



Golden State Mining Limited

ABN 52 621 105 995

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2018

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 2018 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 2018

Contents	Page
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	18
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	19

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 and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

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

Michael Moore

Damien Kelly

Janet Wicks (appointed 29 October 2018)

Brenton Siggs

Greg Hancock

COMPANY SECRETARY

Marc Boudames

REVIEW AND RESULTS OF OPERATIONS (for the period)

IPO and ASX listing

Golden State Mining Limited ("GSM" or the "Company") commenced trading on ASX on 8 November 2018. The Company raised \$4,560,000 pursuant to the offer under its prospectus dated 22 August 2018 by the issue of 22,800,000 shares at an issue price of \$0.20 per share.

Cue Project

On the 26 November the Cue drilling program commenced to primarily test targets generated from the reprocessing of the Geoscience Australia regional 2D seismic line 10GA-YU1 as well as the gravity and DDIP surveys. The drilling program also tested along trend, plunge extensions and high-grade gold lens repetitions underneath selected historic gold mines in the area.

As part of the initial drilling program the Company drilled 2,269m of reverse circulation (RC) with 507.5m of diamond core tails on both the deeper seismic targets and extensions of the historic high-grade workings. Initial results and interpretations revealed encouraging high-grade gold results from the shallow RC program and broad structural alteration zones intersected in the diamond drilling program.

Early work has resulted in the need to seek specialist resources on the evaluation of the deep core to assist GSM in developing a focused exploration and effective drilling strategy based on an enhanced understanding of the Cue mineralisation controls.

Haines Surveys Pty Ltd completed a (400m x 400m) gravity survey covering the entire Cue Project area in mid-November. The data was processed by Southern Geoscience Consultants (SGC) and the data used to map density variations associated with the granite-greenstone stratigraphy around the Cue Project area.

In October the Company submitted a grant application, as part of Round 18 of the WA state government's Exploration Incentive Scheme (EIS), for the co-funding of drill programs to be completed between 1 January 2019 – 31 December 2019. The application was a success, and the government will grant to the Company up to \$150,000 to pay for 50% of the drilling costs associated with the upcoming deep drill hole program at Cue.

DIRECTORS' REPORT (continued)

The Company entered into a binding Asset Sale Agreement to acquire a 100% interest in the tenements held by Lefroy Exploration Limited (ASX code: "LEX") in the Murchison region of Western Australia ("the Murchison Project").

The LEX Murchison Project tenements are considered highly prospective, with synergies to GSM's exploration strategy in the Cue region. The new tenements are considered positive, 'Greenfields' exploration ground and cover substantial prospective greenstone stratigraphy and structure in a well-endowed gold mining district either along strike, or in the vicinity of previous and current gold mining operations.

Yule Project

In addition to data compilation and reviews, reconnaissance site visits were conducted at the Yule project by Golden State exploration manager Geoff Willetts and consultant geologist Dr Marcus Sweetapple to assess access, topography and geology, as well as to ascertain the character of the regolith, for future exploration activities. Attempts were made to locate historical drill collars especially the most recent drilling in 2010 which reported anomalous Li and Ce values. The three collars were successfully located and sample from drill spoils and rock chips were collected for multi-element assay and petrological studies. Results from this analysis are expected in a report compiled by Dr Sweetapple in early 2019.

No outcrop of basement lithologies was encountered, which is consistent with existing geological mapping of the tenement areas. Virtually all of the tenement areas are constituted by a recent (Quaternary) sequence of alluvial fine sand with variable amounts of alluvial clay, silt, with local development of claypans and overbank. Much of this sediment is likely to relate to the Yule River, and associated flood plains and tributaries. An exploration program based on aeromagnetic data interpretation and utilising a suitable geochemical method is being planned for the 2nd quarter of 2019.

Four Mile Project

Due to the limited operating period post IPO and priorities at Cue and Yule, GSM did not conduct any field exploration activities at the Four Mile Well project.

Other Projects

Consistent with the Company's IPO prospectus, the Group continued to look for new exploration, development and mining opportunities. The aforementioned acquisition of the Murchison Project is just one example.

Subsequent events

On 23 January 2019, the Company completed the acquisition of 100% interest in the aforementioned Murchison Project previously held by Lefroy Exploration Limited (ASX:"LEX"). As consideration for the purchase the Company paid Lefroy Exploration Limited \$25,000 cash; issued 1,700,000 ordinary fully paid GSM shares (12 month voluntary escrow); and 800,000 unlisted options (\$0.25, expiring 26 Oct 2022).

Golden State Mining Limited

31 DECEMBER 2018

DIRECTORS' REPORT (continued)

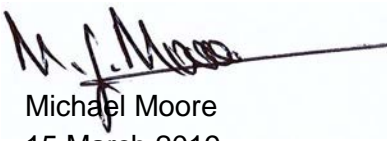
Revenues and results

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

	2018		2017	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Consolidated entity revenues and loss	9,585	(1,456,739)	-	(44,967)

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 6.



