30 June 2019 Annual Report

AuStar Gold Limited (ASX: AUL, or AuStar) presents its Annual Report for the year ended 30 June 2019. The year ended 30 June 2019 was a year in which AuStar achieved a number of significant milestones including:

- Continued exploration success at both Rose of Denmark and Morning Star which confirmed that both the McNally and Stones reefs extend further to the south than previously interpreted, significantly increasing the prospectivity and exploration potential of the reef structure (refer ASX announcement dated 17 June 2019).

- A maiden JORC Inferred Mineral Resource and Exploration Target for the Rose of Denmark mine (refer ASX announcement dated 28 June 2019).

- Following the completion of a successful trial mining program in the first half of the financial year, AuStar recommenced mining and processing activities at Morning Star in March 2019. In the period to 30 June 2019, the Company mined 3,149 tonnes of ore, and processed 3,373 tonnes of ore. 1,182 ounces of gold were sold prior to 30 June 2019.

Subsequent to 30 June 2019, AuStar announced that it had entered into an agreement to acquire 100% ownership of Centennial Mining Limited. The acquisition will be transformative for both AuStar and Centennial and will deliver significant regional consolidation, substantially increasing AuStar's access to ore resources whilst delivering substantial operating and cost synergies.

The Annual Report discloses that AuStar incurred an operating loss of $14.1 million for the year ended 30 June 2019, due principally to a non-cash charge for the impairment of exploration and evaluation expenditure that was capitalised prior to the recommencement of mining operations. The impairment of this capitalised expenditure will mean that AuStar's reported operating results from its gold mining operations will be more directly comparable to those of its peers who have elected to capitalise exploration and evaluation expenditure as incurred, and will result in a more transparent matching of the expenditure incurred by AuStar in future accounting periods with its operating activities during those periods.

Chairman Frank Terranova commented, "The 2019 financial year was a year in which AuStar indisputably demonstrated proof of concept of AuStar Gold being able to discover new sources of high grade ore, process ore successfully through its plant at Woods Point and establish a method of extracting gold from its sulphide material via third party processing. The proposed acquisition of Centennial Mining Limited is a truly transformational transaction creating a dominant regional presence designed to deliver multiple ore sources and operational synergies across the substantial multi-location infrastructure owned by the Group."

The Company has also been undertaking a number of pre-acquisition planning activities, including finalising its capital management strategy as well as assessing a number of future operational initiatives with updates to be provided to the market in the near term.

About AuStar Gold Limited:

AuStar Gold is an emerging gold producer with the objective of generating sustainable gold production from its portfolio of high-grade gold projects, utilising its significant operational infrastructure located at Woods Point in Victoria.

The near-term focus is to further identify economic volumes of ore within its portfolio of mining leases whilst further exploring its adjoining tenements in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm).

For Further Information:
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AuStar Gold Limited

ABN 70 107 180 441

Annual Report

2019

Corporate Governance:

The Company's updated Corporate Governance was released to the ASX and is available at www.AuStargold.com

Exploration results

The exploration results reported in this Annual Report were previously released to the market in ASX releases under AuStar Gold limited (ASX:AUL) on 30 August 2018, 21 September 2018, 4 October 2018, 7 November 2018, 5 December 2018, 8 January 2019, 18 February 2019, 28 February 2019, 7 March 2019, 13 March 2019, 18 April 2019, 28 May 2019, 17 June 2019 and 28 June 2019. The Company confirms that it is not aware of any new information or data that materially effects the information included in those announcements.

Rose of Denmark JORC Resource

The Rose of Denmark JORC Resource reported in this Annual Report was previously released to the market on 28 June 2019. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed

Contains Forward Looking Statements

This Annual Report includes statements deemed to be "forward-looking". Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guaranteeing of future performance and actual results may differ.

Directors

Mr Frank Terranova	Non-Executive Chairman
Mr Paul McNally	Non-Executive Director
Mr Philip Amery	Non-Executive Director
Mr Matthew Gill	Non-Executive Director
Lord Christopher Wellesley	Non-Executive Director

Principal Place of Business And Registered Office

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Contact Details

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Brisbane QLD 4000

Website: www.AuStargold.com
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Sydney NSW 2000

Share Registry

Security Transfer Registrars
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Applecross WA 6153

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Australian Securities Exchange
Level 40, Central Park,
152-158 St Georges Terrace
Perth WA 6000

ASX Code: AUL

Your Directors present their report for the year ended 30 June 2019.

DIRECTORS

The names and details of the Directors in office at any time during or since the end of the financial year are as follows:

Mr Frank Terranova – Non-Executive Chairman (*Appointed 3 August 2018*)
Mr Philip Amery (*Appointed 4 April 2019)*
Mr Matthew Gill – Non-Executive Director
Lord Christopher Wellesley – Non-Executive Director (*Appointed 17 December 2018)*
Mr Paul McNally -Non-Executive Director (*Appointed 24 July 2019)*
Mr Ian King – Non-Executive Director (*Resigned 23 July 2019*)
Dr Richard Valenta – Non-Executive Director *(Resigned 4 April 2019)*

All Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Mr Frank Terranova – Non-Executive Chairman
Qualifications: BCom, FCA
Appointed: 3 August 2018

Mr Terranova has a long and successful corporate career in the resource space with a particular concentration on the gold sector. He was the Chief Financial Officer and Managing Director at Allied Gold Mining Plc, the Managing Director of Polymetals Mining Limited and Acting Managing Director of Unity Mining Limited. He had also served as the Chairman of Chesser Resources and Taruga Gold.

Over the past three years Mr Terranova has held Directorships with the following ASX-listed companies:

Company	***Commenced***	***Ceased***
Mayur Resources Limited	July 2017	Current
Free hill Mining Limited	December 2017	July 2018

Mr Matthew Gill – Non-Executive Director
Qualifications: B.Eng (Hons, Mining), M.Eng.Sc, AusIMM, GAICD
Appointed: 22 August 2016

Mr Gill is a mining engineer and senior executive with over 30 years' experience in Australia and internationally, including the successful re-commissioning, development and operation of three underground gold mines (Ballarat, Beaconsfield and Porgera). He has a broad depth of technical, operational and corporate experience with large blue chip companies and smaller emerging miners.

Over the past three years Mr Gill has held Directorships with the following ASX-listed companies:

Company	***Commenced***	***Ceased***
White Rock Minerals Limited	1 August 2016	Current

Lord Christopher Wellesley – Non-Executive Director
Qualifications:
Appointed: 17 December 2018

Lord Wellesley is a highly experienced banking and capital markets executive with Board and not-for-profit expertise, comprising three decades of senior roles within tier one institutions in London and Hong Kong, working with clients in the resources, energy and funds management sectors. In addition, Lord Wellesley has:

- An extensive network of senior, key relationships across UK capital markets.
- Demonstrated capital raising, corporate and financial markets expertise; and
- A deep commitment and involvement in a range of private, philanthropic activities.

Over the past three years Lord Wellesley has not held other Directorships with any other ASX-listed companies.

Philip Amery – Non-Executive Director
Qualifications: BA, LLB, FAMEP
Appointed: 4 April 2019

Mr Amery is an experienced capital markets advisor and private banker. He holds BA and LLB degrees and is a graduate of the Financial Asset Management and Engineering Program of the Swiss Finance Institute.

Over the past three years Mr Amery has held Directorships with the following ASX-listed companies:

Company	***Commenced***	***Ceased***
Metgasco Limited		Current

Paul McNally – Non-Executive Director
Qualifications:
Appointed: 24 July 2019

Mr McNally has more than 30 years' experience in business strategy and management encompassing every facet of establishing private companies, business development, fiscal control, people leadership and corporate growth through to mergers and joint ventures with both private and publicly listed entities. He has served on the Board of a number of industry associations and has been a business advisor and mentor to numerous small to medium sized businesses for more than 10 years.

Over the past three years Mr McNally has not held other Directorships with any other ASX-listed companies.

The following served as Directors in the period since 1 July 2018, but are not Directors at the date of this report:

Dr Richard Valenta – Non-Executive Director
Qualifications: BSc, PhD, PGeo, Ausimm, MAICD
Appointed: 26 July 2016, Resigned 4 April 2019.

Mr Ian King – Non-Executive Director
Qualifications: BCom (Hons), LLB
Appointed: 22 June 2016, Resigned 23 July 2019.

INTERESTS IN THE SHARES AND OPTIONS OF THE CONSOLIDATED ENTITY

As at the date of this report, the interests of the Directors in the shares and options of AuStar Gold Ltd were:

	Ordinary Shares		Options / Performance Rights	
	Direct	Indirect	Direct	Indirect
Frank Terranova – Non-Executive Chairman	1,500,000	-	35,000,000	-
Philip Amery – Non-Executive Director	-	33,000,000	-	8,000,000
Matthew Gill – Non-Executive Director	-	-	-	35,000,000
Paul McNally – Non-Executive Director	-	444,521,348	-	34,666,669
Christopher Wellesley – Non-Executive Director	-	-	2,251,363	-

COMPANY SECRETARY

Mr Stephen Kelly (previously Mr Brent Hofmann resigned on 1 February 2019)
Qualifications: BBus, CA

Appointed: 1 February 2019

A qualified Australian Chartered Accountant, Mr Kelly has more than 30 years' international experience in the areas of external and internal audit, risk management and compliance, treasury and corporate finance across a range of industry sectors including mining, infrastructure, property development and banking and finance. Mr Kelly is a Director of Chesser Resources Limited.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN AFFAIRS

AuStar Gold Limited (ASX:AUL) is an ASX listed emerging gold miner with its principal projects (Morning Star Gold Mine and Rose of Denmark mine) located in Victoria. The Company is singularly focused on high quality gold projects, having low-cost, short start-up production capability.

The Company holds a 95% interest in Morning Star Gold NL, which in turn owns the Morning Star high-grade gold project. The Morning Star project has several positive characteristics which demonstrate its potential to create value for AuStar shareholders:

- A fully recommissioned gravity processing plant on site.
- Mains power at the site (500 KVA line);
- A refurbished and recommissioned shaft (down to 300 metres below surface) with new winder also recommissioned for use.
- An existing paste plant attached to the gravity process plant for environmentally-friendly in-mine disposal of tailings;
- AuStar Gold is the dominant landholder in the district with 667 km2 under tenement in a large region of historically-mined high grade reefs, supporting the expectation that new discoveries would be similarly high grade; and
- A local and corporate team with significant experience in the development, construction and mining of high grade underground gold deposits.

