



Golden State Mining Limited

ABN 52 621 105 995

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2019

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 2019 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 2019

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COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Geoff Willetts who is a member of the Australasian Institute of Geoscientists (AIG). Geoff Willetts is the Exploration Manager and a fulltime employee of Golden State Mining Limited (GSM) and holds shares and options in the Company.

Geoff Willetts has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Geoff Willetts consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Information on previous explorers and historical results for the Cue Project, is summarised in the Independent Geologists Report of the Golden State Mining Limited Prospectus dated 22 August 2018.

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Golden State Mining Limited ("GSM" or the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

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

Michael Moore – Managing Director

Damien Kelly – Non-Executive Chairman

Janet Wicks – Non-Executive Director (resigned 10 December 2019)

Brenton Siggs – Non-Executive Director

Greg Hancock – Non-Executive Director

COMPANY SECRETARY

Marc Boudames

REVIEW AND RESULTS OF OPERATIONS (for the period)

Yule Project – 100% Golden State Mining Limited

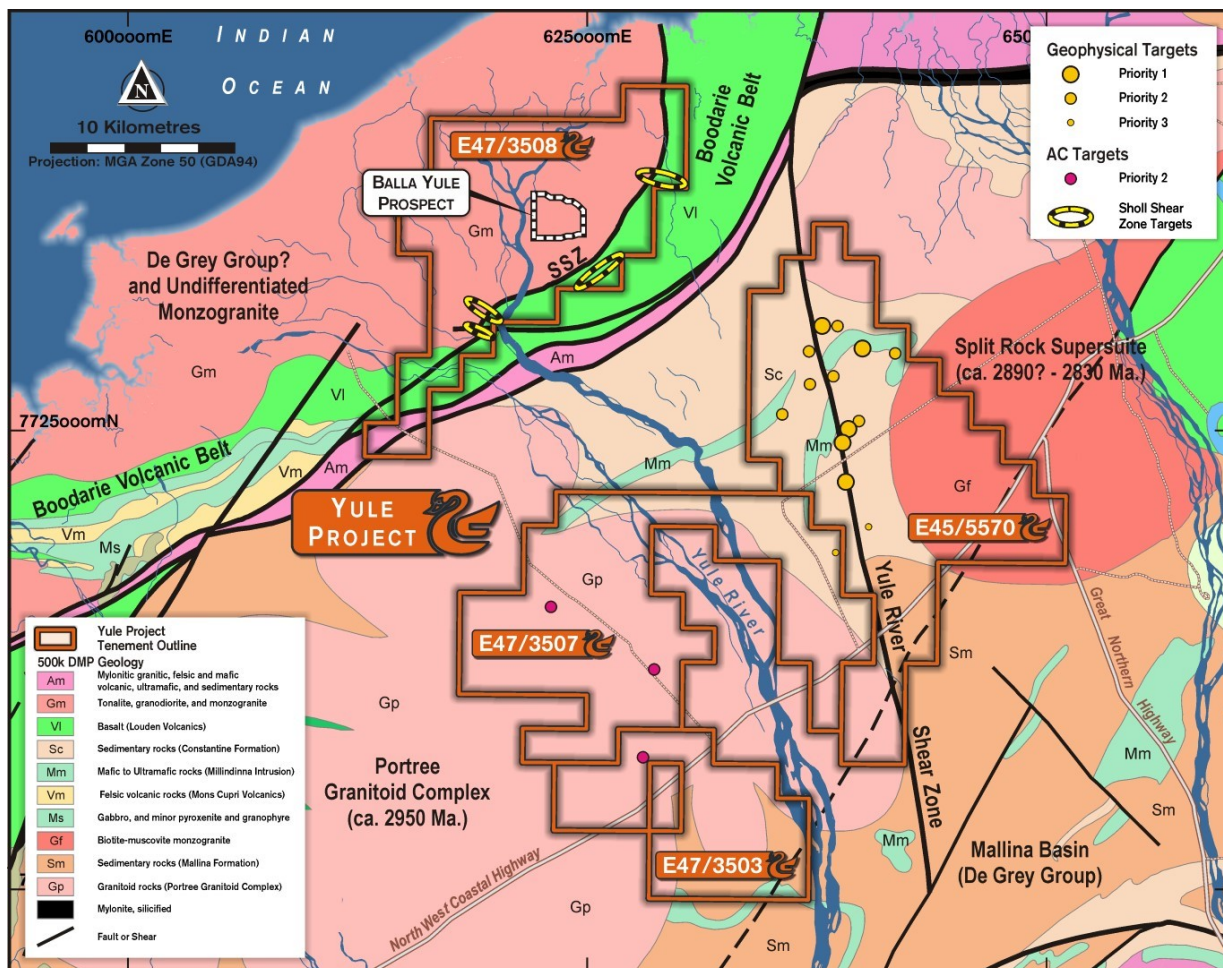


Figure 1: Project location plan showing planned exploration targets at Yule in 2020

DIRECTORS' REPORT (continued)

Balla Yule Prospect

The Balla Yule prospect is a large elliptical dome feature (4.2 x 1.8 km) delineated by aeromagnetic data and is located approximately 1.8 kilometres north of the highly prospective Sholl Shear Zone (Figure 1). This feature is interpreted as an Archaean layered mafic-ultramafic intrusion (refer to ASX announcement dated 21st May 2019) of the type recognised elsewhere in the western and central parts of the North Pilbara Craton.

A Moving Loop Electro-Magnetic (MLEM) survey successfully identified a discrete bedrock anomaly that was modelled as a large (~750 m x 900 m), moderate conductance (~150-200 S) plate, dipping ~20-40 degrees to the north at a depth of ~130-150 m below surface. The conductor (**BYC1**) is coincident with a magnetic unit, interpreted as a mafic-ultramafic intrusion, and underlies anomalous Ni-Co geochemical results and Ni-Cu-Co sulphide petrological results from RC drill samples.

