



**GOLDEN STATE**  
**MINING**

**Golden State Mining Limited**  
**ABN 52 621 105 995**

**Annual Report**  
**30 June 2019**

## Corporate Information

### Directors

Mr. Michael Moore (Managing Director – appointed 15 August 2017)  
Mr. Damien Kelly (Non-Executive Chairman – appointed 15 August 2017)  
Mr. Greg Hancock (Non-Executive Director – appointed 6 April 2018)  
Mr. Brenton Siggs (Non-Executive Director - appointed 10 August 2018)  
Ms. Janet Wicks (Non-Executive Director - appointed 29 October 2018)

### Company Secretary

Mr. Marc Boudames

### Registered Office and Principal Place of Business

Suite 14, 19-21, Outram Street  
West Perth WA 6005  
Australia  
Telephone: (+61 8) 6323 2384  
Email: [info@gsmining.com.au](mailto:info@gsmining.com.au)  
Website: [www.goldenstatemining.com.au](http://www.goldenstatemining.com.au)

### Share Register

Security Transfer Australia  
770 Canning Highway  
Applecross WA 6153  
Australia  
Telephone: 1300 992 916  
International: +61 3 9628 2200  
Facsimile: +61 8 9315 2233

### Stock Exchange Listing

Golden State Mining Limited is listed on the Australian Securities Exchange (ASX code: GSM)

### Auditors

Stantons International Audit and Consulting Pty Ltd  
Level 2, 1 Walker Avenue  
West Perth WA 6005

**Golden State Mining Limited**

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## Golden State Mining Limited

30 JUNE 2019

### 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 year ended 30 June 2019.

#### DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report follow. Each Director was in office for this entire period unless otherwise stated.

#### Names, qualifications, experience and special responsibilities

**Michael Moore** (B Eng (Hons) Mining Eng. ACSM MAusIMM MAICD) - Managing Director

Mr Moore is a mining engineer from the Camborne School of Mines with over 20 years operational and executive management experience across a diverse range of commodities in Australia, Indonesia, West Africa and Europe.

He has previously held senior and executive management roles with a number of companies including Rock Australia Mining & Civil Pty Ltd, Carnegie Minerals PLC and, more recently, with ASX listed Montezuma Mining Company Ltd where he was CEO.

Mr Moore is a member of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy. Mike is currently serving as a Non-Executive Director of Variscan Mines Ltd (ASX:VAR).

**Damien Kelly** (B.com MBA CPA GDip App Fin & Inv) - Non-Executive Chairman

Mr Kelly is the founder and principal of Western Tiger Corporate Advisers. He has broad corporate and commercial experience spanning over 19 years. He provides professional services to ASX and AIM listed companies predominately in the mining and energy sector (including the initial listing of Sandfire Resources NL). He has an MBA, Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment and is a former officer in the armed services, having graduated from the Royal Military College, Duntroon. He is a fellow of the Financial Services Institute of Australia (FinSIA) and a member of CPA Australia.

**Greg Hancock** (BA Econs B.Ed (Hons) F.Fin) - Non-Executive Director

Mr Hancock has over 25 years' experience in capital markets practicing in the area of Corporate Finance. He has extensive experience in both Australia and the United Kingdom through his close links to the stockbroking and investment banking community. In this time, he has specialised in mining and natural resources and has had a background in the finance and management of small companies.

He is Chairman of AusQuest Limited, BMG Resources Limited and Non-Executive Director of Zeta Petroleum Plc, Strata-X Energy Ltd, King Island Scheelite Ltd and Cobra Resources Plc.

Mr Hancock continues his close association with the capital markets in Australia and the United Kingdom through his private company Hancock Corporate Investments Pty Ltd.

**Brenton Siggs** (B App Sc App Geol MAIG MSEG) Non-Executive Director - appointed 10 August 2018

Mr Siggs has over 27 years' experience in the Australian mineral resources industry and has held senior exploration roles on a range of gold, nickel-cobalt, petroleum, coal, phosphate and potash brine projects. He has been involved in all stages of regional and near-mine exploration project management, particularly in Western Australia, from conceptual targeting and ground acquisition through to resource definition drilling programs and mining geology.

Mr Siggs has worked in senior roles for Australian and international companies including Newcrest Mining Ltd., Inco Australia, Central Norseman Gold Corporation and VALE and most recently was Technical Director and the Exploration Manager for Goldphyre Resources Limited (now Australian Potash).

**Janet Wicks** (B Psych) - Non-Executive Director - appointed 29 October 2018

Ms Wicks is a HR Professional who grew up in the West Australian Goldfields and has worked in the mining industry for over 10 years. After completing a Bachelor of Psychology at Murdoch University, Ms Wicks worked as a generalist practitioner across mining, construction and manufacturing industries providing operational advice on a range of issues including recruitment, employee relations, remuneration strategy, training, organisational development, implementation of IT systems across the business and leadership

## Golden State Mining Limited

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### DIRECTORS' REPORT

development. For the last five years Janet has been a director of Western Mining, actively managing mining operations at what is now (since being acquired from Western Mining) Golden State Mining's Cue project.

#### COMPANY SECRETARY

**Marc Boudames** (B.com CPA MAICD)

Mr Boudames is experienced in statutory financial reporting, taxation, ERP systems, business analytics, corporate transactions, due diligence, mergers & acquisitions, finance, joint ventures and divestments. He previously worked at RSM Bird Cameron (RSM), as General Manager - Finance & Administration for ASX listed Redport Ltd and Mega Uranium Ltd (Australia), a Canadian TSX listed mining and equity investment company focused on global uranium properties and multi-mineral exploration. He has worked for multiple companies across various industries including listed and public companies associated with the mining and oil & gas sectors such as Toro Energy Ltd, WesTrac, CB&I and Spotless Group.

#### Interests in the shares and options of the Company and related bodies corporate

As at the date of signing this report, the relevant interests of the directors in the shares and options of Golden State Mining Limited were:

Director	Ordinary Shares	Options over Ordinary Shares
Michael Moore	1,625,100	2,312,550
Damien Kelly	1,510,100	2,255,050
Greg Hancock	-	500,000
Brenton Siggs	660,000	855,000
Janet Wicks	2,800,000	400,000

#### PRINCIPAL ACTIVITIES

During the financial year, the Group's principal activity was mineral exploration and to assess and pursue mineral property acquisition opportunities.

#### DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

**OPERATING AND FINANCIAL REVIEW**

**REVIEW OF OPERATIONS**

**MURCHISON**

**CUE**

On the 26 November 2018 Golden State Mining (“GSM” or the “Company”) announced that its initial Cue drilling program had 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.

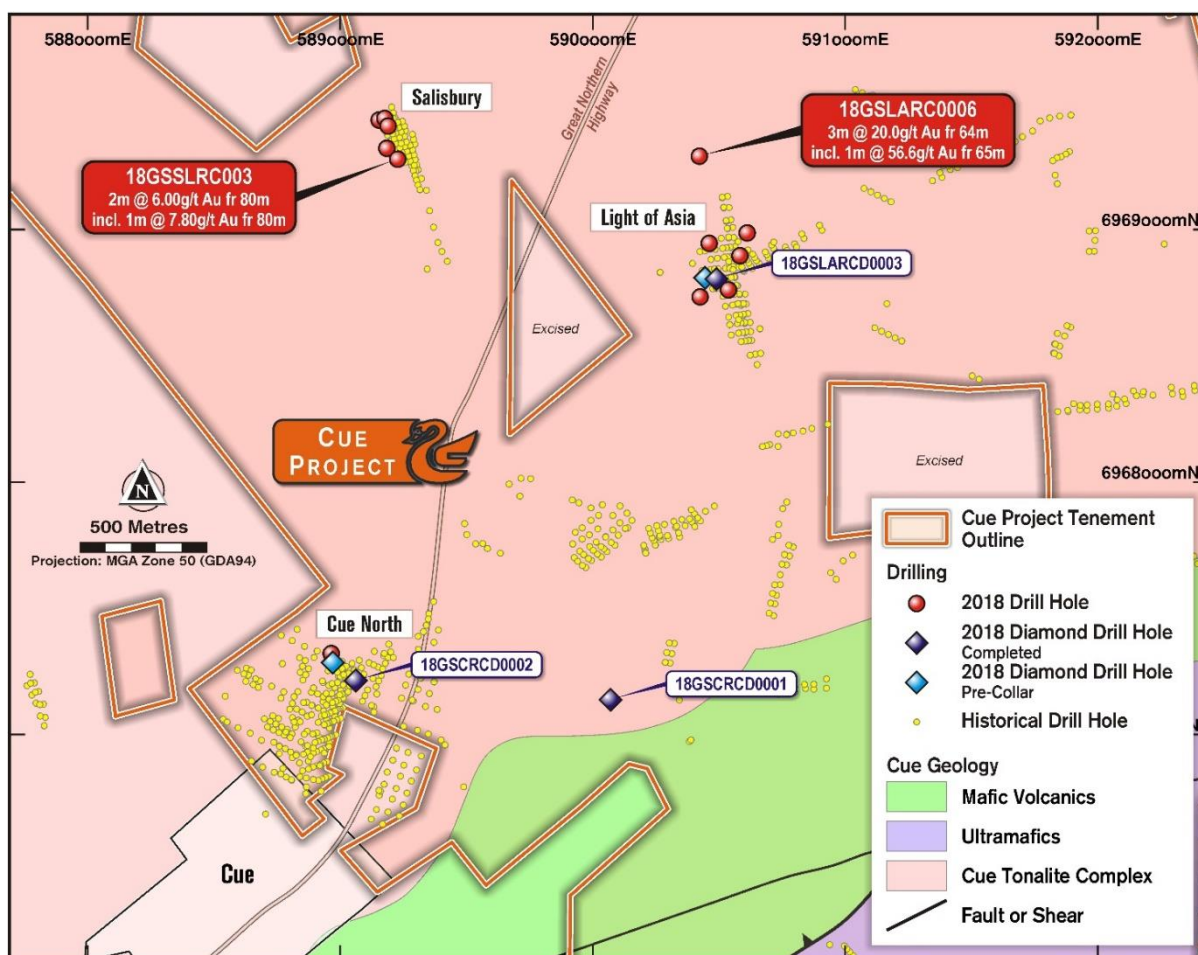


Figure 1: Location Plan of Phase 1 Drill Collars at Cue Project.

The GSM shallow RC program (Figure 1) consisted of 15 holes for a total of 1524 metres varying in depth from 60-152 metres with an average depth of 102 metres. Eight holes (18GSLARC0001-8) were drilled at the Light of Asia and Queen of the May workings including two pre-collars and one diamond tail targeting down-dip and plunge positions and along strike to the north. A further five holes (18GSSLRC0001-5) were drilled at the Salisbury workings targeting similar positions. Another two holes (18GSCNRC0001-2), were drilled at the Cue North Prospect including one pre-collar targeting a down-plunge position to the north of existing mineralisation.