During the financial year the Company re-commenced mining and processing activities at the Morning Star Gold mine with 3,149 tonnes of ore being mined to 30 June 2019. In the period to 30 June 2019 a total of 3,373 tonnes was processed. 1,182 ounces of gold were sold prior to 30 June 2019 with a further 108 ounces of gold extracted from ore processed prior to 30 June 2019 sold subsequent to 30 June 2019.

During the year the Company disposed of its interest in Lionsville Gold Pty Ltd.

Mining

During the September 2018 quarter at the Rose of Denmark (RoD) Mine, four trial mining areas were identified, mined, stockpiled and processed. Each area was mined using handheld mining methods under geological supervision and analysis. Mining also included development of several drill chambers for diamond drilling to test below the adit level to enable an economic assessment at depth of the viability of the RoD dyke.

A detailed review of the reconciliation of RoD mining and processing performance was conducted by comparing diamond drilling, mining and then processing results. This demonstrated that processed ore grades were 191% higher than geological face sampling. Composite face sampling grades were found to be much closer to diamond drill hole grades, however results were heavily skewed by high grade outliers in the diamond drill assays and face sample assays, demonstrating the nuggety nature of the mineralisation.

The trial mining program demonstrated a need for denser geological information for grade estimation, due to the presence of high grade nuggety gold.

Mining at the Morning Star Gold Mine re-commenced in the last week of January 2019, with rail development towards the interpreted eastern boundary of McNally's reef. The reef was intersected on 25th of February and has been developed to the dyke over sediment contact, representing approximately 30 metres of reef development exposed for stoping.

Development and stope face mapping and sampling continue to be undertaken as a routine with the reef reflecting what was seen in the diamond drilling for grade and reef width. It is expected stoping will result in higher production grades through more selective mining methods that are possible during the stoping phase.

A few minor recommencement issues traditionally faced when restarting operations such as the completion of employee recruitment programs, resulted in a minor delay of development of the Stones Reef and the stoping of material at Rose of Demark mine (RoD). However, these have now been largely overcome.

To 30 June 2019 the mining section mined:

- Development metres …….246.9 metres
- Waste tonnes …………. 1,309.0 tonnes
- Ore tonnes ……………. 3,149.0 tonnes

Processing

The AuStar Gold process plant at the Morning Star mine site utilizes standard gravity methods (enhanced by the installation in March 2019 of a high-speed centrifugal concentrator) to recover gold from the Company's Morning Star and Rose of Denmark ores. Through the gravity process, the gold room captures approximately 65% to 75% of the gold directly to bullion, with an additional 15% of fine free gold residing in the middlings as concentrate and up to 10% of fine free gold in the gold room table rejects.

The material containing the fine free gold (concentrate) not captured directly into bullion at the Morning Star plant is to be treated by Gekko Systems offsite, with expected recoveries in these two fractions of approximately 95% of the contained gold.

Trial processing of gold bearing material from RoD was undertaken in the September 2018 quarter and confirmed the ability to process RoD material through the Morning Star gravity processing plant.

The processing plant recommenced processing on 9 March 2019 on a week on / week off basis following the recommencement of mining operations.

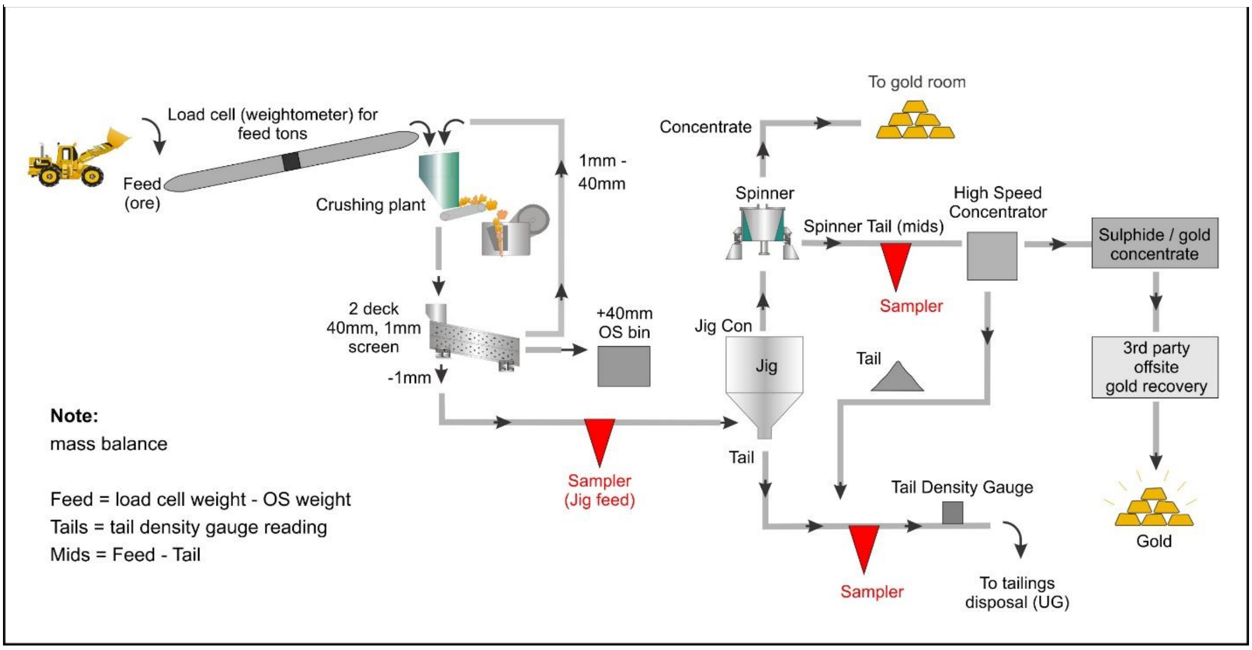
A refining agreement to convert Gold dore to refined salable gold was agreed with CPG in Oakleigh, Victoria.

March 2019 also saw Austar gold reach an agreement with Gekko Systems to custom treat the operations Sulphide Concentrate . This concentrate grades between 1,000 g/t gold to 2,000 g/t gold and is the result of installing a high-speed centrifugal concentrator to treat the middlings product after the spinners in the gravity process plant (refer to figure 1).

A second larger high-speed concentrator was installed into the tailings line. Assaying and subsequent tests of the tailings stream have shown that when a high head grade source such as ore from the McNally reef is being processed, there is significant quantity of fine gold that can be recovered as a sulphide concentrate and then monetised via the Company's Gekko ILR facility. The installation of the larger high-speed concentrator to the tailings stream will allow reprocessing of stockpiled middlings, adding at least 4% to recovery alone, but also potential additional recovery of gold in tails.

In the period to 30 June 2019 a total of 3,373 tonnes was processed. 1,182 ounces of gold were sold prior to 30 June 2019 with a further 108 ounces of gold extracted from ore processed prior to 30 June 2019 sold subsequent to 30 June 2019.

Figure 1 Gravity plant process flow sheet including treatment of Middlings and third party gold recovery



Exploration/Geology

Morningstar

In the first half of the year, diamond drilling in the Morning Star mine resulted in 781.7 metres drilled with 594 samples assayed. Diamond drilling was predominately focused on the two high grade reefs, McNally's and Stone's. Diamond drilling in the Stacpoole North reef area occurred early in the December quarter and continued into the March 2019 quarter.

On 13 March 2019 the Company released results from exploratory drilling from the No. 9 Level of the Morning Star Shaft. These results confirmed that both the McNally and Stone Reefs extend further to the south than previously modelled with McNally's Reef being intersected some 40 metres further south than previously interpreted significantly increasing the prospectivity and exploration potential of the reef structure.

Significant results received included:

- L9003 0.50m @ 25.92 g/t Au from 72.90m uphole – McNally's Reef
- L9004 0.40m @ 13.99 g/t Au from 61.58m uphole – McNally's Reef
- L9005 0.45m @ 6.77 g/t Au from 62.05m uphole – Stone's Reef
- L9005 visible gold observed in core at 76.95m uphole – McNally's Reef
- L9006 0.28m @ 20.47 g/t Au from 67.67m uphole – McNally's reef
- L9007 0.73m @ 6.24 g/t Au from 30.27m uphole

On 18 April 2019 the Company released high grade results for drilling around the dyke bulge that identified broad lengths of mineralisation containing higher grade cores within the dyke bulge. The drilling identified a parallel dyke structure to the north of the bulge that may assist in explaining why no mining historically occurred to the north of the bulge area.

Broad zones of mineralisation within the dyke bulge above the adit is shown by **ROD042 (93.65m @ 2.00 g/t Au)** and below the adit by **ROD043 (132.2 m @ 2.20 g/t)** and **ROD045** (**53.52m @ 1.82 g/t Au**) including:

- 4.00m @ 20.75 g/t Au
- 1.20m @ 12.56 g/t Au
- 0.70 m @ 43.03 g/t Au
- 5.00m @ 9.78 g/t Au

The mineralisation is currently open at depth.

On 17 June 2019, the announced further results for the drilling being undertaken to further expand and fully define the extent of the McNally Reef, and the commencement of additional drilling at the northern end of the dyke. Results received included:

- L9005 0.35m @ 2.54 g/t uphole – McNally's Reef
- L9008 0.49m @ 115.89 g/t uphole – McNally Reef

The intersection from L9005 was a result of a decision to re-enter the original hole and extend the hole by 10 metres to test a re-interpretation of the McNally's structure. Although the intersection assayed at a modest grade, several small specs of visible gold were observed within the core at the basal contact between the dyke and a 0.35m wide quartz vein containing minor pyrite and arsenopyrite mineralisation during logging. The result confirms the existence of the structure and the presence of gold further south than previously modelled.

Within drill hole L9008 several specs of visible gold were also observed at the basal contact between the dyke and a 0.49m wide quartz vein containing styolitic sulphides banding of arsenopyrite and minor accessory pyrite.

The result from L9005 and L9008 indicates the projected interpretation of a south-easterly striking shoot of higher-grade gold mineralisation directly down dip from current mining operations remains valid.