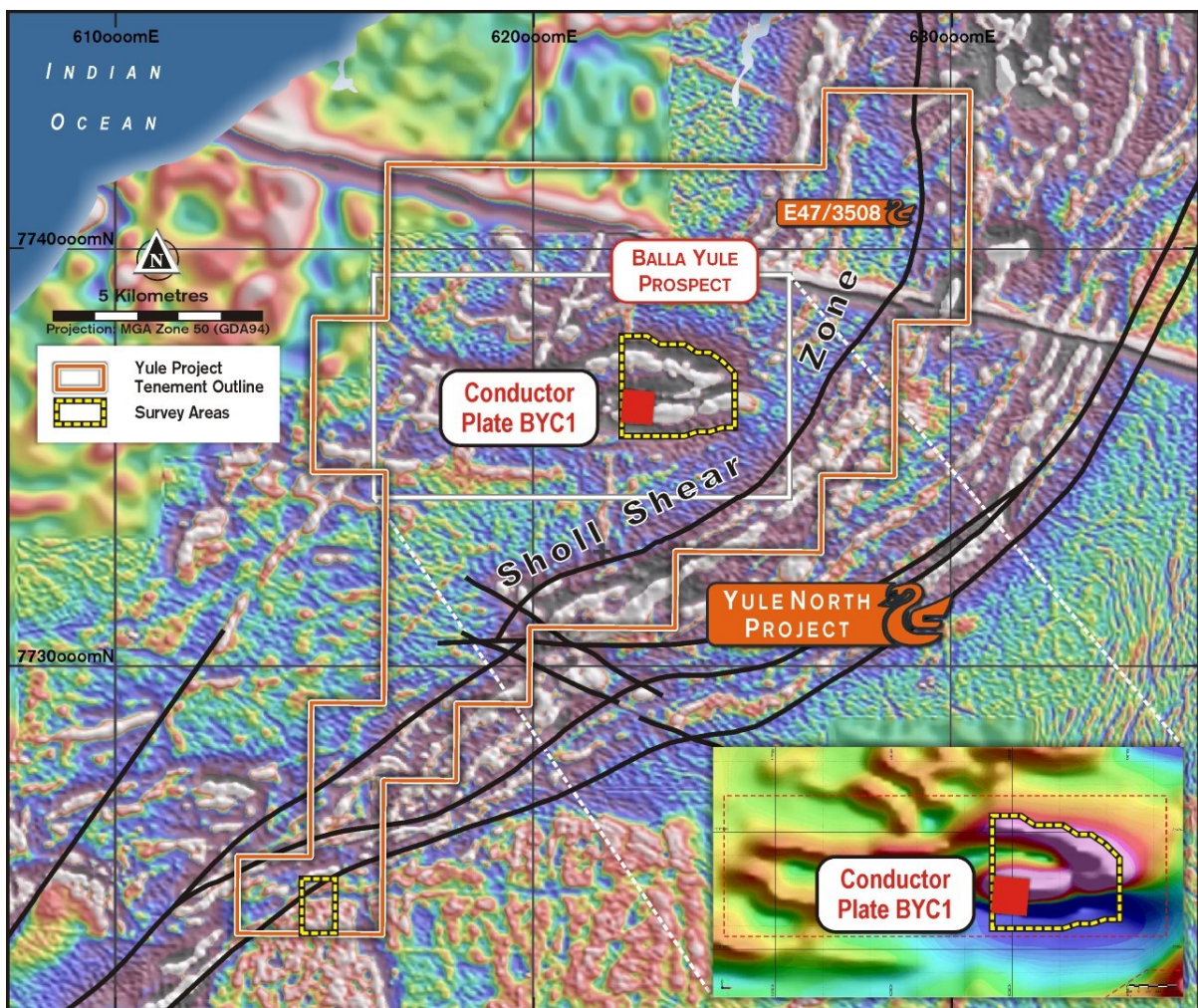


Figure 2: Yule North MLTEM survey areas (yellow outlines) with modelled BYC1 conductor plate (red) over RTP 1VD magnetic image.

Early modelling results of a follow up Fixed Loop Transient Electro-magnetic (FLTEM) survey were received for the Balla Yule Prospect interpreted bedrock conductor **BYC1** (refer to ASX announcements dated 27 September 2019 and 20 December 2019). Modelling confirmed the presence of the BYC1 conductor. However, conductive overburden complicated the modelling process of the anomaly with two interpreted scenarios fitting the observed data. A revised model was interpreted as a flat-lying, shallower and weaker amplitude conductor than the original MLTEM

Golden State Mining Limited

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DIRECTORS' REPORT (continued)

modelling at 100 metres below surface. Further modelling to filter out conductive cover effects produced inconclusive results.

Based on this new information the Group will revise its planned drilling at the Balla Yule Prospect to reflect the shallower target, this will include RC drilling to test all of the bedrock conductor interpretations. The Group will also test the magnetic interpretation as an Archaean layered mafic/ultramafic intrusive target and will include Aircore drilling across interpreted structures within the elliptical feature at Balla Yule. The Group will also pursue targeting of prospective structures within the Sholl shear zone.

Quarry Well Prospect

Two untested, late time EM (Sirotem) anomalies were identified in a historical WMC report during the geophysical review of the Yule Project (refer to ASX announcement dated 26 June 2019).

The historical Sirotem anomalies were not detected with the new MLTEM survey. A review of the historical and new data indicates that they were likely artefacts associated with surficial magnetic material. Quarry Well is no longer considered an EM target but it will continue to be evaluated as a target for structurally related gold and/or base metal mineralisation.

Yule South

A program of works and heritage survey requests are were submitted for an Aircore drilling program planned to test high priority gold and rare metal pegmatite targets in Q2 2020 (Figure 3).

Target areas 1 and 2 (Figure 3) contain interpreted sheared remnant greenstone sequences and dilational zones proximal to major structures which are considered prospective hosts for gold mineralisation. Target area 3 is located at the northern margin of a later, more magnetic granite pluton which is considered to be a suitable geological setting for gold and tin-tantalum potential.

Details of each target area are as follows:

Target 1

Interpreted greenstone/ultramafic sequence tightly folded along a North East axis, parallel to the Sholl Shear Zone. This interpreted structural corridor extends up to an unnamed younger fertile granite with rare metal pegmatite affinity and could act as a conduit for mineralising fluids.

Target 2

Similar geological setting to target 1 with possible greenstone sequence under cover along the Yule River shear zone ~4-5 km west of an interpreted rare metal fertile younger granite with connecting NE structures.

Target 3

Distinctly stronger magnetic responses from possible ultramafic or altered mafic at the northern margin of a later magnetic intrusive with a central low/demagnetised zone. Elevated magnetism at this northern contact zone is interpreted to represent possible ultramafic or altered mafic units or alteration associated with remnant Mallina Basin sediments. This could be related to a later intrusive phase of the granite with tin-tantalum potential.

DIRECTORS' REPORT (continued)

In addition to the above, a further review of the remaining geophysical targets has expanded the scope of the exploration activities planned for the 2020 field season. Additional drill targets will now be added to the planned AC program currently under preparation via departmental statutory approvals (refer to ASX announcement 25 October 2019). The additional gold targets (Figure 3) are interpreted alteration zones and structural targets hosting Mallina Basin metasediments 'squeezed' between interpreted nested plutons of the Portree Granite Complex. This work is expected to commence in April 2020.

