



Golden State Mining Limited

ABN 52 621 105 995

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2021

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Golden State Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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)

Company Secretary

Mr. Marc Boudames

Registered Office and Principal Place of Business

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Email: info@gsmining.com.au
Website: www.goldenstatemining.com.au

Share Register

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Australia
Telephone: 1300 288 664
Facsimile: +61 2 8583 3040

Stock Exchange Listing

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

Auditors

Stantons
Level 2, 40 Kings Park Road
West Perth WA 6005

Solicitors

EMK Lawyers
Suite 1B
Chamber of Commerce Building
16 Phillimore Street
Fremantle WA 6160

Golden State Mining Limited

31 DECEMBER 2021

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COMPETENT PERSON'S STATEMENT

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

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

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Golden State Mining Limited ("GSM" or the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

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

Michael Moore – Managing Director

Damien Kelly – Non-Executive Chairman

Brenton Siggs – Non-Executive Director

Greg Hancock – Non-Executive Director

COMPANY SECRETARY

Marc Boudames

REVIEW AND RESULTS OF OPERATIONS (for the period)

Yule – 100% GSM

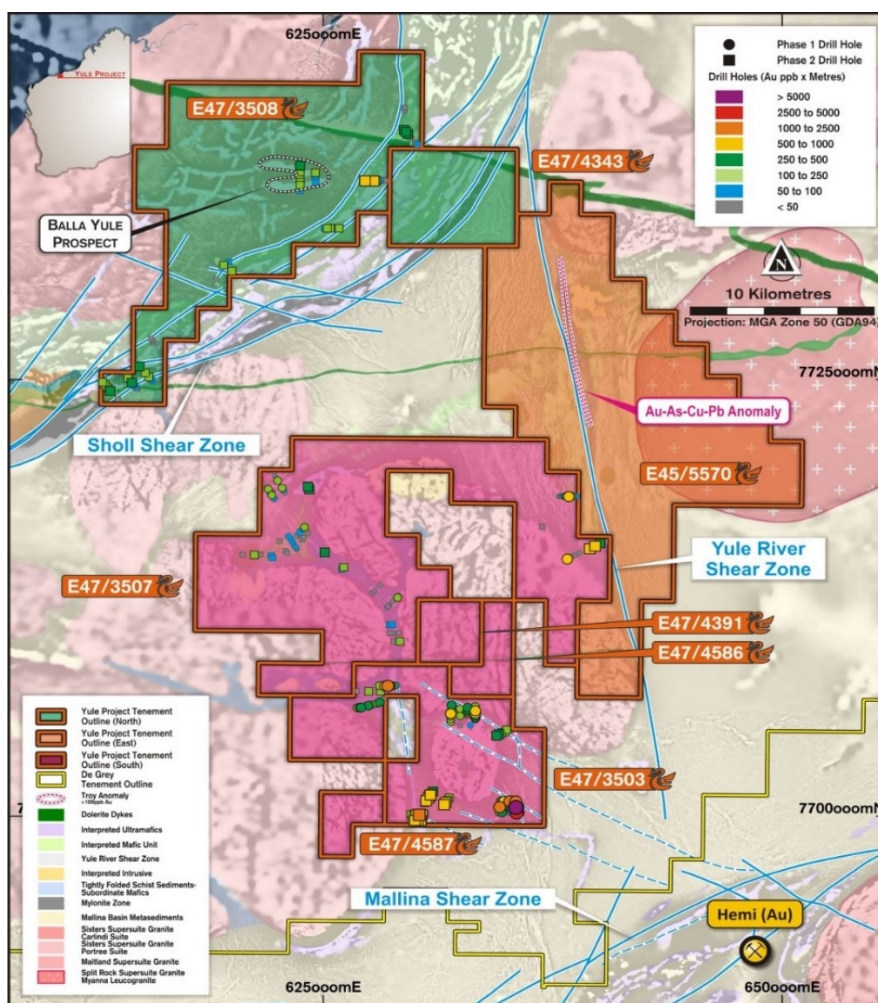


Figure 1: Yule geological plan showing project areas.

DIRECTORS' REPORT (continued)

Yule South RC Drilling

The Yule South reverse circulation ("RC") program (19 holes, 3,542m) was concluded on the 17th of August 2021 (refer to ASX announcements dated 18th August 2021 & 28th October 2021, Figure 1) and tested three of the four main gold targets generated from the 2020 exploration campaigns.

Target 1 East Results

Drilling at this target (11 holes, 2,018m, Figure 2) intersected a diorite intrusive with extensive zones of sulphide (mainly pyrite up to 5%) mineralisation. Encouraging gold results included 3 metres @ 0.29g/t from 216 metres downhole (21GSYSRC0005) are hosted in a hornfels metasediment at the contact zone of the diorite intrusive. In addition, a result of 2 metres @ 0.12g/t from 76m (21GSYSRC0002) (Figure 3) was intersected adjacent to a sulphidic zone hosted in diorite.