## Golden State Mining Limited

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### DIRECTORS' REPORT

A diamond drill program (Figure 1) targeting geophysical anomalies and near surface mineralisation commenced in early December 2018. Two deep RC pre-collars for a total of 685 metres were completed with diamond tails for a total of 468.8 metres from a planned four-hole program. 18GSCRCD0001 was designed to intercept a shallow seismic reflector and the greenstone contact based on interpretation of the recent gravity results. 18GSCRCD0002 was designed to intercept a deeper seismic reflector.

The results of comprehensive follow up studies on the two deep holes targeting the two previously identified seismic reflectors were completed during the March 2019 quarter. The geophysical analysis completed by HiSeis (Perth), indicates that the seismic reflector targeted in 18GSCRCD0001 can be explained by the properties of the various greenstone rocks intersected in a broad shear zone. The deeper seismic reflector targeted in 18GSCRCD0002 was not the interpreted extension of the Great Fingall sequence but has been interpreted to represent a series of late micro-dolerite dykes intersected at a similar depth.

#### LIGHT OF ASIA

The RC drilling undertaken in November 2018 recorded both high-grade gold intercepts and anomalous gold zones in a coarse-grained granodioritic-tonalitic intrusive setting with minor dioritic phases and quartz feldspar porphyry units. The highest-grade gold intercept occurred on the Light of Asia trend in hole 18GSLARC0006, 3m @ 20.1 g/t including 1m @ 56.6 g/t Au. The mineralised interval consisted of a three-metre (downhole) quartz vein zone within a six-metre interval of slightly weathered, silica-chlorite alteration with variable carbonate-altered intervals on the footwall of a one metre interpreted doleritic unit in the Cue Granite.

In June 2019 the company 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 Company's high-grade intercept in 18GSLARC0006 (3m @ 20 g/t including 1m @ 56 g/t Au) - refer to (ASX:GSM) 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), suggesting possible plunge or shoot constraints on the high-grade mineralisation reported from 18GSLARC0006. Further modelling and structural investigations are required in this prospect area.

#### THE PATCH

The Company drilled its first drillhole into a historic prospecting and mining area referred to locally as "The Patch". This 200 x 1000 metre prospect contains the Volunteer group of historic workings, which is a collection of numerous small-scale prospecting shafts and shallow pits.

A single vertical drillhole 19GSPARC0001 (98m EOH) was designed to follow up a previous explorer's drillhole to the west and to test for further high-grade quartz veins at depth. Hole 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 (refer to ASX:GSM announcement dated 2 August 2019).

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

#### CUDDINGWARRA

A Targeting Study at Cuddingwarra was undertaken and resulted in the generation of 12 priority gold targets. The study not only highlighted the prospectivity of the new tenure, but also the need to more adequately test the sparse historic drilling completed to date.

Several high priority targets at the Cuddingwarra Project were identified using the historical data:

- 1) Shallow drillholes with gold anomalism;
- 2) Coincident gold-in-soil and base-metal anomalies and SAM (Sub Audio Magnetic) geophysical anomalies;
- 3) Re-interpretation of structural complexity;
- 4) Re-examination of the Cuddingwarra Project, which bookends the Cuddingwarra Mining Centre, where a series of shallow gold pits have been previously mined.



Golden State Mining Limited

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DIRECTORS' REPORT

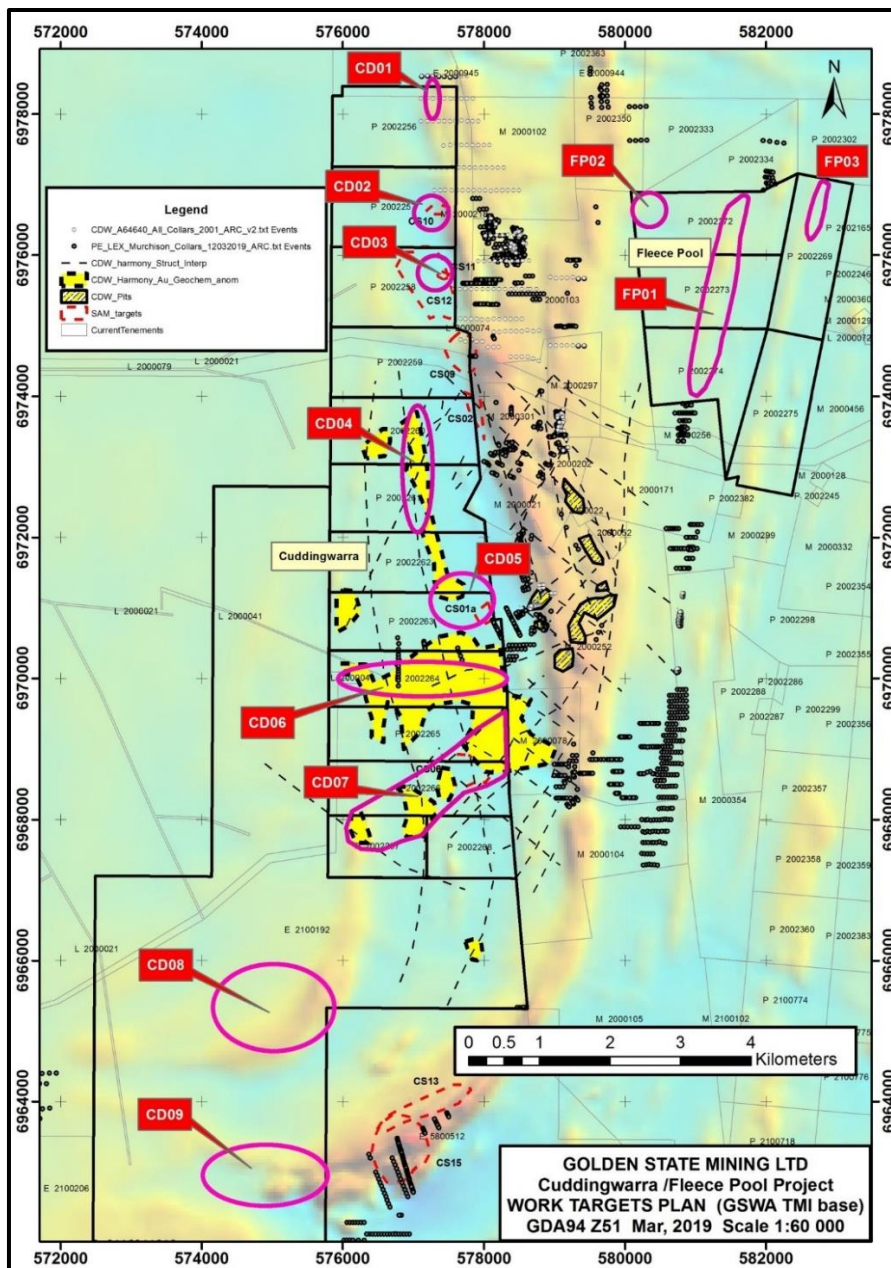


Figure 2: Priority Gold Targets at the Cuddingwarra Project.

The Company also completed a geochemical sampling program at the Cuddingwarra project, which was designed to assess several untested geophysical targets.



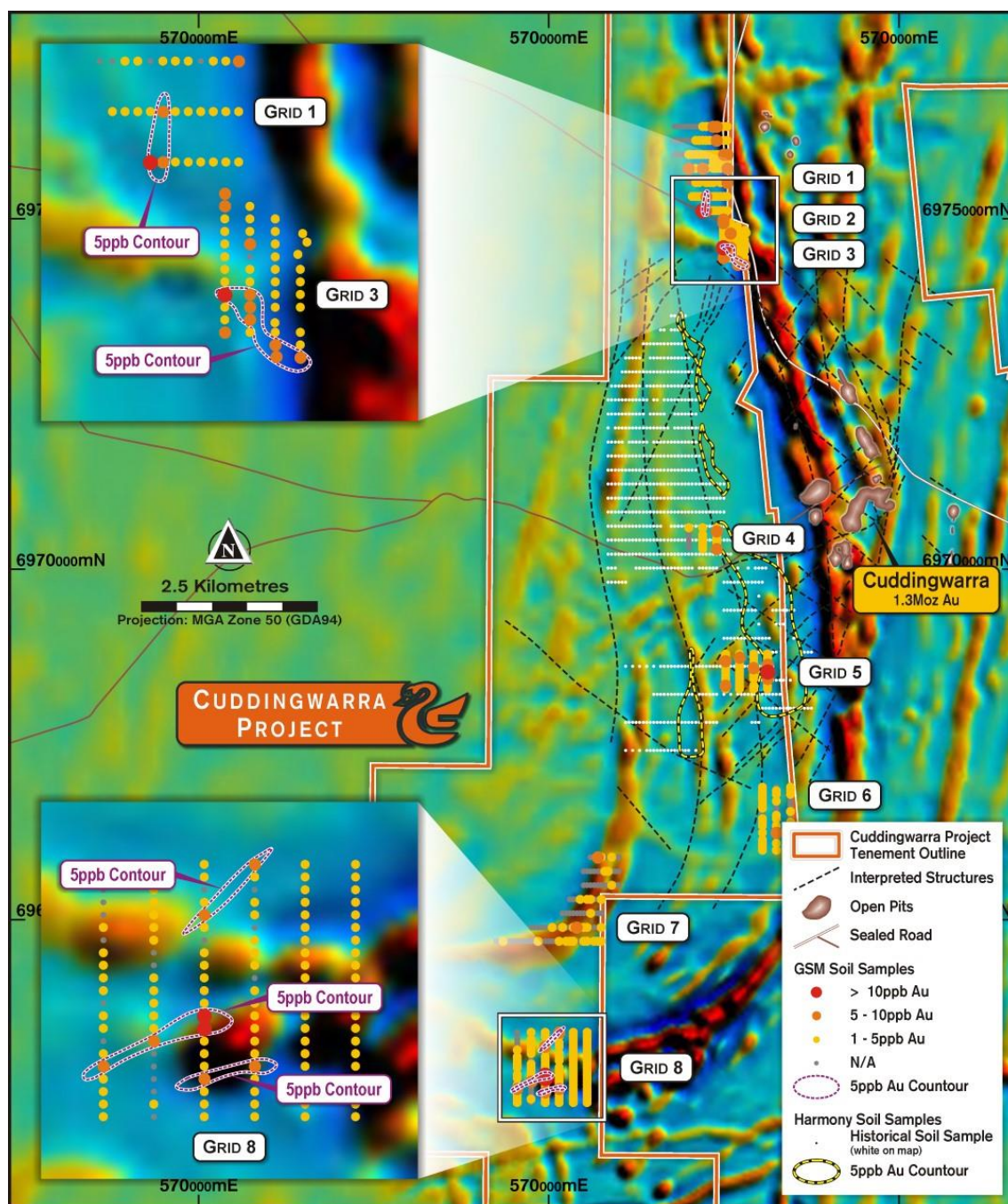


Figure 3: Location Plan of Cuddingwarra Geochemical Results over Total Magnetic Intensity.

The program consisted of 500 soil samples collected over 8 discrete target areas on a provisional 200 x 50 metre pattern (Figure 3). 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 Company'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. Further soil sampling is required to test for extensions to soil anomalies encountered in Grids 1 and 3 to the south and west respectively.