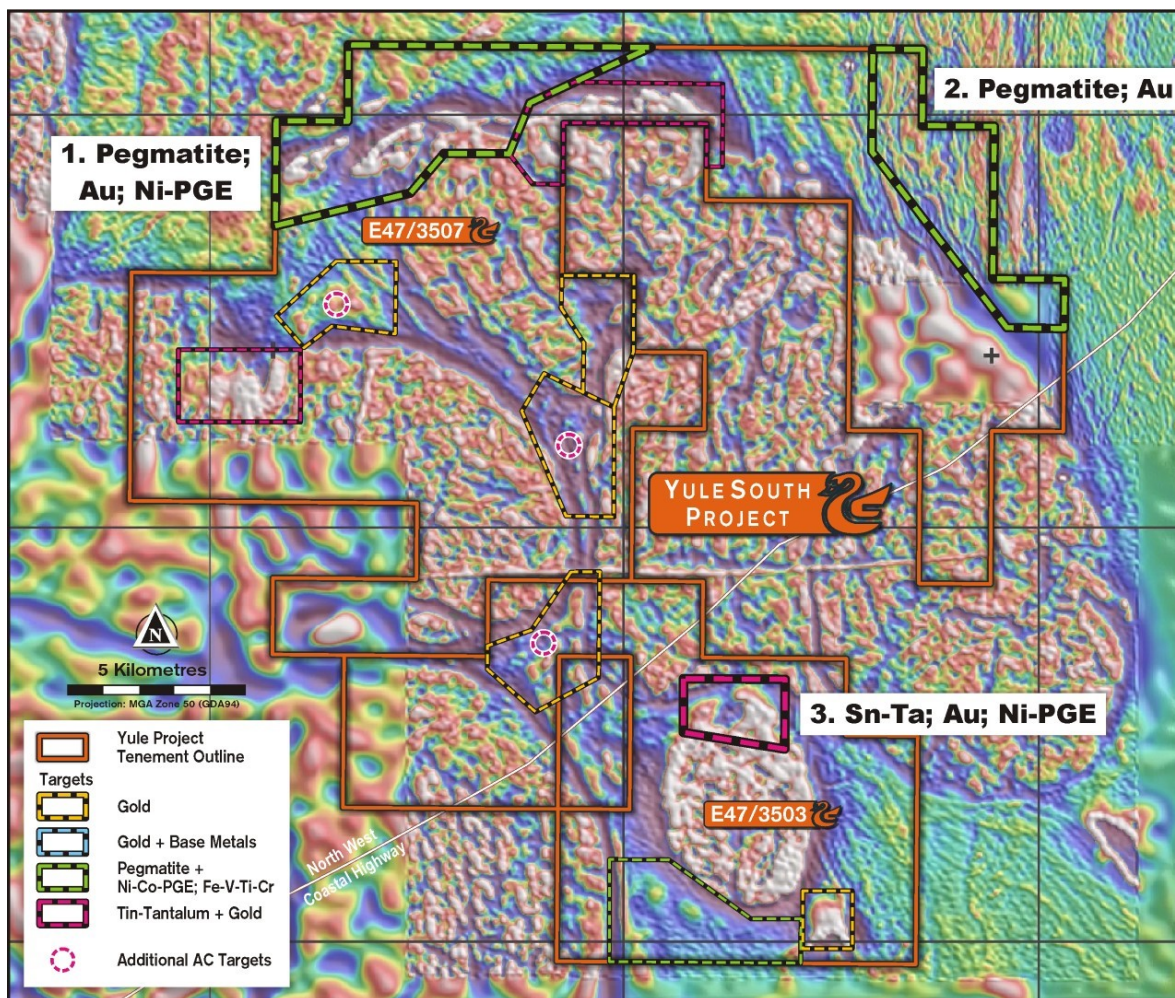


Figure 3: Yule South Target Areas showing planned Aircore program targets over RTP 1VD Magnetic Image

Golden State Mining Limited

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DIRECTORS' REPORT (continued)

Murchison – 100% Golden State Mining Limited

Light of Asia North

In June 2019 the Group completed follow up drilling of 13 RC drillholes for a total of 979 metres at the Light of Asia North Prospect to test for dip and strike extensions to the south of the Group's high-grade intercept in 18GSLARC0006 (3m @ 20 g/t including 1m @ 56 g/t Au - refer to ASX announcement dated 25 January 2019).

The focussed program successfully delineated the Light of Asia gold mineralised structure 500 metres north of the main historic workings. The overall Light of Asia trend has now been extended to approximately 1 kilometre and remains open to the north. Drill logging and assay results confirmed the presence of the Light of Asia structure with anomalous gold results (2m @ 0.60 g/t including 1m @ 1.0g/t from 69m, (refer to ASX announcement dated 2 August 2019)), suggesting possible plunge or shoot constraints on the high-grade mineralisation reported from 18GSLARC0006.

The Patch

The Group drilled its first drillhole into the historic prospecting and mining area referred to locally as "The Patch" in July 2019. This 200 x 1000 metre prospect (Figure 4) contains the Volunteer group of historic workings, which is a collection of numerous small-scale prospecting shafts and shallow pits (refer to ASX announcement dated 2 August 2019).

DIRECTORS' REPORT (continued)

