



Golden State Mining Limited

ABN 52 621 105 995

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2020

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Golden State Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Golden State Mining Limited

31 DECEMBER 2020

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COMPETENT PERSON'S 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.

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Golden State Mining Limited ("GSM" or the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

The names of the directors who held office during or since the end of the period are:

Michael Moore – Managing Director

Damien Kelly – Non-Executive Chairman

Brenton Siggs – Non-Executive Director

Greg Hancock – Non-Executive Director

COMPANY SECRETARY

Marc Boudames

REVIEW AND RESULTS OF OPERATIONS (for the period)

Yule Project 100% GSM

Geophysical Data Acquisition and Reprocessing

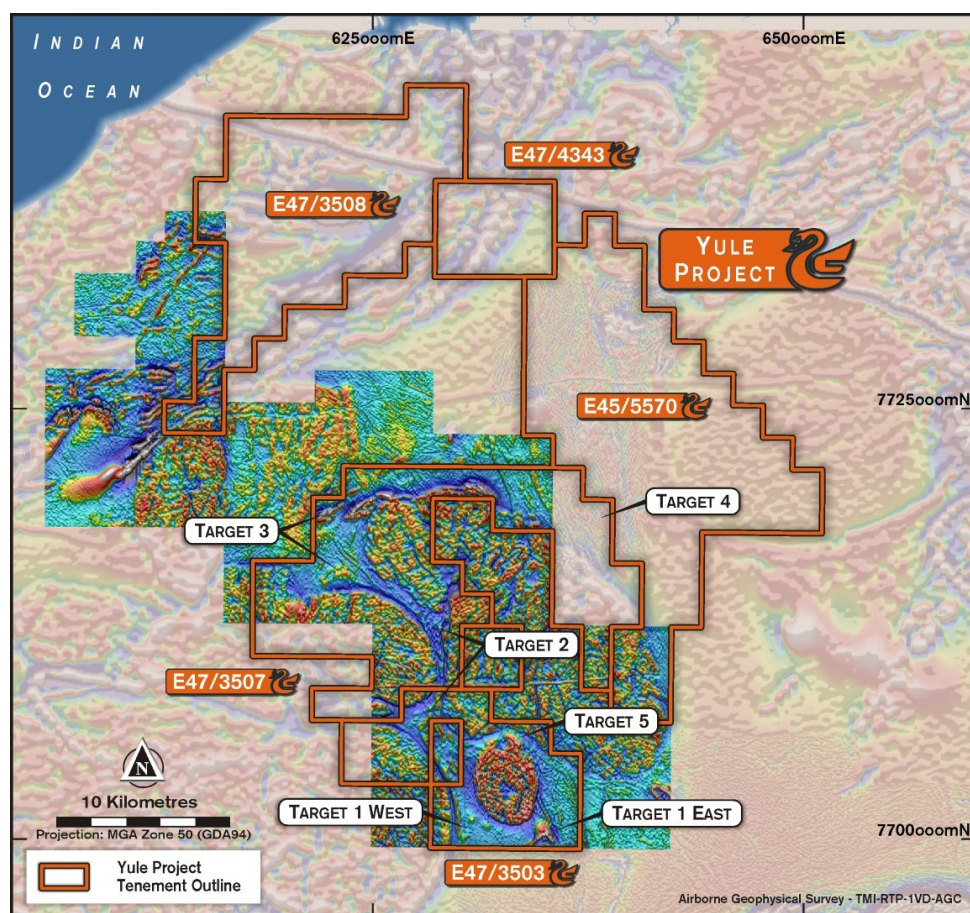


Figure 1: Yule Project plan showing detail of recently acquired Magnetic data overlaying GSM tenements.

DIRECTORS' REPORT (continued)

GSM purchased an aeromagnetic dataset (Reg. number 60884) held under a multi-client license agreement by Core Geophysics Pty Ltd (Core Geophysics). This aeromagnetic survey (100-metre spaced) was flown by Fugro Airborne Surveys in 2006. The dataset will provide far greater resolution from which to interpret additional structurally hosted gold targets with a focus on intrusive environments.

Core Geophysics will merge the recently acquired aeromagnetic data with GSM's existing open file dataset and use this combined data to produce an enhanced geological interpretation. This study focused on any structural environments favourable for the development of intrusive style settings (Figure 2), in addition to extensions of mineralised structures intersected in the Phase 1 Aircore ('AC') program.

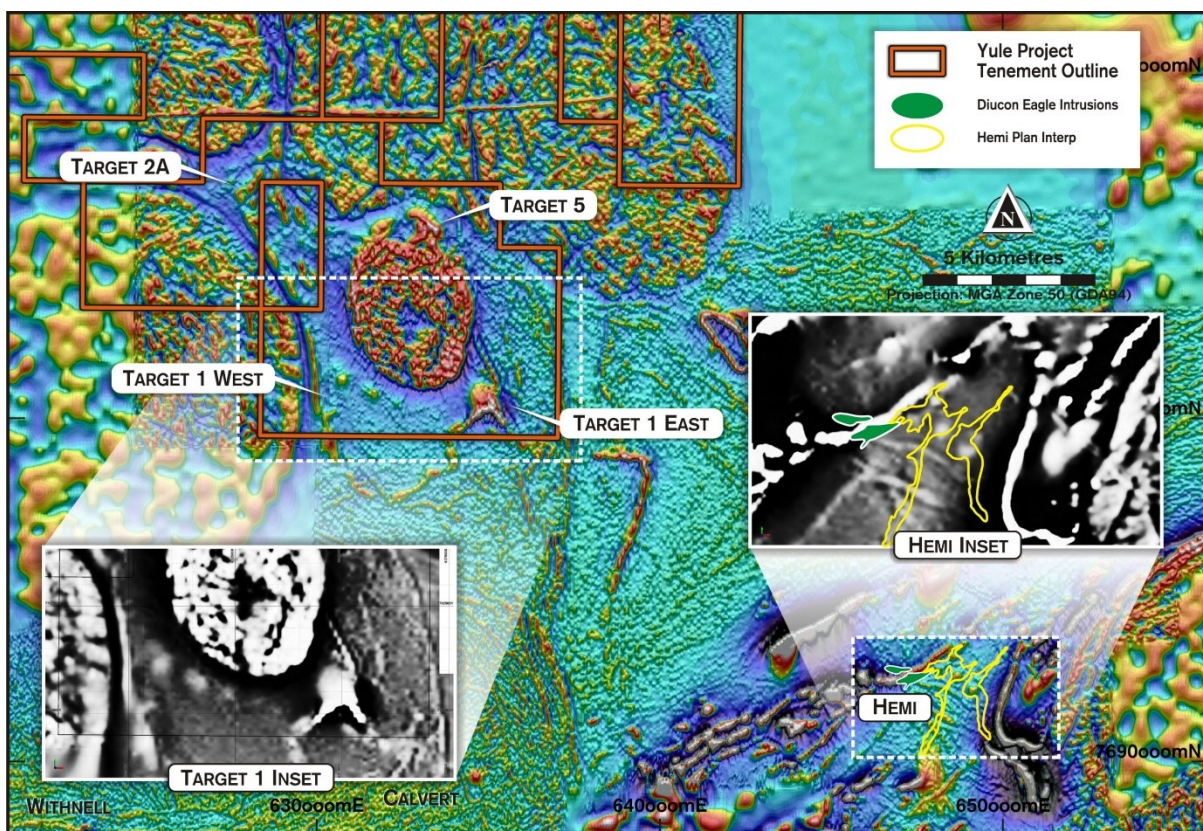


Figure 2: Location plan showing detailed magnetic data of Target 1 and Hemi project area.

DIRECTORS' REPORT (continued)

