

# **Golden State Mining Limited**

**ABN 52 621 105 995**

## **INTERIM FINANCIAL REPORT**

**FOR THE PERIOD FROM 15 AUGUST 2017 TO**

**31 DECEMBER 2017**

**This interim financial report does not include all the notes of the type normally included in an annual financial report.**

**GOLDEN STATE MINING LIMITED**

**31 DECEMBER 2017**

<b>Contents</b>	<b>Page</b>
<b>DIRECTORS' REPORT</b>	<b>3</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>6</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>7</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>8</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>9</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>10</b>
<b>DIRECTORS' DECLARATION</b>	<b>13</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS</b>	<b>14</b>

## **GOLDEN STATE MINING LIMITED**

**31 DECEMBER 2017**

### **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") (which was a proprietary limited company until 6 April 2018) and the entities it controlled at the end of, or during, the period from 15 August 2017 (the date on which the Company was incorporated) until 31 December 2017.

#### **DIRECTORS**

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

Michael Moore (appointed 15 August 2017)

Damien Kelly (appointed 15 August 2017)

Gregory Hancock (appointed 6 April 2018)

#### **REVIEW AND RESULTS OF OPERATIONS (for the period)**

The Company and its two subsidiaries were established during the period under review. During this period, the Company raised approximately \$90,000 in early stage capital, \$65,000 of which was represented by unissued shares as at the balance date (with the relevant shares being subsequently issued after the end of the period).

In August 2017, a Group subsidiary marked out then applied for various prospecting licenses around the historic gold mining town of Cue in Western Australia.

In September 2017, the Group entered into an option agreement with Western Mining Pty Ltd ("Western Mining") to acquire a number of granted and applied-for mining tenements around (and predominantly to the north of) Cue. The tenement areas include a number of historic, high grade gold mines, where the Company is keen to undertake a comprehensive, substantial exploration program following the exercise of the option, which is subject to an ASX listing or an alternative major capital raising ("Capital Raise"). The broad terms of the option were a \$20,000 option fee payable to Western Mining and an exercise price of \$750,000, to be satisfied by the issue of \$675,000 in shares in the Group (valued at the Capital Raise price) and a 10% interest ("10% Minority Interest") in the Group subsidiary which will be acquiring the Western Mining tenements (the same subsidiary which applied for the prospecting licenses in August). The option expires on 21 September 2018, but can be extended by a further 3 months by the payment of \$5,000 per month.

The Group also has an agreement with Western Mining to buy out the 10% Minority Interest in return for an additional \$75,000 in Group shares plus certain contingent, deferred consideration (capped at \$3.75 million in shares and cash) based on gold production and JORC reserve milestones.

In October 2017, the Group also applied for an exploration license prospective for gold and nickel near Laverton in Western Australia.

In November 2017, the Group entered into a sale and purchase agreement to acquire three exploration licences (applied for but ungranted at the time) located in the west Pilbara region of Western Australia, approximately 50km south west of Port Hedland and around the Yule River. The tenements were granted and the agreement was completed in December 2017. The project is prospective for gold, lithium, tantalum and base metals.

The Company believes the suite of tenements it owns or intends to acquire are highly prospective and well suited to advance the Company's plans to undertake a major capital raising to list on ASX.

**GOLDEN STATE MINING LIMITED**

**31 DECEMBER 2017**

**DIRECTORS' REPORT (continued)**

**Revenues and results**

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

	2017	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss	-	(44,967)

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration (as would be required of a disclosing entity) under section 307C of the *Corporations Act 2001* is set out on page 5.