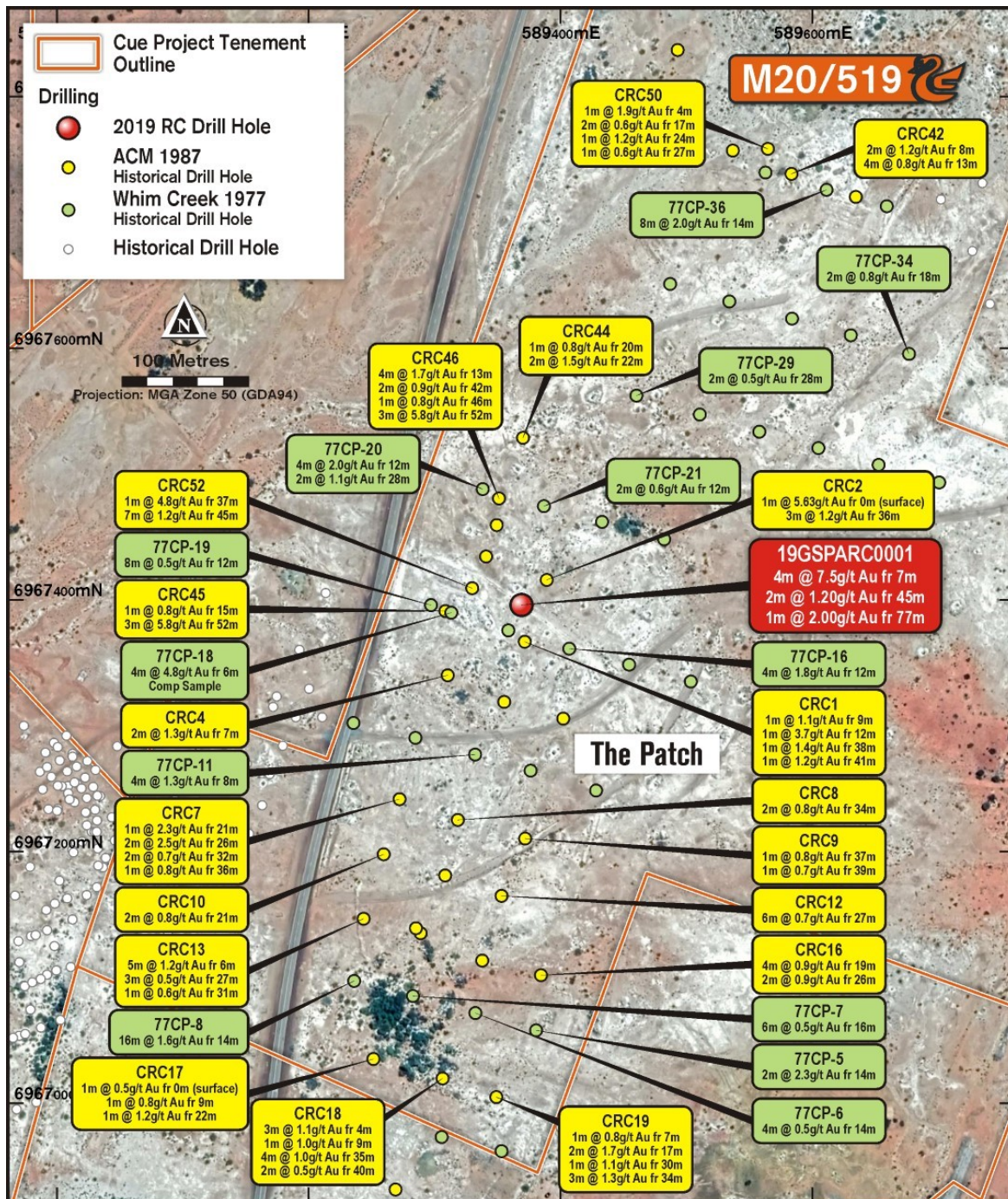


Figure 4: Location Plan of 19GSPARC0001 at The Patch prospect with previous drilling results

N.B. Previous Explorers Whim Creek assay results are based on composite sample intervals

A single vertical drillhole 19GSPARC0001 (98m EOH) was designed to follow up a previous explorer's drillhole to the west (Figure 5) and to test for further high-grade quartz veins at depth. 19GSPARC0001 intersected several structures containing mineralised quartz veins with the best intersection of 4m @ 7.5g/t from 7m including 1m @ 20.3g/t from 8m.

DIRECTORS' REPORT (continued)

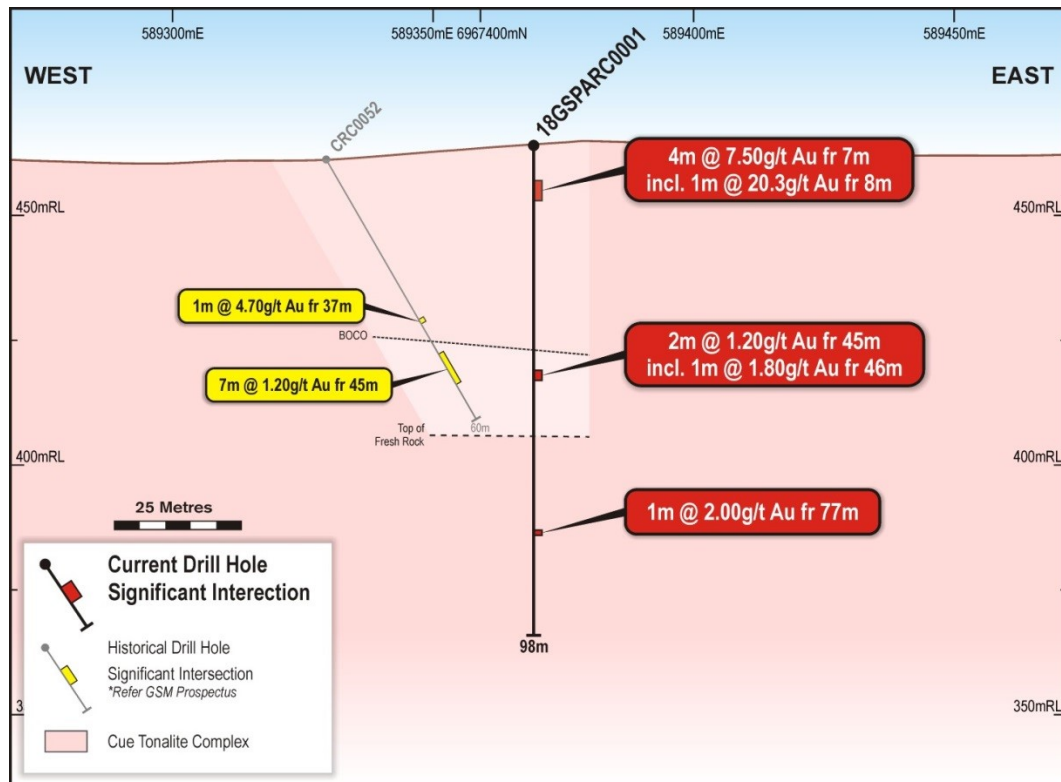


Figure 5: Cross Section of 19GSPARC0001 at The Patch Prospect

Previous exploration has only partly tested the structural complexity of The Patch area and the Group will now use this latest drilling to help evaluate the shallow gold mineralised veins exploited in this area (Figure 4).

Cuddingwarra

The Group announced the results of a geochemical sampling program at the Cuddingwarra project, (refer to ASX announcement dated 2 August 2019) which was designed to assess several untested geophysical targets.

The program consisted of 500 soil samples collected over 8 discrete target areas on a provisional 200 x 50 metre pattern (Figure 6). The sampling technique employed mostly conventional soil sampling techniques based on the interpreted depth of cover. 4 grids produced consecutive gold assay results greater than 5ppb, 2 of which coincide with prospective interpreted structures outlined by aeromagnetic data. The anomalies on Grid 8 occur over demagnetised zones within a continuation of the same sequence and interpreted structural corridor hosting the Cuddingwarra open pits approximately 8 kilometres to the north. The Group's tenure contains a further 2 kilometres of this prospective corridor to the west of this newly defined soil anomalism.

The new gold in soil anomalies strongly support existing soil and bottom of hole gold anomalism defined by previous explorers which present potential drill targets in the near term.

A heritage survey was completed, and program of works submitted for up to 4000 metres of aircore (AC) drilling at the Cuddingwarra group of tenements.

The program is designed to test a range of targets including interpreted structural trends based on geophysical data, soil anomalies identified from recent geochemical sampling and historic aircore drilling containing anomalous gold assay results at or near the bottom of hole.