Yule South Phase 1 AC Program

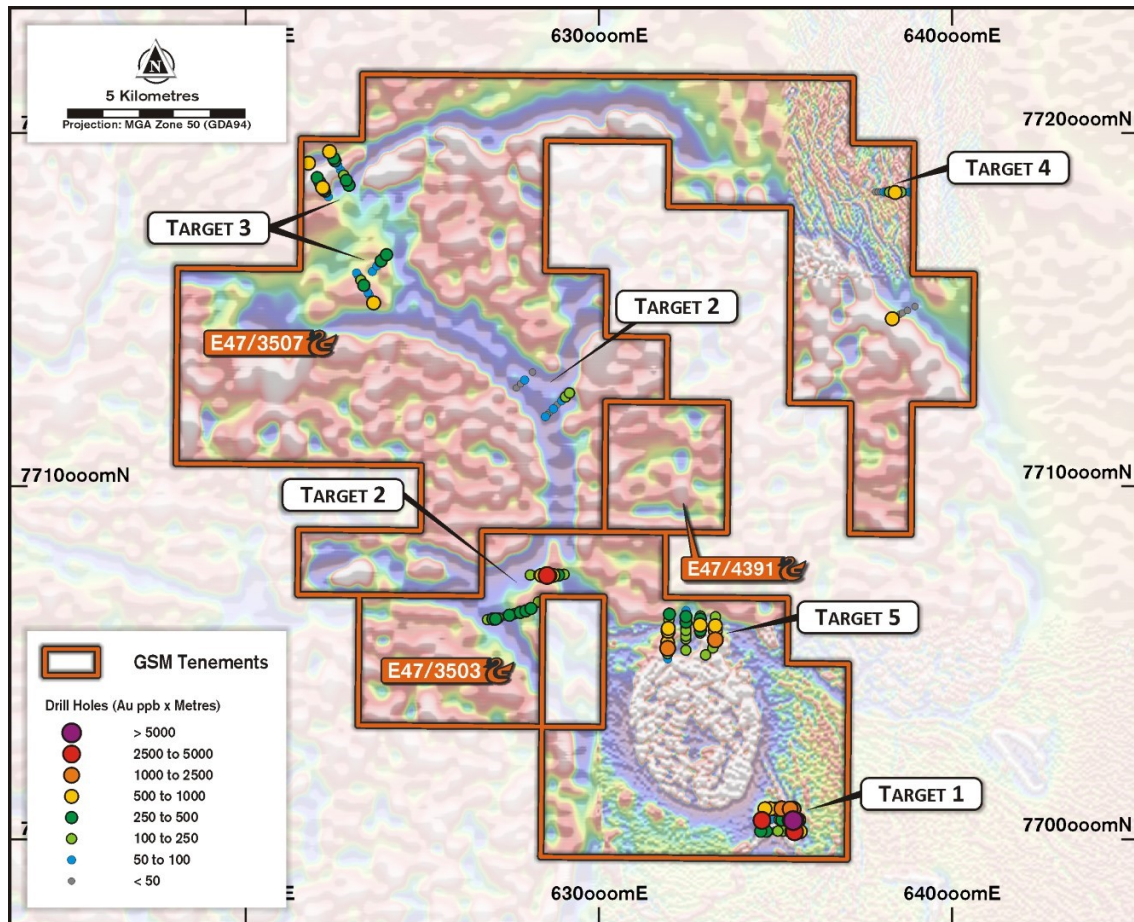


Figure 3: Yule South location plan showing collar gold parts per billion x downhole metres summary.

Phase 1 Yule South AC drilling over five gold target areas was completed on 11 August 2020 with a total of 199 holes drilled for a total advance of 13,275 metres (refer to Figure 2 and ASX announcements dated 14 August and 7 Sept 2020).

Target 1

Follow up drilling at Target 1 consisted of extension and neighbouring infill holes and an additional scissor hole (refer to ASX announcement dated 14 August 2020) to determine the extent and geometry of the host units of anomalous gold intersections. The best four-metre composite gold intersections included 8 metres @ 0.92g/t Au from 96 metres including 4 metres @ 1.81 g/t Au from 96m in hole 20GSYSAC0002 and 20 metres @ 0.15g/t Au from 102 metres including 8 metres @ 0.30 g/t Au from 114m in hole 20GSYSAC0013, located on an east-west section 320 metres to the south.

One metre assay results from hole 20GSYSAC0002 have returned an intercept of **4 metres @ 2.3g/t Au** from 99 metres including a high-grade interval of **1 metre @ 7.6g/t Au** from 99m (Figure 4). One metre samples from hole 20GSYSAC0013 returned **18 metres @ 0.17g/t Au** from 104 metres. The impact of this first high-grade gold intercept recorded in weathered bedrock clearly demonstrates the strong potential for gold bearing structures in the Yule project area. Both gold intersections were observed in a weathered, fine-grained schistose saprolitic metasedimentary sequence close to an interpreted felsic intrusive. Petrological analysis confirms this field logging and reveals a weakly

DIRECTORS' REPORT (continued)

foliated chlorite-sericite-biotite altered meta-wacke in hole 20GSYSAC0002 and a chlorite-quartz-sericite-sulfide altered rock in hole 20GSYSAC0013.

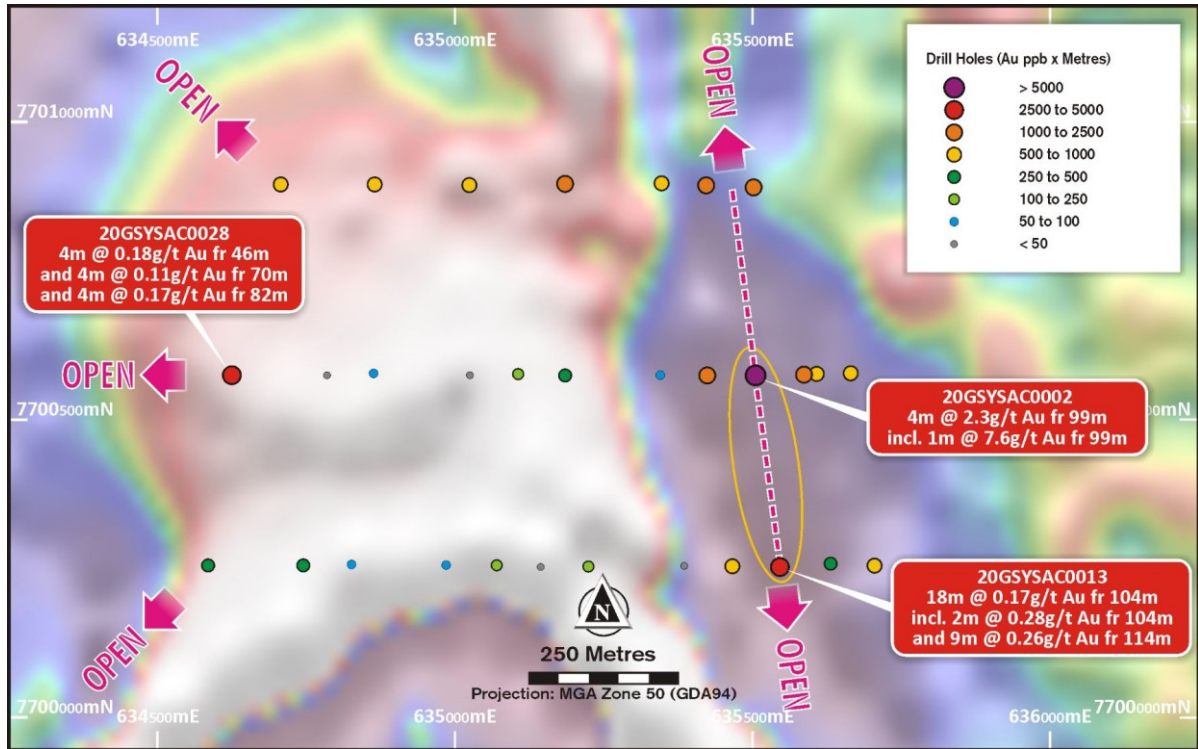


Figure 4: Target 1 East location plan with significant results and collar gold parts per billion x downhole metres summary.

The extensional infill drilling (holes 20GSYSAC0095-96) completed on a section 320 metres to the north returned four +50ppb gold intersections in four metre composite samples and multiple +10ppb gold anomalies (Figure 4). These intersections were recorded in similar metasedimentary rocks with pyrite mineralisation occurring towards, and at the ends of both drill holes. Neighbouring infill drilling (holes 20GSYSAC0097-98), 80 metres either side of hole 20GSYSAC0002 also returned four anomalous +50ppb gold intersections including two +100ppb gold intervals in four metre composite samples. These holes also recorded multiple +10ppb gold anomalies.

A scissor hole (20GSYSAC0199) angled 60° west, was drilled under 20GSYSAC0002 to gain a better understanding of the geometry of the mineralised zone observed in 20GSYSAC0002. This hole intersected a deeply weathered meta-siltstone-sandstone sequence with a dark grey, weathered siliceous unit recorded at 111-117 metres downhole. The best gold intersection returned 4 metres @ 0.06g/t from 110m in a four-metre composite sample within the siliceous unit along with multiple +10ppb gold anomalies. This hole also recorded minor fine-grained pyrite (<2%) towards and at the end of hole.

GSM ranks this target as a priority 1 follow-up target corridor and is currently planning infill and extensional AC drilling along the folded intrusive contact. Deeper RC drilling is also proposed to check for depth extensions of the Phase 1 gold intercepts. Further drill line extensions to the west of 20GSYSAC0028 (Figure 4) will test the western contact of the logged felsic intrusive.