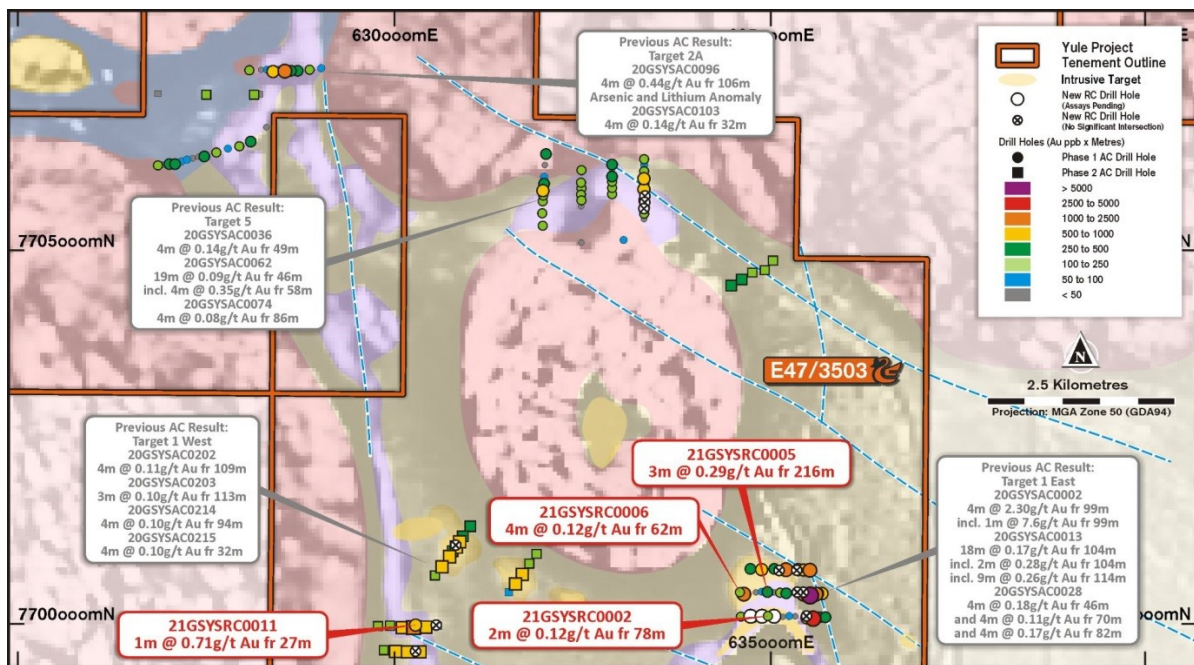


Figure 2: Yule South geological plan showing recent RC drilling results over gold targets (refer to GSM ASX announcement dated 18 October 2021).

The remaining RC holes tested an interpreted shear zone adjacent to the diorite intrusive and previous air-core ("AC") gold anomalies (refer to ASX announcements dated 14th August 2020 & 23rd September 2020). Sheared metasediments and quartz vein zones were encountered but no significant results were recorded.

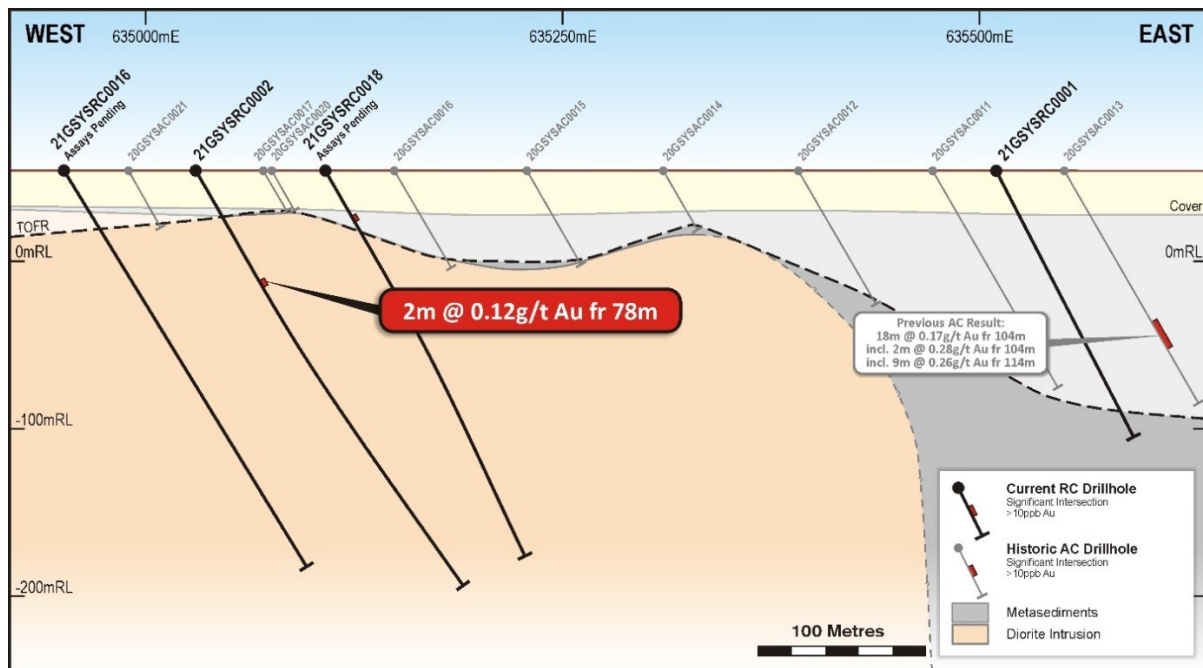
DIRECTORS' REPORT (continued)

Figure 3: Target 1 East Cross Section showing RC results.

Target 1 West

RC drilling (4 holes, 804m) targeted a potential mineralised intrusive at depth where significant silica and pyrite alteration was recorded in addition to multiple intersections of anomalous 0.1g/t gold from the phase 2 AC program. Holes 21GSYSRC0010-12 tested interpreted dislocations to a major north-south structure. The most significant assay result was intersected in hole 21GSYSRC0011 consisting of 1 metre @ 0.27g/t from 71 metres downhole hosted in a quartz vein within a weathered schist.