Rose of Denmark

The Rose of Denmark mine is approximately 22 km by road from the Morning Star processing plant and is located north and on the same line of workings as the operating A1 mine (ASX:CTL) and is located behind the township of Gaffneys Creek.

Activity at RoD during the period consisted of diamond drilling from prepared hanging wall drill cuddies to drill to depth for the full length of the adit as well as North of the dyke bulge.

In addition to the longer diamond holes, 733 metres of percussion/sludge holes were drilled with 613 samples assayed. The sludge sampling showed that there was further mineralisation available to be mined above the adit level at RoD. Percussion drilling was confirmed as a useful method of identifying high grade mineralisation trends.

Diamond drilling was also undertaken with the objectives of defining the geometry of and identifying zones of mineralisation at the Rose of Denmark mine capable of near term accessibility and for resource definition purposes.

On 28 May 2019 the Company announced that it had completed the first phase of resource definition drilling to identify the geometry of the controlling dyke and identify zones of mineralisation within the dyke at the Rose of Denmark mine capable of near term accessibility.

Thirteen (13) additional diamond drill-holes were completed for a total of 468 metres along the length of the main Rose of Denmark adit. Drilling was undertaken from the dyke bulge area, south towards the portal. These holes were designed and were, as much as possible, drilled to run down the length of the dyke sheet in order to test areas of multiple quartz veining which predominately make up the mineralised packages within the dyke.

Significant results included:

- 7.30m @ 153.57 g/t au – including
    - *1.00m @ 1,110.01 g/t Au*
- 1.50m @ 51.46 g/t Au.
- 6.75m @ 17.69 g/t Au – including
    - *0.25m @ 266.91 g/t Au*
    - *0.15m @ 201.60 g/t au*
- 1.80m @ 15.14 g/t Au
- 6.20m @ 12.90 g/t Au

JORC Resource

On 28 June 2019, the Company announced a maiden JORC Inferred Mineral Resource and an Exploration Target for the Rose of Denmark mine.

The Inferred Mineral Resource was estimated in accordance with JORC (2012), utilising data from 2,900m of drilling from 69 diamond drill holes (ROD001 to ROD061) which were completed by the Company between February 2017 and April 2019, and five historical diamond drill holes (ROD1205, ROD1207-1209 and ROD1212) drilled in 2012.

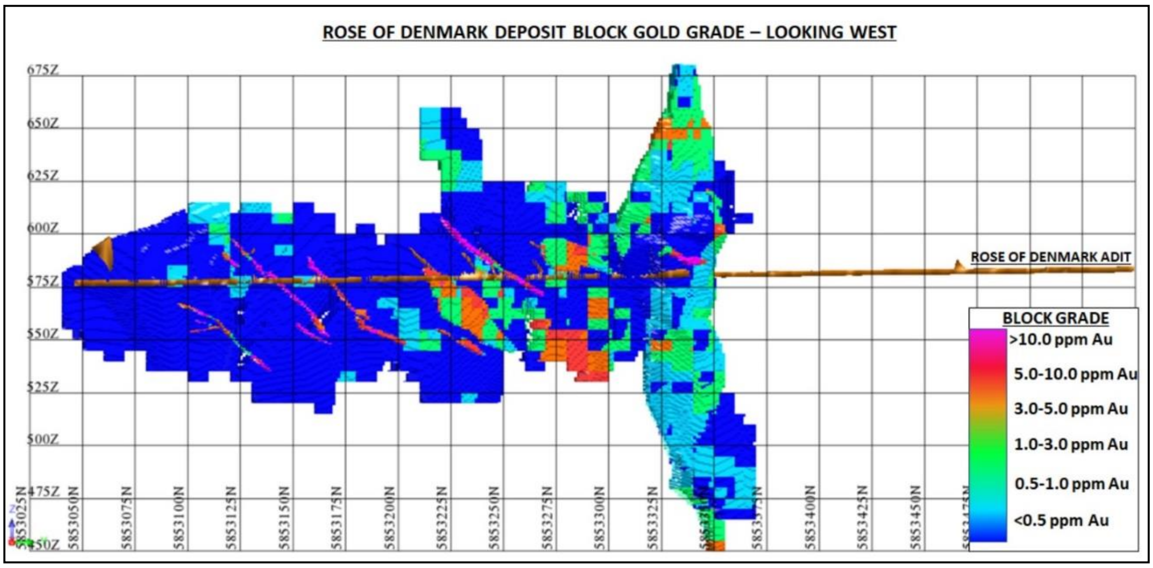
The Rose of Denmark Project Inferred Mineral Resource is the key input into a Scoping Study which the Company is currently conducting on the Rose of Denmark Project.

Final tonnages and ounces are shown in Table 1 and Figure 2.

Table 1. Inferred Mineral Resources Rose of Denmark at 2.50g/t lower cut-off.

Domain	Tonnes	Au ppm	Ounces
Dyke	5,527	4.56	810
High Grade	14,773	9.61	4,564
Stockwork Dyke	19,949	3.73	2,392
Grand Total	**40,249**	**6.00**	**7,763**

Figure 2. Long Section of Rose of Denmark Showing Resources Modelled.



The estimation of the maiden Inferred JORC Resource for the Rose of Denmark mine enabled the Company to estimate an Exploration Target for the Rose of Denmark mine. The Exploration Target was estimated by utilising current resource exploration drilling data, resource block modelling data and calculated historic production figures to estimate the exploration potential adjacent to and below historic mining activities.

The Exploration Target for the Rose of Denmark has been estimated to a nominal depth of 300 metres below the level of the main adit as is estimated to be in the range of 100,000 to 200,000 tonnes at a grade of between 5 – 8 g/t Au for approximately 16,000 to 51,000 ounces of contained gold.

The Exploration Target for the Rose of Denmark project is conceptual in nature and there has been insufficient exploration completed to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

The delineation of an Inferred Mineral Resource and Exploration Target comprise the first stage in progressing AuStar Gold's formal exploration objectives of identifying and growing a substantial metal inventory.

Other Exploration activities

An extensive, independent review of the company's exploration lease tenement was undertaken by Telemark Geoscience's Principal Consultant, Dr Dennis Arne, RPGeo (MAIG), PGEO (British Columbia), FAAG, an internationally respected geoscientist. This involved collecting and collating all publicly available data such as geochemical and geophysical exploration in the recent past as well as less available data from previous companies who have explored on the tenements previously.

This study identified the area as the geological mirror image of the Costerfield / Fosterville gold belt with several high priority exploration sites warranting further testing and review. This will be undertaken prior to more costly exploration drilling.

A review by a tier 1 consultancy group, utilizing a large data base of information from Morning Star Gold mine, found that an open pit on the Morning Star dyke would not readily be profitable and as such no further work was undertaken on this project.

Tenement Listing

As at 30 June 2019, the Company had interests in the following mineral tenements.

TENEMENT	PROJECT	STATUS	AREA (GRATICULES)	DATE OF GRANT	DATE OF EXPIRY
MIN 5299[2]	Woods Point	Current	211.19 (ha)	10/11/1981	30/08/2021
MIN 5009[1]	Woods Point	Current	657.91 (ha)	21/01/1990	21/09/2023
MIN 5560	Woods Point	Expired	5(ha)		
EL006364[1]	Woods Point	Current	101	27/08/2018	26/08/2023
EL006321[1]	Woods Point	Current	566	27/08/2018	26/08/2023
ELA006853	Woods Point	Under Application	190	TBA	TBA

[1] Tenements 100% owned by Morning Star Gold NL. in turn held 95% by AuStar Gold Limited.
[2] Rose of Denmark is 97.55% owned by AuStar Gold

Application has been made to vary MIN 5299 and MIN5009 to allow the licensee to dispose of tailings from these licences

MIN5560 - This licence has expired and application has been made to amalgamate the area of this licence into EL006364 as provided by Regulation 35. The matter is before the tenements committee.

PL's 006332, 006334 and 006335 have been surrendered and the area of these licences has been amalgamated into EL00636

ELA006853 has been applied for and is subject to review by the state of Victoria.

OPERATING RESULTS

The loss of the consolidated entity for the year ended 30 June 2019 after providing for income tax amounted to $14,178,941 (2018: $706,170). The loss reflected the start up nature of the Company's mining and processing operations at the Morning Star mine and a $10,502,036 impairment of previously capitalised exploration and evaluation expenditure. Notwithstanding the Group has commenced production on certain of its exploration sites based on the results of the Company's exploration activities undertaken to date, the nature of the ore bodies and style of mineralisation is not conducive to the formulation of mine plans of sufficient duration to support preparation of viable cashflows that support the carrying value of the Company's capitalised exploration and evaluation expenditure in accordance with the requirements of the applicable accounting standards. As a result, the directors have assessed that for statutory financial reporting purposes, the capitalised exploration and evaluation expenditure incurred up until production commenced amounting to $10,502,036 should be impaired in full.

FINANCIAL POSITION

The net assets of the consolidated entity are $186,958 as at 30 June 2019 (2018: $8,589,045).

CORPORATE ACTIVITIES

During the period the Company successfully completed the following:

- Settlement of the outstanding convertible notes through the issue of 46,960,004 ordinary shares
- Raised $5.5 million through a share placement across two tranches over which a total 1,222,222,222 ordinary shares were issued to shareholders.

- Issued one attaching option for every five shares issued in the share placement, a total of 244,444,445 options
- Raised a further $473,053 through the issue of 105,122,752 shares under a Share Purchase Plan together with 21,024,548 free attaching options
- Converted the outstanding $500,000 equity loan to issued share capital through the issue of 111,111,112 ordinary shares and 22,222,225 free attaching options
- Issued 100,000,000 performance rights to Directors pursuant to the company's Performance Rights Plan
- Issued 40,000,000 free options to brokers in consideration for broking services provided to the Company.

DIVIDENDS PAID OR RECOMMENDED

The Director's do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

ENVIRONMENTAL ISSUES

Since acquiring the Morning Star gold mine, the Company has been addressing the key environmental risks at the site to ensure full compliance with current environmental guidelines, Issues being addressed are primarily related to operation of the water treatment plant for mine dewatering. Replacement of the filter dam and mine discharge. During the financial year, the Company has consulted extensively with relevant state government authorities; and industry consultants in order to mitigate and resolve these issues.