DIRECTORS' REPORT (continued)

Target 2A

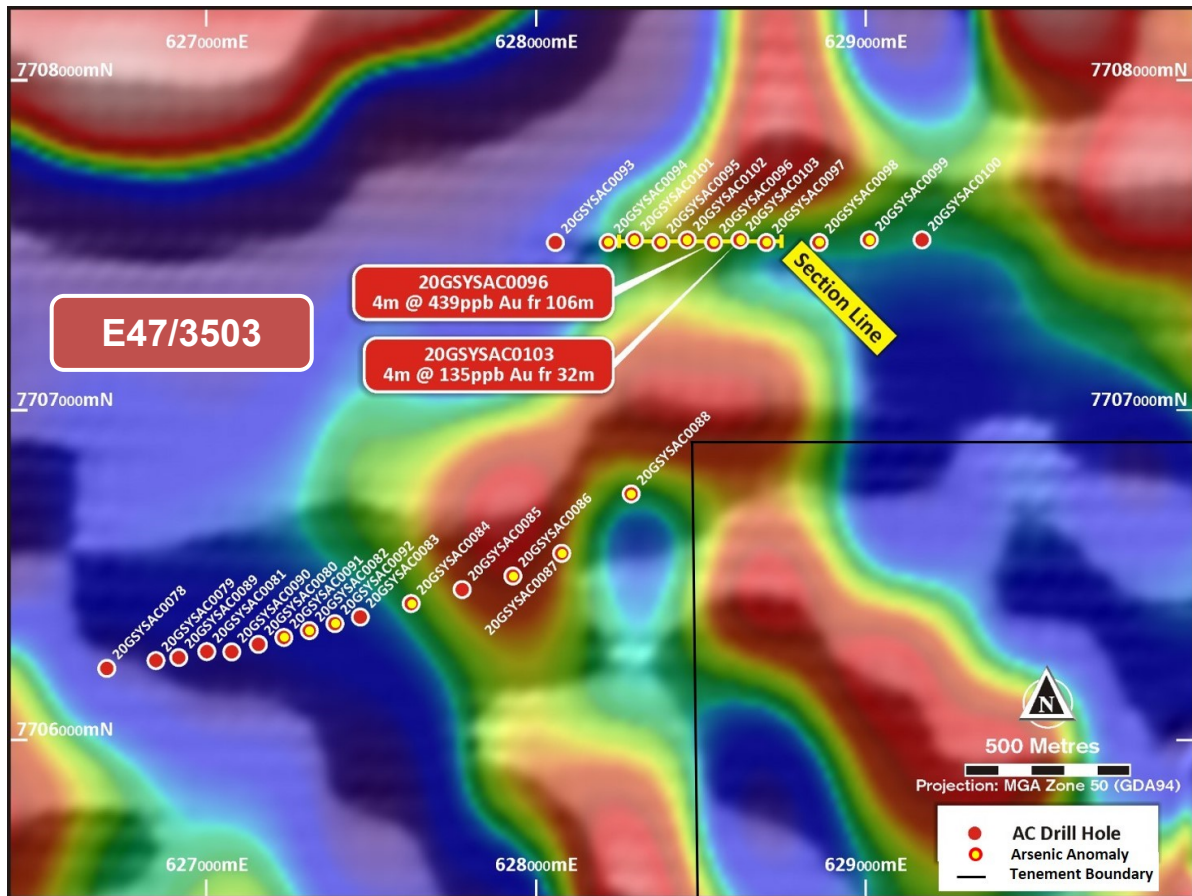


Figure 5: Collar location plan of Target 2A and significant results.

Drilling at this target revealed an 800 x 1400 metre arsenic anomaly and some gold anomalism intersected on the northern AC traverse (refer to Figure 5 and ASX announcement dated 7 Sept 2020). Field logging revealed a range of variably weathered rock types including metasediments, schists, and possible mafic/ultramafic rocks. Preliminary petrological analysis of representative rock chips and end-of-hole air-core has enhanced this interpretation and identified a tourmaline-quartz schist (hole 20GSYSAC0097) and a foliated plagioclase-quartz-biotite schist (hole 20GSYSAC0102).

Additional detailed lithology studies of drill chips with arsenic and gold anomalism indicates an interpreted complex alteration history of a mafic precursor rock type with widespread biotite mica alteration associated with localised smokey quartz and tourmaline vein development. Silicification and quartz veining of the biotite mica schists was also observed with associated pyrite and chlorite-sericite alteration.

Further drill target vectoring and evaluation work is required at this target.

Target 3

Drilling consisted of 45 holes for a total advance of 2,972 metres. No significant bedrock gold intersections were encountered at this target. However, several transported cover related gold occurrences are considered anomalous (refer to ASX announcement dated 7 Sept 2020).

DIRECTORS' REPORT (continued)

Detailed logging and follow-up microscope analysis revealed a sequence of mainly altered metasediments and schists. In contrast, one petrological sample of note collected at the end of hole 20GSYSAC0155 (59 m depth) is described as a foliated plagioclase-hornblende-zoisite-rock with opaques, interpreted as sulphides in a meta-quartz diorite intrusive with anomalous arsenic. The presence of a quartz diorite intrusive rock containing potential sulphide minerals is considered a high priority follow-up drill target.

Elevated gold results were all recorded in 6 metre composite samples in various horizons of the cover sequence. The best result was returned in 20GSYSAC0134 (6m @ 147ppb Au from 6 metres downhole) in a sand and clay horizon). These anomalous gold occurrences in the cover sequence require further investigation for possible paleochannel potential.

Target 4

Two lines of angled air-core drilling on a broad 3.6km line spacing and 80m hole centres tested potential greenstone sequences within Mallina Basin sediments, proximal to a secondary structure trending north-east of the Yule River Shear Zone. 25 holes have been completed at this target for a total advance of 1,310 metres.

Drill logging recorded a shallower cover sequence consisting of transported sand, clay and silcreted and calcrete sediments to approximately 15-20 metres. Bedrock geology logging recorded metasedimentary units for the majority of holes along with some interpreted mafic-ultramafic schists and micro-granodioritic intrusive rock types. Petrological analysis broadly agrees with this interpretation.

Numerous drill-holes (20GSYSAC0174-181) on the northern AC traverse recorded very fine to fine-grained sulphide mineralisation presenting as irregular smeared foliation and disseminated pyrrhotite + pyrite - up to 5% and persistent silica-chlorite +/-biotite alteration mainly in the metasedimentary units. The most significant gold anomalies were intersected in hole 20GSYSAC0177 where two separate intervals were recorded >50ppb in saprolite interpreted to be a metasedimentary unit.

The best gold intersection on the southern AC traverse occurred in hole 20GSYSAC0186 (4m @ 0.13g/t from 28m). This intersection occurred in a weathered schistose, probable ultramafic sequence with -chlorite-biotite alteration.

Further targeting is required to evaluate this target area for follow-up drill testing.

Target 5

47 holes were completed at this target for a total advance of 2,575 metres (refer to Figure 6 and ASX announcement dated 14 August 2020). Assay results revealed multiple elevated and anomalous gold intersections of >10 ppb (20GSYSAC0062) recorded in an interpreted weathered mafic-ultramafic unit with <2% fine grained, disseminated, and smeared foliation pyrite.

Detailed logging and petrological analysis from drill chips suggests metasedimentary and metamorphic sequence interpretations. Importantly, a meta-quartz diorite intrusive was identified at the end of hole of 20GSYSAC0062 which coincides with the best intersection at this target where a broad, anomalous zone of **19m @ 91ppb Au from 46m including 4m at 350ppb Au from 58m occurred** (Figure 6).

Once again, the presence of an interpreted diorite intrusive with broad and elevated gold intercepts is highly encouraging and this target area is considered high priority for follow up drilling. The target area is open to the east and the proposed drilling will focus on this corridor.

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DIRECTORS' REPORT (continued)

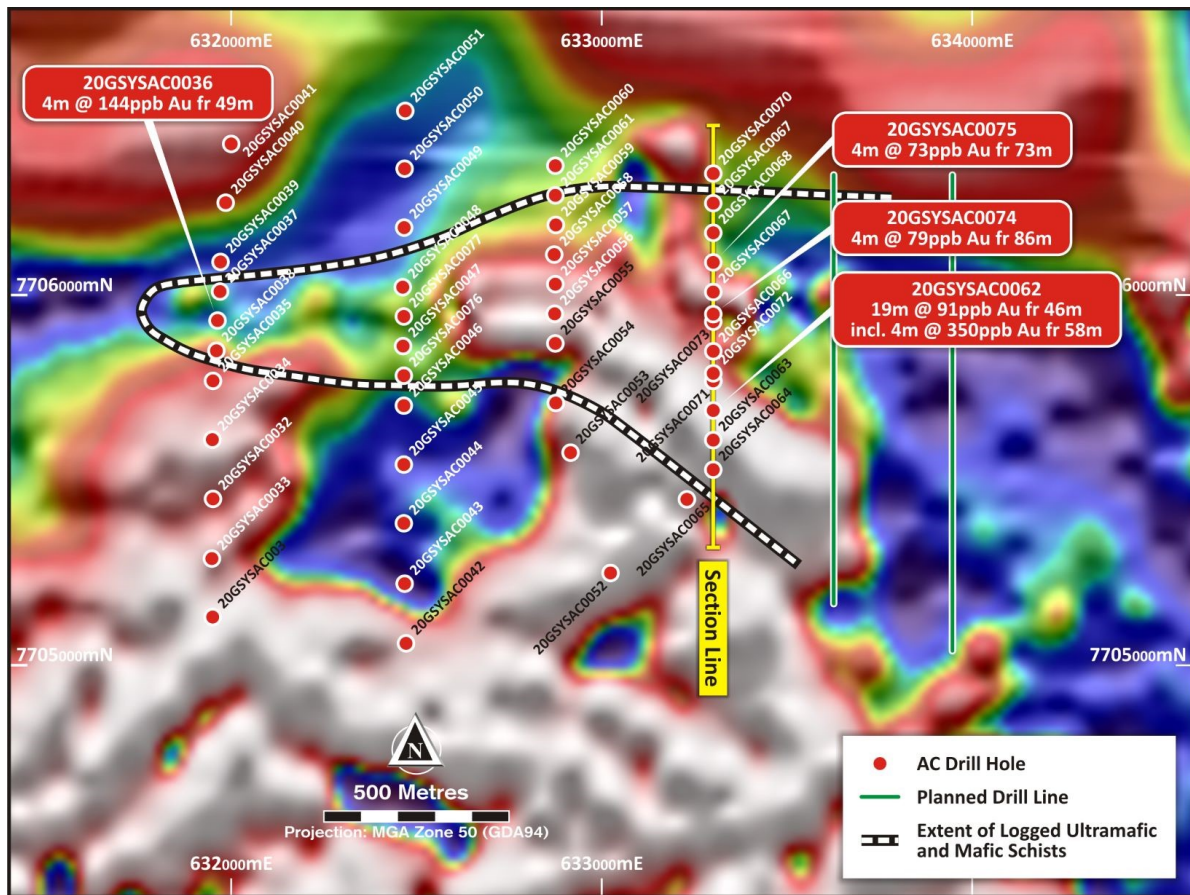


Figure 6: Target 5 collar location plan and significant results.