Hole 21GSYSRC0012 intersected a granodiorite intrusive from 30 metres with disseminated pyrite and some quartz vein intervals. No significant gold assay results were recorded in this hole.

Target 5

Follow up RC drilling (3 holes, 522m) at Target 5 tested a strong silica, patchy sericite and pyrite alteration zone returned from first pass AC drilling. No significant gold assay results were returned.

Target 2A

No drilling was completed at this target due to rig availability and will be completed in a follow up phase of RC drilling.

Yule AC Drilling

The 2021 reconnaissance AC drilling program at the Yule Project (Figure 3) was concluded on the 18th of November 2021 and covered 18 target areas at Yule South, Yule North and the recently

31 DECEMBER 2021

DIRECTORS' REPORT (continued)

granted Yule East project (Figure 4). A total of 213 holes for a total advance of 16,326 metres were completed.

Twelve new target areas were drilled with two at Yule North and ten at Yule East. The remaining six areas at Yule South were drilled over further zones at existing targets including Targets 1, 2A, 3A and 5.

The drilling recorded a wide range of rock types including interpreted altered and sheared metasedimentary types, metamorphic and mafic schists and granitoid/porphyritic intrusive bodies. As a result, selective drill holes will be the subject of GSM's lithium-base metal assay suite analysis and additional petrological studies. All drill-holes with suitable transitional to fresh lithic fragments will undergo end-of-hole multi-element analysis.

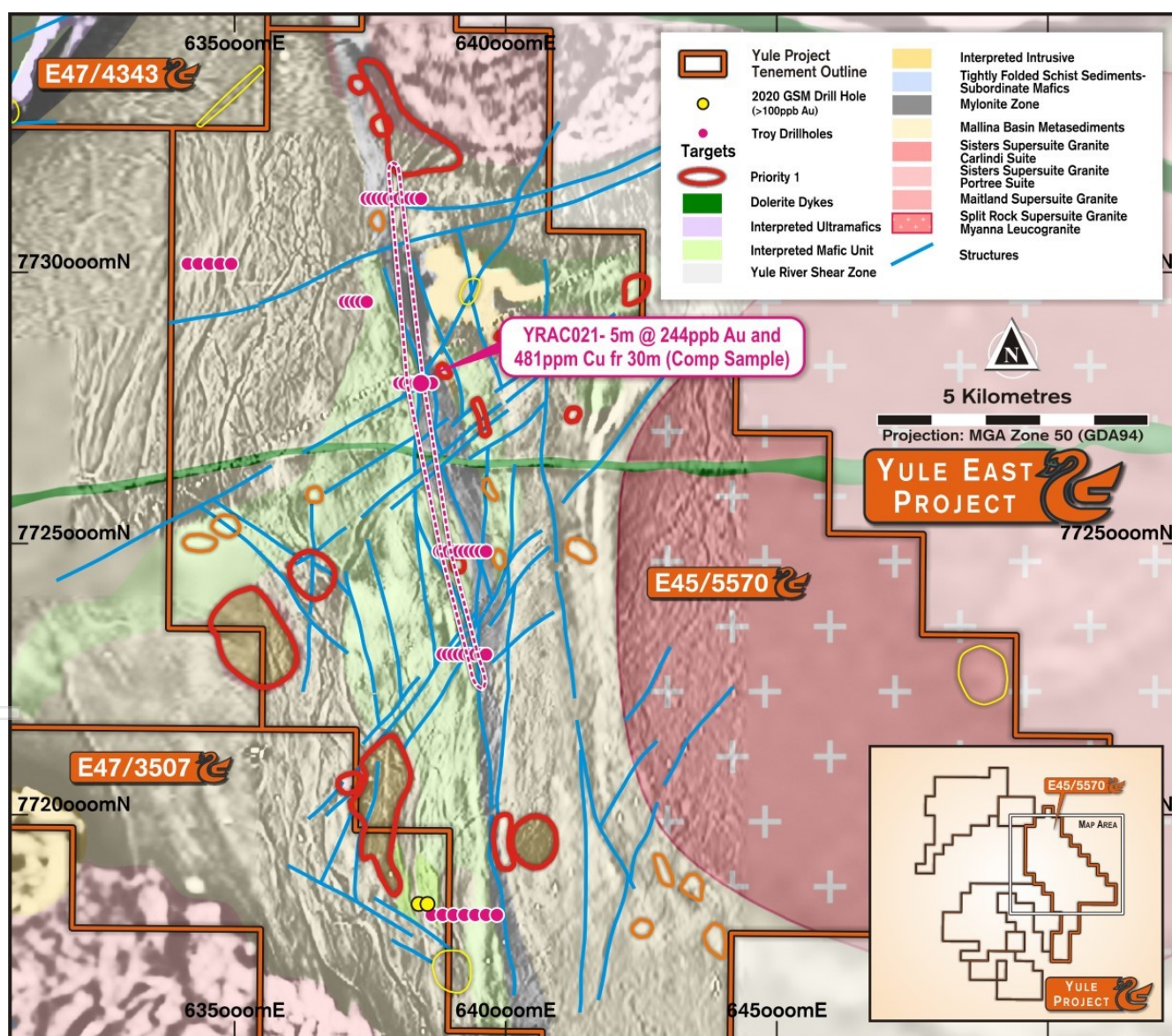


Figure 4: Yule East priority target areas (refer to GSM ASX announcements dated 4 Dec 2020 & 17 Feb 2021 & Troy Resources Limited ASX announcement dated 29/4/2005).