DIRECTORS' REPORT (continued)

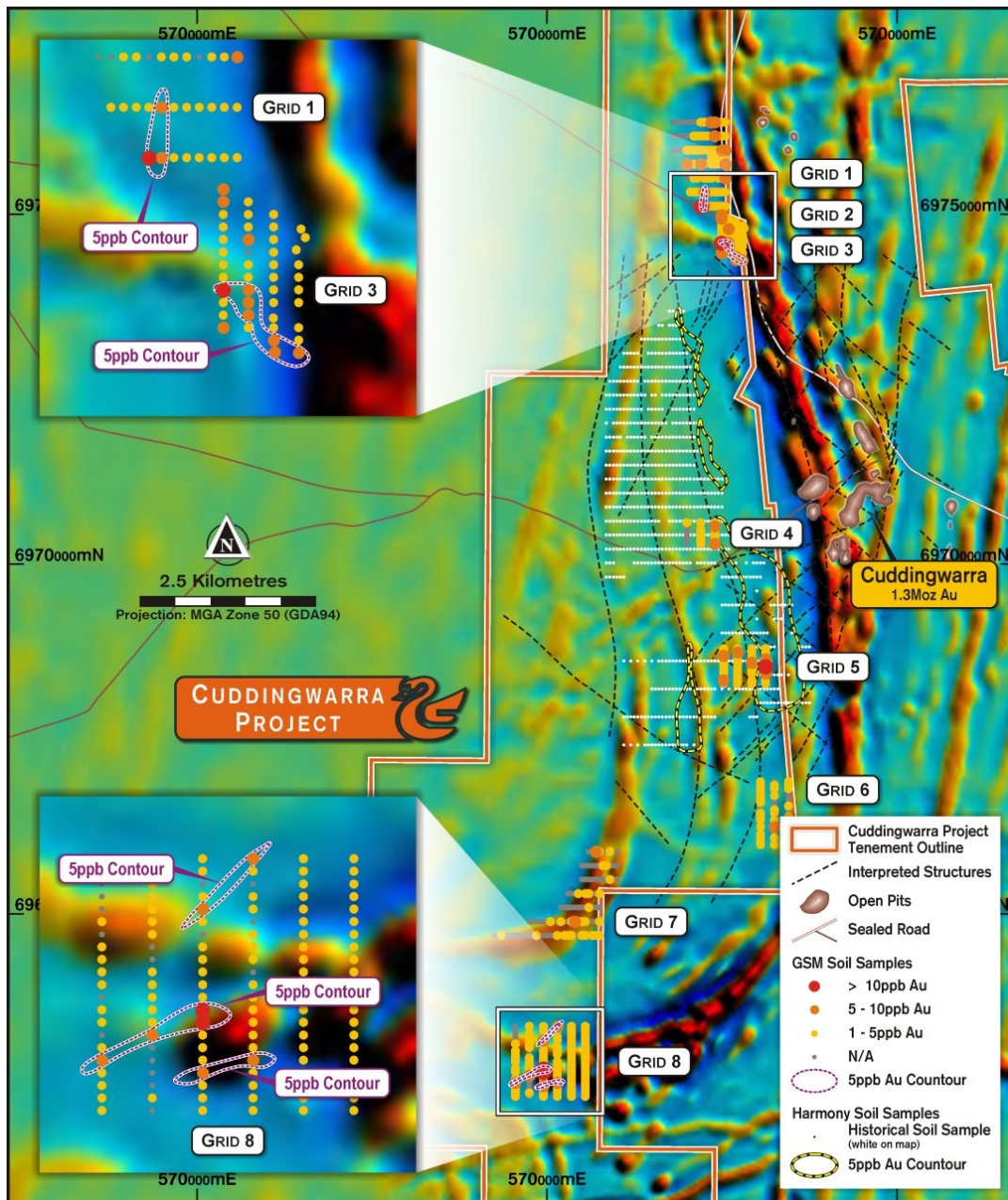


Figure 6: Location Plan of Cuddingwarra Geochemical Results over Total Magnetic Intensity Base

Four Mile Well – 100% Golden State Mining Limited

The Group's inaugural exploration program at the Four Mile Well project consisted of a geochemical survey (refer to previous ASX announcement dated 22 July 2019) that collected 263 samples over 2 target areas. The northern target area (Figure 7) consisted of 6 sample lines (157 samples on an 800 x 50 metre sample pattern). The grid pattern was designed to tie in with previous explorers' first pass sample grid utilizing the same sampling and assaying technique for consistency. The target geology consisted of interpreted mafic/ultramafic contacts and chert units with a coincident aero magnetic high anomaly.

DIRECTORS' REPORT (continued)