Community feedback has been positive and supportive, with no community complaints recorded.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the period end, the consolidated entity announced the following to the ASX:

- On 23 July 2019 Mr Ian King resigned as a Director of the Company and Mr Paul McNally was appointed as a Non-Executive Director on 24 July 2019.
- On 23 July 2019 Mr. Peter de Vries was appointed Acting Chief Executive Officer following the resignation of Mr Tom de Vries.
- On 3 September 2019 the Company announced that it had entered an agreement to acquire 100% ownership of Centennial Mining Limited ("**CTL**"). The acquisition will deliver significant regional consolidation, substantially increasing the Company's ore resources while delivering very substantial expected corporate synergies. The key terms of the transaction are:
    - The completion of the acquisition is subject to several conditions precedent including AuStar obtaining any required shareholder approvals under the ASX Listing Rules, fundraising (to a minimum of $4.4m) and consolidation of the Company's securities in a ratio of 100 to 1. A meeting of CTL creditors approved the Deed of Creditor Arrangement ("**DOCA**") on 27 August 2019.
    - AuStar will contribute $2.4 million to the DOCA closure, alongside other stakeholders including DOCA proponents Avior Consulting and the Gandel Metals, and issue up to 24,982,946 (post consolidation) shares to Centennial shareholders (excluding AuStar), equivalent to 31.7% of the post-Acquisition issued capital of AUL (40% including the assumption of AuStar's post-contribution CTL interest).

Other than disclosed above, the Directors are not aware of any matters or circumstances not otherwise dealt with in this report or consolidated financial statements that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each Director of AuStar Gold Limited, and other key management personnel, in accordance with the requirements of the Corporations Act 2001 and its Regulations Remuneration policy

In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice may also be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices; no such independent advice was obtained during the current or prior financial year.

Performance-based remuneration

The Board recognises that the Company operates in a global environment. To prosper in this environment the consolidated entity must attract, motivate and retain key executive staff.

The principles supporting the consolidated entity’s remuneration policy are that:

- Reward reflects the competitive global market in which we operate;
- Rewards to executives are linked to creating value for shareholders. Where possible, reward in the form of options are set with exercise prices materially above the share price at the time of grant;
- Remuneration arrangements are equitable and facilitate the development of senior management across the consolidated entity; and
- Where appropriate senior managers may receive a component of their remuneration in equity to align their interests with those of the shareholders.

Market comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board may seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the consolidated entity’s position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the consolidated entity to reward key employees when they deliver consistently high performance.

Board remuneration

Shareholders approve the maximum aggregate remuneration for non-executive Directors. The Board determines actual payments to Directors and reviews their remuneration annually having regard to market practice, relativities, and the duties and accountabilities of Directors.

Consolidated entity performance and link to remuneration

The performance linked incentives include the awarding of performance rights and share options payments.

On 5 October 2018 the Company issued 100,000,000 performance rights to Directors of the Company pursuant to the Company's Performance Rights Plan approved by Shareholders on 28 September 2018. The performance rights were issued with the following performance conditions:

- Series 1: Vest on meeting the 1 cent VWAP condition i.e. if the VWAP of the Company's shares over any 10 Trading Day period is at least 1 cent.

- Series 2: Vest on meeting the 1.5 cent VWAP condition i.e. if the VWAP of the Company's shares over any 10 Trading Day period is at least 1.5 cent.

Details of remuneration for years ended 30 June 2019 and 30 June 2018

The remuneration for each Director and other key management personnel of the consolidated entity during the year was as follows:

2019	**Short-term Benefits**	**Post-Employment Benefits**	**Equity based payment**	**Total**	**Performance Related**
	$	**$**	**$**	**$**	**%**
Directors					
Frank Terranova (appointed 3 August 2018)	74,667	-	31,344	106,011	30%
Matthew Gill	42,000	-	22,388	64,388	35%
Ian King[#]	67,000	-	22,388	89,388	25%
Christopher Wellesley (appointed 17 December 2018)	22,500	-	-	22,500	-%
Philip Amery (appointed 4 April 2019)	-	-	-	-	-%
Richard Valenta (resigned 4 April 2019)	31,500	-	13,433	44,933	30%
Total Directors	**237,667**	**-**	**89,553**	**327,220**	**27%**
Key Management Personnel					
Tom deVries	228,550	-	-	228,550	-%
Total Key Management Personnel	**228,550**	**-**	**-**	**228,550**	**-%**
Total Directors and Key Management Personnel	**466,217**	**-**	**89,553**	**555,770**	**16%**

[#] Mr King received Director fees of $42,000 and payments totalling $25,000 for additional services provided to the Company

2018	**Short-term Benefits**	**Post-Employment Benefits**	**Equity based payment**	**Total**	**Performance Related**
	$	**$**	**$**	**$**	**%**
Directors					
Robert Barraket (Resigned 01/08/2017)	4,000	-	-	4,000	-
Richard Valenta (Appointed 26/07/16)	42,000	-	58,588	100,588	58%
Ian King (Appointed 23/06/16)	42,000	-	58,588	100,588	58%
Matthew Gill (Appointed 22/08/16)	42,000	-	58,588	100,588	58%
Total Directors	**130,000**	**-**	**175,764**	**305,764**	**57%**
Key Management Personnel					
Tom deVries	239,754	-	-	239,754	-%
Total Key Management Personnel	**239,754**	**-**	**-**	**239,754**	**-%**
Total Directors and Key Management Personnel	**369,754**	**-**	**175,764**	**545,518**	**32%**

Equity instrument disclosures relating to key management personnel

(i) Option holdings (includes Performance Rights)

The number of options and performance rights over ordinary shares in the consolidated entity held during the financial year by each Director and other key management personnel of the consolidated entity, including their personally related parties, is set out below.

2019 Directors/ Executive	Balance at start of year Number	Granted during year Number	Lapsed during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
Frank Terranova (appointed 3 August 2018)	-	35,000,000	-	-	35,000,000	-
Matthew Gill	20,000,000	25,000,000	(10,000,000)	-	35,000,000	-
Ian King	20,000,000	25,000,000	(10,000,000)	-	35,000,000	-
Christopher Wellesley (appointed 17 December 2018)	-	-	-	2,251,653	2,251,653	2,251,653
Philip Amery (appointed 4 April 2019)	-	-	-	8,000,000	8,000,000	8,000,000
Richard Valenta (resigned 4 April 2019)	20,000,000	15,000,000	(10,000,000)	(25,000,000)^	-	-
Total Directors	**60,000,000**	**100,000,000**	**(30,000,000)**	**(14,748,347)**	**115,251,653**	**10,251,653**
Key Management Personnel						
Tom deVries	-	-	-	-	-	-
Total Key Management Personnel	-	-	-	-	-	-
Total Directors and Key Management Personnel	**60,000,000**	**100,000,000**	**(30,000,000)**	**(14,748,347)**	**115,251,653**	**10,251,653**

^ Represents securities at the time of ceasing to be a Director.

2018 Directors/ Executive	Balance at start of year Number	Granted during year Number	Exercised during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
Richard Valenta	20,000,000	-	-	-	20,000,000	-
Ian King	20,000,000	-	-	-	20,000,000	-
Matthew Gill	20,000,000	-	-	-	20,000,000	-
Robert Barraket (resigned 1 August 2017)	-	-	-	-	-	-
Total Directors	**60,000,000**	**-**	**-**	**-**	**60,000,000**	**-**
Key Management Personnel						
Tom deVries	-	-	-	-	-	-
Total Key Management Personnel	-	-	-	-	-	-
Total Directors and Key Management Personnel	**60,000,000**	**-**	**-**	**-**	**60,000,000**	**-**

Changes in number of options and performance rights

2019	Expiry	Exercise price	Grant date	Number acquired	Number exercised	Number lapsed
Frank Terranova	5 Oct 2022	Nil	28 Sep 2018	17,500,000	-	-
Ian King	5 Oct 2022	Nil	28 Sep 2018	12,500,000	-	-
Matthew Gill	5 Oct 2022	Nil	28 Sep 2018	12,500,000	-	-
Richard Valenta	5 Oct 2022	Nil	28 Sep 2018	7,500,000	-	-
Frank Terranova	5 Oct 2022	Nil	28 Sep 2018	17,500,000	-	-
Ian King	5 Oct 2022	Nil	28 Sep 2018	12,500,000	-	-
Matthew Gill	5 Oct 2022	Nil	28 Sep 2018	12,500,000	-	-
Richard Valenta	5 Oct 2022	Nil	28 Sep 2018	7,500,000	-	-
Richard Valenta	31 Dec 2018	Nil	28 Nov 2016	-	-	10,000,000
Ian King	31 Dec 2018	Nil	28 Nov 2016	-	-	10,000,000
Matthew Gill	31 Dec 2018	Nil	28 Nov 2016	-	-	10,000,000

There were no changes in 2018.

(ii) Share holdings

The number of shares in the consolidated entity beneficially held during the financial year by each Director and other key management personnel of the consolidated entity is set out below.

Name **2019**	**Balance at start of year Number**	**Received during year on exercise Number**	**Other changes during year Number**	**Balance at end of year Number**
Directors/ Executive				
Frank Terranova (appointed 3 August 2018)	-	-	1,500,000	1,500,000
Matthew Gill	-	-	-	-
Ian King	-	-	-	-
Christopher Wellesley (appointed 17 December 2018)	-	-	-	-
Philip Amery (appointed 4 April 2019)	-	-	33,000,000	33,000,000
Richard Valenta (resigned 4 April 2019)	-	-	-	-
Total Directors	**-**	**-**	**34,500,000**	**34,500,000**
Key Management Personnel				
Tom deVries	-	-	-	-
Total Key Management Personnel	**-**	**-**	**-**	**-**
Total Directors and Key Management Personnel	**-**	**-**	**34,500,000**	**34,500,000**

Name 2018	Balance at start of year Number	Received during year on exercise Number	Other changes during year Number	Balance at end of year Number
Directors/ Executive				
Frank Terranova	-	-	-	-
Richard Valenta	-	-	-	-
Ian King	-	-	-	-
Matthew Gill	-	-	-	-
Robert Barraket (i)	2,500,000	-	(2,500,000)	-
Total Directors	**2,500,000**	**-**	**(2,500,000)**	**-**
Key Management Personnel	-	-	-	-
Tom deVries	-	-	-	-
Total Key Management Personnel	**-**	**-**	**-**	**-**
Total Directors and Key Management Personnel	**2,500,000**	**-**	**(2,500,000)**	**-**

Employment contracts of Directors and senior executives

The employment conditions of the Chief Executive Officer, Mr de Vries are formalised in a consultancy agreement. The agreement stipulates that in the event engagement is terminated without reason, the Company is required to make payment in lieu of three months of service based on the individual's remuneration.

