Golden State Mining Limited
ABN 52 621 105 995

FINANCIAL REPORT
FROM INCORPORATION 15 AUGUST 2017 TO 30 JUNE 2018

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DIRECTOR'S 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 30 June 2018.

Directors

The names of the directors in office at any time 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)
Brenton Siggs (appointed 10 August 2018)

Review And Results Of Operations (for the period)

The Company and its two subsidiaries, Cue Consolidated Mining Pty Ltd and Crown Mining Pty Ltd were established during the period under review. During this period, the Company raised approximately $492,500 in early stage capital and raised a further $72,000 in July 2018. The loss of the Group for the financial year after providing for income tax amounted to $476,346.

During the period under review, the Group subsidiary Cue Consolidated Mining Pty Ltd 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. The broad terms of the option (as subsequently varied) were a $20,000 option fee payable to Western Mining and an exercise price comprising $700,000 to be satisfied by the issue of $550,000 in shares in the Company expected to be valued at 20 cents per share and payment of $150,000 cash in reimbursement of Western Mining expenditure on the project. The Group will also be required to pay a royalty in relation to gold produced from the acquired tenements ($50 per ounce for the first 40,000 ounces, then $15 per ounce up to 250,000 ounces and $5 per ounce produced thereafter. The option was exercised and completed on 23 October 2018.

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 with an entity associated with Damien Kelly (a director of the Company) ("Yule Vendor") 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 following consideration was agreed:

- $5,000 (subsequently varied, after 30 June 2018, down to $3,971) plus reimbursement of prepaid tenement rents totalling $16,909;
- 250,000 shares in GSM at an agreed value of $0.01 each (total share value $2,500); and
- a 2% gross royalty is payable in relation to minerals produced from these tenements.

The Group believes the suite of tenements it owns or intends to acquire are highly prospective.

Significant Changes in the State of Affairs

Other than as is stated above, no significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the Group during the financial year were that of mineral exploration. There was no significant change in the nature of the activities of the Group during the financial year.

Events Subsequent to the End of the Reporting Period

Since the end of the financial year:

a. the Group entered into a deed of variation with the Yule Vendor to reduce the previous $5,000 upfront consideration down to $3,971, with the Yule Vendor repaying $1,029 difference to the Group;
b. the Company issued 1,500,000 employee options. Of these 500,000 options are exercisable at $0.25 each expiring the earlier of 31/12/2021 or 3 years from the date of ASX listing, and 1,000,000 options have a $0.35 exercise price and expiring the earlier of 31 December 2021 and 3 years from ASX Listing;
c. the Company raised $72,000 through the issue of 576,000 ordinary shares at 12.5 c per share;
d. the Company has raised $4,560,000 through the issue 22,800,000 shares pursuant to an initial public offer ("IPO") of shares at 20c per share;
e. the Group has exercised its option to acquire the Cue project, issuing 2,750,000 shares (at a deemed issue price of 20c per share) and payment of $150,000 cash in consideration for exercising the option; and
f. the issue of 1,722,560 options to brokers that assisted with the IPO, exercisable at 25c each expiring on the date that is 4 years from the date of issue.

Other than as set out above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Other than the proposed admission of the Company to the official list of ASX (expected in or about late October 2018), likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

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

The directors do not recommend the payment of a dividend.

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DIRECTOR'S REPORT

Options

There are 8,222,560 options outstanding at the date of this report. Comprising 550,000 Options ($0.20 exercise price, expiring earlier of 31 August 2020), 4,950,000 Options ($0.25 exercise price, expiring earlier of 31 December 2021 and 3 years from ASX Listing) and 1,000,000 Options ($0.35 exercise price, expiring earlier of 31 December 2021 and 3 years from ASX Listing), and 1,722,560 options issued to nominees of the lead manager to the IPO (exercisable at 25c each expiring on the date that is 4 years from the date of issue).