The combined results of the Company's soil sampling will be assessed along with previous soil results and bottom of hole gold anomalism to assist in the definition of drill targets.

**BIG BELL SOUTH**

Geological review and subsequent site visits completed by GSM indicate the Big Bell South project area (Figure 4) has been the subject of mainly limited first pass exploration activities with negligible systematic and effective follow up, despite encouraging historic geochemistry results with a paucity of drill testing.

The Big Bell South project consists of a single Exploration License and field resonance completed by GSM observed a primarily depositional regime with little subcrop. It was reported that there was little evidence of historic drill access although much of the historic drilling recorded dated back to ~ 1995. It is also noted that the 'Big Bell Shear' and mineralisation was not magnetic so previous explorers may have missed important structures based on magnetics interpretation.

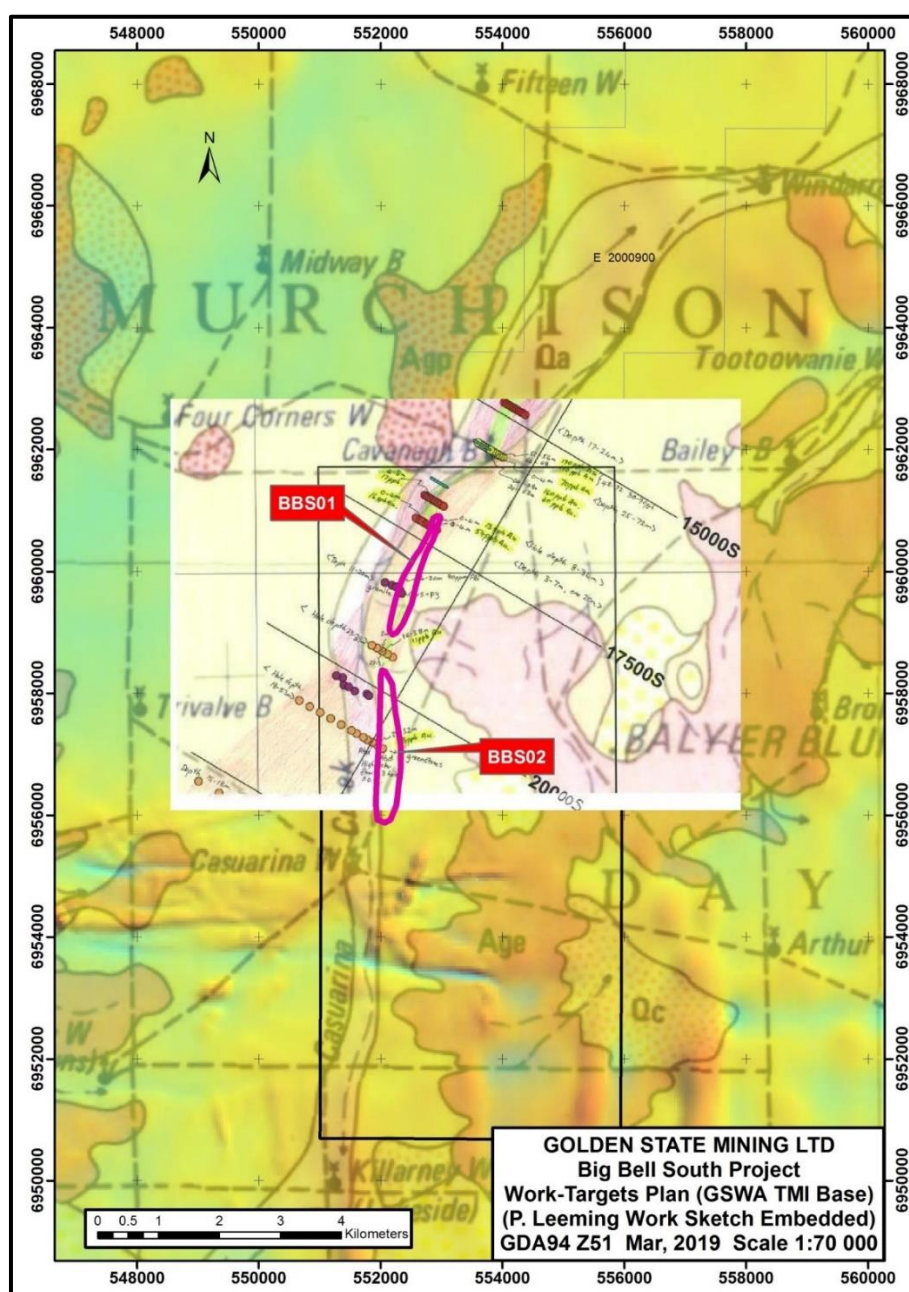


Figure 4. Big Bell South Targets



**YULE**

A geophysical review of the Yule Project tenements was completed in June 2019. The geophysical review assessed the regional structure, intrusive complex and stratigraphy in the Yule area and has identified 17 priority targets. The targets are considered prospective for gold, rare metal pegmatite-hosted, and intrusive-related base and precious metal mineralization.

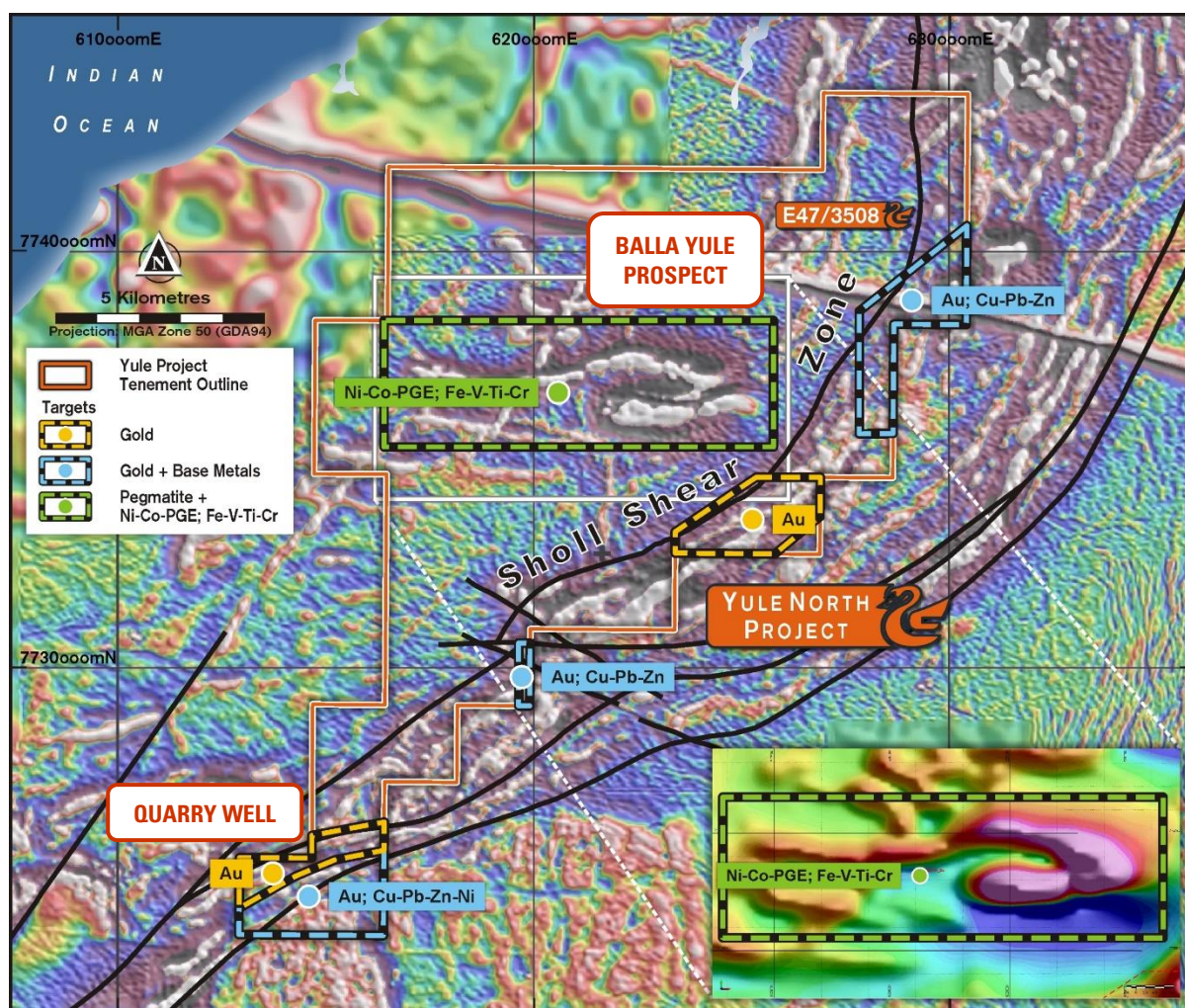


Figure 5: Yule North Target Areas over RTP 1VD Magnetic Image.

Within the Yule North, tenement 6 target areas have been identified (Figure 5), with 3 high priority targets scheduled for immediate refinement with ground-based geophysics. A detailed moving loop electromagnetic (MLEM) survey has been planned at the Balla Yule Prospect to test for bedrock sulphide accumulations indicated by petrographic analysis and a previous drill intersection of 14 metres of 0.51% Ni & 0.033% Co from 38 metres (bedrock surface), including 4 metres at 0.70% Ni, 0.048% Co in BYRC003. Several untested, late-time EM anomalies have been identified in historical EM data at the Quarry Well area in the south-western part of the Yule North tenement within the Sholl Shear Zone. These EM anomalies will be re-evaluated with a modern, high-powered MLEM survey.