DIRECTORS' REPORT (continued)

Four Mile Well – 100% GSM

The Company's two additional exploration license applications at its wholly owned Four Mile Well project near Laverton (Figure 5) encompass a recently identified geochemical anomaly identified during a review of historic geochemical datasets. This followed geochemical data reprocessing by GSM during the June 2021 quarter. This work highlighted a previously unrecognised anomalous response in the historic data, revealing an encouraging Arsenic-Bismuth low level gold anomaly on the northern boundary of the project. The geochemical anomaly is interpreted to extend eastwards (refer to June 2021 Quarterly Activities report dated 30 July 2021).

Fieldwork is expected to commence once the tenement applications have been granted.

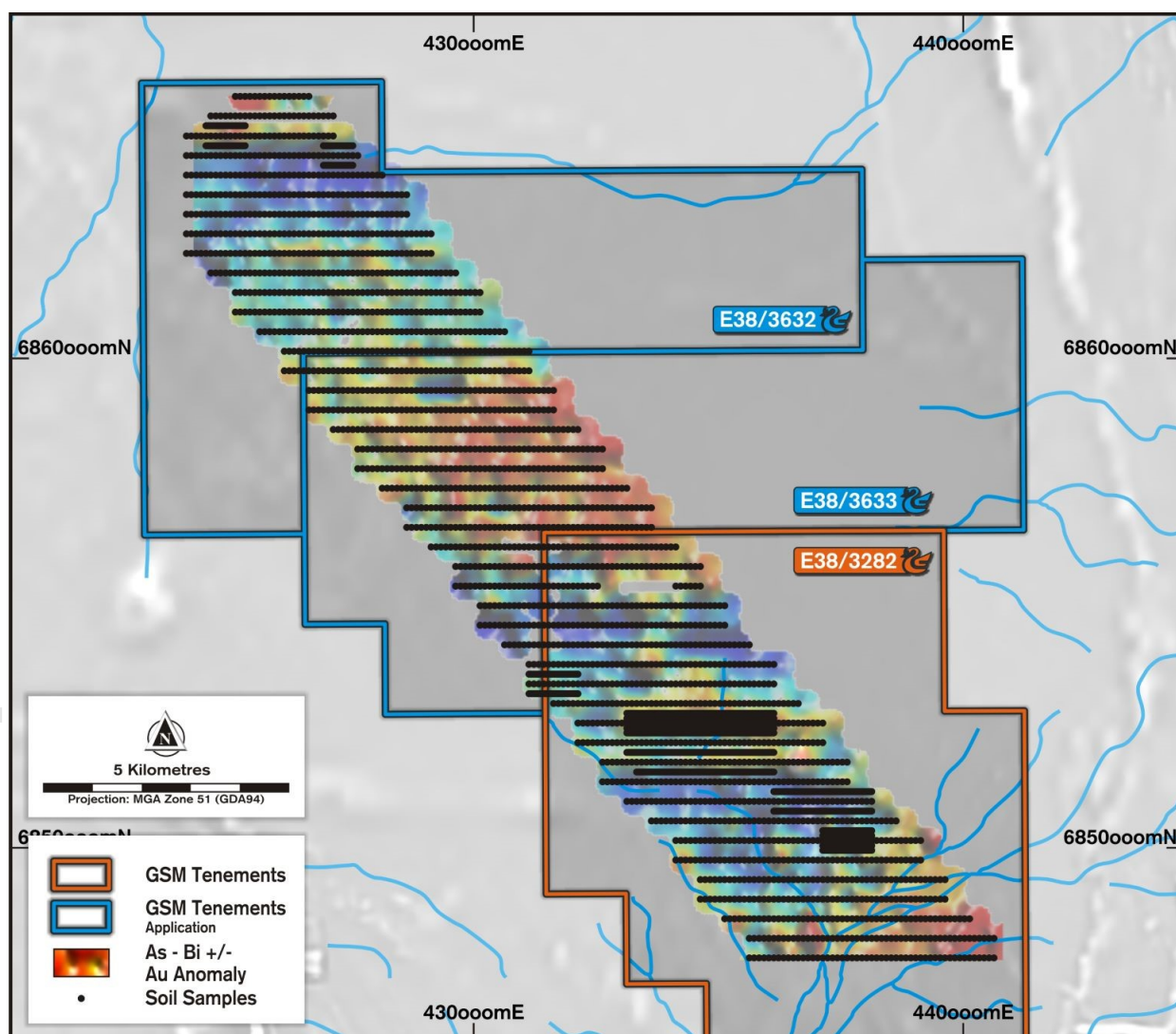


Figure 5: Four Mile Well Project showing tenement applications over geochemical anomaly.