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed for and on behalf of the board in accordance with a resolution of the directors:

Director:

Mr. Damien Kelly

Dated this 29th October 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE FOR THE PERIOD FROM 15 AUGUST 2017 TO 30 JUNE 2018

	Note	2018 $
Accountancy expenses		(6,499)
Auditor's remuneration		(15,000)
Exploration and tenement expenses		(168,585)
Share options notional expense	**23**	(211,820)
Other administration expenses		(74,442)
Profit/(Loss) for the year before income tax		(476,346)
Income tax expense	**12**	-
Profit/(Loss) after tax from continuing operations		(476,346)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		-
Items that may be reclassified subsequently to profit or loss		-
Total other comprehensive income for the year		-
Total comprehensive Profit/(Loss) for the year		(476,346)
Total comprehensive income attributable to members of the entity		(476,346)
Basic and diluted earnings/(loss) per share (cents)	**19**	(10.38)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**2**	163,716
Trade and other receivables	**3**	27,660
Prepayments	**4**	93,493
TOTAL CURRENT ASSETS		284,869
NON-CURRENT ASSETS		
Security deposit		2,640
Property, plant and equipment	**5**	1,900
Capitalised project acquisition costs	**6**	28,414
TOTAL NON-CURRENT ASSETS		32,954
TOTAL ASSETS		317,823
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**7**	117,097
TOTAL CURRENT LIABILITIES		117,097
TOTAL LIABILITIES		117,097
NET ASSETS		200,726
EQUITY		
Issued capital	**8**	465,252
Reserves		211,820
Accumulated losses	**9**	(476,346)
TOTAL EQUITY		200,726

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 15 AUGUST 2017 TO 30 JUNE 2018

2018	Note	Issued Capital	Accumulated Losses	Reserves	Total Equity
		$	$	$	$
As at the beginning of the period		-	-		-
(Loss) for the period		-	(476,346)		(476,346)
Other comprehensive income		-	-		-
Total comprehensive (loss) for the period		**-**	**(476,346)**		**(476,346)**
Proceeds from issue of shares		495,102	-		**495,102**
Capital Raising Costs		(29,850)	-		**(29,850)**
Options Issued				211,820	**211,820**
At 30 June 2018		**465,252**	**(476,346)**	**211,820**	**200,726**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 15 AUGUST 2017 TO 30 JUNE 2018

	Note	2018 $
Cash Flows from Operating Activities		
Payments to suppliers and employees		(268,464)
Net cash flows (used) in operating activities	**11**	**(268,464)**
Cash Flows from Investing Activities		
Payments for project acquisitions		(25,914)
Purchase of property, plant and equipment		(2,018)
Security deposit		(2,640)
Net cash (used) in investing activities		**(30,572)**
Cash Flows from Financing Activities		
Proceeds from issue of securities		492,602
Payment for costs of issue of securities		(29,850)
Net cash flows from financing activities		**462,752**
Net increase in cash and cash equivalents		163,716
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at the end of the financial year	**2**	**163,716**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Statement of Significant Accounting Policies

The financial statements cover Golden State Mining Limited as an individual entity and its subsidiaries for the period ended 30 June 2018 (Group). Golden State Mining Limited is incorporated and domiciled in Australia.

a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

b) Going Concern

The financial statements of the Group have been prepared on a going concern basis which anticipates the ability of the entity to meet its obligations in the normal course of business.

At 30 June 2018, the company had net assets of $200,726, cash and cash equivalents of $163,716 and net working capital of $167,772. The company had incurred a loss for the year ended 30 June 2018 of $476,346.

The Company has raised $4,560,000 through the issue 22,800,000 shares pursuant to an initial public offer ("IPO") of shares at 20c per share, subsequent to balance date.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent on the entity completing its proposed listing on the ASX or raising working capital. In the event that the entity is not successful in listing on the ASX or raising further equity or successfully exploiting its mineral assets, the entity may not be able to meet its liabilities as and when they fall due and the realisable value of the entity's non-current assets may be significantly less than their book values.

Significant Accounting Policies Continued

c) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

d) Exploration and Evaluation Expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

e) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Significant Accounting Policies Continued

f) Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

I. Sale of Goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

II. Interest revenue
Interest revenue is recognised on an accrual basis.

All revenue is stated net of the amount of goods and services tax (GST).

i) Trade and Other Payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Significant Accounting Policies Continued

k) Income Tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the income tax rate applicable in Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted in Australia. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

l) Segment Reporting

The Company operates in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals. All of the Group’s activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Significant Accounting Policies Continued

m) Share based payment transactions

The Group may provide benefits to employees (including directors) in the form of share-based payments transactions, whereby employees render services in exchange for shares or rights over shares ("share based payments" or "equity settled transactions"). There is currently an Employee Share Option Plan in place which will provide these benefits to employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Consolidated Statement of Profit or Loss and Other Comprehensive Income charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification as measured at the date of modification.

Where an equity-settled award is cancelled (other than cancellation when a vesting condition is not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of loss per share.

o) Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Significant Accounting Policies Continued

(i) *Market risk*

Currently the Company is not exposed to any significant market risk.