Michael Moore

15 March 2019

15 March 2019

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

Dear Directors

RE: GOLDEN STATE MINING PTY LIMITED

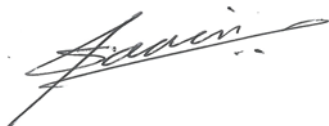
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Golden State Mining Limited.

As Audit Director for the review of the financial statements of Golden State Mining Limited for the period ended 31 December 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 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 2018**

		Half-Year 2018	Period from 15 August 2017 to 31 December 2017
	Notes	\$	\$
REVENUE			
Interest revenue		9,585	-
EXPENDITURE			
Administration expenses		(226,720)	(14,816)
Depreciation expense		(10,159)	-
Exploration and tenement expenses		(631,993)	(30,151)
Environmental rehabilitation obligations assumed	9	(188,864)	-
Exploration expense written off		(150,000)	-
Share-based payments expense		(165,656)	-
Employee benefits expense		(92,932)	-
LOSS BEFORE INCOME TAX		(1,456,739)	(44,967)
Income tax benefit/(expense)		-	-
LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED		(1,456,739)	(44,967)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive income for the period, net of tax		(1,456,739)	(44,967)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED		(1,456,739)	(44,967)
Basic and diluted loss per share (cents)		(7.68)	(3.22)
Weighted average no. of shares		18,969,091	1,398,208

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 2018**

		31 December 2018 \$	30 June 2018 \$
	Notes		
CURRENT ASSETS			
Cash and cash equivalents		3,647,806	163,716
Trade and other receivables		81,089	27,660
Prepayments		2,070	93,493
TOTAL CURRENT ASSETS		3,730,965	284,869
NON-CURRENT ASSETS			
Security deposit		2,640	2,640
Property, plant and equipment	8	273,384	1,900
Capitalised project acquisition costs	3	296,185	28,414
TOTAL NON-CURRENT ASSETS		572,209	32,954
TOTAL ASSETS		4,303,174	317,823
CURRENT LIABILITIES			
Trade and other payables		520,491	117,097
Provisions		4,913	-
TOTAL CURRENT LIABILITIES		525,404	117,097
NON-CURRENT LIABILITIES			
Provisions	9	188,864	-
TOTAL NON-CURRENT LIABILITIES		188,864	-
TOTAL LIABILITIES		714,268	117,097
NET ASSETS		3,588,906	200,726
EQUITY			
Issued capital	4	4,978,091	465,252
Reserves	4	543,900	211,820
Accumulated losses		(1,933,085)	(476,346)
TOTAL EQUITY		3,588,906	200,726

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 2018**

	Contributed Equity \$	Shares to be Issued \$	Reserves \$	Accumulated Losses \$	Total \$
BALANCE AT 15 AUGUST 2017	-	-	-	-	-
Loss for the period	-	-	-	(44,967)	(44,967)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	(44,967)	(44,967)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Issue of shares	25,102	-	-	-	25,102
Issue of shares – consideration for Yule acquisition	2,500	-	-	-	2,500
Shares to be issued	-	65,000	-	-	65,000
BALANCE AT 31 DECEMBER 2017	27,602	65,000	-	(44,967)	47,635
BALANCE AT 1 JULY 2018	465,252	-	211,820	(476,346)	200,726
Loss for the period	-	-	-	(1,456,739)	(1,456,739)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	-	(1,456,739)	(1,456,739)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Issue of shares	5,182,000	-	-	-	5,182,000
Share issue costs	(502,737)	-	-	-	(502,737)
Share-based payments	(166,424)	-	332,080	-	165,656
BALANCE AT 31 DECEMBER 2018	4,978,091	-	543,900	(1,933,085)	3,588,906

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 2018**

		Period from 15 August 2017 to 31 December 2017
	2018 \$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(645,758)	(32,323)
Net cash used in operating activities	(645,758)	(32,323)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for project acquisitions	-	(15,000)
Refund for variation to project acquisitions	1,028	-
Payments for plant and equipment	(443)	-
Net cash provided by (used in) investing activities	585	(15,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,632,000	25,102
Share issue costs	(502,737)	65,000
Net cash provided by financing activities	4,129,263	90,102
Net increase in cash and cash equivalents	3,484,090	42,779
Cash and cash equivalents at the beginning of the half-year	163,716	-
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	3,647,806	42,779

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

CONDENSED 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 2018 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 2018 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.