NB. Tenement E38/3633 was granted after the end of the reporting period on 5 January 2022

DIRECTORS' REPORT (continued)

Tenements applied for during the reporting period

The Company has conducted a whole of Western Australia targeting study focused on gold, base and battery metals as it looks to identify exploration targets that have been largely overlooked and untouched using modern exploration techniques (Figure 6). In conjunction with various industry consultants, several targets were identified which subsequently resulted in the following tenement applications after the end of the September 2021 quarter:

- Southern Cross East - E77/2896, E77/2897 & E77/2898
- Yamarna - E38/3671 & E38/3670
- Eucla Basin - E28/3175 & E28/3176
- Ashburton - E08/3456
- Payne's Find E59/2658, E59/2659, E59/2660, E59/2661, E59/2662 and E59/2663

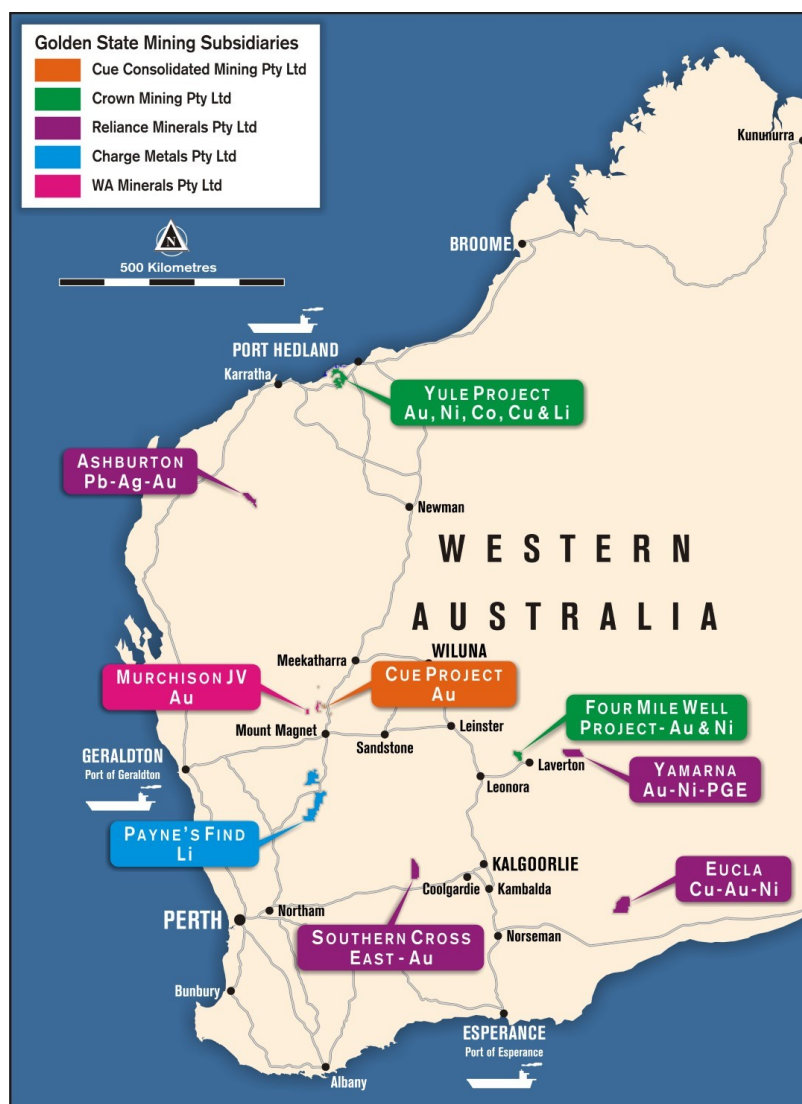


Figure 6: Regional Plan showing GSM projects (labelled) and recent tenement applications.