The terms and conditions of the appointments of all non-executive Directors who held office during or subsequent to the 2019 financial year are set out in formal letters of appointment which do not include any entitlement to termination payments.

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Revenue	2,204	481	105	5	8
Loss after income tax	(14,179)	(706)	(7,637)	(3,157)	(3,273)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.004	0.007	0.007	0.013	0.013
Total dividends declared (cents per share)	-	-	-	-	-
Basic & diluted loss per share (cents per share)	(0.047)	(0.04)	(0.65)	(0.52)	(0.79)

Given the stage of the Company's development and the fact that it does not currently have any revenue producing operations, the Board does not consider EPS or dividends paid or declared to be meaningful measures for assessing executive performance.

**** END OF REMUNERATION REPORT ****

MEETINGS OF DIRECTORS

During the financial year, 8 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number eligible to attend	Number attended
Richard Valenta	8	8
Matthew Gill	13	13
Ian King	13	12
Frank Terranova	13	13
Christopher Wellesley	10	9
Philip Amery	5	5

The full Board fulfils the roles of remuneration, nomination and audit committees.

OPTIONS

Unissued shares

At the date of this report, the unissued ordinary shares of AuStar Gold Limited under option are as follows:

Grant date	*Date of expiry*	*Exercise price*	*Number under options*
Various dates	30 September 2020	$0.01	327,691,218
Various dates	8 September 2021	$0.018	30,000,000
Various dates	30 November 2021	$0.02	15,000,000
Various dates	30 November 2019	$0.015	30,000,000

Shares issued as a result of the exercise of options

During the financial year, nil (2018: nil) options were exercised.

No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the period the Company paid or agreed to pay premiums for Directors' and officers' insurance.

PROCEEDINGS ON BEHALF OF 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 these proceedings.

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

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or are payable to the external auditors in respect of non-audit services provided during the year:

	2019	2018
	$	$
R&D Tax	-	29,615
Tax compliance services	-	7,937
Total	-	37,552

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF HALL CHADWICK

There are no officers of the Company who are former partners of Hall Chadwick.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required by section 307C of the Corporations Act 2001, for the year ended 30 June 2019 has been received and can be found within this annual report.

Signed in accordance with a resolution of the Board of Directors, pursuant to sections 290(2) (a) of the Corporations Act 2001.

Frank Terranova
Chairman
Dated at Brisbane this 30th day of September 2019

	Note	2019 $	2018 $
Revenue			
Gold sales revenue	7	2,204,361	-
Cost of sales		(4,481,946)	-
Gross loss		**(2,277,585)**	**-**
Interest income	7	30,246	4,101
Other Income	7	42,741	477,463
Expenses			
Administrative expenses		(239,209)	(213,504)
Consultancy and legal expenses		(481,266)	(647,314)
Compliance and regulatory expenses		(106,117)	(125,834)
Depreciation expense		(74,425)	(83,060)
Director and key management personnel related expenses	8	(237,667)	(153,219)
Promotion and communication costs		(40,716)	(7,880)
Other expenses		(401)	(207,571)
Interest expense		(7,273)	(375,843)
Provision for impairment		(195,700)	-
Impairment of exploration expenditure	14	(10,502,036)	-
Reversal of impairment	14	-	802,255
Share based Payments	25	(89,533)	(175,764)
Loss before income tax expense		**(14,178,941)**	**(706,170)**
Income tax expense	5	-	-
Loss after income tax expense		(14,178,941)	(706,170)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(14,178,941)**	**(706,170)**
Total comprehensive loss for the year attributable to:			
Non-controlling interest		(643,211)	(10,917)
Owners of AuStar Gold Limited		(13,535,730)	(695,253)
		(14,178,941)	**(706,170)**
Basic and diluted loss per share (cents)	6	(0.47)	(0.04)

The accompanying notes form part of these financial statements.

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	20(a)	543,256	636,762
Trade and other receivables	9	67,508	590,816
Other assets	10	207,369	30,581
Inventories	11	218,310	-
Total current assets		**1,036,443**	**1,258,159**
Non-current assets			
Other assets	12	12,145	15,000
Property, plant and equipment	13	491,750	563,507
Exploration expenditure	14	-	8,312,323
Total non-current assets		**503,895**	**8,890,830**
Total assets		**1,540,338**	**10,148,989**
Current liabilities			
Trade and other payables	15	1,298,099	1,330,124
Borrowings	16	55,281	229,820
Total current liabilities		**1,353,380**	**1,559,944**
Total liabilities		**1,353,380**	**1,559,944**
Net assets		**186,958**	**8,589,045**
Equity			
Contributed equity	17(a)	41,259,873	35,705,052
Reserves	18	2,225,584	2,003,551
Accumulated losses	19	(42,842,338)	(29,306,608)
Equity attributable to the members of the consolidated entity		**643,119**	**8,401,995**
Non-controlling interest		(456,161)	187,050
Total equity		**186,958**	**8,589,045**

The accompanying notes form part of these financial statements.

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash payments in the course of operations		(2,570,156)	(333,522)
Interest received		30,246	4,101
Interest paid		(7,273)	(24,311)
Net cash used in operating activities	20(b)	**(2,547,183)**	**(353,732)**
Cash flows from investing activities			
Payment for Investment		-	(1,000,000)
Payments for plant and equipment		(2,668)	(2,694)
Payments for exploration assets		(3,055,506)	(3,432,570)
Receipt from sale of tenements		-	925,000
Net cash used in investing activities		**(3,058,174)**	**(3,510,264)**
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue costs		5,484,801	3,987,056
Proceeds from borrowings		27,050	139,667
Net cash provided by financing activities		**5,511,851**	**4,126,723**
Net (decrease) / increase in cash and cash equivalents held		(93,506)	262,727
Cash and cash equivalents at the beginning of the financial year		636,762	374,035
Cash and cash equivalents at the end of the financial year	20(a)	543,256	636,762

The accompanying notes form part of these financial statements.

	Contributed equity $	Reserves $	Accumulated losses $	Non-Controlling interest $	Total $
Balance at 1 July 2018	35,705,052	2,003,551	(29,306,608)	187,050	8,589,045
Loss for the year			(13,535,730)	(643,211)	(14,178,941)
Total comprehensive loss for the year	-	-	(13,535,730)	(643,211)	(14,178,941)
Shares issued	6,676,503	-	-	-	6,676,503
Equity loan (note 17(c))	(500,000)				(500,000)
Share issue costs	(621,682)	-	-	-	(621,682)
Share based payments	-	222,033	-	-	222,033
Balance at 30 June 2019	**41,259,873**	**2,225,584**	**(42,842,338)**	**(456,161)**	**186,958**
Balance at 1 July 2017	31,402,555	1,712,031	(28,611,355)	197,967	4,701,198
Loss for the year	-	-	(695,253)	(10,917)	(706,170)
Total comprehensive loss for the year	-	-	(695,253)	(10,917)	(706,170)
Shares issued	3,939,048	-	-	-	3,939,048
Share issue costs	(136,551)	-	-	-	(136,551)
Equity Loan	500,000	-	-	-	500,000
Share options issued	-	291,520	-	-	291,520
Balance at 30 June 2018	**35,705,052**	**2,003,551**	**(29,306,608)**	**187,050**	**8,589,045**

The accompanying notes form part of these financial statements.

1. Statement of significant accounting policies

These consolidated financial statements and notes represent those of AuStar Gold Limited and its controlled entities ("the consolidated entity"). The separate financial statements of the parent entity, AuStar Gold Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 30 September 2019 by the Board of Directors.

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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 disclosed in note 2.

(b) Going concern

These 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.

As disclosed in the financial statements, the consolidated entity incurred a net loss of $14,178,941 for the year ended 30 June 2019 and had net current liabilities of $316,937 as at 30 June 2019.

Nonetheless the Directors are of the view that there are reasonable grounds to believe that the consolidated entity will continue as a going concern, after consideration of the following factors:

- On 3 September 2019, the Company announced that it had entered into an agreement to acquire 100% of Centennial Mining Limited. As a condition precedent of that agreement, AuStar is required to complete a capital raising of not less than $4.4 million. The terms and structure of the capital raising have not been finally determined; however, it is anticipated that the raising will be undertaken as a combination of a private placement to sophisticated investors and a pro rata Entitlement Offer to existing shareholders on terms yet to be determined.

- Avior Consulting and Gandel Metals have indicated in discussions with the Company that they intend to participate in the AuStar capital raising program to a level of at least A$400,000 and A$500,000 respectively.

- The Company may reasonably expect to maintain continued support from shareholders and other financiers that have supported the Company's previous capital raising to assist with meeting future funding needs.

1. Statement of significant accounting policies (cont.)

(b) Going concern (cont.)

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

However, the Directors recognise that if further funding is required and is not subsequently secured, the outcome of which is uncertain until such funding is secured, there is a material uncertainty as to whether the going concern basis of accounting is appropriate. As a result, the Company may be required to consider curtailing further expenditure and may have to consider the sale or joint venture of its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AuStar Gold Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended. AuStar Gold Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1. Statement of significant accounting policies (cont.)

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

(i) it is expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is expected to be realised within twelve months after the reporting period; or

(iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are always classified as non-current.

(e) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax related to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Their measurement also reflects the way management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a largely enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset

1. Statement of significant accounting policies (cont.)

(e) Income tax (cont.)

and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(g) Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	12.5 - 40.0%
Motor vehicles	25.0%

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.

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

(h) Inventories

Inventories are valued at the lower of cost and ret realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(i) Exploration and development expenditure

Exploration and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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.

1. Statement of significant accounting policies (cont.)

(i) Exploration and development expenditure

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.

(j) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(k) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period

1. Statement of significant accounting policies (cont.)

(n) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in 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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts.