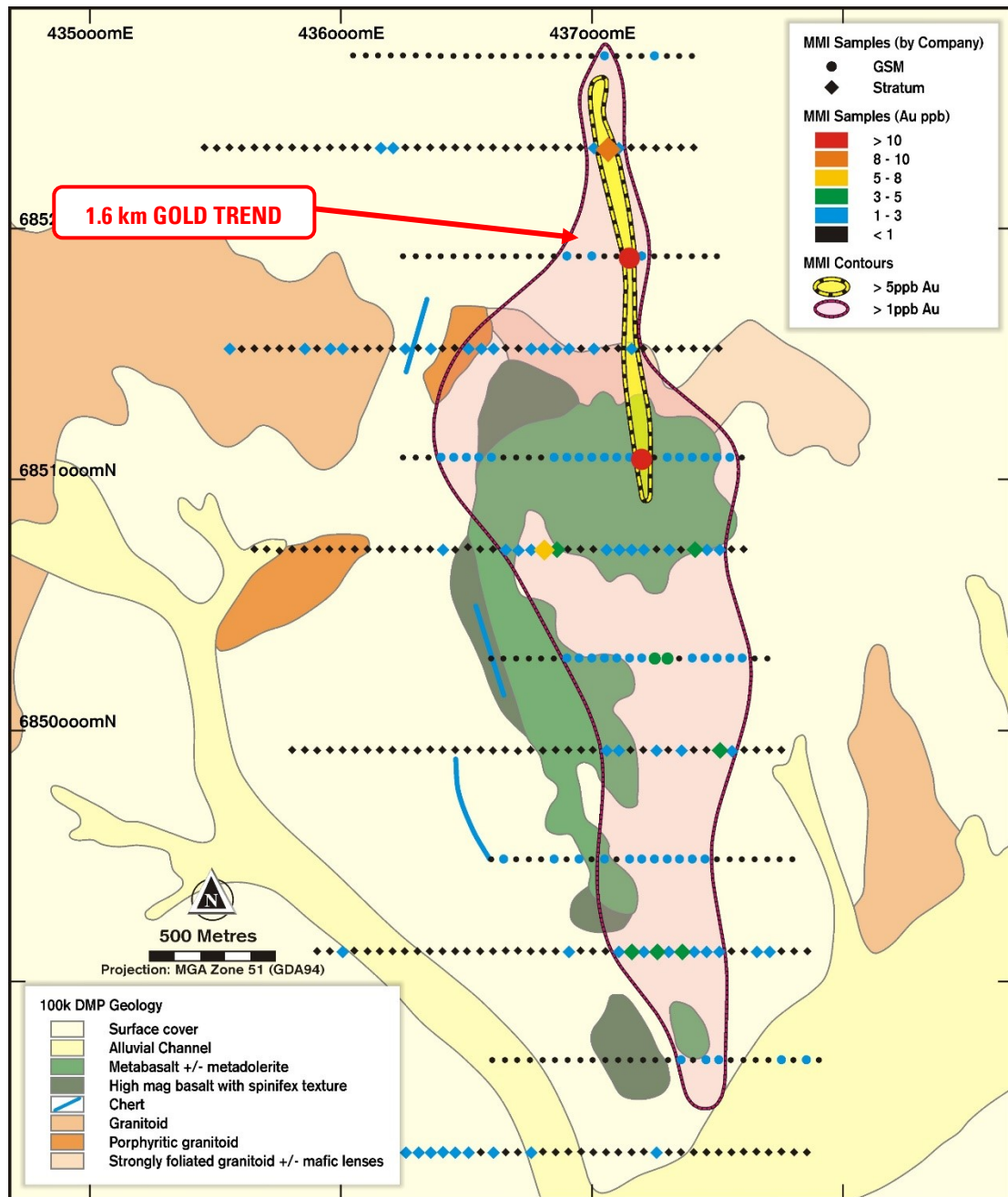


Figure 7: Location plan showing anomalous gold trend over GSWA 100k Surface Geology

The sample data produced a low level +1ppb gold contour which approximately coincides with the mapped basalts in the area. The best results were two separate soil assays on lines 2 and 3, which produced anomalous **assay results of 18.4ppb & 25.6ppb gold** respectively and appear to coincide along trend with an anomalous soil result of 8.5ppb gold from the previous explorers' surveys. The spatial coherence of the anomalous values provides high confidence in a bedrock signal with the results appearing to define an approximate 1.6-kilometre north-northwest trending anomaly with no previous drill testing.

The southern area (Figure 8) consisted of 3 north-south spaced sample lines on 50 metre centres that were also designed to follow up previous explorers first pass geochemical surveys that used a more conventional soil sampling technique. The best results appear to be related to a mapped

DIRECTORS' REPORT (continued)

tonalite with outcropping quartz veins and a strongly foliated granitoid unit containing mafic lenses. Several assay results on line 7 returned values greater than 5ppb gold with a **highest assay result of 51.8pppb**. These results are also consistent with previous explorers' results and reveal a coherent north-east trend.

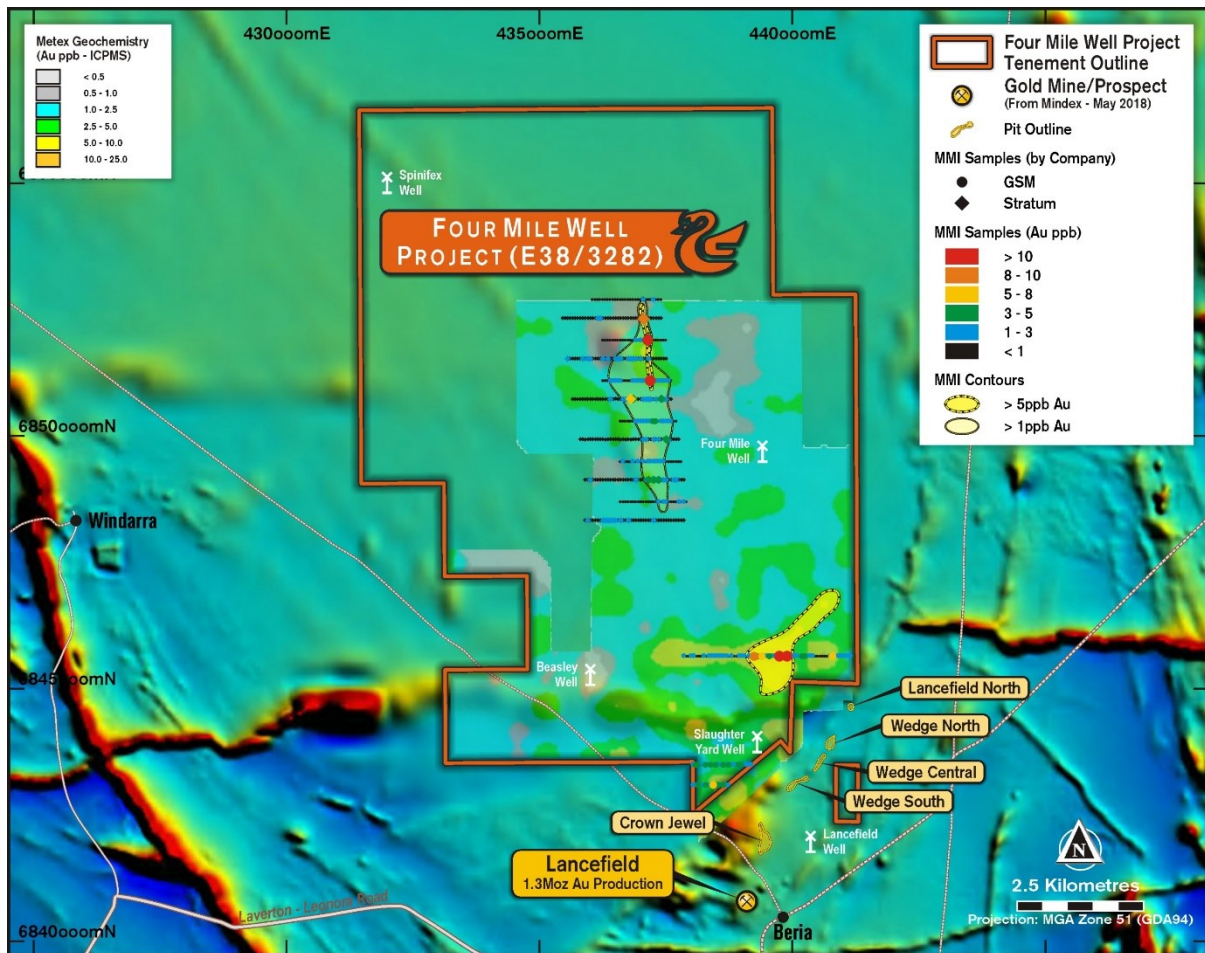


Figure 8: Project Location Plan Showing Geochemistry Over Open File Total Magnetic Intensity

Aircore Drill Program

The Group completed the first recorded drill program at the Four Mile Well project during November/December 2019 (refer to ASX announcement dated 8 January 2020). The program consisted of 58 AC drill holes for a total advance of 1742 metres. This first pass reconnaissance drill program was designed to test multiple target areas including interpreted geochemical anomalies and structural targets identified from geophysical data. The best results were encountered to the east of the Lancefield mine sequence in the south-east of the project area. Three holes intersected anomalous gold intervals greater than 50ppb (Figure 9) in four-metre composite sample intervals.