New target areas

Based on initial results and geological observations, two new target corridors have been interpreted and will be the subject of future drill planning in the coming months (see Figure 7). A five kilometre structural corridor has been interpreted from the aeromagnetic data based on the drill results from Target 1. In addition, a broad target area to the east of Target 5 is interpreted as a continuation of the prospective mafic-ultramafic package logged in this area. Both areas will be the subject of future drill planning in the coming months.

DIRECTORS' REPORT (continued)

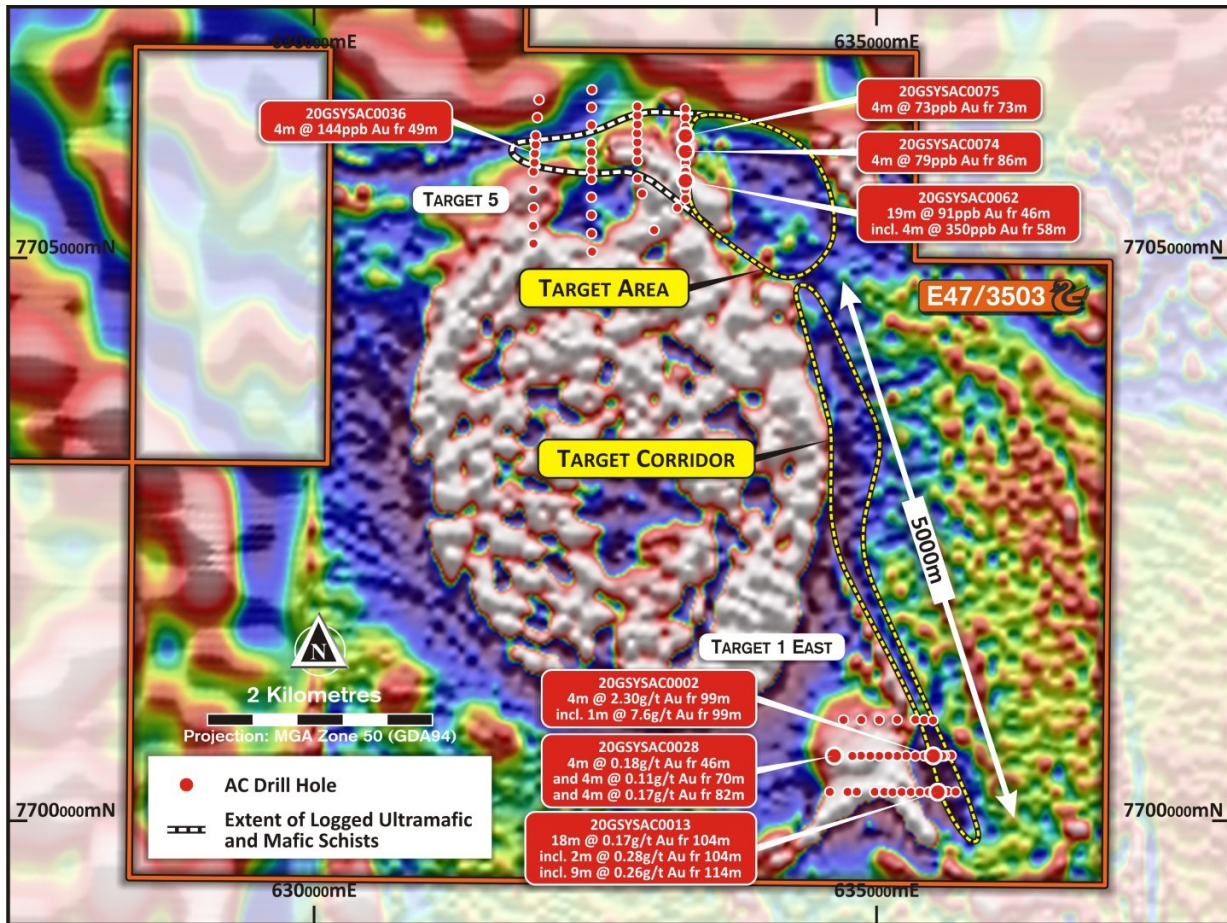


Figure 7: New Interpreted Target Areas

DIRECTORS' REPORT (continued)

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 8) and four broad target areas at Yule North (Figure 9).

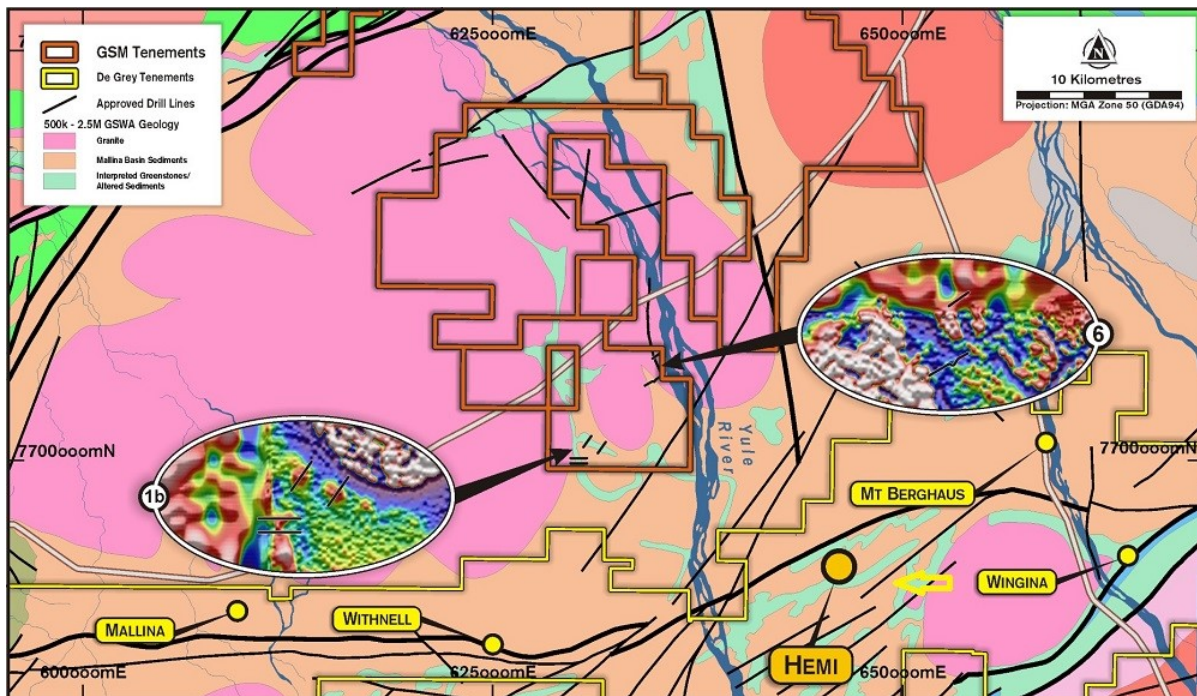


Figure 8: Yule South target location plan showing drill lines on detailed magnetics over regional geology.

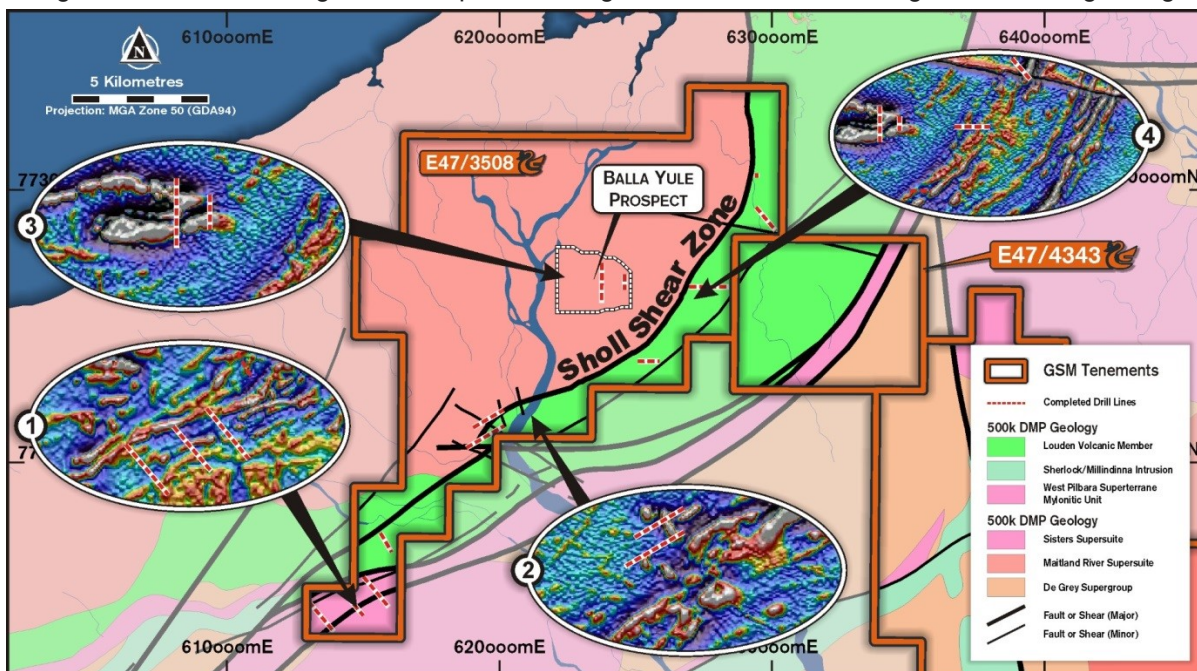


Figure 9: Yule North target location plan showing drill lines on detailed magnetics over regional geology.