(p) Revenue

Sale of extracted gold and silver

The Group operates the Morning Star Gold Mine for the extraction and processing of gold and silver. The Group has entered into contracts with a refinery for the sale of gold dore and gold concentrate pursuant to which the refinery takes control of the doe or concentrate at the time of delivery to the refinery and has the obligation to pay. Revenue is recognised at the time of delivery of the dore or concentrate to the refinery. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue

Interest revenue is recognised on a time proportional basis taking into account the interest rates applicable to the financial assets.

(q) Borrowing costs

All borrowing costs to date are recognised in expenses in the period in which they are incurred.

(r) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the ATO.

1. Statement of significant accounting policies (cont.)

(t) 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.

(u) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the consolidated entity, 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 financial year.

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.

(w) Share-based payment transactions

The consolidated entity provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The consolidated entity does not provide cash settled share-based payments.

The cost of equity settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the consolidated entity's shares on the Australian Securities Exchange.

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized for the period. No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

(x) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The consolidated entity has elected not to early adopt any of the new and amended pronouncements. These are not expected to have significant impact on the financial performance or position of the consolidated entity upon adoption.

1. Statement of significant accounting policies (cont.)

(y) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(z) Financial instruments

Recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:
(i) amortised cost;
(ii) fair value through other comprehensive income; or
(iii) fair value through profit or loss.

Measurement is on the basis of two primary criteria:
(i) the contractual cash flow characteristics of the financial asset; and
(ii) the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
(i) the financial asset is managed solely to collect contractual cash flows; and
(ii) the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
(i) the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
(ii) the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

1. Statement of significant accounting policies (cont.)

(z) Financial instruments (continued)

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.
The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
(i) the right to receive cash flows from the asset has expired or been transferred;
(ii) all risk and rewards of ownership of the asset have been substantially transferred; and
(iii) the Group no longer controls the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.
Loss allowance is not recognised for:
(i) financial assets measured at fair value through profit or loss; or
(ii) equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.
The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:
(i) the general approach
(ii) the simplified approach

General approach
Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:
(i) the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
(ii) there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

1. Statement of significant accounting policies (cont.)

(z) Financial instruments (continued)

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables which do not contain a significant financing component.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(aa) New Accounting Standards and Interpretations adopted

The Group adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2019. There were no material impacts on the financial statements of the Group as a result of adopting these standards. The Group did not early adopt any new accounting standards or interpretations.

Initial application of AASB 9: Financial Instruments

AASB 9 replaces the "incurred loss" impairment model in AASB 139 Financial Instruments: Recognition and Measurement with a forward-looking expected credit loss (ECL) model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the ECL model, the Group assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The new impairment model applies to financial assets at amortised cost and contract assets under AASB 15: Revenue from Contracts with Customers. The application of the new standard results in a change in accounting policy.

The Group applies the simplified approach as permitted by AASB 9, which requires the recognition of lifetime expected losses for accounts receivable and contract assets from initial recognition of such assets. At every reporting date, the Group reviews and adjusts its historically observed default rates based on current conditions and changes in the future forecasts. As regards to other receivables, the Group applies the general approach as permitted by AASB 9, which requires impairment to be measured using the 12-month expected credit loss method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss is adopted.

The adoption of AASB 9 has had no material impact on the results and financial position of the Group for the current and prior years.

The measurement categories for all financial liabilities remain the same, the carrying amount for all financial liabilities at 1 July 2018 have not been impacted by the initial application of AASB 9.

The Group did not designate or re-designate any financial asset or financial liability at fair value through profit or loss at 1 July 2018.

2. Statement of significant accounting policies (cont.)

(aa) New Accounting Standards and Interpretations adopted

Initial application of AASB 15: Revenue from Contracts with Customers

AASB 15 provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has selected to use modified retrospective approach in adopting AASB 15 which recognises the cumulative effect of initial application through opening retained earnings as at 1 July 2018. No adjustment was applied to the opening retained earnings as the cumulative effect is not material.

(ab) New Accounting Standards and Interpretations not yet mandatory or early adopted

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 30 June 2019 have not been applied in preparing these financial statements. The Directors have assessed the potential impact of these new standards, amendments to standards and interpretations and has concluded that their initial application will not have a material effect on the financial statements of the Group and the Company. The Directors anticipate that the adoption of AASB16 *Leases* will not have a material impact to the Group, as the Group does not have non-cancellable operating leases at 30 June 2019.

At the date of authorisation of these financial statements, the following standards, amendments to standards and interpretations that are relevant to the group and the company were issued but not effective:

Standards/amendment	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	30 June 2020
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	30 June 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements

2. Critical accounting estimates and judgments (continued)

Impairment of exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Notwithstanding the Group has commenced production on certain of its exploration sites based on the results of the Group's exploration activities undertaken to date, the nature of the ore body and style of mineralisation is not conducive to the formulation of mine plans of sufficient duration to support preparation of viable cashflows that support the carrying value of the Group's capitalised exploration and evaluation expenditure. As a result, the directors have assessed capitalised exploration and evaluation expenditure incurred up until production commenced amounting to $10,502,036 should be impaired in full.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and to others providing similar services by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is measured by use of an appropriate option pricing model, based on management's best estimates. Further details of how the fair value has been determined can be found in Note 25.

3. Financial risk management objectives and policies

The consolidated entity's principal financial instruments comprise cash and short-term deposits.

The consolidated entity manages its exposure to key financial risks, including interest rate and liquidity risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The main risks arising from the financial instruments are interest rate risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to cash and short-term deposits.

At reporting date, the consolidated entity had the following financial assets exposed to interest rate risk:

	2019	**2018**
	$	**$**
Cash at bank	543,256	521,462
Deposits	115,300	115,300
Borrowings	(55,281)	(229,820)
Net exposure	**603,275**	**406,942**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

3. Financial risk management objectives and policies (continued)

At the reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and equity would have been affected as follows:

	Consolidated			
	Net loss		Equity	
	Higher / (lower)		Higher / (lower)	
	2019	2018	2019	2018
	$	$	$	$
+1% (100 basis points)	(6,033)	(6,368)	6,033	6,368
-1% (100 basis points)	6,033	6,368	(6,033)	(6,368)

The movements are due to higher / lower interest revenue from cash balances.

Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents and trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

Liquidity risk

The consolidated entity's objective is to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the consolidated entity's current cash requirements.

The remaining contractual maturities of the consolidated entity's financial liabilities are:

	Consolidated	
	2019	2018
	$	$
6 months or less	1,353,380	1,559,944
	1,353,380	1,559,944

Capital management

The primary objective of the consolidated entity's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The consolidated entity manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the consolidated entity may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2019 and 30 June 2018.

The consolidated entity monitors capital with reference to the net debt position.

	Consolidated	
	2019	2018
	$	$
Trade and other payables	(1,298,099)	(1,330,124)
Borrowings	(55,281)	(229,820)
Less cash and cash equivalents	543,256	521,462
Net (debt) / surplus	(810,124)	(1,038,482)

Refer to Note 1(b) for details of the Consolidated Entity's future plans in order to manage the net debt position as at 30 June 2019.

4. Auditor's remuneration

	Consolidated 2019	2018
Remuneration of previous auditor of the Company	$	$
RSM Australia Partners/ Current auditor Hall Chadwick		
- Auditing or reviewing the financial report	36,000	42,925
- R&D Tax	-	29,615
- Taxation compliance services	-	7,937
	36,000	80,477

5. Income tax

The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:

	Consolidated 2019	2018
	$	$
Prima facie tax (benefit) on operating loss at 27.5% (2018: 27.5%)	(3,899,209)	(194,197)
Tax effect of:		
- Non-deductible amount	(24,622)	(118,037)
- Deductible amount	2,581,689	(11,376)
Deferred tax asset not brought to account	1,342,140	323,610
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $8,849,655 (2018: $7,507,515) and has not been brought to account at 30 June 2019 because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the loss and exploration expenditure.

6. Loss per share

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic loss per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue.

	2019 Number	2018 Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	3,024,524,044	1,615,076,651
	$	$
Net loss	(14,178,941)	(706,170)

The loss per share calculation as disclosed on the statement of comprehensive income does not include instruments that could potentially dilute basic earnings per share in the future as these instruments were anti-dilutive in the periods presented.

7. Revenue

	2019 $	2018 $
Gold sales	2,204,361	-
Interest revenue	30,246	4,101
Other Income	42,741	477,463
	2,277,348	481,564

8. Expenses

	2019 $	2018 $
Director and employee related expenses		
Wages and salaries	237,667	150,063
Defined contribution superannuation expense	-	3,156
	237,667	153,219

The above amounts represent remuneration paid directly to Directors and employees. Key management personnel remuneration inclusive of amounts paid to related parties is presented in Note 23(b) with further detail in the remuneration report contained within the Directors' report.

9. Trade and other receivables

	2019 $	2018 $
Current		
Trade receivables	265,008	466,454
Provision for impairment	(197,500)	-
	67,508	466,454
GST receivables	-	124,362
	67,508	590,816

Other debtors include outstanding subscription monies owing from investors who participated in the placements announced to the market and refund receivable for R&D claim.