Provision for rehabilitation

The Company records the present value of the estimated cost to rehabilitate operating locations in the period in which the obligation arises. The nature of rehabilitation activities includes the dismantling and removing of structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically, the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. It can also arise when the Company acquires new tenements which carry obligations to rehabilitate. When the liability is initially recorded, the present value of the estimated cost of eventual rehabilitation is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value of that eventual rehabilitation cost based on a discount rate appropriate to the market assessments and the risks inherent in the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance cost in the statement of comprehensive income. The capitalised carrying amount is depreciated over the useful life of the related asset.

During the year the rehabilitation provision recognised has not been discounted since the Group cannot reliably estimate the timing of rehabilitation work and the rehabilitation provision has been recognised in the profit or loss account.

Adoption of new and revised Accounting Standards

Golden State Mining Limited is required to change some of its accounting policies as a result of new or revised accounting standards which became effective from 1 January 2018. The affected policies and standards are:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

New and amended standards adopted by the Group / Company

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 because the new accounting standard provides more relevant information to users of the financial report, in that it introduces new requirements for the classification and measurement of financial assets and financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets and liabilities as compared to the requirements of AASB 139. The new standard is effective for annual reporting periods beginning on or after 1 January 2018.

The adoption of AASB 9 now requires the Group to account for impairment losses on financial assets through a forward-looking expected credit loss (ECL) approach. For trade and other receivables, the Group has applied the standard's simplified approach for calculating ECLs based on lifetime expected credit losses. This did not result in the recognition of a material impairment loss on the Group's receivable. There were no changes to the Group's other financial liabilities.

Due to the nature of the Group's financial assets and liabilities, the adoption of AASB 9 did not result in a significant impact to any transactions or balances recognised in the financial statements at 31 December 2018.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model; changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

Based on the Group's current assessment, the standard has not had a material impact on the transactions and balances recognised in the financial statements as the Group is not currently in production and therefore does not generate operating revenue.

New accounting standards for application in future periods

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. In summary, AASB 16:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Group's preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements. The Group's current lease obligations consist of leases on office premises in Perth, Western Australia.

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.

NOTE 3: CAPITALISED PROJECT ACQUISITION COSTS

	Cue Gold Project 2018 \$	Yule Project 2018 \$	Total \$
As at 1 July	20,389	8,025	28,414
Capitalised Project Acquisition Costs	268,800	(1,029)	267,771
As at 31 December	289,189	6,996	296,185

Cue Gold Project

As at 31 December 2018, the Group exercised its option to purchase the Cue Gold project and issued 2,750,000 fully paid ordinary shares at 20c per share (\$550,000) and made a payment of \$150,000 cash in reimbursement of Western Mining expenditure on the project.

The \$550,000 acquisition was comprised of plant and equipment valued at \$281,200 and the remaining \$268,800 was capitalised project acquisition costs.

The \$150,000 cash paid for reimbursement of project expenditure was written off as exploration expense.

Yule Project

As at 31 December 2018, the Group had entered into a deed of variation to amend the Royalty (defined in the Yule Agreement) to remove the 5km area of influence around the Yule Agreement tenements and requiring the Vendor to repay \$1,028.60 of the cash component previously paid by the Group to the Vendor in order to remove potential obstacles to the Company's ASX listing process.

Golden State Mining Limited

NOTE 4: EQUITY SECURITIES ISSUED

Equity shares

	December 2018 Shares	December 2018 \$	June 2018 Shares	June 2018 \$
Outstanding at the beginning of the year	8,425,200	465,252	-	-
Issues of ordinary shares				
Fully paid shares issued - \$0.01 shares on incorporation			200	2
Fully paid shares issued - \$0.0001 seed			1,000,000	100
Fully paid shares issued - \$0.01 seed			2,500,000	25,000
Fully paid shares issued - \$0.01 Yule project consideration			250,000	2,500
Fully paid shares issued - \$0.10 seed			4,675,000	467,500
Transaction cost – seed capital				(29,850)
Fully paid shares – \$0.125 seed	576,000	72,000		
Fully paid shares issued – Cue gold project consideration	2,750,000	550,000		
Fully paid shares issued - IPO	22,800,000	4,560,000		
Transaction cost - IPO	-	(502,737)		
Transaction cost -				
Options issued to lead managers	-	(166,424)		
Outstanding at the end of the period	34,551,200	4,978,091	8,425,200	465,252

As at 31 December 2018, the Company had 34,551,200 fully paid ordinary shares.