  
**Damien Kelly**  
Director  
11 May 2018

11 May 2018

Board of Directors  
Golden State Mining  
Suite 14 Level 2  
19-21 Outram Street  
WEST PERTH WA 6005

Dear Sirs

**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 audit of the financial statements of Golden State Mining Limited for the period ended 31 December 2017, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(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 PERIOD FROM 15 AUGUST 2017 TO 31 DECEMBER 2017

	Interim Period 2017 \$
<b>EXPENDITURE</b>	
Corporate expenses	(7,820)
Exploration and tenement expenses	(30,151)
Other expenses	(6,996)
	<hr/>
<b>LOSS BEFORE INCOME TAX</b>	(44,967)
	<hr/>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING PTY LTD</b>	(44,967)
<b>OTHER COMPREHENSIVE LOSS</b>	-
<b>OTHER COMPREHENSIVE LOSS TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIOD</b>	-
	<hr/>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	(44,967)
	<hr/> <hr/>
<b>Earnings / (Loss) per share (cents)</b>	
Basic and diluted loss per share (cents)	(3.22)

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 2017**

	Notes	31 December 2017 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		42,779
<b>TOTAL CURRENT ASSETS</b>		<u>42,779</u>
<b>NON-CURRENT ASSETS</b>		
Capitalised project acquisition costs	3	27,500
<b>TOTAL NON-CURRENT ASSETS</b>		<u>27,500</u>
<b>TOTAL ASSETS</b>		<u>70,279</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables		22,644
<b>TOTAL CURRENT LIABILITIES</b>		<u>22,644</u>
<b>TOTAL LIABILITIES</b>		<u>22,644</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>47,635</u>
<b>EQUITY</b>		
Contributed equity	4	27,602
Shares to be issued	5	65,000
Reserves		-
Accumulated losses		(44,967)
<b>TOTAL EQUITY</b>		<u>47,635</u>

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 PERIOD FROM 15 AUGUST 2017 TO 31 DECEMBER 2017

	Contributed Equity \$	Shares to be Issued \$	Accumulated Losses \$	Reserves \$	Total \$
<b>BALANCE AT 15 AUGUST 2017</b>	-	-	-	-	-
Loss for the period	-	-	(44,967)	-	(44,967)
<b>TOTAL COMPREHENSIVE INCOME</b>	-	-	(44,967)	-	(44,967)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Proceeds from issue of shares	27,602	-	-	-	27,602
Shares to be issued	-	65,000	-	-	65,000
<b>BALANCE AT 31 DECEMBER 2017</b>	27,602	65,000	(44,967)	-	47,635

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 PERIOD FROM 15 AUGUST 2017 TO 31 DECEMBER 2017**

	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Expenditure on mining interests	(29,606)
Payments to suppliers and employees	(2,717)
<b>Net cash used in operating activities</b>	<u>(32,323)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments for project acquisitions	(15,000)
<b>Net cash provided by investing activities</b>	<u>(15,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of shares	25,102
Shares to be issued	65,000
<b>Net cash provided by financing activities</b>	<u>90,102</u>
Net decrease in cash and cash equivalents	42,779
Cash and cash equivalents at the beginning of the period	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>42,779</u>

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 INTERIM FINANCIAL REPORT**

This consolidated interim financial report for the reporting period from 15 August 2017 to 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

**Adoption of new and revised Accounting Standards**

The Group has reviewed new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

It has been determined by the Group that there is no material impact on its financial statements as a result of those new and revised Standards and Interpretations.

The Group has also reviewed new Standards and Interpretations that have been issued that are relevant but are not yet effective for the period from 15 August 2017 to 31 December 2017. Based on its business during the reporting period, the Group does not anticipate any material impact on its financial statements upon adoption of the new and revised Standards and Interpretations.

**Going Concern**

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Group is dependent upon it maintaining sufficient funds for its operations and commitments.

The Directors continue to monitor the ongoing funding requirements of the Group. The Directors are confident that sufficient funding can be secured if required to enable the Group to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

**Basis of Accounting and Consolidation**

Exploration and evaluation expenditure is expensed in the year it is incurred, except acquisition costs, which are assessed every year for impairment if any.

The financial statements consolidate those of Golden State Mining Limited and all of its subsidiaries as of 31 December 2017. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

**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.

**GOLDEN STATE MINING LIMITED****31 DECEMBER 2017****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****NOTE 3: CAPITALISED PROJECT ACQUISITION COSTS**

	<b>31 December 2017</b>
	<b>\$</b>
Yule Project	<b><u>7,500</u></b>

As at 31 December 2017, a payment was made for \$5,000 cash and 250,000 shares were issued at \$0.01 for the value of \$2,500 as consideration for the Yule project.