10. Other assets

	2019 $	2018 $
Deposits	115,300	-
Prepayments	92,069	30,581
	207,369	30,581

11. Inventories

	2019 $	2018 $
Gold at refinery at net realisable value	218,310	-
	218,310	-

12. Non-current assets

Advances and deposits	12,145	15,000

13. Property, plant and equipment

(a) Carrying amounts

Freehold land and buildings	240,000	240,000
Accumulated depreciation	-	-
	240,000	240,000
Plant and equipment – at cost	830,491	827,823
Accumulated depreciation	(593,506)	(524,003)
	236,985	303,820
Motor vehicles – at cost	137,850	137,850
Accumulated depreciation	(123,085)	(118,163)
	14,765	19,687
Total property, plant and equipment	491,750	563,507

(b) Movements in carrying amounts

Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the year:

	Plant and equipment	Land and buildings	Motor vehicles	Total
	$	$	$	$
2019				
Balance at 1 July 2018	303,820	240,000	19,687	563,507
Additions	2,668	-	-	2,668
Disposal	-	-	-	-
Depreciation charge for the year	(69,503)	-	(4,922)	(74,425)
Balance at 30 June 2019	236,985	240,000	14,765	491,750
2018				
Balance at 1 July 2017	377,624	240,000	26,249	643,873
Additions	2,694	-	-	2,694
Disposal	-	-	-	-
Depreciation charge for the year	(76,498)	-	(6,562)	(83,060)
Balance at 30 June 2018	303,820	240,000	19,687	563,507

14. Exploration expenditure

	2019	2018
	$	$
Exploration expenditure	-	8,312,323
Opening balance	8,312,323	4,748,394
Sale of Tenements	-	(925,000)
Exploration incurred during the year	2,189,713	3,432,570
Tenement interest acquired	-	301,197
Impairment of exploration expenditure	(10,502,036)	-
Reversal of impairment	-	802,255
Research and development tax offset	-	(47,093)
Exploration expenditure	-	8,312,323

14. Exploration expenditure (continued)

Notwithstanding the Group has commenced production on certain of its exploration sites based on the results of the Group's exploration activities undertaken to date, the nature of the ore body and style of mineralisation is not conducive to the formulation of mine plans of sufficient duration to support preparation of viable cashflows that support the carrying value of the Group's capitalised exploration and evaluation expenditure. As a result, the directors have assessed capitalised exploration and evaluation expenditure incurred up until production commenced amounting to $10,502,036 should be impaired in full.

The value of the consolidated entity's interest in exploration expenditure is dependent upon:

- the continuance of the consolidated entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

15. Trade and other payables

	2019 $	2018 $
Current		
Trade payables	1,174,225	1,133,252
Other payables	123,874	196,872
	1,298,099	1,330,124

Trade and other creditor amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

16. Borrowings

	2019 $	2018 $
Current		
Borrowings	55,281	229,820

Borrowings at 30 June 2019 comprise amounts due under an insurance premium funding arrangement.

Borrowings at 30 June 2018 comprised amounts due under an insurance premium funding arrangement and convertible notes with a value of $202,520.

17. Contributed equity

(a) Issued capital

	2019 $	2018 $
Ordinary shares, fully paid	41,259,873	35,205,052
Equity Loan	-	500,000
	41,259,873	35,705,052

17. Contributed equity (continued)

(b) Movements in share capital

	2019 Number	2018 Number	2019 $	2018 $
Balance at beginning of year	1,904,894,304	1,324,974,610	35,205,052	31,402,555
Issued during the year:				
Share placements	1,222,222,222	50,000,000	5,500,000	400,000
Conversion of Notes	46,960,004	241,688,298	203,451	1,471,048
Purchase of tenement	-	28,517,110	-	225,000
Share-based payments	-	24,000,000	-	193,000
Conversion of equity loan	111,111,112	235,714,286	500,000	1,650,000
Share purchase plan	105,122,752	-	473,052	-
Share issue costs	-	-	(621,682)	(136,551)
Balance at end of year	3,390,310,394	1,904,894,304	41,259,873	35,205,052

(c) Equity Loan

In the prior year, a $500,000 unsecured equity loan was provided to AuStar at an interest rate of 10% per annum repayable quarterly. The loan was settled during the year ended 30 June 2019 by conversion into 111,111,112 fully paid ordinary shares at a price of $0.0045 per share.

(d) Share options

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
2019 year								
Unlisted options	0.030	30/11/18	197,678,572	-	-	(197,678,572)	**-**	-
Unlisted options	0.018	08/09/21	30,000,000	-	-	-	**30,000,000**	30,000,000
Unlisted options	0.015	30/11/18	25,000,000	-	-	(25,000,000)	**-**	-
Unlisted options	0.015	30/11/19	30,000,000	-	-	-	**30,000,000**	30,000,000
Unlisted options	0.02	30/11/21	15,000,000	-	-	-	**15,000,000**	15,000,000
Listed options	0.01	30/09/20	-	327,691,218	-	-	**327,691,218**	327,691,218
			297,678,572	**327,691,218**	**-**	**(222,678,572)**	**402,691,218**	**402,691,218**

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
2018 year								
Unlisted options	0.030	30/11/18	166,250,000	31,428,572	-	-	**197,678,572**	197,678,572
Unlisted options	0.018	08/09/21	30,000,000	-	-	-	**30,000,000**	30,000,000
Listed options	0.015	30/11/18	-	25,000,000	-	-	**25,000,000**	25,000,000
Unlisted options	0.015	30/11/19	-	30,000,000	-	-	**30,000,000**	30,000,000
Unlisted options	0.020	30/11/21	-	15,000,000	-	-	**15,000,000**	15,000,000
Unlisted options	0.015	30/11/17	160,148,425	-	-	(160,148,425)	**-**	-
			356,398,425	**101,428,572**	**-**	**(160,148,425)**	**297,678,572**	**297,678,572**

17. Contributed equity (continued)

(e) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the consolidated entity, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation

18. Reserve

Equity reserve	Consolidated 2019 $	2018 $
Balance at beginning of year	2,003,551	1,712,031
Share based payments (refer note 25)	222,033	291,520
Balance at end of year	2,225,584	2,003,551

Issue of options relates to issue of Director options and performance rights and acquiring the full control of Rose of Denmark.

19. Accumulated losses

	Consolidated 2019 $	2018 $
Balance at beginning of year	(29,306,608)	(28,611,355)
Net loss for the year	(13,535,730)	(695,253)
Balance at end of year	(42,842,338)	(29,306,608)

20. Notes to the statement of cash flows

a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the year as shown in the statement of cash flows are reconciled to the related item in the statement of financial position as follows:

	Consolidated 2019 $	2018 $
Cash at bank and in hand	543,256	636,762
	543,256	636,762

Cash at bank attracts floating interest at current market rates. Short term deposits are made for periods of up to 12 months and earn interest at the respective short term deposit rates.

20. Notes to the statement of cash flows (continued)

b) Reconciliation of operating loss after income tax to net cash used in operating activities

	Consolidated	
	2019	2018
	$	$
Operating loss after income tax	(14,178,941)	(706,170)
Adjustments for:		
Depreciation	74,425	83,060
Impairment of exploration and evaluation expenditure	10,502,036	
Impairment of trade receivables	195,700	
Exploration asset written off/ (reversal)	-	(802,255)
Share-based payments expense	89,533	175,764
Changes in assets and liabilities:		
Trade and other receivables	19,851	(18,401)
Inventories	218,311	-
Other current assets	(279,796)	19,437
Trade and other payables	811,698	913,370
Provisions	-	(18,537)
Net cash used in operating activities	(2,547,183)	(353,732)

21. Parent entity disclosures

	2019	2018
	$	$
Financial position		
Assets		
Current assets	789,430	1,152,758
Non-current assets	14,188,417	10,018,308
Total assets	14,977,847	11,171,066
Liabilities		
Current liabilities	277,759	694,012
Non-current liabilities	-	-
Total liabilities	277,759	694,012
Equity		
Issued capital	41,259,873	35,705,052
Reserves	2,225,584	2,003,551
Accumulated losses	(28,785,369)	(27,231,549)
Total equity	14,700,088	10,477,054
Financial performance		
Loss for the year	(1,553,820)	(486,586)
Other comprehensive income	-	-
Total comprehensive income	(1,553,820)	(486,586)

(a) Contingent liabilities

As at 30 June 2019 and 2018, the Company had no contingent liabilities.

(b) Commitments

As at 30 June 2019 and 2018, the Company had no contractual commitments.

21. Parent entity disclosures

(c) Guarantees entered into by parent entity in relation to the debts of its subsidiaries

As at 30 June 2019 and 2018, the Company had not entered into any guarantees.

(d) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity; and
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

22. Related party disclosures

(a) Subsidiaries

The consolidated financial statements include the financial statements of AuStar Gold Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity interest 2019 %	Equity interest 2018 %
Trafford Coal Pty Ltd	Australia	100	100
Mt Mulligan Coal Pty Ltd	Australia	100	100
Zulu Gold Pty Ltd	Australia	100	100
Morning Star Gold NL	Australia	95	95
Lionsville Gold Pty Ltd	Australia	-	100

(b) Key management personnel

Disclosures relating to key management personnel are set out in Note 23 and the remuneration report in the Directors' report.

23. Key management personnel

(a) Directors and other key management personnel

The Directors of AuStar Gold Limited during the financial year were:

- Frank Terranova – Chairman (appointed 3 August 2018)
- Matthew Gill – Non-Executive Director
- Ian King – Non-Executive Director
- Christopher Wellesley – Non- Executive Director (appointed 17 December 2018)
- Philip Amery – Non-Executive Director (appointed 4 April 2019)
- Richard Valenta (resigned 4 April 2019)

Other key management personnel consisted of:

- Mr Tom DeVries – Chief Executive Officer

23. Key management personnel

(b) Compensation of key management personnel

	2019 $	2018 $
Short-term employment benefit	466,217	369,754
Post-employment benefits	-	-
Equity-based payments	89,553	175,764
	555,770	545,518

Amounts are included in the remuneration report.

(c) Other transactions with key management personnel

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

	2019 $	2018 $
(i) Consultant fees paid to BBB Capital – an entity associated with Mr Ian King	-	232,500

(d) Key management personnel balances

Amount owing to Frank Terranova	6,790	-
Amount owing to Ian King	7,000	21,000
Amount owing to Matthew Gill	7,000	21,000
Amount owing to Christopher Wellesley	3,750	-
Amount owing to Philip Amery	-	-
Amount owing to Tom DeVries	16,800	-
Amount owing to BBB Capital	-	95,727
Amount owing to Richard Valenta	-	42,000
Amount owing to Rob Barraket	-	52,000

24. Commitments

Exploration expenditure commitments

	2019 $	2018 $
Within one year	934,933	892,550
After one year but not more than five years	163,400	925,900
	1,098,333	1,818,450

The above exploration expenditure commitments assume no relinquishments or reductions during the period.