Murchison

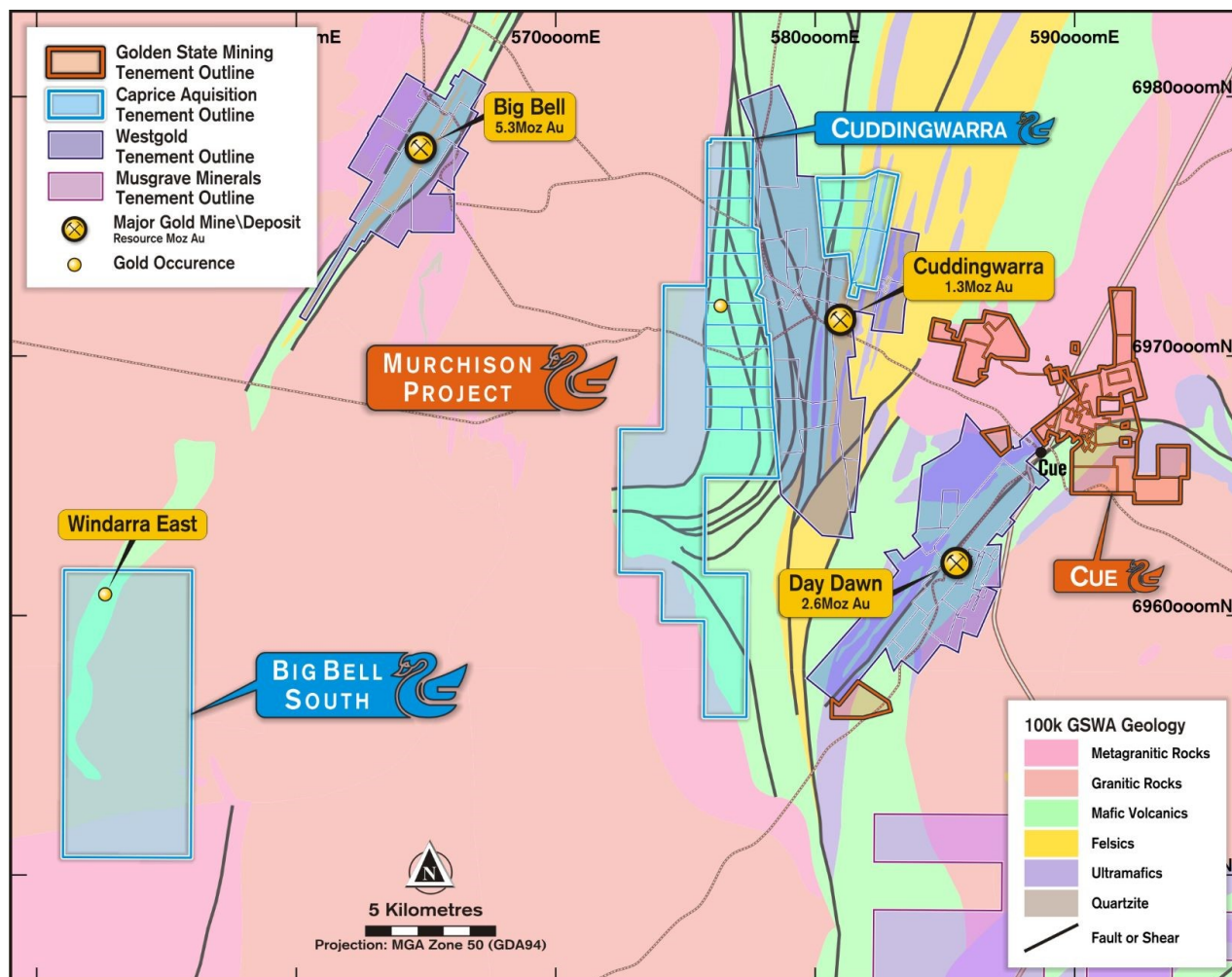


Figure 7: Caprice Resources transaction tenements near Cue in the Murchison.

Cuddingwarra and Big Bell South – 20% GSM

GSM retains 20% ownership in the projects after forming a joint venture ('JV') with Caprice Resources Limited (ASX:CRS) ("Caprice") (Figure 7).

The Company executed a binding term sheet with Caprice for the sale of an 80% interest in the Cuddingwarra and Big Bell South gold projects which was completed in early August 2021.

Key terms of the acquisition and JV are summarised as follows:

- Caprice issued GSM 2,500,000 fully paid ordinary shares in the capital of Caprice,
- a \$200,000 cash payment, and
- 250,000 options in Caprice with an exercise price of \$0.25 per option and expiring 2 August 2024.

DIRECTORS' REPORT (continued)

- the consideration shares and consideration options (as applicable) are (or were) subject to voluntary escrow as follows:
 - 50% (1,250,000) of the Consideration Shares and 50% (125,000) of the Consideration Options will be subject to a six (6) month Voluntary Escrow from the date of Completion (2 August 2021); and
 - 50% (1,250,000) of the Consideration Shares and 50% (125,000) of the Consideration Options will be subject to a twelve (12) month Voluntary Escrow from the date of Completion.
- GSM's retained 20% ownership over the projects is free-carried through to completion of a pre-feasibility study after which point GSM can elect to contribute or dilute.
- Should GSM elect to dilute below 10% project ownership the interest will convert into a 2% Net Smelter Royalty (NSR) royalty, with Caprice able to buy-back the royalty for a cash payment of \$5,000,000.
- Caprice has first right of refusal should GSM elect to dispose of its project ownership.
- Caprice will operate and manage the JV.

Cue Project – 100% GSM

GSM entered into a binding agreement to sell its Cue project to Cue Revival Pty Ltd ("Cue Revival") for \$1.125 million in cash, with non-refundable cash payments totalling \$225,000 received during the period.

Cue Revival failed to complete the agreement and GSM terminated the agreement in accordance with the default provisions of the agreement.

Revenues and results

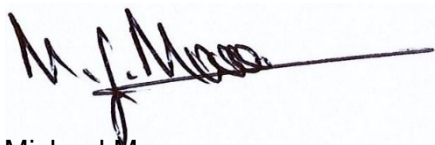
A summary of the Group's revenues and results for the period is set out below:

	2021		2020	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Consolidated entity revenues and loss	949,387	(1,768,957)	262,508	(2,139,857)

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

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

Michael Moore
14 March 2022



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14 March 2022

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

Dear Sirs

RE: GOLDEN STATE MINING LIMITED

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

As Audit Director for the review of the financial statements of Golden State Mining Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director



Golden State Mining Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 \$	31 December 2020 \$
REVENUE			
Interest revenue		4,387	7,717
Other income (Co-funded drilling grant, Jobkeeper and cashflow boost)		-	254,791
Project sales	9	945,000	-
EXPENDITURE			
Administration expenses		(219,362)	(208,001)
Depreciation expense		(20,773)	(28,900)
Exploration and tenement expenses		(1,836,629)	(1,406,337)
Share-based payments expense		(165,124)	(466,798)
Gain on Sale of Asset		-	1,531
Employee benefits expense		(376,456)	(293,860)
Loss on shares at FVTPL		(100,000)	-
(LOSS) BEFORE INCOME TAX		(1,768,957)	(2,139,857)
Income tax benefit/(expense)		-	-
(LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED		(1,768,957)	(2,139,857)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive income for the period, net of tax		(1,768,957)	(2,139,857)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF GOLDEN STATE MINING LIMITED		(1,768,957)	(2,139,857)
Basic and diluted (loss) per share (cents)		(2.13)	(3.81)
Weighted average no. of shares		82,908,943	56,167,504