(ii) *Credit risk*

The Company currently has no significant concentrations of credit risk.

(iii) *Liquidity risk*

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations.
(iv) *Cash flow interest risk*

The Company is not exposed to any significant interest risk.

p) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(i) Accounting for capitalised exploration and evaluation expenditure

The Company's accounting policy is stated in note 1(d). There is some subjectivity involved in the carrying forward as capitalised or writing off in the statement of profit or loss and other comprehensive income of exploration and evaluation expenditure, however management give due consideration to areas of interest and are confident that decisions to either write off or carry forward such capitalised expenditure reflects fairly at fair value the prevailing situation.

(ii) Accounting for share based payments

The Company's accounting policy is stated in note 1(m).

q) New standards and interpretations Adopted in 2017/18 FY

The Company has considered the implications of new and amended Accounting Standards applicable for the annual reporting periods beginning after 1 July 2017 but determined that their application to the financial statements is either not relevant or not material.

Significant Accounting Policies Continued

r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Company does not plan to adopt these standards early.

Standard/Interpretation	Application date of the standard	Application date for the Group
AASB 9 Financial Instruments	1 January 2018	30 June 2019
AASB 15: Revenue from Contracts with Customers	1 January 2018	30 June 2019
AASB 16: Leases	1 January 2019	30 June 2020

s) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Cash and Cash Equivalents

Cash at bank	163,716
	163,716

3 Trade and Other Receivables

Current	
Loan to third party	156
GST receivable	27,504
	27,660

At the reporting date none of the receivables were past due and impaired.

4 Prepayments

Prepayments relating IPO costs for FY18/19 ASX listing	93,493
	93,493

5 Property, plant and equipment

At cost	2,018
Accumulated depreciation	(118)
	1,900

6 Capitalised Project Acquisition Costs

Acquisition of Exploration Project Tenements	
Yule project	8,025
Cue Project	20,389
	28,414

As at 30 June 2018, 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 and $525 in stamp duty was paid.

As at 30 June 2018, a payment was made for $20,000 cash for the Cue project option and $389 in stamp duty was paid.

The realisation of the carrying value of the exploration costs is dependent upon the discovery of commercially viable reserves and the successful development or alternatively sale, of the respective tenements. The Board and the management of the Company has assessed that the rights of tenure of these tenements still exist and the management do not believe the exploration and evaluation of the areas has reached such a stage for management to make a decision to write these carry-forward costs off.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7 Trade and Other Payables

Current	
Trade creditors and accrued expenses	117,097
	117,097

8 Issued Capital

Fully Paid Ordinary Shares: 8,425,200	465,252

(a) Issued and Paid up capital

	2018 Number	2018 $
Issued Capital		
Ordinary shares (opening)	-	-
Fully paid issued shares	8,425,200	495,102
Less transaction costs	-	29,850
Total issued capital	**8,425,200**	**465,252**

(b) Movement in Ordinary shares on issue

	No. Of shares	Issue Price $	Total $
Balance as at 1 July 2017	-		-
Fully paid shares issued - shares on incorporation	200	0.01	2
Fully paid shares issued - seed	1,000,000	0.0001	100
Fully paid shares issued - seed	2,500,000	0.01	25,000
Fully paid shares issued - Yule project consideration	250,000	0.01	2,500
Fully paid shares issued - seed	4,675,000	0.10	467,500
Balance as at 30 June 2018	**8,425,200**		**495,102**

9 Accumulated Losses

Accumulated losses at the beginning of the financial year	-
Net (loss) attributable to members of the company	(476,346)
Accumulated losses at the end of the financial year	(476,346)

10 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

Financial Instruments	**Floating Interest Rate**	**Fixed Interest Rate**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**
2018				
Financial Assets				
Cash and cash equivalents	-	-	163,716	163,716
Trade and other receivables	-	-	27,660	27,660
Total financial assets	-	-	191,376	191,376
Weighted average interest rate for the year		0%		
Financial liabilities				
Trade and other payables	-	-	117,097	117,097
Total financial liabilities	-	-	117,097	117,097

Financial Risk Management Policies

The director's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2018.