DIRECTORS' REPORT (continued)

First Assay Results

Assay results were received for the first three target (Figure 10) 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).

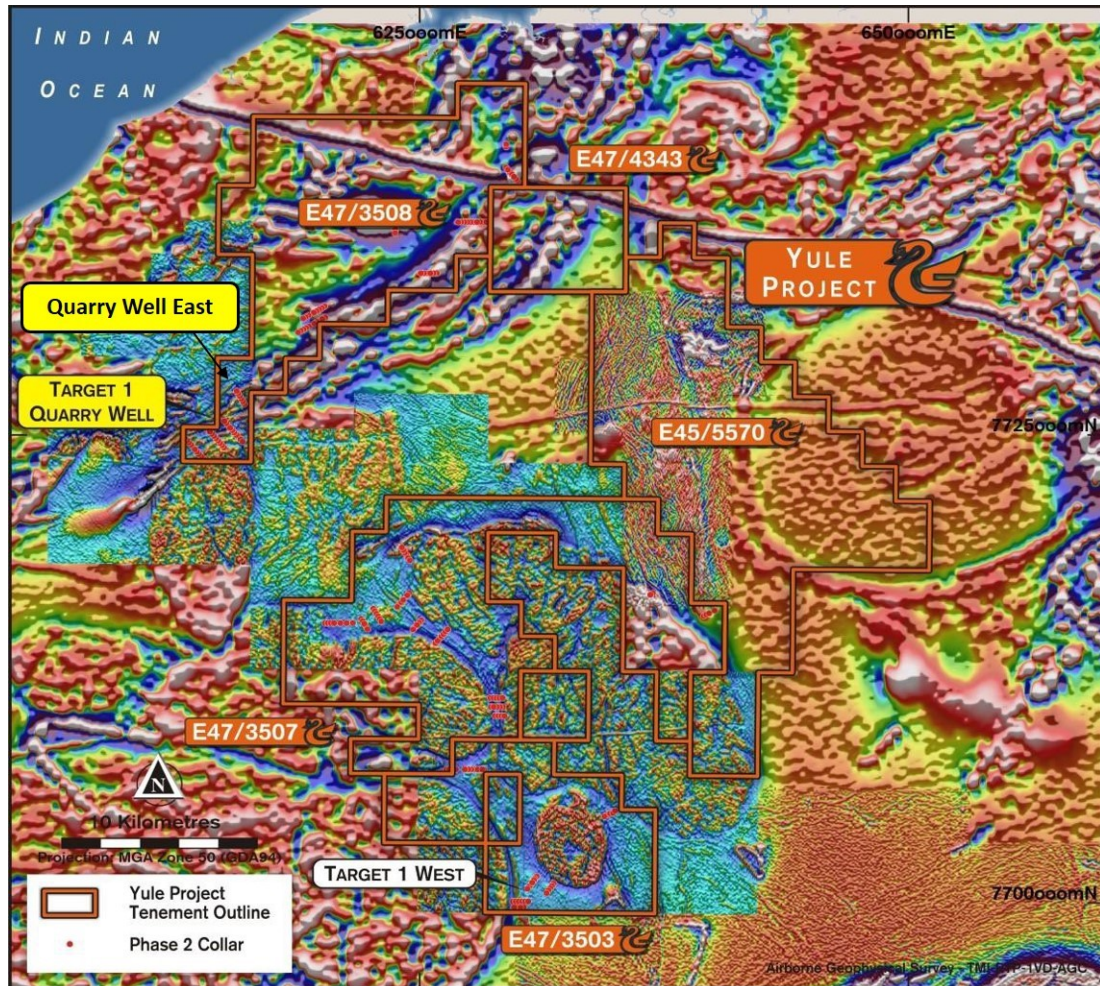


Figure 10: Phase two AC collars and target results location.

DIRECTORS' REPORT (continued)

Yule South - Target 1 West

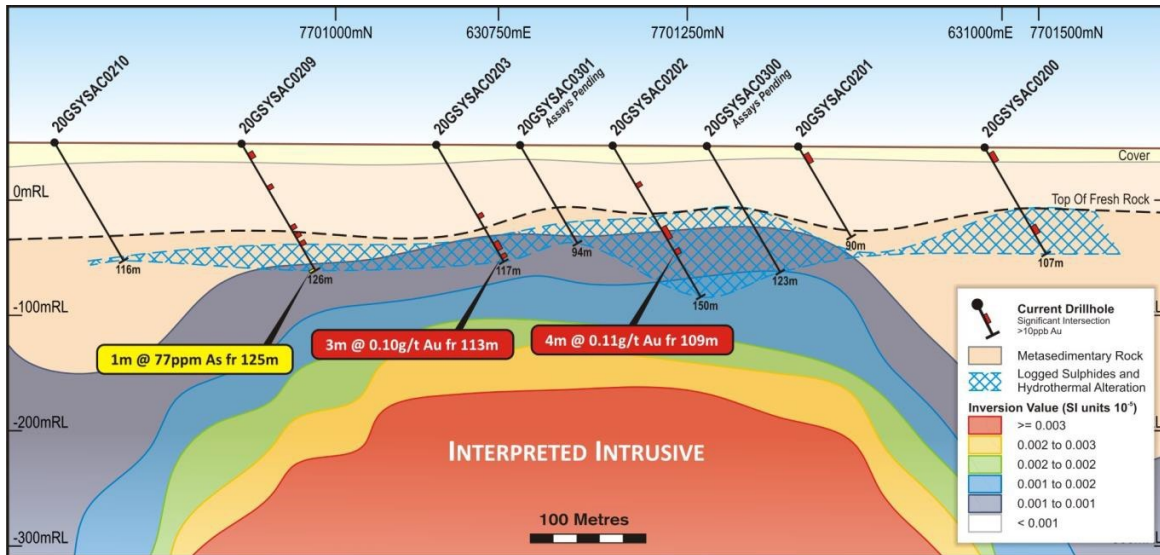


Figure 11: Target 1 West section showing significant results over interpreted intrusive at Yule South.

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 11). 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.

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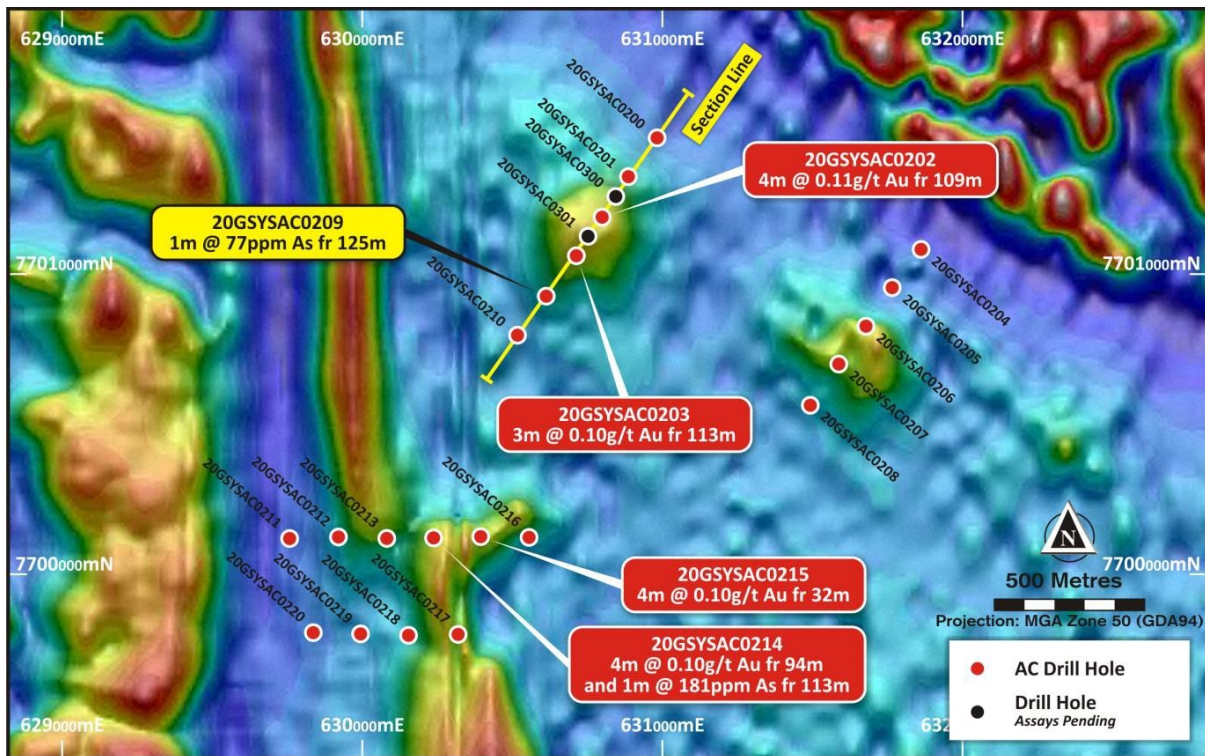
DIRECTORS' REPORT (continued)

Figure 12: 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 10) 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.

