.1A (up to 3.66 million shares) to be issued on Friday 29 May 2020.

Tranche 2 of the Placement (up to 8.45 million shares) is subject to shareholder approval at a general meeting scheduled to take place on or around 26 June 2020.

Furthermore, Tranche 2 of the Placement will not continue if the ASX All Ordinaries Index as published by ASX closes below 4,750 for two consecutive days, or if the ASX All Ordinaries Index closes below 4,750 on the day immediately prior to scheduled settlement of the Placement.

For further information please contact:

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- Greg Hancock (Non-Executive Director) 08 6323 2384 / 0418 263 388

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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	36.6 m
Options	9.2 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, Mineral Resources or Ore Reserves 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. Michael Moore, Managing Director of Golden State Mining Limited.