11 Reconciliation of Loss after Tax to Net Cash Outflow from Operating Activities

Profit/(Loss) after income tax	(476,346)
Non-cash flows in loss for the period	
Depreciation	118
Option based payments	211,820
Changes in assets and liabilities	
(Increase) / Decrease in trade and other receivables	(27,660)
(Increase) / Decrease in other assets	(93,493)
Increase / (Decrease) in operating payables	117,097
Net cash inflows (outflows) from operating activities	(268,464)

12 Income Tax Expense

Reconciliation between tax expense and pre-tax loss	
Accounting Profit/(Loss) before income tax	(476,346)
Tax at the domestic income tax rate of 27.5% (2018)	(130,995)
Temporary differences	8,250
Share based payments	58,250
Potential benefit at 27.5% (2018)	64,495

Unrecognised deferred tax asset

Unrecognised Deferred tax asset – losses	64,495
Unrecognised Deferred tax asset – temporary differences	8,250
Net unrecognised deferred tax asset (DTA)	72,745

Tax loss not recognised

All unused tax losses were incurred in Australia. Potential deferred tax assets net of deferred tax liabilities attributable to tax losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable as at the date of this report.

13 Remuneration of Auditors

Audit of financial reports	15,000
	15,000

14 Contingencies

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

15 Commitments for Expenditure

Exploration Commitment

In order to maintain current rights of tenure to various tenements, the company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by Western Australia. These obligations are expected to be fulfilled in the normal course of operations and have not provided for in the financial report.

If the company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Not longer than one year	323,000
Longer than one year, but not longer than five years	692,000
Longer than five years	1,384,000
	2,399,000

Operating Lease Commitment

The Company has not entered into a commercial property lease on its corporate office premises. Rent is currently paid on a month by month basis.

16 Key Management Personnel Remuneration

No Directors’ fees were paid during the year.

17 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Michael Moore is the managing director of Golden State Mining Ltd. During the year, $15,000 (excl. GST) was paid to Michael Moore for project management, administration, consulting and advisory services. At 30 June 2018 the amount payable to Michael Moore was $5,000 (excl. GST) of which was outstanding longer than 90 days.

Damien Kelly is the proprietor of Advanced Capital Management Pty Ltd ATF South Point Trust T/AS Western Tiger Corporate Advisers. During the year $15,000 (excl. GST) was paid to Western Tiger Corporate Advisors for project management, administrative, consulting, company secretarial and corporate advisory services. As at 30 June $5,500 (incl. GST) was owing to Western Tiger Corporate Advisors. Golden State Mining's wholly owned subsidiary, Crown Mining Pty Ltd, acquired the Yule project from South Point Trust in November/December 2017 for reimbursement of cash costs, plus 250,000 shares at an Issue price of 1 cent per share plus a 2% gross production royalty.

Gregory Hancock's company Hancock Corporate Investments Pty Ltd received a $23,250 (excl. GST) commission for raising $387,500 at 6%.

18 Equity Instruments Disclosure - Key Management Personnel

The Number of shares in which the Directors and Key Management Personnel of the Company held a relevant interest during the year ended 30 June 2018, including their personally related parties, is set out below:

2018 **Name**	**Balance at 15 August 2017**	**Granted as compensation**	**Issued as repayment of loan**	**Bought & (Sold)**	**Balance at 30 June 2018**
Damien Kelly	100	-	-	1,250,000	1,250,100
Michael Moore	100	-	-	1,000,000	1,000,100
Greg Hancock	-	-	-	-	-
Total	**200**	**-**	**-**	**2,250,000**	**2,250,200**

The Number of options which the Directors and Key Management Personnel of the Company held a relevant interest during the year ended 30 June 2018, including their personally related parties, is set out below:

2018 **Name**	**Balance at 15 August 2017**	**Granted as compensation**	**Issued as repayment of loan**	**Bought & (Sold)**	**Balance at 30 June 2018**
Damien Kelly	-	1,500,000	-	-	1,500,000
Michael Moore	-	1,500,000	-	-	1,500,000
Greg Hancock	-	500,000	-	-	500,000
Total		**3,500,000**	**-**	**-**	**3,500,000**

19 Basic and Diluted Earnings/(Loss) per Share

Basic and diluted (loss) per share (cents)	(10.38)
Profit/(Loss) attributable to members of Golden State Mining	(476,346)
Weighted average number of shares outstanding	4,590,404

The Company has no ordinary share capital in respect of potential ordinary shares would lead to diluted earnings per share that shows an inferior view of the earnings per share.