Golden State Mining Limited

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DIRECTORS' REPORT

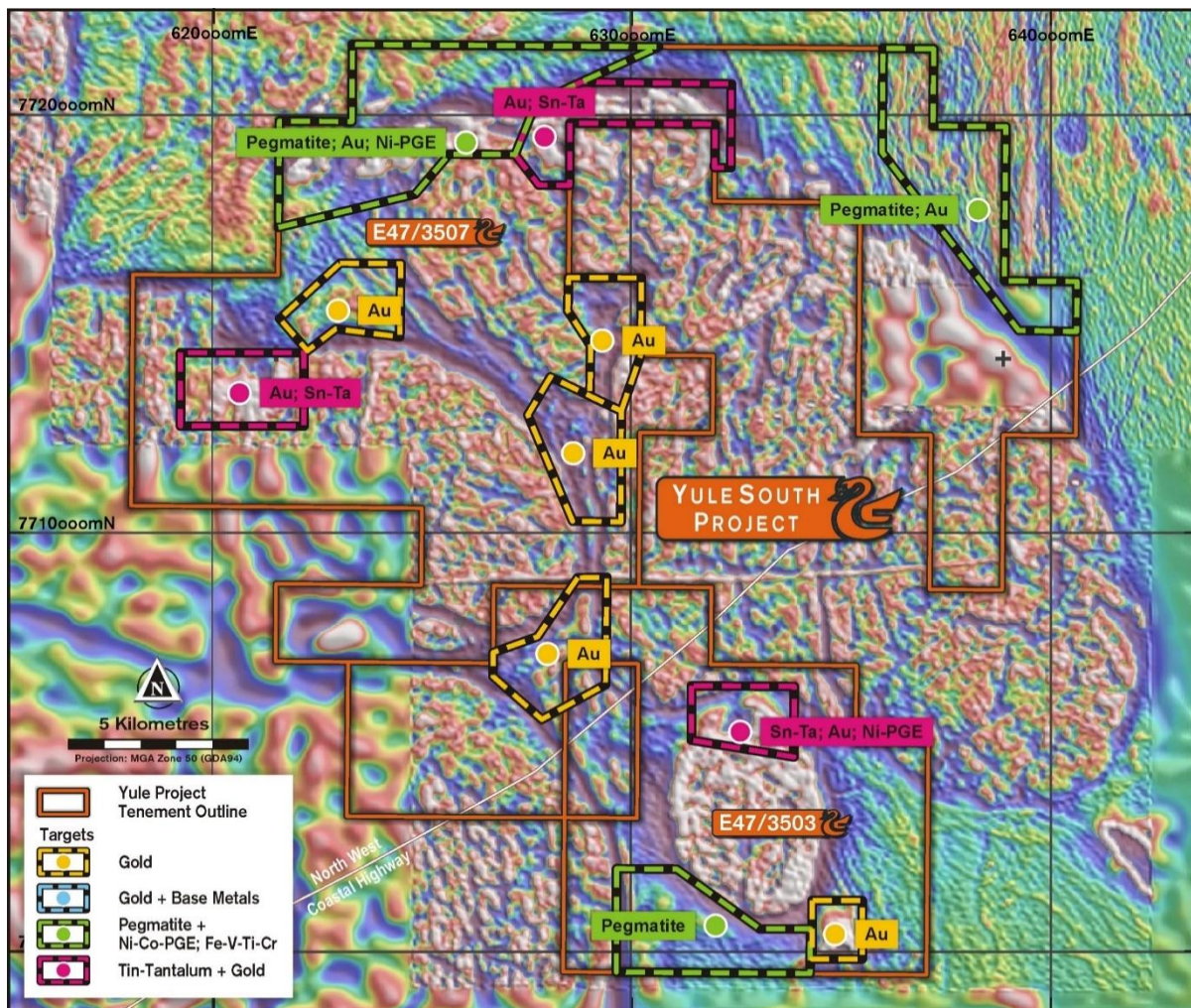


Figure 6: Yule South Target Areas over RTP 1VD Magnetic Image.

11 identified target areas have been prioritised within the Yule South tenements (Figure 6), with 3 high priority gold and rare metal pegmatite targets scheduled for follow-up Aircore drilling. This program is expected to commence, based on statutory government approvals, in Q3/Q4 2019.

# Golden State Mining Limited

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## DIRECTORS' REPORT

### FOUR MILE WELL

In June 2019 the company completed a geochemical sampling program at the Four Mile Well Project to infill and follow up a number of gold-in-soil anomalies defined by previous explorers. GSM is targeting similar gold mineralisation to that found at the Lancefield Mine (Prod.1.3M Oz) approximately 10 kilometres to the south.

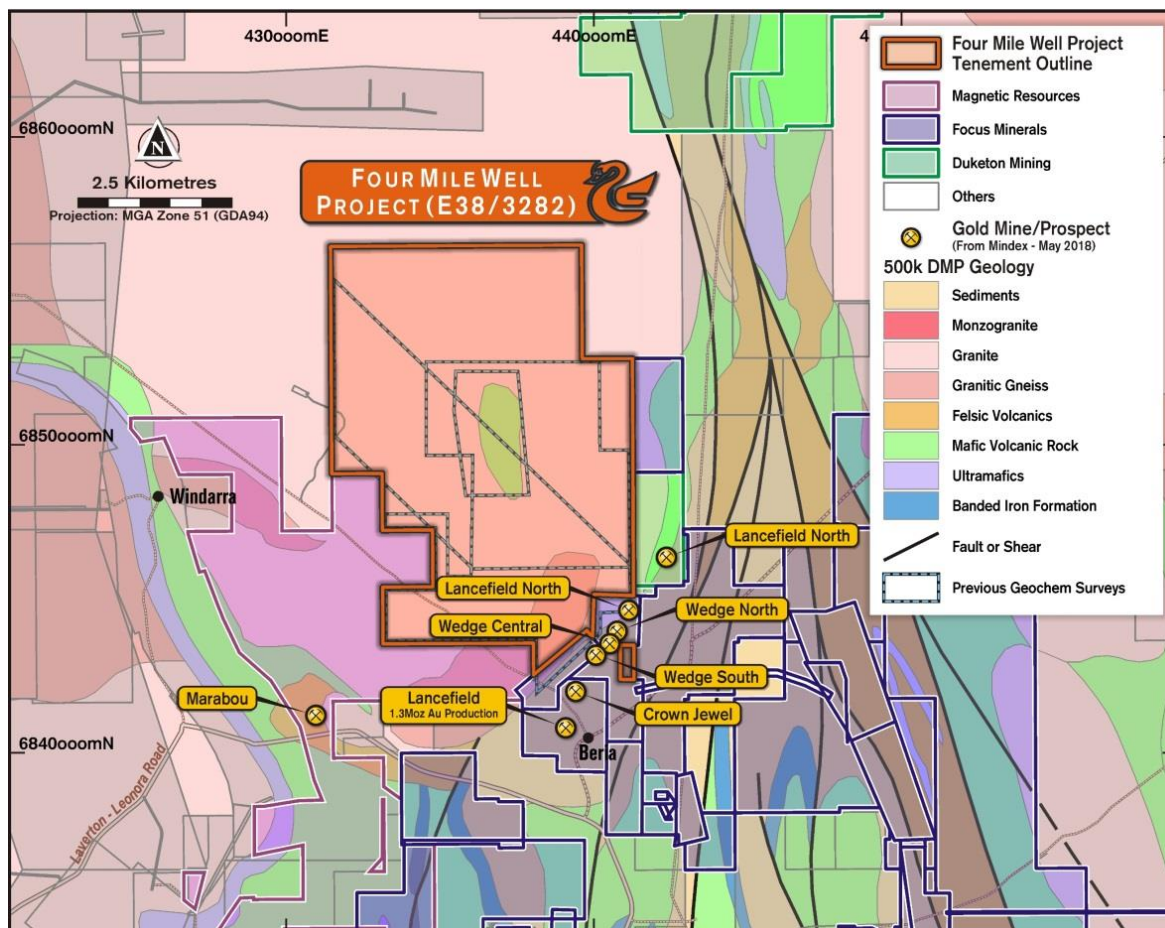


Figure 7: Exploration Location Plan for Four Mile Well Project

### 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.



# Golden State Mining Limited

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## DIRECTORS' REPORT

### CORPORATE

#### IPO and ASX listing

GSM 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.

#### Lefroy

The Company announced (on 23 January 2019) that it had completed the Asset Sale Agreement ("Agreement") to acquire a 100% interest in the tenements held by Lefroy Exploration Limited (ASX:"LEX") in the Murchison region of Western Australia ("the Murchison Project").

The Cuddingwarra and Big Bell South tenements are considered highly prospective, with synergies to GSM's current exploration strategy in the Cue region. The 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 (Figure 8).

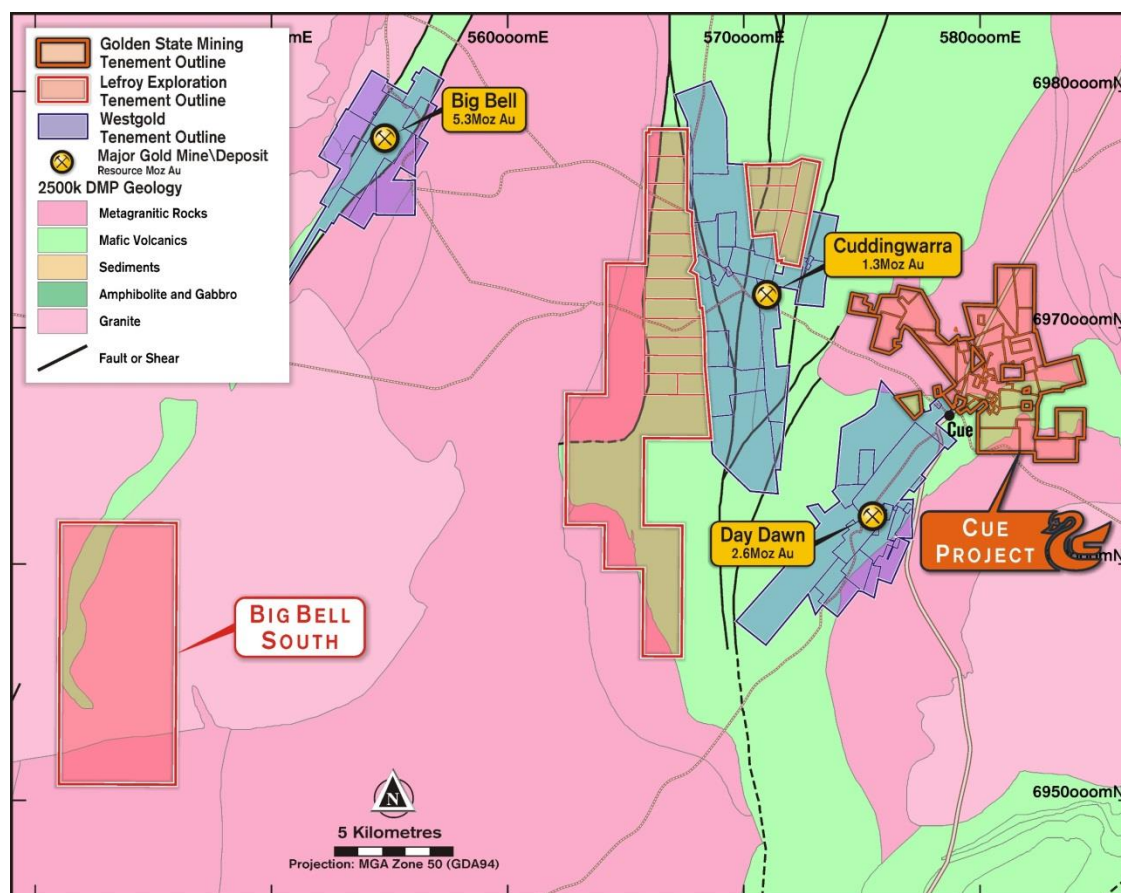


Figure 8. GSM and acquired LEX tenement packages at Cue



## Golden State Mining Limited

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### DIRECTORS' REPORT

#### RESULTS OF OPERATIONS

##### Revenues and results

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

	June 2019		June 2018	
	\$		\$	
	Revenues	Results	Revenues	Results
Consolidated entity revenues and loss	41,497	2,932,976	-	476,346

#### SHARES

There are 36,251,200 fully paid ordinary shares outstanding as at 30 June 2019.