The Group is currently reviewing the drilling results and geological interpretation to establish whether any further work is required.

DIRECTORS' REPORT (continued)

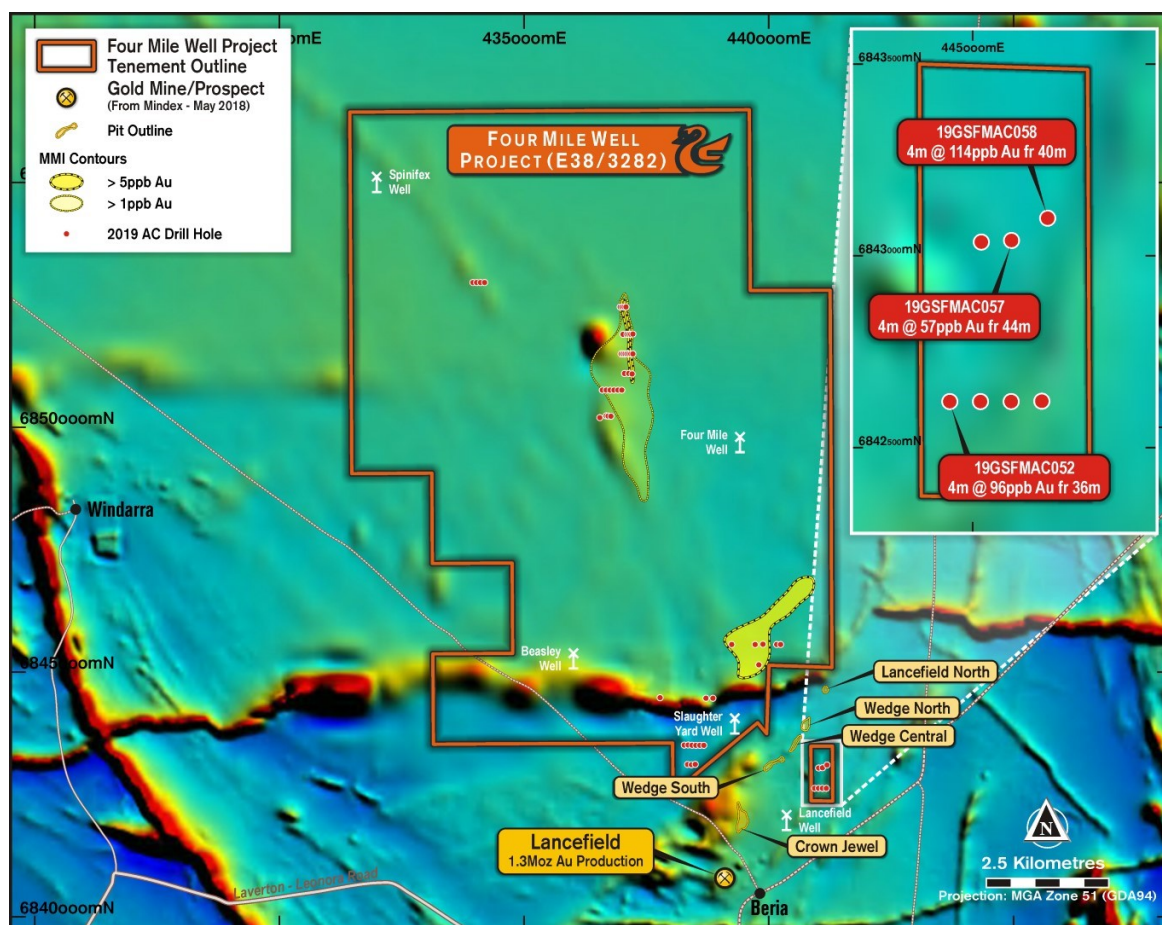


Figure 9: Drill Collar location plan at Four Mile Well over Total Magnetic Intensity (TMI) baseplan

Subsequent events

No other matter or circumstance has arisen since 31 December 2019, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Revenues and results

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

	2019		2018	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Consolidated entity revenues and loss	18,870	(1,043,412)	9,585	(1,456,739)


Golden State Mining Limited

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DIRECTORS' REPORT (continued)

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 15.



Michael Moore

12 March 2020

12 March 2020

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

Dear Directors

RE: GOLDEN STATE MINING LIMITED

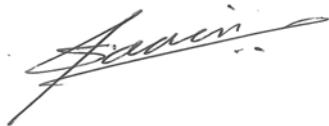
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Golden State Mining Limited.

As Audit Director for the review of the financial statements of Golden State Mining Limited for the period ended 31 December 2019, 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 2019

	Notes	31 December 2019	31 December 2018
		\$	\$
REVENUE			
Interest revenue		16,750	9,585
Other income		2,120	-
EXPENDITURE			
Administration expenses		(136,119)	(226,720)
Depreciation expense		(78,248)	(10,159)
Exploration and tenement expenses		(512,255)	(631,993)
Environmental rehabilitation obligations assumed	8	-	(188,864)
Share-based payments expense		(30,000)	(165,656)
Employee benefits expense		(305,660)	(92,932)
Exploration expense written off			(150,000)
LOSS BEFORE INCOME TAX		(1,043,412)	(1,456,739)
Income tax benefit/(expense)		-	-
LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED		(1,043,412)	(1,456,739)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive income for the period, net of tax		(1,043,412)	(1,456,739)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED		(1,043,412)	(1,456,739)
Basic and diluted loss per share (cents)		(2.86)	(7.68)
Weighted average no. of shares		36,546,716	18,969,091

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 2019**

		31 December 2019 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		1,721,904	2,668,343
Trade and other receivables		26,638	20,130
Accrued income		2,858	6,646
TOTAL CURRENT ASSETS		1,751,400	2,695,119
NON-CURRENT ASSETS			
Security deposit		2,640	2,640
Property, plant and equipment	7	101,338	179,586
TOTAL NON-CURRENT ASSETS		103,978	182,226
TOTAL ASSETS		1,855,378	2,877,345
CURRENT LIABILITIES			
Trade and other payables		257,881	281,176
Provisions		34,393	19,653
TOTAL CURRENT LIABILITIES		292,274	300,829
NON-CURRENT LIABILITIES			
Provisions	8	188,864	188,864
TOTAL NON-CURRENT LIABILITIES		188,864	188,864
TOTAL LIABILITIES		481,138	489,693
NET ASSETS		1,374,240	2,387,652
EQUITY			
Issued capital	3	5,226,031	5,196,031
Reserves	3	566,780	600,943
Accumulated losses		(4,418,571)	(3,409,322)
TOTAL EQUITY		1,374,240	2,387,652