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Golden State Mining Limited

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		2,434,391	4,376,053
Trade and other receivables		183,584	30,906
Accrued income		454	2,329
Prepayments		33,332	6,645
TOTAL CURRENT ASSETS		2,651,761	4,415,933
NON-CURRENT ASSETS			
Property, plant and equipment	7	85,764	89,037
Financial assets	10	450,000	-
TOTAL NON-CURRENT ASSETS		535,764	89,037
TOTAL ASSETS		3,187,525	4,504,970
CURRENT LIABILITIES			
Trade and other payables		422,038	222,908
Provisions		115,215	80,859
TOTAL CURRENT LIABILITIES		537,253	303,767
NON-CURRENT LIABILITIES			
Provisions	8	188,864	188,864
TOTAL NON-CURRENT LIABILITIES		188,864	188,864
TOTAL LIABILITIES		726,117	492,631
NET ASSETS		2,461,408	4,012,339
EQUITY			
Issued capital	3	10,813,649	10,760,747
Reserves	3	1,535,010	1,369,886
Accumulated losses		(9,887,251)	(8,118,294)
TOTAL EQUITY		2,461,408	4,012,339

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Golden State Mining Limited

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2020	6,435,632	716,780	(5,038,622)	2,113,790
Loss for the period	-	-	(2,139,857)	(2,139,857)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	(2,139,857)	(2,139,857)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Share-based payments	-	466,798	-	466,798
Share-based payments – options exercised	-	(60,080)	60,080	-
Proceeds from issue of shares	1,046,250	-	-	1,046,250
Proceeds from exercise of options	217,500	-	-	217,500
Securities issue costs	(10,902)	-	-	(10,902)
BALANCE AT 31 DECEMBER 2020	7,688,480	1,123,498	(7,118,399)	1,693,579
BALANCE AT 1 JULY 2021	10,760,747	1,369,886	(8,118,294)	4,012,339
Loss for the period	-	-	(1,768,957)	(1,768,957)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	-	(1,768,957)	(1,768,957)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Share-based payments	-	165,124	-	165,124
Royalties paid in shares	42,707	-	-	42,707
Liabilities paid in shares	10,195	-	-	10,195
BALANCE AT 31 DECEMBER 2021	10,813,649	1,535,010	(9,887,251)	2,461,408

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Golden State Mining Limited

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other income	-	254,791
Interest received	5,407	7,336
Payments to suppliers and employees	(2,324,569)	(1,710,462)
Net cash (used in) operating activities	(2,319,162)	(1,448,335)
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund for office security bond	-	2,640
Payments for plant and equipment	(17,500)	(15,425)
Project sales	395,000	-
Net cash (used in) investing activities	377,500	(12,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,263,750
Share issue costs	-	(10,902)
Net cash provided by financing activities	-	1,252,848
Net decrease in cash and cash equivalents	(1,941,662)	(208,272)
Cash and cash equivalents at the beginning of the half-year	4,376,053	2,435,260
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	2,434,391	2,226,988

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Golden State Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

The financial statements were authorised for issue by the directors on 14 March 2022. The directors have the power to amend and reissue the financial statements.

Going concern

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

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

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

Accounting Policies

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2021

In the half-year ended 31 December 2021, there were no new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2021.

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.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**NOTE 3: EQUITY SECURITIES ISSUED****Equity shares**

	December 2021 Shares	December 2021 \$	June 2021 Shares	June 2021 \$
Outstanding at the beginning of the year	82,748,358	10,760,747	46,726,200	6,435,632
Issues of ordinary shares				
Fully paid shares issued – Exercise of options	-	-	1,460,000	217,500
Fully paid shares issued – Placements	-	-	34,130,000	4,256,250
Fully paid shares issued – Drilling services	-	-	432,158	71,400
Fully paid shares issued – Earthworks for drilling	81,554	10,195	-	-
Fully paid shares issued – Royalties	258,073	42,707	-	-
Transaction costs	-	-	-	(220,035)
Outstanding at the end of the period	83,087,985	10,813,649	82,748,358	10,760,747

As at 31 December 2021, the Company had 83,087,985 fully paid ordinary shares.

Options

	December 2021 Number of options	December 2021 \$	June 2021 Number of options	June 2021 \$
Outstanding at the beginning of the year	17,372,560	1,369,886	12,232,560	716,780
Movements of options				
Exercised Options ¹			(1,460,000)	(60,080)
Issued, exercisable at \$0.40, expiring 30 September 2024 - Directors & employees			2,950,000	428,276
Issued, exercisable at \$0.60, expiring 30 September 2024 - Directors & employees	-	139,360	2,950,000	243,596
Issued, exercisable at \$0.40, expiring 30 September 2024 - Consultant			250,000	22,075
Issued, exercisable at \$0.25, expiring 8 November 2021 - Consultant			250,000	4,217
Issued, exercisable at \$0.25, expiring 26 October 2022 - Consultant			200,000	15,022
Issued, exercisable at \$0.25, expiring 15 December 2024 - Directors & employees	5,900,000	25,764	-	-
Expiry of options	(6,300,000)	-	-	-
Outstanding at the end of the period	16,972,560	1,535,010	17,372,560	1,369,886

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 31 December 2021, the Company had 16,972,560 unlisted options.

NOTE 4: SHARE-BASED PAYMENTS

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued as share based payments as at 31 December 2021.