#### OPTIONS

There are 16,015,104 options outstanding at the date of this report, all of which are unlisted. No options were exercised during the financial year. Since the end of the financial year, no options have been issued or exercised.

Number	Class
2,522,560	Unlisted options (\$0.25 for GSM, Expire 26 Oct 2022)
550,000	Unlisted options (\$0.20 for GSM, Expire 31 Aug 2020)
1,000,000	Unlisted options (\$0.35 for GSM, Expire 8 Nov 2021)
5,110,000	Unlisted options (\$0.25 for GSM, Expire 8 Nov 2021)
6,832,544	Unlisted options (\$0.25 for GSM, Expire 8 Nov 2019)

The number of Directors' Meetings held during the year and the number of meetings attended by each Director is as follows:

Director	Board meetings	
	Attended	Entitled to Attend
Michael Moore	7	7
Damien Kelly	7	7
Greg Hancock	7	7
Brenton Siggs	7	7
Janet Wicks	6	7

The full board discharged the functions of the audit, remuneration, risk and nomination committees regularly and during the course of ordinary director meetings.

#### 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.

#### CORPORATE STRUCTURE

Golden State Mining Limited is a company limited by shares that is incorporated and domiciled in Australia.

#### PERFORMANCE RIGHTS

There are nil performance rights on issue at the date of this report.

## Golden State Mining Limited

30 JUNE 2019

### DIRECTORS' REPORT

#### **RISK MANAGEMENT**

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The board believes that it is crucial for all board members to be a part of this process, and, accordingly, all board members form, and discharge the obligations of the risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year.

#### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 8 August 2019, 375,000 fully paid ordinary shares at \$0.08 per share, were issued as part consideration for drilling services at the Cue project.

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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The Group intends to continue to undertake appropriate levels of exploration of its tenement portfolio, and to seek new project opportunities.

Other than as set out above, likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

#### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Group is subject to environmental regulation in respect to its activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and complies with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

#### **REMUNERATION REPORT**

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

#### **Policy principles used/to be used to determine the nature and amount of remuneration.**

##### ***Remuneration Policy***

The remuneration policy of Golden State Mining Limited is designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component. The board of Golden State Mining Limited believes the remuneration policy for the year under review was appropriate and effective to attract and retain suitable key management personnel to run and manage the Group. Consideration has been and will continue to be given to offering specific short and long term incentives including, specifically, equity remuneration.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the board. In general, in respect of the year under review, executives received a base salary (which was based on factors such as experience), superannuation and share-based payments. The board will review executive packages as and when it considers it appropriate to do so in accordance with its remuneration policy and by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

## Golden State Mining Limited

30 JUNE 2019

### DIRECTORS' REPORT

The board may exercise discretion in relation to approving incentives, bonuses and equity remuneration. The policy is to reward executives for performance that results in long-term growth in shareholder wealth.

The executive directors and executives receive, where required by law, a superannuation guarantee contribution required by the government of Australia, which was 9.5% for the 2019 financial year but are not entitled to receive any other retirement benefits.

All remuneration paid to directors and executives is "valued" at the cost to the Group and expensed. Where applicable, options granted as equity remuneration are ascribed a "fair value" in accordance with Australian Accounting Standards.

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and the policy is to effect reviews of remuneration annually, based on market practice, duties and accountability. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in equity remuneration arrangements.

#### **Company performance, shareholder wealth and key management personnel remuneration**

There is no relationship between the financial performance of the Company for the current or previous financial year and the remuneration of the key management personnel. Remuneration is set having regard to market conditions and to encourage continued services of key management personnel.

#### **Use of remuneration consultants**

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

#### **Key management personnel of the Group**

The Key Management Personnel (KMP) of the Group was comprised of all the board of directors mentioned above and Mr Moore is the sole Executive Director.

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following tables:

2019	Short term	Post Employment		
Director	Base Salary & Other Fees \$	Superannuation \$	Share-Based Payments <sup>1</sup> \$	Total \$
Michael Moore	120,000	11,400	25,931	157,331
Damien Kelly	33,333	3,167	25,931	62,431
Greg Hancock	20,000	-	8,644	28,644
Brenton Siggs	20,000	1,900	12,965	34,865
Janet Wicks	20,000	-	3,457	23,457
<b>Total</b>	<b>213,333</b>	<b>16,467</b>	<b>76,928</b>	<b>306,728</b>

<sup>1</sup>Share based payments relate to modifications of the terms of the options issued to KMP in the prior year.

## Golden State Mining Limited

30 JUNE 2019

### DIRECTORS' REPORT

#### Written Service agreements

##### *Michael Moore, Managing Director:*

An employment agreement has been executed between the Company and Mr Moore. Material provisions of the agreement are as follows:

- Term of agreement – The contract has no fixed term. It may be terminated without reason by the company by giving 3 months' written notice and 3 months payment or, at the Company's election, payment of the 6 months' notice period in lieu of notice. The Executive may terminate the employment without reason by giving 3 months written notice.
- Monthly package of \$15,000 plus statutory superannuation.

##### *Damien Kelly, Non-Executive Chairman:*

- Term of agreement – Subject to retirement by rotation under the Company's Constitution.
- Monthly package of \$4,167 plus statutory superannuation (if applicable).

##### *Janet Wicks (Non-Executive Director), Brenton Siggs (Non-Executive Director) and Greg Hancock (Non-Executive Director):*

- Term of agreement – Subject to retirement by rotation under the Company's Constitution.
- Monthly package of \$2,500 plus statutory superannuation (if applicable).

#### Share holdings

The relevant interest held during the financial year by each KMP, including their personally related parties, is set out below. No shares were issued as compensation during the reporting period.

##### Fully paid ordinary shares

30 June 2019	Balance at start of the period	Granted during the year as compensation	Other changes during the year	Balance at end of the period
Michael Moore	1,000,100	-	625,000	1,625,100
Damien Kelly	1,250,100	-	260,000	1,510,100
Greg Hancock	-	-	-	-
Brenton Siggs	500,000	-	160,000	660,000
Janet Wicks	-	-	2,800,000	2,800,000
<b>Total</b>	<b>2,750,200</b>	<b>-</b>	<b>3,845,000</b>	<b>6,595,200</b>

**Golden State Mining Limited**

**30 JUNE 2019**

**DIRECTORS' REPORT**

**Option holdings**

The relevant interest in options over ordinary shares in the Company held during the financial year by each director of Golden State Mining Limited and other key management personnel of the Group is set out below

**Unlisted options**

30 June 2019	Balance at start of the year	Granted as compensation	Exercised	Lapsed	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Michael Moore	1,500,000	-	-	-	812,550	2,312,550	2,312,550	-
Damien Kelly	1,500,000	-	-	-	755,050	2,255,050	2,255,050	-
Greg Hancock	500,000	-	-	-	-	500,000	500,000	-
Brenton Siggs	750,000	-	-	-	105,000	855,000	855,000	-
Janet Wicks	200,000	-	-	-	200,000	400,000	400,000	-
<b>Total</b>	<b>4,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,872,600</b>	<b>6,322,600</b>	<b>6,322,600</b>	<b>-</b>

**Other equity-related KMP transactions**

There have been no other transactions during the financial year involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

**Loans to key management personnel**

There were no loans to key management personnel during the year.

**Other transactions with key management personnel**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to third parties unless otherwise stated. Refer to note 22: Related Party Transactions.

**INSURANCE OF DIRECTORS AND OFFICERS**

During or since the financial year, in accordance with each director's Deed of Indemnity, Insurance and Access with Golden State Mining Limited, the Group has paid premiums insuring all the directors of Golden State Mining Limited, to the extent permitted by law, against all liabilities incurred by the director acting directly or indirectly as a director of the Company. The cover extends to legal costs incurred by the director in defending proceedings, provided that the liabilities for which the director is to be insured do not arise out of conduct involving a wilful breach of the director's duty to the Company or a contravention of sections 182 or 183 of the Corporations Act 2001. The total amount of Directors and Officers insurance premiums paid is \$19,980 (2018: \$Nil).

**The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the two (2) years to 30 June 2019:**

	30 June 2019 \$	30 June 2018 \$
Other income	41,497	-
Net loss before tax	2,932,976	476,346
Net loss after tax	2,932,976	476,346
Share price at start of the year	N/A	N/A
Share price at end of the year	0.075	N/A
Basic/diluted loss per share (cents)	(10.69)	(10.38)

**END OF REMUNERATION REPORT**

## Golden State Mining Limited

30 JUNE 2019

### DIRECTORS' REPORT

#### NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 16 to the financial statements.

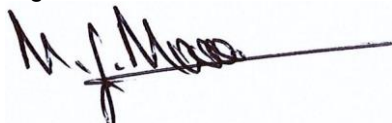
In the event non-audit services are provided by Stantons, the Board has established precedence to ensure that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. These include:

- all non-audit services are reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

#### AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.

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

**Michael Moore**

Managing Director

27 September 2019



27 September 2019

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 year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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



**Samir Tirodkar**  
**Director**

**Golden State Mining Limited**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

		Year 30 June 2019	Period from 15 August 2017 to 30 June 2018
	Notes	\$	\$
<b>REVENUE</b>			
Interest revenue		40,997	-
Other income		500	-
<b>EXPENDITURE</b>			
Administration expense		(366,187)	(95,941)
Depreciation expense	20	(103,957)	-
Exploration and tenement expense written off		(1,022,725)	(168,585)
Environmental rehabilitation obligations assumed	9	(188,864)	-
Share-based payments expense	11	(166,136)	(211,820)
Employee benefits expense		(373,554)	-
Impairment of exploration & evaluation	3	(753,050)	-
<b>LOSS BEFORE INCOME TAX</b>		<b>(2,932,976)</b>	<b>(476,346)</b>
Income tax benefit/(expense)	17	-	-
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED</b>		<b>(2,932,976)</b>	<b>(476,346)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive income for the period, net of tax		(2,932,976)	(476,346)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED</b>		<b>(2,932,976)</b>	<b>(476,346)</b>
Basic and diluted loss per share (cents)	21	<b>(10.69)</b>	(10.38)

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 30 JUNE 2019**

	Notes	30 June 2019 \$	30 June 2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	2,668,343	163,716
Trade and other receivables	5	20,130	27,660
Prepayments	6	-	93,493
Accrued income	7	6,646	-
<b>TOTAL CURRENT ASSETS</b>		<b>2,695,119</b>	<b>284,869</b>
<b>NON-CURRENT ASSETS</b>			
Security deposit		2,640	2,640
Property, plant and equipment	20	179,586	1,900
Capitalised exploration expenditure	3	-	28,414
<b>TOTAL NON-CURRENT ASSETS</b>		<b>182,226</b>	<b>32,954</b>
<b>TOTAL ASSETS</b>		<b>2,877,345</b>	<b>317,823</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	281,176	117,097
Provisions	9	19,653	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>300,829</b>	<b>117,097</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	188,864	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>188,864</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>489,693</b>	<b>117,097</b>
<b>NET ASSETS</b>		<b>2,387,652</b>	<b>200,726</b>
<b>EQUITY</b>			
Issued capital	10	5,196,031	465,252
Reserves	10	600,943	211,820
Accumulated losses	13	(3,409,322)	(476,346)
<b>TOTAL EQUITY</b>		<b>2,387,652</b>	<b>200,726</b>