Yule North - Quarry Well East

Drilling at this structural target 1.3 kilometres north-east of Quarry Well (Figure 10) 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.

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DIRECTORS' REPORT (continued)

Numerous intrusive style targets and prospective structural settings and corridors (Figure 13) 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.

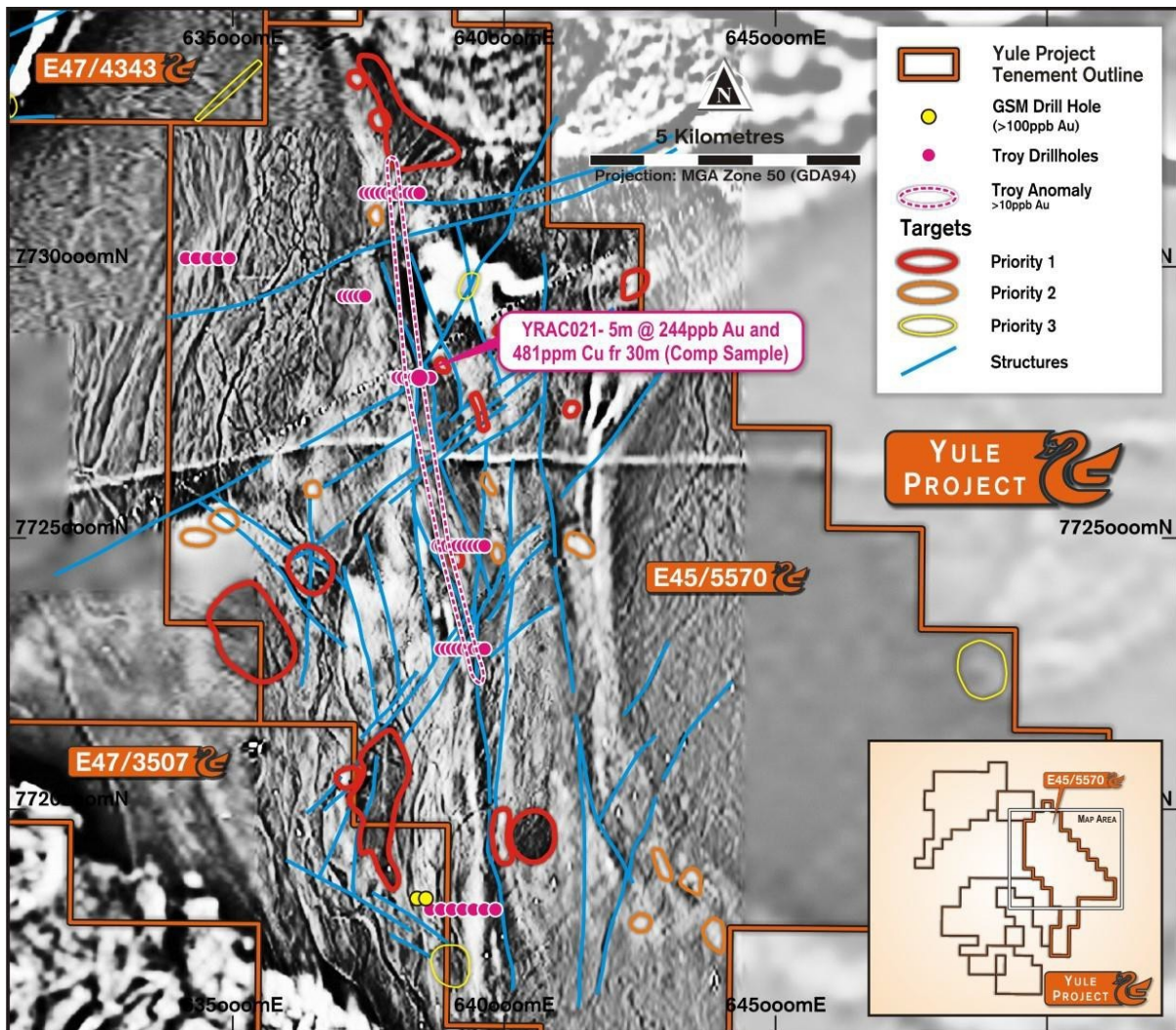


Figure 13: Exploration license application E45/5570 aeromagnetic interpretation and target areas.

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.

DIRECTORS' REPORT (continued)

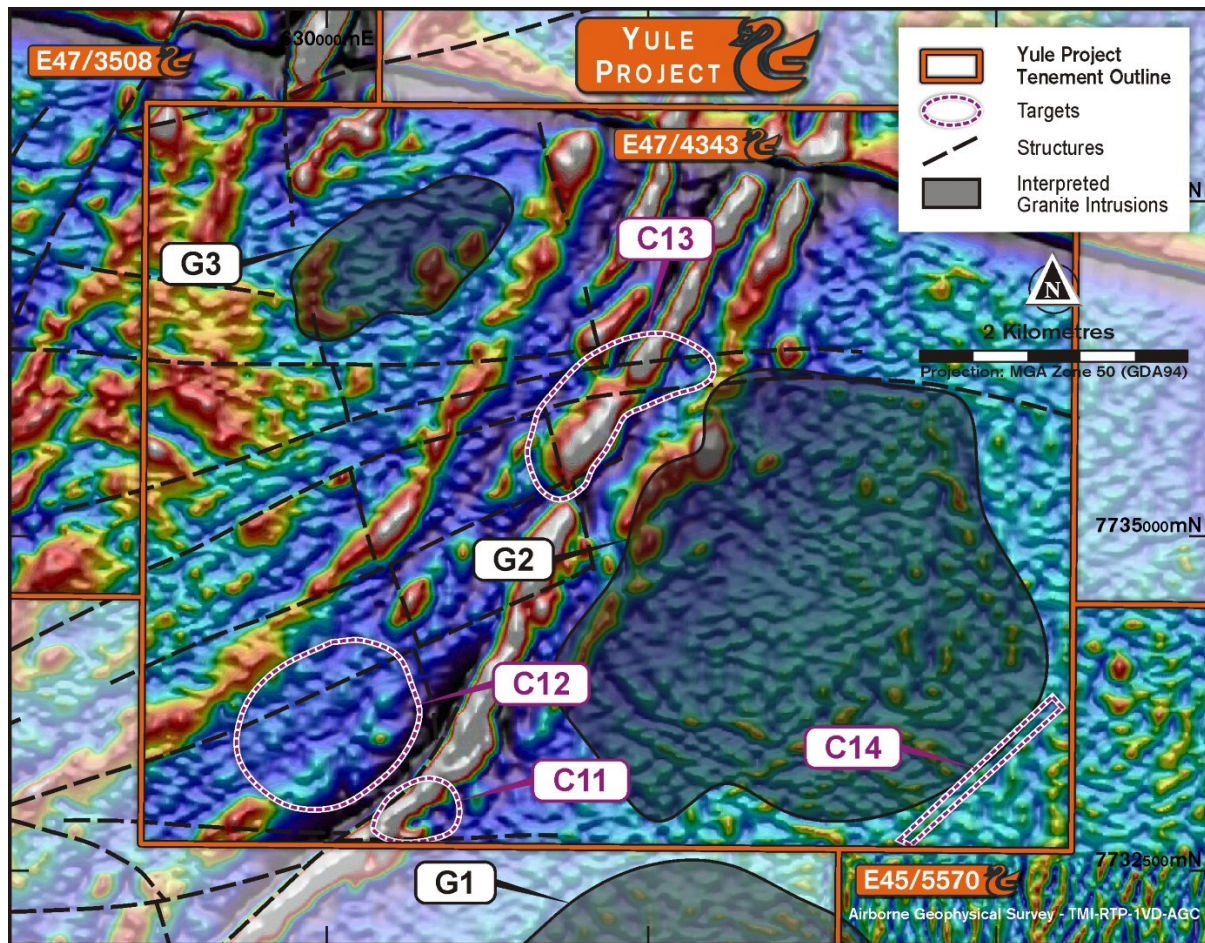


Figure 14: Core Geophysics Interpretation and targets over E47/4343

Four targets have been identified by Core Geophysics, all of which are considered primarily prospective for gold (Figure 14).

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, volcanoclastics, 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.

DIRECTORS' REPORT (continued)

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.

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.

DIRECTORS' REPORT (continued)



Figure 15: Mining of tailings underway at Cue.

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 several 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'.

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. 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.

Cuddingwarra

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.