Options

	December 2021 No.	December 2021 WAEP	June 2021 No.	June 2021 WAEP
Outstanding at the beginning of the year	17,372,560	\$0.33	11,832,560	\$0.23
Granted during the period	5,900,000	\$0.25	6,600,000	\$0.48
Exercised during the period	-	-	(1,060,000)	\$0.17
Expired during the period	(6,300,000)	\$0.27	-	-
Outstanding at the end of the period	16,972,560	\$0.32	17,372,560	\$0.33
Exercisable at the end of the period	11,072,560	\$0.36	14,422,560	\$0.27

The weighted average remaining contractual life for the share options as at 31 December 2021 is 2.34 years.

The weighted average exercise price for the share options as at 31 December 2021 is \$0.32 (June 2021: \$0.33).

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

Options issued during the current year:

On 26 November 2021, there were 5,900,000 unlisted options granted subject to a vesting condition that the relevant director/employee remains an employee or officer of the Company until 31 October 2022, failing which the options granted lapse, unless and to the extent the Board waives the vesting condition; which had a fair value of \$ 0.04230 per option based on a Black Scholes model with the following key inputs: interest free rate – 0.75%, volatility factor –101% measured since the date of ASX listing on 8 November 2018, grant date – 26 November 2021, days to expiry –1,080 and exercise price - \$0.25. The vesting amount as at 31 December 2021 was \$25,764 in accordance with the vesting period of the options.

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

During the period, 258,073 fully paid ordinary shares at approximately \$0.165 per share, were issued to satisfy certain royalty obligations in respect of the Cue Project. A further 81,554 fully paid ordinary shares at \$0.125 per share, were issued to satisfy an invoice for the cost of earth works for drilling provided to the Company.

NOTE 5: DIVIDENDS

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

NOTE 6: CONTINGENCIES

In addition to statutory royalties generally applicable mineral production in Western Australia, certain tenements which make up part of the Group's Cue and Yule projects are subject to private royalties in respect of minerals produced from those tenements. These private royalties are described in sections 11.1 and 11.2 (respectively) of the Company's IPO prospectus dated 22 August 2018. In particular, the statutory and private royalties in respect of gold production on M 20/520 and M 20/522 (described in section 11.1 of the IPO prospectus and payable to Western Mining Pty Ltd and the Yugunga Nya-People), may become payable by the Group if sufficient gold is produced from those tenements.

During the interim reporting period, the Group entered into a binding agreement (since terminated) to sell its Cue project to Cue Revival Pty Ltd ("Cue Revival"). Since the end of the interim reporting period, Cue Revival has demanded and issued a writ seeking repayment of (or damages equivalent to) the \$225,000 it has paid to GSM (see Note 9). GSM categorically rejects these demands, intends to defend the claim and make any necessary counter-claims and GSM's rights are wholly reserved. These claims represent a contingent liability and asset (respectively).

NOTE 7: Property, Plant and Equipment

	December 2021	June 2021
	\$	\$
Property, Plant and Equipment at cost		
Opening balance	343,525	341,099
Additions	17,500	15,426
Disposals	-	(13,000)
Closing balance	361,025	343,525
Accumulated depreciation		
Opening balance	254,488	212,240
Depreciation for the year	20,773	50,778
Disposals	-	(8,530)
Closing balance	275,261	254,488
Summary		
At cost	361,025	343,525
Accumulated depreciation	(275,261)	(254,488)
Net carrying amount	85,764	89,037

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8: PROVISION FOR ENVIRONMENTAL REHABILITATION

As at 31 December 2021, there is an estimated cost provision of \$188,864 for the environmental rehabilitation of the Cue Gold project tenements. The environmental rehabilitation cost relates to the pre-acquisition mine operation and closure plan by Western Mining Pty Ltd.

NOTE 9: PROJECT SALES

Tenement sales – Cuddingwarra and Big Bell South

During the period, the Group received the final \$170,000 cash payment, 2,500,000 Caprice (ASX:CRS) fully paid ordinary shares valued at \$0.22 per share (\$550,000) and 250,000 unlisted options with an exercise price of \$0.25 per option, expiring on 2 August 2024. The options have a nil book value.

Cue project sale

During the period, the Group received \$225,000 in non-refundable cash payments from Cue Revival in relation to the sale of the Cue project (since terminated; see also Note 6).

NOTE 10: FINANCIAL ASSETS

The Financial Assets comprise of 2,500,000 Caprice shares of which 1,250,000 shares are escrowed until 2 February 2022 and 1,250,000 shares are escrowed until 2 August 2022. The fair value measurement for the financial assets of \$450,000 has been categorised as a Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

NOTE 11: SUBSEQUENT EVENTS

The ASX closing share price of the Caprice shares was \$0.12 on 14 March 2022 with a downwards adjustment to the value of the financial assets of \$150,000.

Other than as set out above or elsewhere in this report, no other matter or circumstance has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

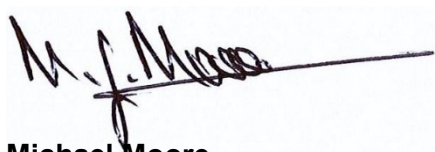
Golden State Mining Limited

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 14 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards AASB 134 Interim Financial Reporting, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Golden State Mining Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'M. J. Moore', with a long horizontal line extending to the right.

Michael Moore
Managing Director
14 March 2022

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

Report on the Half-Year Financial Report**Conclusion**

We have reviewed the half-year financial report of Golden State Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of Golden State Mining Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 14 March 2022.

Responsibility of the Directors for the Financial Report

The directors of Golden State Mining Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Stantons

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director

West Perth, Western Australia
14 March 2022