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 YEAR ENDED 30 JUNE 2019**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
<b>BALANCE AT 15 AUGUST 2017 (date of incorporation)</b>	-	-	-	-
Loss for the period	-	-	(476,346)	(476,346)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	-	-	<b>(476,346)</b>	<b>(476,346)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Proceeds from issue of shares	495,102	-	-	495,102
Capital raising costs	(29,850)	-	-	(29,850)
Options issued	-	211,820	-	211,820
<b>BALANCE AT 30 JUNE 2018</b>	<b>465,252</b>	<b>211,820</b>	<b>(476,346)</b>	<b>200,726</b>
<b>BALANCE AT 1 JULY 2018</b>	<b>465,252</b>	<b>211,820</b>	<b>(476,346)</b>	<b>200,726</b>
<b>Loss for the period</b>	-	-	(2,932,976)	(2,932,976)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	-	-	<b>(2,932,976)</b>	<b>(2,932,976)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Proceeds from issue of shares	4,632,000	-	-	<b>4,632,000</b>
Proceeds from issue of loyalty options	-	34,163	-	<b>34,163</b>
Securities issue costs	(514,297)	-	-	<b>(514,297)</b>
Issue of shares – Cue project acquisition	550,000	-	-	<b>550,000</b>
Issue of shares – Lefroy project acquisition	229,500	-	-	<b>229,500</b>
Share-based payments – Lead managers	(166,424)	166,424	-	-
Share-based payments – Directors and employees	-	165,656	-	<b>165,656</b>
Share-based payments – Lefroy project acquisition	-	22,400	-	<b>22,400</b>
Share-based payments – Consultants	-	480	-	<b>480</b>
<b>BALANCE AT 30 JUNE 2019</b>	<b>5,196,031</b>	<b>600,943</b>	<b>(3,409,322)</b>	<b>2,387,652</b>

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 YEAR ENDED 30 JUNE 2019**

	Notes	30 June 2019 \$	Period from 15 August 2017 to 30 June 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Other income		500	-
Interest received		34,351	-
Payments to suppliers and employees		(1,601,168)	(268,464)
<b>Net cash used in operating activities</b>	15	<b>(1,566,317)</b>	<b>(268,464)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for project acquisitions		(173,972)	(25,914)
Security deposit		-	(2,640)
Payments for plant and equipment		(443)	(2,018)
<b>Net cash provided by (used in) investing activities</b>		<b>(174,415)</b>	<b>(30,572)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of securities		4,666,163	492,602
Payment for costs of issue of securities		(420,804)	(29,850)
<b>Net cash provided by financing activities</b>		<b>4,245,359</b>	<b>462,752</b>
Net increase in cash and cash equivalents		2,504,627	163,716
Cash and cash equivalents at the beginning of the year		163,716	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	4	<b>2,668,343</b>	<b>163,716</b>

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

## Golden State Mining Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Golden State Mining Limited and its subsidiaries. The financial statements are presented in the Australian currency. Golden State Mining Limited is a public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. It is a “for profit” entity. The financial statements were authorised for issue by the directors on 27 September 2019. The directors have the power to amend and reissue the financial statements.

##### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Golden State Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 Inventories or value in use in AASB 136 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

##### 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.



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

*(i) Compliance with IFRS*

The consolidated financial statements of the Golden State Mining Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

*(ii) New and amended standards adopted by the Group*

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective (mandatory) for the current annual reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

*(iii) Early adoption of standards*

The Group did not elect to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2019.

*(iv) Historical cost convention and going concern basis*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. These financial statements have been prepared on the going concern basis.

**(b) Principles of consolidation**

*(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

## Golden State Mining Limited

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

#### *(ii) Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Golden State Mining Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

#### *(c) Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full board of Directors.

#### *(d) Foreign currency translation*

##### *(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Golden State Mining Limited's functional and presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

##### *(iii) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit and loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition

The Group has applied AASB 15 Revenue from Contracts with Customers using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 Revenue and AASB 111 Construction Contracts. The Group does not have any revenue from contracts with customers.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(f) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

(g) Leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(j) Financial instruments (AASB 9)

*Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

*Classification and measurement*

*Financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and

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

- fair value through profit or loss (FVPL).

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the Group's business model for managing the financial asset.

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL);

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

*Financial assets at fair value through other comprehensive income (Equity instruments)*

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

*Financial assets at fair value through profit or loss (FVPL)*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

*Financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

*Impairment*

From 1 July 2018, the Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*Comparative information*

The Group has applied AASB 9 Financial Instruments retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

*Classification*

Until 30 June 2018, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available for sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

(k) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the prime cost method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss and other comprehensive income.

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

(l) Exploration and development expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis in determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(n) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised as current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(o) Share-based payments

The Group may provide benefits to employees (including directors) of the Group, and to vendors and suppliers, in the form of equity-based payment transactions, whereby employees render services, or where vendors sell assets to the Group, in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the "fair value", not market value. The "fair value" is determined in accordance with Australian Accounting Standards. In the case of share options issued, in the absence of a reliable measure, AASB 2 Share Based Payments prescribes the approach to be taken to determining the fair value. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing share options. Other models may be used.

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



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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, 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 performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option, and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as a modification of the original option.

(p) Issued capital

Ordinary shares are classified as equity.

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.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) New accounting standards for application in future periods

There are a number of new accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Group and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

These standards are not expected to have a material impact on the Group in the current or future reporting periods.



## Golden State Mining Limited

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

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 16 <i>Leases</i>	1 January 2019
AASB 17 <i>Insurance Contracts</i>	1 January 2021
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	1 January 2020
AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	1 January 2020

The Company has not entered into a commercial property lease on its corporate office premises or any other operating leases. Office rent is currently paid on a month by month basis.

#### (t) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

#### Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

#### Share-based payments

Share-based payment transactions, in the form of options to acquire ordinary shares, are valued using the Black-Scholes option or other recognised pricing model. Models use assumptions and estimates as inputs.

Whilst the Directors do not necessarily consider the result derived by the application of, say, the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued, in the absence of reliable measure for the same, AASB 2 Share Based Payments prescribes the fair value be determined by applying a generally accepted valuation methodology. The Company has adopted the Black-Scholes Option Pricing Model for presently relevant purposes. Other recognised models may be used.

## 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program includes consideration of the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group in the context of the board's judgement as to an acceptable balance as between risk/reward in the context of the Company and all the prevailing circumstances.

Risk management is carried out by a risk management committee comprised of the full board of Directors as the Group believes, given the circumstances of the Company, that it is crucial for all board members to be involved in this process. Therefore, all Directors have responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

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

(a) Market risk

(i) Foreign exchange risk

The Group is currently not exposed to foreign exchange risk.

(ii) Price risk

The Group is currently not exposed to foreign exchange risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Sensitivity analysis

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's net loss would increase or decrease by approximately \$2,668 (2018: \$Nil) which is attributable to the Group's exposure to interest rates on its variable bank deposits.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Debt and equity funding are options open to the Company. The board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to ensuring the Group has adequate funds available.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value, less impairment provision, of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

## Golden State Mining Limited

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

#### 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: EXPLORATION AND EVALUATION EXPENDITURE

	June 2019 \$	June 2018 \$
Carried forward exploration and evaluation expenditure	28,414	-
Project Acquisition costs	724,636	28,414
Amounts Impaired during the year	(753,050)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>28,414</b>

Project acquisition costs impaired amounting to \$753,050 has been recognised in profit or loss for the year ended 30 June 2019 (2018: \$Nil).

#### Cue Gold Project

During the reporting period, 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 stamp duty on the Cue Project acquisition was \$29,965.

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

As at 30 June 2019, the total Cue Project accumulated acquisition costs of \$469,154 was fully impaired. That the carrying value as a result is zero does not necessarily reflect the board's view of the market value of the project.

#### Yule Project

As at 30 June 2019, 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.

As at 30 June 2019, the total accumulated acquisition costs of \$6,996 for the Yule Project was fully impaired. The zero carrying value as a result, does not necessarily reflect the board's view of the market value of the project.

#### Lefroy project acquisition

On 23 January 2019, the Group completed the acquisition of 100% interest in the Murchison Project comprising of the Cuddingwarra & Big Bell South Projects which were 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 and 800,000 unlisted options (\$0.25, expiring 26 Oct 2022).

The 1,700,000 ordinary fully paid GSM shares were valued at \$229,500 and the 800,000 options were valued at \$22,400 (refer to note 5). The company also paid \$25,000 is cash.

As at 30 June 2019, the total acquisition costs of \$276,900 for the Lefroy Project was fully impaired. The zero carrying value as a result, does not necessarily reflect the board's view of the market value of the project.

**Golden State Mining Limited**

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

**NOTE 4: CASH AND CASH EQUIVALENTS**

	<b>June 2019</b> \$	<b>June 2018</b> \$
Cash at bank	635,907	163,716
Short-term deposits	2,032,436	-
<b>Total</b>	<b>2,668,343</b>	<b>163,716</b>

**NOTE 5: TRADE AND OTHER RECEIVABLES**

	<b>June 2019</b> \$	<b>June 2018</b> \$
Loan to third party	-	156
GST receivable	20,130	27,504
<b>Total</b>	<b>20,130</b>	<b>27,660</b>

At the reporting date, \$156 loan to third party was expensed to 'Exploration and Tenement expense' and none of the receivables were past due or impaired.

**NOTE 6: PREPAYMENTS**

	<b>June 2019</b> \$	<b>June 2018</b> \$
Prepayments relating IPO costs for FY18/19 ASX listing	-	93,493

**NOTE 7: ACCRUED INCOME**

	<b>June 2019</b> \$	<b>June 2018</b> \$
Term deposit - interest income receivable	6,646	-

**NOTE 8: TRADE AND OTHER PAYABLES**

	<b>June 2019</b> \$	<b>June 2019</b> \$
<b>Current</b>		
Trade payables	174,963	79,834
Other payables and accruals	106,213	37,263
	<b>281,176</b>	<b>117,097</b>

**Golden State Mining Limited**

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

**NOTE 9: PROVISIONS**

	June 2019 \$	June 2018 \$
<b>Current</b>		
Provision for employee entitlements	19,653	-
<b>Non-current</b>		
Environmental rehabilitation provision	188,864	-

**Environmental rehabilitation**

As at 30 June 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. The directors have reviewed the estimates close to balance date and are of the opinion that no further provision is required as at 30 June 2019.