20 Significant Events After the Reporting Date

Since the end of the financial 2018 financial, the following events occurred:

a) the Group entered into a deed of variation with the Yule Vendor to reduce the previous $5,000 upfront consideration down to $3,971, with the Yule Vendor repaying $1,029 difference to the Group;
b) the Company issued 1,500,000 employee options. Of these 500,000 options are exercisable at $0.25 each expiring the earlier of 31/12/2021 or 3 years from the date of ASX listing, and 1,000,000 options have a $0.35 exercise price and expiring the earlier of 31 December 2021 and 3 years from ASX Listing;
c) the company raised $72,000 through the issue of 576,000 ordinary shares at 12.5 c per share;
d) the company has raised $4,560,000 through the issue 22,800,000 shares pursuant to an initial public offer (“IPO”) of shares at 20c per share;
e) the company has exercised its option to acquire the Cue project, issuing 2,750,000 shares (at a deemed issue price of 20c per share) and payment of $150,000 cash in consideration for exercising the option; and
f) the issue of 1,722,560 options to brokers that assisted with the IPO, exercisable at 25c each expiring on the date that is 4 years from the date of issue.

21 Summary of Agreements

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. The broad terms of the option (as subsequently varied) were a $20,000 option fee payable to Western Mining and an exercise price comprising $700,000 to be satisfied by the issue of $550,000 in shares in the Company expected to be valued at 20 cents per share and payment of $150,000 cash in reimbursement of Western Mining expenditure on the project. The Group will also be required to pay a royalty in relation to gold produced from the acquired tenements ($50 per ounce for the first 40,000 ounces, then $15 per ounce up to 250,000 ounces and $5 per ounce produced thereafter. The option was exercised and completed on 23 October 2018.

In November 2017, the Group entered into a sale and purchase agreement with an entity associated with Damien Kelly (a director of the Company) ("Yule Vendor") 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 following consideration was agreed:

- $5,000 (subsequently varied, after 30 June 2018, down to $3,971) plus reimbursement of prepaid tenement rents totalling $16,909;
- 250,000 shares in GSM at an agreed value of $0.01 each (total share value $2,500); and
- a 2% gross royalty is payable in relation to minerals produced from these tenements.

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22 Information Relating to Golden State Mining Limited ("the parent entity")

	30 JUNE 2018 $
ASSETS	
Current Assets	284,869
Non-current assets	20,459
Total assets	305,328
LIABILITIES	
Current liabilities	102,098
Total liabilities	102,098
NET ASSETS	203,230
EQUITY	
Issued capital	465,252
Retained earnings	(473,842)
RESERVES	211,820
Option premium reserve	
Total equity	203,230
Profit/ (Loss) for the year	(473,842)
Other comprehensive income	-
Total comprehensive Income/ (Loss)	(473,842)

There are no material guarantees, contingent liabilities and commitments other than that disclosed elsewhere in this report (refer to notes 14 and 15).

23 Share Options

At 30 June 2018, there were 5,000,000 unissued ordinary shares under options. During the financial year 5,000,000 options were issued and no options expired. No options were exercised during the financial year. Since the end of the financial year, 1,500,000 options have been issued and no options exercised or expired.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. Information relating remuneration options issued to directors, employees and consultants is set out in note 23.

(a) Recognised share based payment expenses

Total expenses arising from share based payment transactions recognised during the period as part of share based payment expense were as follows:

	2018 $
Operating expenditure	
Options issued to directors, employees and consultants	211,820

(b) Share based payment to Directors, Employees and consultants

During the period ended 30 June 2018, the Group issued 4,450,000 remuneration options to employees and directors the details of which are as follows:

2018

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
05/04/18	31/07/21	$0.25	-	4,450,000	-	-	4,450,000	4,450,000
			-	4,450,000	-	-	4,450,000	4,450,000

Weighted remaining contractual life (years)	-	3.51	3.51
Weighted average exercise price	-	$0.25	$0.25

The fair value at grant date of options granted s was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The model inputs, not included in the table above, for options granted during the year ended 30 June 2018 included:

a) options are granted for no consideration and vest immediately,
b) expected life of options had a range of 2.51 to 3.51 years;
c) share price at grant date was $0.10;
d) expected volatility of 100%, based on the history of the company's share price for the expected life of the options;
e) expected dividend yield of Nil; and
f) a risk free interest rate range of 2.183%.

Golden State Mining Limited
ABN 52 621 105 995

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 27, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company.

2. In the director's 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.

Director:

Mr. Damien Kelly

Dated this 29th October 2018

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Golden State Mining Limited, the Company and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the 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*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Stantons International

Samir Tirodkar
Director
West Perth, Western Australia
29 October 2018

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

29 October 2018

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 audit of the financial statements of Golden State Mining Limited for the period ended 30 June 2018, 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