DIRECTORS' REPORT (continued)

Four Mile Well – 100% GSM

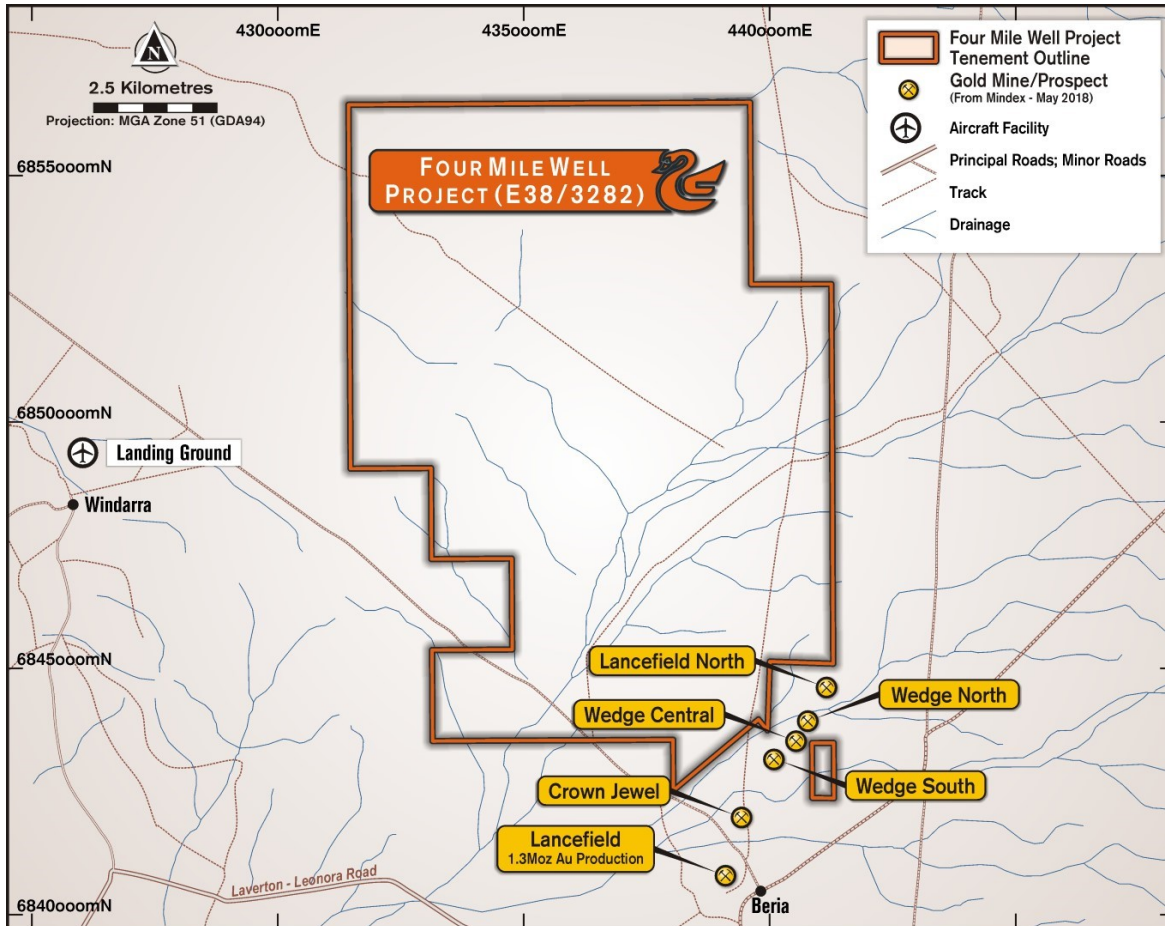


Figure 16: Four Mile Well Project near Laverton.

The company continues to evaluate drill target opportunities over untested historic geochemical anomalies and granite-greenstone contacts within the project area (Figure 16). 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.

Subsequent events

On 19 February 2021, 432,158 fully paid ordinary shares were issued at \$0.165 per share to satisfy an invoice for the cost of drilling. 216,079 shares (50%) will be subject to 3 months voluntary escrow (i.e., until 19 May 2021).

On 8 March 2021, the Company issued 13,726,892 fully paid ordinary shares at \$0.125 per share to subscribers to a placement (Tranche 1) raising approximately \$1,715,862 before costs. The Company proposes to issue a further 11,953,108 fully paid ordinary shares (Tranche 2) at \$0.125 per share to raise approximately \$1,494,139 before costs which is subject to shareholder approval subsequent to a general meeting on 8 April 2021.

Golden State Mining Limited

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DIRECTORS' REPORT (continued)

No other matter or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

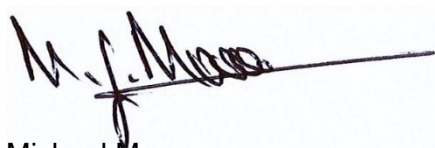
Revenues and results

A summary of the Group's revenues and results for the period is set out below:

	2020		2019	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Consolidated entity revenues and loss	262,508	(2,139,857)	18,870	(1,043,412)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.



Michael Moore

15 March 2021

15 March 2021

Board of Directors
Golden State Mining Limited
Suite 14, 19-21 Outram Street
WEST PERTH WA 6005

Dear Directors

RE: GOLDEN STATE MINING LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Golden State Mining Limited.

As Audit Director for the review of the financial statements of Golden State Mining Limited for the period ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

Golden State Mining Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Notes	31 December 2020 \$	31 December 2019 \$
REVENUE		
Interest revenue	7,717	16,750
Other income (Co-funded drilling grant, Jobkeeper and cashflow boost)	254,791	2,120
EXPENDITURE		
Administration expenses	(208,001)	(136,119)
Depreciation expense	(28,900)	(78,248)
Exploration and tenement expenses	(1,406,337)	(512,255)
Share-based payments expense	(466,798)	(30,000)
Gain on Sale of Asset	1,531	-
Employee benefits expense	(293,860)	(305,660)
(LOSS) BEFORE INCOME TAX	(2,139,857)	(1,043,412)
Income tax benefit/(expense)	-	-
(LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED	(2,139,857)	(1,043,412)
OTHER COMPREHENSIVE INCOME		
<i>Items that may be reclassified to profit or loss</i>	-	-
Other comprehensive income for the period, net of tax	(2,139,857)	(1,043,412)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED	(2,139,857)	(1,043,412)
Basic and diluted (loss) per share (cents)	(3.81)	(2.86)
Weighted average no. of shares	56,167,504	36,546,716

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Golden State Mining Limited

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		31 December 2020 \$	30 June 2020 \$
	Notes		
CURRENT ASSETS			
Cash and cash equivalents		2,226,988	2,435,260
Trade and other receivables		73,865	32,808
Accrued income		1,785	1,404
Prepayments		26,580	-
TOTAL CURRENT ASSETS		2,329,218	2,469,472
NON-CURRENT ASSETS			
Security deposit		-	2,640
Property, plant and equipment	7	110,915	128,859
TOTAL NON-CURRENT ASSETS		110,915	131,499
TOTAL ASSETS		2,440,133	2,600,971
CURRENT LIABILITIES			
Trade and other payables		495,782	249,184
Provisions		61,908	49,133
TOTAL CURRENT LIABILITIES		557,690	298,317
NON-CURRENT LIABILITIES			
Provisions	8	188,864	188,864
TOTAL NON-CURRENT LIABILITIES		188,864	188,864
TOTAL LIABILITIES		746,554	487,181
NET ASSETS		1,693,579	2,113,790
EQUITY			
Issued capital	3	7,688,480	6,435,632
Reserves	3	1,123,498	716,780
Accumulated losses		(7,118,399)	(5,038,622)
TOTAL EQUITY		1,693,579	2,113,790

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Golden State Mining Limited

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2019	5,196,031	600,943	(3,409,322)	2,387,652
Loss for the period	-	-	(1,043,412)	(1,043,412)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	(1,043,412)	(1,043,412)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Expired Options	-	(34,163)	34,163	-
Share-based payments	30,000	-	-	30,000
BALANCE AT 31 DECEMBER 2019	5,226,031	566,780	(4,418,571)	1,374,240
BALANCE AT 1 JULY 2020	6,435,632	716,780	(5,038,622)	2,113,790
Loss for the period	-	-	(2,139,857)	(2,139,857)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	(2,139,857)	(2,139,857)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Share-based payments	-	466,798	-	466,798
Share-based payments – options exercised	-	(60,080)	60,080	-
Proceeds from issue of shares	1,046,250	-	-	1,046,250
Proceeds from exercise of options	217,500	-	-	217,500
Securities issue costs	(10,902)	-	-	(10,902)
BALANCE AT 31 DECEMBER 2020	7,688,480	1,123,498	(7,118,399)	1,693,579

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Golden State Mining Limited

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other income	254,791	2,120
Interest received	7,336	20,539
Payments to suppliers and employees	(1,710,462)	(969,098)
Net cash (used in) operating activities	(1,448,335)	(946,439)
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund for office security bond	2,640	-
Payments for plant and equipment	(15,425)	-
Net cash (used in) investing activities	(12,785)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,263,750	-
Share issue costs	(10,902)	-
Net cash provided by financing activities	1,252,848	-
Net decrease in cash and cash equivalents	(208,272)	(946,439)
Cash and cash equivalents at the beginning of the half-year	2,435,260	2,668,343
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	2,226,988	1,721,904

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Golden State Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except as noted below.