Golden State Mining Limited

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Options

	December 2018 Number of options 2018	December 2018 \$	June 2018 Number of options	June 2018 \$
Outstanding at the beginning of the year	5,000,000	211,820	-	-
Movements of options				
Issued, exercisable at \$0.20, expiring 31 August 2020	-	-	550,000	-
Issued, exercisable at \$0.25, expiring 8 November 2021	-	76,926	4,450,000	211,820
Issued, exercisable at \$0.35, expiring 8 November 2021	1,000,000	56,387	-	-
Issued, exercisable at \$0.25, expiring 8 November 2021	500,000	32,343	-	-
Issued, exercisable at \$0.25, expiring 26 October 2021 –				
Options issued to lead managers	1,722,560	166,424	-	-
Outstanding at the end of the period	8,222,560	543,900	5,000,000	211,820

As at 31 December 2018, the Company had 8,222,560 unlisted options.

NOTE 5: 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 2018.

Options

	December 2018 No.	December 2018 WAEP	June 2018 No.	June 2018 WAEP
Outstanding at the beginning of the year	4,450,000	\$0.25	-	-
Granted during the year	3,222,560	\$0.28	4,450,000	\$0.25
Outstanding at the end of the period	7,672,560	\$0.26	4,450,000	\$0.25
Exercisable at the end of the period	7,672,560	\$0.26	4,450,000	\$0.25

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The weighted average remaining contractual life for the share options as at 31 December 2018 is 3.07 years.

The weighted average exercise price for the share options as at 31 December 2018 is \$0.26 (June 2018: \$0.25).

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 and adjusted during the period:

On 18 July 2018, there were 4,450,000 unlisted options which had their terms amended from the 30 June 2018 financial year. As at 18 July 2018, an adjustment of \$76,926 was recorded to reflect the unlisted options fair value of \$ 0.0649 per share based on a Black Scholes model with the following key inputs: interest free rate – 2.183% volatility factor – 100% measured over the 12 months prior to the issue of options, grant date – 18 July 2018, days to expiry – 1,209 and exercise price - \$0.25.

On 18 July 2018, there were 500,000 unlisted options granted which had a fair value of \$ 0.0647 per share based on a Black Scholes model with the following key inputs: interest free rate – 2.183% volatility factor – 100% measured over the 12 months prior to the issue of options, grant date – 18 July 2018, days to expiry – 1,209 and exercise price - \$0.25.

On 18 July 2018, there were 1,000,000 unlisted options granted which had a fair value of \$0.0564 per share based on a Black Scholes model with the following key inputs: interest free rate – 2.183% volatility factor – 100% measured over the 12 months prior to the issue of options, grant date – 18 July 2018, days to expiry – 1,209 and exercise price - \$0.35.

On 18 October 2018, there were 1,722,560 unlisted options granted which had a fair value of \$0.0966 per share based on a Black Scholes model with the following key inputs: interest free rate – 2.183% volatility factor – 70% measured over the 12 months prior to the issue of options, grant date – 18 October 2018, days to expiry – 1,469 and exercise price - \$0.25.

Shares

During the period, the Group exercised its option to purchase the Cue Gold project and as part of the agreement issued 2,750,000 fully paid ordinary shares at 20c per share for the value of \$550,000.

NOTE 6: DIVIDENDS

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

NOTE 7: CONTINGENCIES

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8: Property, Plant and Equipment

	December 2018	June 2018
	\$	\$
Property, Plant and Equipment at cost		
Opening balance	2018	-
Additions – Cue Gold project acquisition	281,200	-
Additions - other	443	2,018
Closing balance	283,661	2,018
Accumulated depreciation		
Opening balance	118	-
Expense	10,159	118
Closing balance	10,277	118
Summary		
At cost	283,661	2018
Accumulated depreciation	(10,277)	(118)
Net carrying amount	273,384	1,900

NOTE 9: PROVISION FOR ENVIRONMENTAL REHABILITATION

As at 31 December 2018, 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.

NOTE 10: SUBSEQUENT EVENTS

Since the reporting date, the following events occurred:

On 23 January 2019, the Company completed the acquisition of 100% interest in the tenements held by Lefroy Exploration Limited (ASX:“LEX”) in the Murchison region of Western Australia (“the Murchison Project”) as announced on 20 December 2018. As consideration for the purchase the Company paid Lefroy Exploration Limited \$25,000 cash; issued 1,700,000 ordinary fully paid GSM shares (12 month voluntary escrow); and 800,000 unlisted options (\$0.25, expiring 26 Oct 2022).

No other matter or circumstance has arisen since 31 December 2018, 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 7 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 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 2018 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.



Michael Moore
Managing Director
15 March 2019

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

Report on the Financial Report

We have reviewed the accompanying financial report of Golden State Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2018, 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 period ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Golden State Mining Limited (the consolidated entity). The consolidated entity comprises both Golden State Mining Limited (the Company) and the entities it controlled during the period.

Directors' Responsibility for the Financial Report

The directors of Golden State Mining Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Company*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2018 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Golden State Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

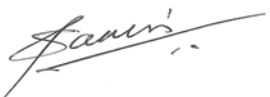
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Golden State Mining Limited on 15 March 2019.

Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
15 March 2019