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 2019**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
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				
Proceeds from 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
BALANCE AT 1 JULY 2019	5,196,031	600,943	(3,409,322)	2,387,652
Loss for the period	-	-	(1,043,412)	(1,043,412)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	(1,043,412)	(1,043,412)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Expired Options	-	(34,163)	34,163	-
Share-based payments	30,000	-	-	30,000
BALANCE AT 31 DECEMBER 2019	5,226,031	566,780	(4,418,571)	1,374,240

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 2019

	31 December 2019	31 December 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other income	2,120	-
Interest received	20,539	-
Payments to suppliers and employees	(969,098)	(645,758)
Net cash used in operating activities	(946,439)	(645,758)
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund for variation to project acquisitions	-	1,028
Payments for plant and equipment	-	(443)
Net cash provided by (used in) investing activities	-	585
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	4,632,000
Share issue costs	-	(502,737)
Net cash provided by financing activities	-	4,129,263
Net increase in cash and cash equivalents	(946,439)	3,484,090
Cash and cash equivalents at the beginning of the half-year	2,668,343	163,716
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,721,904	3,647,806

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2019 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 2019 and any public announcements made by Golden State Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

The financial statements were authorised for issue by the directors on 12 March 2020. The directors have the power to amend and reissue the financial statements.

Going concern

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

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

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

Accounting Policies

Adoption of new 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 2019. The affected policies and standards are:

- AASB 16 Leases

Changes in Accounting Policies

AASB 16 Leases – Accounting Policies applied from 1 July 2019

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Golden State Mining Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on the index of the rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension profits, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and initial direct costs. The subsequent measurement of the right-of-use asset is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group does not currently have any leases that would require recognition of a right-of-use asset in the current reporting period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: EQUITY SECURITIES ISSUED

Equity shares

	December 2019 Shares	December 2019 \$	June 2019 Shares	June 2019 \$
Outstanding at the beginning of the year	36,251,200	5,196,031	8,425,200	465,252
Issues of ordinary shares				
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	-	-	-	(514,297)
Options issued to lead managers	-	-	-	(166,424)
Fully paid shares issued – Lefroy project consideration	-	-	1,700,000	229,500
Fully paid shares issued – Drilling Services part consideration	375,000	30,000	-	-
Outstanding at the end of the period	36,626,200	5,226,031	36,251,200	5,196,031

As at 31 December 2019, the Company had 36,626,200 fully paid ordinary shares.

Golden State Mining Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Options

	December 2019 Number of options	December 2019 \$	June 2019 Number of options	June 2019 \$
Outstanding at the beginning of the year	16,015,104	600,943	5,000,000	211,820
Movements of options				
Issued, exercisable at \$0.25, expiring 8 November 2021 - Directors	-	-	-	76,926
Issued, exercisable at \$0.35, expiring 8 November 2021 - Employee	-	-	1,000,000	56,387
Issued, exercisable at \$0.25, expiring 8 November 2021 - Employee	-	-	500,000	32,343
Issued, exercisable at \$0.25, expiring 26 October 2022 – Lead managers	-	-	1,722,560	166,424
Issued, exercisable at \$0.25, expiring 26 October 2022 – Lefroy project acquisition	-	-	800,000	22,400
Issued, exercisable at \$0.25, expiring 8 November 2019 – Loyalty options	-	-	6,832,544	34,163
Issued, exercisable at \$0.25, expiring 8 November 2021 – Consultants	-	-	160,000	480
Expiry of Loyalty options - exercisable at \$0.25, expiring 8 November 2019	(6,832,544)	(34,163)	-	-
Outstanding at the end of the period	9,182,560	566,780	16,015,104	600,943

As at 31 December 2019, the Company had 9,182,560 unlisted options.

Golden State Mining Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 4: SHARE-BASED PAYMENTS

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued as share based payments as at 31 December 2019.

Options

	December 2019 No.	December 2019 WAEP	June 2019 No.	June 2019 WAEP
Outstanding at the beginning of the year	8,632,560	\$0.26	4,450,000	\$0.25
Granted during the period	-	-	4,182,560	\$0.27
Outstanding at the end of the period	8,632,560	\$0.26	8,632,560	\$0.26
Exercisable at the end of the period	8,632,560	\$0.26	8,632,560	\$0.26

The weighted average remaining contractual life for the share options as at 31 December 2019 is 2.41 years.

The weighted average exercise price for the share options as at 31 December 2019 is \$0.26 (June 2019: \$0.26).

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

During the period, 6,832,544 unlisted options (exercise price \$0.25, expiring 8 Nov 2019) had expired unexercised.

Shares

During the period, 375,000 fully paid ordinary shares at \$0.08 per share, were issued as part consideration for drilling services at the Cue project.

NOTE 5: DIVIDENDS

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

NOTE 6: CONTINGENCIES

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

Golden State Mining Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 7: Property, Plant and Equipment

	December 2019 \$	June 2019 \$
Property, Plant and Equipment at cost		
Opening balance	283,661	2018
Additions – Cue Gold project acquisition	-	281,200
Additions - other	-	443
Closing balance	283,661	283,661
Accumulated depreciation		
Opening balance	104,075	118
Expense	78,248	103,957
Closing balance	182,323	104,075
Summary		
At cost	283,661	283,661
Accumulated depreciation	(182,323)	(104,075)
Net carrying amount	101,338	179,586

NOTE 8: PROVISION FOR ENVIRONMENTAL REHABILITATION

As at 31 December 2019, 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 9: SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 31 December 2019, 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.

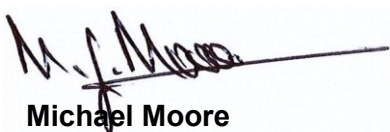
Golden State Mining Limited

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 16 to 25 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 2019 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
12 March 2020

**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 2019, 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 2019 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 12 March 2020.

Material Uncertainty Relating to Carrying Value of Property Plant and Equipment

Without qualification to the review opinion expressed above, attention is drawn to the following matters.

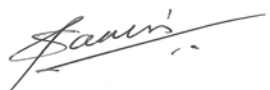
Included in the non-current assets of the Group are Property, Plant and Equipment of \$101,338. The recoverability of these non-current assets is dependent on the commercial exploitation of the assets and/or the sale or recovery of the assets to generate amounts equal to or in excess of the book values. In the event that the Group is not successful in the commercial exploitation and/or sale or recovery of the assets, the realisable value of the Group's non-current assets may be significantly less than their current carrying values.

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 2019 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
12 March 2020