	<b>31 December 2017</b>
	<b>\$</b>
Cue Gold Project	<b><u>20,000</u></b>

As at 31 December 2017, a payment was made for \$10,000 cash for the Cue project option and there was an additional \$10,000 outstanding.

**NOTE 4: EQUITY SECURITIES ISSUED**

	<b>2017 No. of Shares</b>	<b>2017 \$</b>
<b>As at 1 July</b>	<b>-</b>	<b>-</b>
<b>Issues of ordinary shares during the period</b>		
Fully paid shares issued – \$0.01 shares on incorporation	<b>200</b>	<b>2</b>
Fully paid shares issued - \$0.0001 seed	<b>1,000,000</b>	<b>100</b>
Fully paid shares issued – \$0.01 seed	<b>2,500,000</b>	<b>25,000</b>
Fully paid shares issued - \$0.01 Yule project consideration	<b>250,000</b>	<b>2,500</b>
<b>As at 31 December</b>	<b><u>3,750,200</u></b>	<b><u>27,602</u></b>

As at 31 December 2017, the Company had 3,750,200 fully paid ordinary shares and no options were issued since incorporation.

**GOLDEN STATE MINING LIMITED**

**31 DECEMBER 2017**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**NOTE 5: SHARES TO BE ISSUED**

	<b>31 December 2017</b>
	<b>\$</b>
Shares to be issued	<b><u>65,000</u></b>

As at 31 December Golden State Mining received \$65,000 for the issue of 650,000 shares at 10c per share seed capital. These shares were issued on 9 March 2018.

**NOTE 6: CONTINGENCIES**

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

**NOTE 7: SUBSEQUENT EVENTS**

Since the reporting date:

- a) the remaining \$10,000 due in respect of the Cue option fee was paid (refer to note 3);
- b) a total of 4,675,000 seed capital shares were issued (including shares referred to in Note 4) at 10 cents per share 550,000 shares of which also came with a 1:1 free attaching option (exercisable at 20 cents; expiring two years following the Company's admission to ASX or 31 August 2020 – whichever is earlier) (that is a total of 550,000 options); and
- c) a total of 4,450,000 options (exercisable at \$0.25, expiring on the third anniversary following the Company's admission to ASX or 31 December 2021 – whichever is earlier) to current or proposed directors of the Company.
- d) on 6 April 2018, the company became a public company.

No other matter or circumstance has arisen since 31 December 2017, 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**

**31 DECEMBER 2017**

**DIRECTORS' DECLARATION**

In the directors of the Company declare that:

1. the financial statements and notes set out on the accompanying are in accordance with the *Corporations Act 2001*, and:
  - (a) comply with Australian Accounting Standards, which, as stated in the accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the interim financial period ended on that date; and
2. In the directors' opinion there are reasonable grounds to believe that the Company 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.



**Damien Kelly**  
Director  
11 May 2018

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

**Report on the Financial Report**

We have audited the accompanying financial report of Golden State Mining Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 15 August 2018 to 31 December 2017, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the entity at the year's end.

*Directors' responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

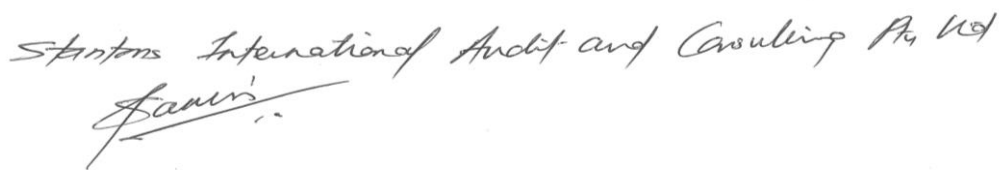
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial report of Golden State Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the period from 15 August 2017 to 31 December 2017; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink, which appears to read 'Samir', is written over the company name 'Stantons International Audit and Consulting Pty Ltd'.

**Samir Tirodkar**  
Director

West Perth, Western Australia  
11 May 2018