**NOTE 10: EQUITY SECURITIES ISSUED**

**Equity shares**

	June 2019 Shares	June 2019 \$	June 2018 Shares	June 2018 \$
<b>Outstanding at the beginning of the year</b>	<b>8,425,200</b>	<b>465,252</b>	-	-
<b>Issues of ordinary shares</b>				
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	<b>576,000</b>	<b>72,000</b>	-	-
Fully paid shares issued – Cue gold project consideration	<b>2,750,000</b>	<b>550,000</b>	-	-
Fully paid shares issued - IPO	<b>22,800,000</b>	<b>4,560,000</b>	-	-
Transaction costs	-	<b>(514,297)</b>	-	-
Transaction cost -				
Options issued to lead managers	-	<b>(166,424)</b>	-	-
Fully paid shares issued – Lefroy project consideration	<b>1,700,000</b>	<b>229,500</b>		
<b>Outstanding at the end of the period</b>	<b>36,251,200</b>	<b>5,196,031</b>	8,425,200	465,252

As at 30 June 2019, the Company had 36,251,200 fully paid ordinary shares.

## Golden State Mining Limited

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

#### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern and to take advantage of organic and acquisitive mineral property opportunities, so that it may strive to provide returns for shareholders and benefits for other stakeholders.

Debt and equity funding options are open to the Group. The working capital position of the Group at 30 June 2019 and 30 June 2018 are as follows:

	June 2019 \$	June 2018 \$
Cash and cash equivalents	2,668,343	163,716
Trade and other receivables	20,130	27,660
Other assets	6,646	93,493
Trade and other payables	(281,176)	(117,097)
Provisions	(19,653)	-
<b>Working capital position</b>	<b>2,394,290</b>	<b>167,772</b>

#### Options

	June 2019 Number of options	June 2019 \$	June 2018 Number of options	June 2018 \$
<b>Outstanding at the beginning of the year</b>	<b>5,000,000</b>	<b>211,820</b>	-	-
<b>Movements of options</b>				
Issued, exercisable at \$0.20, expiring 31 August 2020	-	-	550,000	-
Issued, exercisable at \$0.25, expiring 8 November 2021 - Directors	-	<b>76,926</b>	4,450,000	211,820
Issued, exercisable at \$0.35, expiring 8 November 2021 - Employee	<b>1,000,000</b>	<b>56,387</b>	-	-
Issued, exercisable at \$0.25, expiring 8 November 2021 - Employee	<b>500,000</b>	<b>32,343</b>	-	-
Issued, exercisable at \$0.25, expiring 26 October 2022 – Lead managers	<b>1,722,560</b>	<b>166,424</b>	-	-
Issued, exercisable at \$0.25, expiring 26 October 2022 – Lefroy project acquisition	<b>800,000</b>	<b>22,400</b>	-	-
Issued, exercisable at \$0.25, expiring 26 October 2021 – Loyalty options	<b>6,832,544</b>	<b>34,163</b>	-	-
Issued, exercisable at \$0.25, expiring 8 November 2021 – Consultants	<b>160,000</b>	<b>480</b>	-	-
<b>Outstanding at the end of the period</b>	<b>16,015,104</b>	<b>600,943</b>	5,000,000	211,820

As at 30 June 2019, the Company had 16,015,104 unlisted options

## Golden State Mining Limited

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

#### NOTE 11: 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 30 June 2019.

##### Options

	June 2019  No.	June 2019  WAEP	June 2018  No.	June 2018  WAEP
<b>Outstanding at the beginning of the year</b>	<b>4,450,000</b>	<b>\$0.25</b>	-	-
Granted during the year	4,182,560	\$0.27	4,450,000	\$0.25
Outstanding at the end of the period	8,632,560	\$0.26	4,450,000	\$0.25
<b>Exercisable at the end of the period</b>	<b>8,632,560</b>	<b>\$0.26</b>	4,450,000	\$0.25

The weighted average remaining contractual life for the share-based payment options as at 30 June 2019 is 2.72 years.

The weighted average exercise price for the share-based payment options as at 30 June 2019 is \$0.26 (June 2018: \$0.25).

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

##### Options issued during the current year:

On 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.

## Golden State Mining Limited

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

On 19 December 2019, there were 800,000 unlisted options granted as part consideration for the Lefroy project which had a fair value of \$0.028 per share on a Black Scholes model with the following key inputs: interest free rate – 1.5% volatility factor – 48% measured over 8 months from the listing date, grant date – 19 December 2018, days to expiry – 1,407 and exercise price - \$0.25.

On 12 June 2019, there were 160,000 unlisted options issued to consultants which had a fair value of \$0.003 per share on a Black Scholes model with the following key inputs: interest free rate – 1.5% volatility factor – 48% measured over approximately 8 months, issue date – 12 June 2019, days to expiry – 880 and exercise price - \$0.25.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

#### Recognised share-based payments expenses

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

	2019 \$	2018 \$
<b>Operating expenditure</b>		
Options issued to directors, employees and consultants	166,136	211,820

#### Shares

During the year, 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.

During the year, the Group also acquired the Lefroy projects and as part of the agreement issued 1,700,000 fully paid ordinary shares at 13.5c per share for the value of \$229,500. The valuation of 13.5c per share was on the basis of GSM's closing price on the grant date - 19 December 2018.

#### NOTE 12: DIVIDENDS

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

#### NOTE 13: ACCUMULATED LOSSES

	June 2019	June 2018
Accumulated losses at the beginning of the financial year	(476,346)	-
Net (loss) attributable to members of the company	(2,932,976)	(476,346)
Accumulated losses at the end of the financial year	<b>(3,409,322)</b>	<b>(476,346)</b>



**Golden State Mining Limited**

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

**NOTE 14: 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	2019				2018			
	Floating Interest Rate	Fixed Interest Rate	Non-interest bearing	Total	Floating Interest Rate	Fixed Interest Rate	Non-interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>								
Cash and cash equivalents	530,365	2,012,436	105,542	2,648,343	-	-	163,716	163,716
Trade and other receivables	-	-	20,130	20,130	-	-	27,660	27,660
<b>Total financial assets</b>	<b>530,365</b>	<b>2,012,436</b>	<b>125,672</b>	<b>2,668,473</b>	<b>-</b>	<b>-</b>	<b>191,376</b>	<b>191,376</b>
Weighted average interest rate for the year	0.5%	2.4%			0%	0%		
<b>Financial liabilities</b>								
Trade and other payables	-	-	281,176	281,176	-	-	117,097	117,097
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>281,176</b>	<b>281,176</b>	<b>-</b>	<b>-</b>	<b>117,097</b>	<b>117,097</b>

**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 as at 30 June 2019.

**Golden State Mining Limited**

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

**NOTE 15: RECONCILIATION OF LOSS AFTER TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	Consolidated	
	June 2019 \$	June 2018 \$
<b>Profit/(Loss) after income tax</b>	<b>(2,932,976)</b>	<b>(476,346)</b>
<b>Non-cash flows in loss for the period</b>		
Depreciation	103,957	118
Share based payments	166,136	211,820
Impairment	723,085	-
<b>Changes in assets and liabilities</b>		
(Increase) / Decrease in trade and other receivables	7,531	(27,660)
(Increase) / Decrease in Prepayments	-	(93,493)
(Increase) / Decrease in Accrued income	(6,646)	-
Increase / (Decrease) in trade and other payables	164,079	117,097
Increase / (Decrease) in Provisions	208,517	-
<b>Net cash inflows (outflows) from operating activities</b>	<b>(1,566,317)</b>	<b>(268,464)</b>

**NOTE 16: REMUNERATION OF AUDITORS/ NON-AUDIT SERVICES**

	2019 \$	2018 \$
<b>REMUNERATION OF AUDITORS</b>		
Audit of financial reports	26,000	15,000
<b>NON-AUDIT SERVICES</b>		
Investigating Accountant's Report (IAR)	3,546	10,500

**Golden State Mining Limited**

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

**NOTE 17: INCOME TAX EXPENSE**

	Consolidated	
	June 2019 \$	June 2018 \$
<b>The components of income tax benefit comprise:</b>		
<i>Current income tax benefit</i>	(571,519)	-
<i>Deferred income tax expense</i>	-	-
Income tax expense reported in the consolidated statement of comprehensive income	-	-
<b>Income tax expense recognised in equity</b>		
Accounting Profit/(Loss) before income tax	<b>(2,932,976)</b>	<b>(476,346)</b>
At the statutory income tax rate of 30%	(879,893)	(142,904)
Other non-deductible expenditure for income tax purposes	275,756	9,000
Other adjustments	32,618	63,545
Unrecognised tax losses	<b>(571,519)</b>	<b>(70,359)</b>
<i>Deferred tax assets</i>		
Carried forward revenue losses	641,878	70,359
Other	-	-
<b>Gross deferred tax asset</b>	<b>641,878</b>	<b>70,359</b>
Offset against deferred tax liability	-	-
<b>Unrecognised Tax Asset</b>	<b>641,878</b>	<b>70,359</b>

There were no 'Deferred tax liabilities' as at 30 June 2019.

**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.

**NOTE 18: CONTINGENCIES**

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

**NOTE 19: 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.

The Group will be required to outlay approximately \$574,080 (2018: \$323,000) in the following financial year to meet minimum expenditure requirements.

## Golden State Mining Limited

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

#### Operating Lease Commitment

The Company has not entered into a commercial property lease on its corporate office premises or any other operating leases. Office rent is currently paid on a month by month basis.

#### NOTE 20: PROPERTY, PLANT AND EQUIPMENT

	June 2019 \$	June 2018 \$
<b>Property, Plant and Equipment at cost</b>		
Opening balance	2018	-
Additions – Cue Gold project acquisition	281,200	-
Additions - other	443	2,018
<b>Closing balance</b>	<b>283,661</b>	<b>2,018</b>
<b>Accumulated depreciation</b>		
Opening balance	118	-
Depreciation for the year	103,957	118
<b>Closing balance</b>	<b>104,075</b>	<b>118</b>
<b>Summary</b>		
At cost	283,661	2018
Accumulated depreciation	(104,075)	(118)
<b>Net carrying amount</b>	<b>179,586</b>	<b>1,900</b>

#### NOTE 21: BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

	June 2019	June 2018
Basic and diluted (loss) per share (cents)	(10.69)	(10.38)
Profit/(Loss) attributable to members of Golden State Mining	(2,932,976)	(476,346)
Weighted average number of shares outstanding	27,432,000	4,590,404

#### NOTE 22: 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, \$25,000 (excl. GST) was paid to Michael Moore for project management, administration, consulting and advisory services. At 30 June 2019 no amount was owing to Michael Moore.

Damien Kelly is the proprietor of Advanced Capital Management Pty Ltd ATF South Point Trust T/AS Western Tiger Corporate Advisers. During the year excluding reimbursements, \$35,013 (excl. GST) was paid to Western Tiger Corporate Advisers for project management, administrative, consulting, company secretarial and corporate advisory services (including advising, preparing of the prospectus and ancillary services related to the loyalty option offer undertaking in February and March 2019). As at 30 June 2019 no amount was owing to Western Tiger Corporate Advisers.

Brenton Siggs is a partner of Reefus Geology Services which was paid \$67,871 (excl. GST) for geological work undertaken on the Group's projects. As at 30 June 2019 the amount payable to Reefus Geology Services was \$14,266 (excl. GST).