The financial statements were authorised for issue by the directors on 15 March 2021. The directors have the power to amend and reissue the financial statements.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The ability of the entity to continue as a going concern is dependent on securing additional capital raising activities to continue its operational and exploration activities.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Accounting Policies

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2020

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2020 including:

Conceptual Framework for Financial Reporting and relevant amending standards (Conceptual Framework)

The Group has adopted the Conceptual Framework with the date of initial application being 1 July 2020.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chapter 5 – Recognition and derecognition
Chapter 6 – Measurement
Chapter 7 – Presentation and disclosure
Chapter 8 – Concepts of capital and capital maintenance

Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework

At 1 July 2020 it was determined that the adoption of the Conceptual Framework had no impact on the Group.

AASB 2018-7 Definition of Material (Amendments to AASB 101 and AASB 108)

The Group has adopted AASB 2018-7 with the date of initial application being 1 July 2020.

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

At 1 July 2020 it was determined that the adoption of AASB 2018-7 had no impact on the Group.

NOTE 2: SEGMENT INFORMATION

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's principal activity is mineral exploration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: EQUITY SECURITIES ISSUED

Equity shares

	December 2020 Shares	December 2020 \$	June 2020 Shares	June 2020 \$
Outstanding at the beginning of the year	46,726,200	6,435,632	36,251,200	5,196,031
Issues of ordinary shares				
Fully paid shares issued – Exercise of options	1,460,000	217,500	950,000	230,000
Fully paid shares issued – Tranche 1 Placement	-	-	9,150,000	1,143,750
Fully paid shares issued – Tranche 2 Placement	8,450,000	1,046,250		
Fully paid shares yet to be issued ¹	-	-	-	50,000
Fully paid shares issued – Drilling services	-	-	375,000	30,000
Transaction costs	-	(10,902)	-	(139,149)
Transaction cost - Options issued to lead managers	-	-	-	(75,000)
Outstanding at the end of the period	56,636,200	7,688,480	46,726,200	6,435,632

¹As at 30 June 2020, there was \$10,000 paid for 80,000 shares that were issued at \$0.125 per share on 6 July 2020 in the Tranche 2 placement. In addition, there was \$40,000 received for the exercise of 200,000 options at \$0.20 per option and the shares were issued on 6 July 2020.

As at 31 December 2020, the Company had 56,636,200 fully paid ordinary shares.

Options

	December 2020 Number of options	December 2020 \$	June 2020 Number of options	June 2020 \$
Outstanding at the beginning of the year	12,232,560	716,780	16,015,104	600,943
Movements of options				
Issued, exercisable at \$0.1625, expiring 26 June 2023 – Lead managers	-	-	4,000,000	150,000
Exercised Options	(1,460,000)	(60,080)	(950,000)	-
Expired options - (exercise price \$0.25, expiring 8 Nov 2019)	-	-	(6,832,544)	(34,163)
Issued, exercisable at \$0.40, expiring 30 September 2024 –	2,950,000	428,276	-	-
Issued, exercisable at \$0.60, expiring 30 September 2024 –	2,950,000	38,522	-	-
Outstanding at the end of the period	16,672,560	1,123,498	12,232,560	716,780

As at 31 December 2020, the Company had 16,672,560 unlisted options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 4: SHARE-BASED PAYMENTS

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued as share based payments as at 31 December 2020.

Options

	December 2020	December 2020	June 2020	June 2020
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	11,832,560	\$0.23	8,632,560	\$0.26
Granted during the period	5,900,000	\$0.50	4,000,000	\$0.16
Exercised during the period	(1,060,000)	\$0.20	(800,000)	\$0.25
Outstanding at the end of the period	16,672,560	\$0.33	11,832,560	\$0.23
Exercisable at the end of the period	16,672,560	\$0.33	11,832,560	\$0.23

The weighted average remaining contractual life for the share options as at 31 December 2020 is 2.27 years.

The weighted average exercise price for the share options as at 31 December 2020 is \$0.33 (June 2020: \$0.23).

Black-Scholes model taking into account the terms and conditions upon which the options were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Options issued during the current year:

On 27 November 2020, there were 2,950,000 unlisted options granted which had a fair value of \$ 0.1452 per option based on a Black Scholes model with the following key inputs: interest free rate – 0.1%, volatility factor –109% measured since the date of ASX listing on 8 November 2018, grant date – 27 November 2020, days to expiry –1,369 and exercise price - \$0.40. The value recognised to the options was \$428,276.

On 27 November 2020, there were 2,950,000 unlisted options granted subject to a vesting condition that the relevant director/employee remains an employee or officer of the Company until 31 October 2021, failing which the options granted lapse, unless and to the extent the Board waives the vesting condition; which had a fair value of \$ 0.1298 per option based on a Black Scholes model with the following key inputs: interest free rate – 0.1%, volatility factor –109% measured since the date of ASX listing on 8 November 2018, grant date – 27 November 2020, days to expiry –1,369 and exercise price - \$0.60. The vesting amount as at 31 December 2020 was \$38,522 in accordance with the vesting period of the options.

Options

During the period, a total of 1,460,000 unlisted options were exercised as follows:

- 60,000 unlisted options exercised at \$0.25, expiry 6 November 2021;
- 400,000 unlisted options exercised at \$0.20, expiry 31 August 2020; and
- 1,000,000 unlisted options exercised at \$0.1625, expiry 26 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Shares

During the period, 8,450,000 fully paid ordinary shares at \$0.125 per share, were issued as part Tranche 2 placement. A further 1,460,000 fully paid ordinary shares were issued upon exercise of options noted above.

NOTE 5: DIVIDENDS

No dividends were paid during the year and no recommendation is made as to the dividends.

NOTE 6: CONTINGENCIES

In addition to statutory royalties generally applicable mineral production in Western Australia, certain tenements which make up part of the Group's Cue and Yule projects are subject to private royalties in respect of minerals produced from those tenements. These private royalties are described in sections 11.1 and 11.2 (respectively) of the Company's IPO prospectus dated 22 August 2018. In particular, the statutory and private royalties in respect of gold production on M 20/520 and M 20/522 (described in section 11.1 of the IPO prospectus and payable to Western Mining Pty Ltd and the Yugunga Nya-People), may become payable by the Group if sufficient gold is produced from those tenements pursuant to the mining agreement with a subsidiary of Adaman Resources Pty Ltd announced by the Company to ASX on 19 June 2020 (note that Adaman's subsidiary may also become required to make payments to the Group pursuant to the same agreement).

There are no material contingent liabilities or contingent assets of the Group at the reporting date.

NOTE 7: Property, Plant and Equipment

	December 2020	June 2020
	\$	\$
Property, Plant and Equipment at cost		
Opening balance	341,099	283,661
Additions	15,426	57,438
Disposals	(13,000)	-
Closing balance	343,525	341,099
Accumulated depreciation		
Opening balance	212,240	104,075
Expense	28,900	108,165
Disposals	(8,530)	-
Closing balance	232,610	212,240
Summary		
At cost	343,525	341,099
Accumulated depreciation	(232,610)	(212,240)
Net carrying amount	110,915	128,859

NOTE 8: PROVISION FOR ENVIRONMENTAL REHABILITATION

As at 31 December 2020, there is an estimated cost provision of \$188,864 for the environmental rehabilitation of the Cue Gold project tenements. The environmental rehabilitation cost relates to the pre-acquisition mine operation and closure plan by Western Mining Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 9: SUBSEQUENT EVENTS

On 19 February 2021, 432,158 fully paid ordinary shares were issued at \$0.165 per share to satisfy an invoice for the cost of drilling. 216,079 shares (50%) will be subject to 3 months voluntary escrow (i.e., until 19 May 2021).

On 8 March 2021, the Company issued 13,726,892 fully paid ordinary shares at \$0.125 per share to subscribers to a placement (Tranche 1) raising approximately \$1,715,862 before costs. The Company proposes to issue a further 11,953,108 fully paid ordinary shares (Tranche 2) at \$0.125 per share to raise approximately \$1,494,139 before costs which is subject to shareholder approval subsequent to a general meeting on 8 April 2021.

No other matter or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

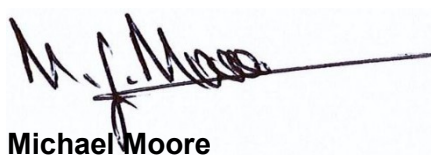
Golden State Mining Limited

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 22 to 31 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards AASB 134 Interim Financial Reporting, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Golden State Mining Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'M. J. Moore', is written over a horizontal line.

Michael Moore
Managing Director
15 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GOLDEN STATE MINING LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Golden State Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Golden State Mining Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Golden State Mining Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 15 March 2021.

Responsibility of the Directors for the Financial Report

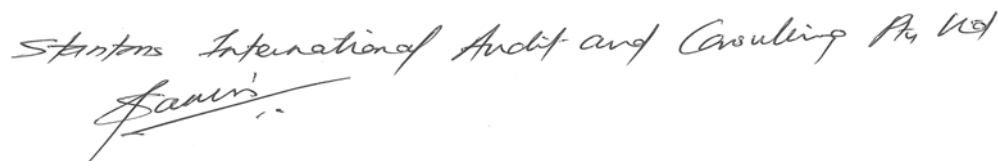
The directors of the Golden State Mining Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

The image shows a handwritten signature in dark ink, which appears to read 'Samir', written over the printed name of the company, 'Stantons International Audit and Consulting Pty Ltd'. The signature is fluid and cursive.

Samir Tirodkar
Director

West Perth, Western Australia
15 March 2021