Janet Wicks is a director and beneficiary of Western Mining Pty Ltd ATF Western Mining Unit Trust. During the year Western Mining was paid \$35,460 for consulting, management and labour services (not within the scope of Ms Wick's role as a director of the Company; primarily in connection with the Company's Cue/Murchison project) and rent for a property at CUE. As at 30 June 2019 the amount payable to Western Mining was \$5,200 (excl. GST) for consulting, management and labour services as well as rent.

## Golden State Mining Limited

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

#### NOTE 23: 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 2019, including their personally related parties, is set out below:

##### Working Fully paid ordinary shares

June 2019	Balance at start of the period	Granted during the year as compensation	Other changes during the year	Balance at end of the period
Michael Moore	1,000,100	-	625,000	1,625,100
Damien Kelly	1,250,100	-	260,000	1,510,100
Greg Hancock	-	-	-	-
Brenton Siggs	500,000	-	160,000	660,000
Janet Wicks	-	-	2,800,000	2,800,000
<b>Total</b>	<b>2,750,200</b>	<b>-</b>	<b>3,845,000</b>	<b>6,595,200</b>

The Number of options which the Directors and Key Management Personnel of the Company held a relevant interest during the year ended 30 June 2019, including their personally related parties, is set out below:

##### Unlisted options

June 2019	Balance at start of the year	Granted as compensation	Exercised	Lapsed	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Michael Moore	1,500,000	-	-	-	812,550	2,312,550	2,312,550	-
Damien Kelly	1,500,000	-	-	-	755,050	2,255,050	2,255,050	-
Greg Hancock	500,000	-	-	-	-	500,000	500,000	-
Brenton Siggs	750,000	-	-	-	105,000	855,000	855,000	-
Janet Wicks	200,000	-	-	-	200,000	400,000	400,000	-
<b>Total</b>	<b>4,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,872,600</b>	<b>6,322,600</b>	<b>6,322,600</b>	<b>-</b>

#### NOTE 24: GOLDEN STATE MINING LIMITED (THE PARENT ENTITY) INFORMATION

	JUNE 2019	JUNE 2018
	\$	\$
Current assets	2,695,119	284,869
Non-current assets	4,228	20,459
<b>Total assets</b>	<b>2,699,347</b>	<b>305,328</b>
Current liabilities	290,829	102,098
Non-current liabilities	188,864	-
<b>Total liabilities</b>	<b>479,693</b>	<b>102,098</b>
<b>NET ASSETS</b>	<b>2,219,654</b>	<b>203,230</b>
Contributed equity	5,196,031	465,252
Reserves	600,943	211,820
Accumulated losses	(3,577,320)	(473,842)
<b>Total equity</b>	<b>2,219,654</b>	<b>203,230</b>
Loss for the year	(3,103,478)	(473,842)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(3,103,478)</b>	<b>(473,842)</b>

## Golden State Mining Limited

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

#### NOTE 25: CONTROLLED ENTITIES

	Ownership interest	
	2019	2018
<b>Parent entity</b>		
Golden State Mining Limited		
<b>Subsidiaries</b>		
Cue Consolidated Mining Pty Ltd	100%	100%
Crown Mining Pty Ltd	100%	100%

All members of the consolidated entity are incorporated in Australia.

#### NOTE 26: SUBSEQUENT EVENTS

Since the reporting date, on 8 August 2019, 375,000 fully paid ordinary shares at \$0.08 per share, were issued as part consideration for drilling services at the Cue project

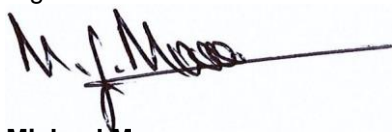
No other matter or circumstance has arisen since 30 June 2019, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

## Golden State Mining Limited

### DIRECTORS' DECLARATION

1. In the opinion of the Directors of Golden State Mining Limited:
  - (a) The consolidated financial statements and notes, and the Remuneration Report in the Directors' Report are 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 2019 and its performance, for the financial year ended on that date, and
    - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director for the financial year ended 30 June 2019.
3. The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a) to the consolidated financial statements.

Signed in accordance with a resolution of the Directors.

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

**Michael Moore**

Managing Director

27 September 2019

**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 consolidated 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 2019, 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 2019 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter Relating to Carrying Value of Property Plant and Equipment**

Without qualification to the audit 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 \$179,586. 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Emphasis of Matter Relating to Carrying Value of Property Plant and Equipment section, we have determined that there are no other key audit matters to communicate in our report.

### **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 2019 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 Company 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.

### **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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*


We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Golden State Mining Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**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  
27 September 2019

## Golden State Mining Limited

### ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 10 September 2019.

(a) Distribution of equity securities Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
S1	• -	1,000	6	1,905
1,001	• -	5,000	23	92,521
5,001	• -	10,000	119	1,146,214
10,001	• -	100,000	215	8,598,479
100,001	•	and over	70	26,787,081
	•		<b>433</b>	<b>36,626,200</b>
The number of shareholders holding less than a marketable parcel of shares are:			<b>29</b>	<b>94,426</b>

**(b) Twenty largest shareholders of quoted ordinary shares**

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	WESTERN MINING PL <WESTERN MINING A/C>	2,750,000	7.51%
2	LEFROY EXPL LTD	1,700,000	4.64%
3	MOORE MICHAEL J + R H <PETHERWIN A/C>	1,625,100	4.44%
4	ADVANCED CAP MGNT PL <SOUTH POINT A/C>	1,425,100	3.89%
5	MORTON DAVID GREGORY	1,132,000	3.09%
6	PERTH SELECT SEAFOODS PL	1,130,000	3.09%
7	REDROVE EQUIPMENT PL	1,000,000	2.73%
8	JEMAYA PL <FEATHERBY FAM A/C>	600,000	1.64%
9	PCAS AUST PL <PCAS INV A/C>	587,500	1.60%
10	BUPRESTID PL <HANLON FAM SUPER A/C>	540,302	1.48%
11	SIGGS BRENTON DAVID	500,000	1.37%
12	TRADE HLDGS PL < K H & R M ALLISTER>	500,000	1.37%
13	GUOGA ANTANAS	500,000	1.37%
14	WEIR SCOTT ROBERT + S C <S R SUPER A/C>	489,500	1.34%
15	HARSHELL INV PL <KAPLAN FAM A/C>	450,000	1.23%
16	SUBURBAN HLDGS PL <SUBURBAN S/F A/C>	440,000	1.20%
17	DIXTRU PL	400,000	1.09%
18	TARNEY HLDGS PL <DP & FL WADDELL FAM A/C>	400,000	1.09%
19	NATIONAL NOM LTD <DB A/C>	398,996	1.09%
20	REDLAND PLAINS PL <BRIAN RODAN S/F A/C>	394,000	1.08%
		<b>16,962,498</b>	<b>46.34%</b>

## Golden State Mining Limited

### (c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	<b>Number of Ordinary Shares</b>
Western Mining Pty Ltd ATFT Western Mining Unit Trust; and Janet Lee Wicks, Anthony Marston Wicks and Daniel Frank Hribar	2,800,000

### (d) Voting rights

All fully paid ordinary shares carry one vote per share. All options have no voting rights.

### (e) Unquoted Securities

<b>Class</b>	<b>Number of Securities</b>			<b>Holders of 20% or more of the class*</b>	
	<b>Number of Securities</b>	<b>of Holders</b>	<b>Holder Name</b>	<b>Number of Securities</b>	<b>Number of Securities</b>
Fully paid ordinary shares (escrowed until 8 Nov 2020)	6,387,200	5	-	-	-
Unlisted \$0.25 Options, expiry 26 Oct 2022	2,522,560	15	Zenix Nominees Pty Ltd	1,080,830	-
			Lefroy Exploration Limited	800,000	-
Unlisted \$0.20 Options, expiry 31 Aug 2020	550,000	10	-	-	-
Unlisted \$0.35 Options, expiry 8 Nov 2021	1,000,000	1	Ms Jill Louise Willetts	1,000,000	-
Unlisted \$0.25 Options, expiry 8 Nov 2021	5,110,000	9	Advanced Capital Management Pty Ltd <South Point A/C>	1,500,000	-
			Mr Michael James Moore & Mrs Ruth Heather Moore <Petherwin A/C>	1,500,000	-
Unlisted \$0.25 Options, expiry 8 Nov 2019	6,832,544	142	-	-	-

## Golden State Mining Limited

Table 1. As at 16 September 2019 the Company or its subsidiaries (“Group”) had a 100% beneficial interest in the following tenements:

Number	Holder	Status
<b>Cue Murchison Project</b>		
E 21/192	Lefroy Exploration Ltd <sup>1</sup>	Live
E 21/193	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2256	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2257	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2258	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2259	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2260	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2261	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2262	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2263	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2264	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2265	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2266	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2267	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2268	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2269	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2272	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2273	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2274	Lefroy Exploration Ltd <sup>1</sup>	Live
P 20/2275	Lefroy Exploration Ltd <sup>1</sup>	Live
L 20/60	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/61	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/62	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/66	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/68	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/69	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/70	Western Mining Pty Ltd <sup>1</sup>	Live
L 20/78	Western Mining Pty Ltd <sup>1</sup>	Pending
M 20/61	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/519	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/520	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/522	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/523	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/524	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/525	Western Mining Pty Ltd <sup>1</sup>	Live
M 20/547	Western Mining Pty Ltd <sup>1</sup>	Pending
P 20/2027	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2118	Western Mining Pty Ltd <sup>1</sup>	Live



## Golden State Mining Limited

P 20/2160	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2162	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2174	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2213	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2214	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2223	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2276	Western Mining Pty Ltd <sup>1</sup>	Live
P 20/2319	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2320	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2321	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2322	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2323	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2324	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2325	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2330	Western Mining Pty Ltd <sup>4</sup>	Live
P 20/2335	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2336	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2342	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2343	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2344	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2345	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2346	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2349	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2368	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2369	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2370	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2371	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2372	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2373	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 20/2374	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 20/2382	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Pending
P 21/756	Western Mining Pty Ltd <sup>4</sup>	Live
P 21/765	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
P 21/766	Cue Consolidated Mining Pty Ltd <sup>2</sup>	Live
E 20/949	Cue Consolidated Mining Pty Ltd <sup>2,3</sup>	Pending
E 20/950	Cue Consolidated Mining Pty Ltd <sup>2,3</sup>	Pending
E 20/951	Cue Consolidated Mining Pty Ltd <sup>2,3</sup>	Pending
<b>Yule Project</b>		
E 47/3503-I	Crown Mining Pty Ltd <sup>2</sup>	Live
E 47/3507-I	Crown Mining Pty Ltd <sup>2</sup>	Live
E 47/3508-I	Crown Mining Pty Ltd <sup>2</sup>	Live
E 45/5570	Crown Mining Pty Ltd <sup>2</sup>	Pending

## Golden State Mining Limited

<b>Four Mile Well Project</b>		
E 38/3282	Crown Mining Pty Ltd <sup>2</sup>	Live

Notes:

1. Held in trust for Cue Consolidated Mining Pty Ltd pending transfer.
2. 100% subsidiary of GSM.