Leasing commitments

Future minimum rentals payable under this operating lease are as follows:

	2019 $	2018 $
Within one year	-	4,500
After one year but not more than five years	-	-
	-	4,500

25. Share-based payments

	Consolidated	
	31 December 2018	**30 June 2018**
Equity reserve	2,225,584	2,003,551

The Share based payment reserve is used to record the fair value of share-based payments made by the Company. The following expenses arising from share-based payment transactions were recognised during the period:

Performance rights issued to Directors (i)	89,533	108,264
Options issued to Brokers to equity issue (ii)	72,500	-
Options issued to Brokers to equity issue (iii)	60,000	-
Total share-based payments for the year	222,033	175,764
Share based payments recognised as capital raising costs	(132,500)	-
Share-based payments expense	89,533	175,764

Issue of options relates to the following:

(i) On 5 October 2018 the Company issued 100,000,000 performance rights to Directors of the Company pursuant to the Company's Performance Rights Plan approved by Shareholders on 28 September 2018. The performance rights were issued with the following performance conditions:

- Series 1: Vest on meeting the 1 cent VWAP condition i.e. if the VWAP of the Company's shares over any 10 Trading Day period is at least 1 cent
- Series 2: Vest on meeting the 1.5 cent VWAP condition i.e. if the VWAP of the Company's shares over any 10 Trading Day period is at least 1.5 cent

The Performance Rights will not be quoted on ASX and accordingly have no readily identifiable market value. The fair value of the rights at grant date has been estimated using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. In accordance with *AASB 2 Share-based payment*, the market based vesting conditions have been taken into account when assessing the fair value. The following assumptions were used:

Expected volatility	163%
Risk-free interest rate	2.18%
Expected life of share options (years)	4
Grant date share price	$0.004
Fair value per option – series 1	**$0.00388**
Fair value per option – series 2	**$0.00381**
Vesting period – series 1 (years)	**2.98**
Vesting period – series 2 (years)	**3.35**

The options have been recognised as share based payments expense.

25. Share-based payments (continued)

(ii) On 5 October 2018 the Consolidated Entity issued 25,000,000 free options to brokers in consideration for broking services provided to the Company. The options were issued with an exercise price of 1.0 cent and an expiry date of 30 September 2020.

The fair value of the options at grant date has been estimated using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The following assumptions were used:

Exercise price	$0.01
Expected volatility	163%
Risk-free interest rate	2.18%
Expected life of share options (years)	2
Grant date share price	$0.0045
Fair value per option	**$0.0029**

The options have been recognised as a share issue cost.

(iii) On 22 February 2019 the Consolidated Entity issued 15,000,000 free, listed options to brokers in consideration for broking services provided to the Company. The options were issued with an exercise price of 1.0 cent and an expiry date of 30 September 2020.

The fair value of listed options is valued with reference to the closing price of options traded on the ASX grant date.

The options have been recognised as a share issue cost.

26. Operating segments

The consolidated entity has identified its operating segments 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 consolidated entity operates as a single segment which is mineral exploration within Australia. The consolidated entity is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located.

Operating revenues of approximately $2,204,361 (2018: Nil) are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

27. Contingent assets and liabilities

The Company did not have any material contingent assets or liabilities as at 30 June 2019.

28. Events subsequent to balance date

Subsequent to the period end, the consolidated entity announced the following to the ASX:

- On 23 July 2019 Mr Ian King resigned as a Director of the Company and Mr Paul McNally was appointed as a Non-Executive Director on 24 July 2019;
- On 23 July 2019 Mr. Peter de Vries was appointed Acting Chief Executive Officer following the resignation of Mr Tom de Vries.
- On 3 September 2019 the Company announced that it had entered an agreement to acquire 100% ownership of Centennial Mining Limited ("**CTL**"). The acquisition will deliver significant regional consolidation, substantially increasing the Company's ore resources while delivering very substantial expected corporate synergies. The key terms of the transaction are:
    - The completion of the acquisition is subject to several conditions' precedent including AuStar obtaining any required shareholder approvals under the ASX Listing Rules, fundraising (to a minimum of $4.4m) and consolidation of the Company's securities in a ratio of 100 to 1. A meeting of CTL creditors approved the Deed of Creditor Arrangement ("**DOCA**") on 27 August 2019.
    - AuStar will contribute $2.4 million to the DOCA closure, alongside other stakeholders including DOCA proponents Avior Consulting and the Gandel Metals, and issue up to 24,982,946 (post consolidation) shares to Centennial shareholders (excluding AuStar), equivalent to 31.7% of the post-Acquisition issued capital of AUL (40% including the assumption of AuStar's post-contribution CTL interest).

Other than disclosed above, the Directors are not aware of any matters or circumstances not otherwise dealt with in this report or consolidated financial statements that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

The Directors of the Company declare that:

(a) the financial statements and notes thereto are in accordance with the Corporations Act 2001 and associated regulations and;

(i) comply with Accounting Standards, which, as stated in accounting policy note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and

(ii) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated entity;

(b) In the Directors opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;

(c) The Directors have been given the declarations required by s 295A of the *Corporations Act 2001;* and

(d) As at the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the consolidated entity 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 Board of Directors pursuant to section 295(5) (a) of the Corporations Act 2001.

On behalf of the Directors:

Frank Terranova
Chairman

Dated at Brisbane this 30th day of September 2019

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AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED AND ITS CONTROLLED ENTITIES

Opinion

We have audited the financial report of Austar Gold Limited (the company) and its controlled entities (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 consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Austar Gold Limited and its controlled entities is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the group's financial position as at 30 June 2019 and of its performance for the year then ended; and
(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporation Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the group incurred a net loss after tax of $14,178,941 during the year ended 30 June 2019 and, as of that date, the group's current liabilities exceeded its current assets by $316,937. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED AND ITS CONTROLLED ENTITIES

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 year ended 30 June 2019. 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.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Share-based payment transactions *Refer to Note 25 Share-based payments and Note 2 Critical accounting estimates and judgements*	
The group provides benefits to key management personnel and its executive in the form of share-based payment transactions, whereby officers render services and receive rights over shares. These share-based payment transactions are classified by the group as an equity settled share-based payments transaction. The accounting for share-based payments was a key audit matter because the expense recognised incorporates a judgemental option value. The group valued the options, using an option pricing model, where inputs such as volatility, dividend yield and risk-free rate require judgement. The impact on the financial report for the year ended 30 June 2019 reflected a profit and loss charge of $89,533.	Our procedures included, amongst others: • Obtained and reviewed a reconciliation of shares and options on issue during the year, and enquired with management whether there have been shares and options issued in relation to share-based payment; • Involved Hall Chadwick's valuation experts to review the estimated fair value of share-based payments using an option pricing model, including assessing the reasonableness of key inputs used in the model; • Reviewed the share-based payment amount recognised during the year against the terms and conditions of the underlying share-based payments; and • Assessed the adequacy of the group's disclosures in relation to the share-based payment transactions.

Capitalised exploration expenditure *Refer to Note 14 Exploration expenditure and Note 2 Critical accounting estimates and judgements*	
The group incurred total capitalised exploration expenditure with a carrying value of $10,502,036 up until production commenced. The carrying value of capitalised exploration expenditure is dependent on the group's ability and intention to continue to explore and evaluate these assets. The results of exploration and evaluation work also determines to what extent the mineral reserves and resources may or may not be commercially viable for extraction. The entire carrying value of capitalised exploration expenditure was impaired during the year on the basis disclosed in Note 2 to the financial report. We determined this to be a key audit matter due to the significance and subjectivity involved in determining the carrying value of assets and the associated impairment charge.	Our procedures included, amongst others: • Reviewed the group's right to the relevant exploration areas which included obtaining and assessing relevant documentation such as tenement licenses; • Assessed the group's intention to continue its mining activities and the funding necessary to support a decision to develop the asset, which included assessment of the group's cash flow forecasts and discussions held with senior management and directors as to their intentions and overall strategy for the group; • We held discussions with senior management and directors and reviewed the basis of the impairment charge recognised during the year; and • We assessed the adequacy of the group's disclosures in relation to the impairment to capitalised exploration expenditure.

AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED AND ITS CONTROLLED ENTITIES

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the group's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 the 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 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 group's ability 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 have no realistic alternative but to do so.

Auditor's Responsibility 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 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. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's 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.
- 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.
- 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, amongst 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.

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 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

We have audited the remuneration report included in pages 14 to 18 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Austar Gold Limited, for the year ended 30 June 2019, complies with s 300A of the Corporations Act 2001.

AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED AND ITS CONTROLLED ENTITIES

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 September 2019

AUSTAR GOLD LIMITED
ABN 70 107 180 441
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTAR GOLD 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 Austar Gold Limited. As the lead audit partner for the audit of the financial report of Austar Gold 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 as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 September 2019

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 27 September 2019.

1. Quotation

Listed securities in AuStar Gold Limited are quoted on the Australian Securities Exchange under ASX codes AUL (Fully Paid Ordinary Shares).

2. Voting rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

(a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Listed Options on issue.

3. Distribution of Share holders

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

i) Fully Paid Ordinary Shares

	Holders	
Shares Range	**Fully paid ordinary shares**	**Listed Options**
1 – 1,000	129	2
1,001 – 5,000	112	-
5,001 – 10,000	167	-
10,001 – 100,000	811	45
100,001 and above	1,361	109
Total	**2,580**	**156**

On 20 September 2018, there were 1,437 holders of unmarketable parcels. There is no on-market buy back currently in place and there are currently no restricted securities.

4. Substantial shareholders

The names of the substantial shareholders listed on the Company's register as at 27 September 2019.

Name	**Number of Shares**	**%**
MCNALLY CLAN INVESTMENTS PTY LTD	409,854,679	12.09%

5. Twenty largest shareholders

The twenty largest shareholders at 27 September 2019.

Name	Number of Shares	%
MCNALLY CLAN INVESTMENTS PTY LTD	409,854,679	12.09%
CHESBREEZE PTY LTD	116,820,229	3.45%
FROST ALAN MAXWELL	86,133,341	2.54%
P KAMPFNER PTY LTD	80,000,000	2.36%
KASSA CORP PTY LTD	80,000,000	2.36%
CITICORP NOM PTY LTD	68,815,311	2.03%
PW & VJ COOPER PTY LTD	62,101,664	1.83%
JHS & D PTY LTD	60,000,000	1.77%
SAXON ACQUISITIONS PTY LTD	58,166,670	1.72%
MARSON CATHERINE A + J	52,500,000	1.55%
YATES ROGAN RICHARD	50,000,000	1.47%
NAMBIA PTY LTD	43,333,333	1.28%
J P MORGAN NOM AUST PTY LTD	35,523,708	1.05%
BANKS-SMITH KEVIN	34,655,654	1.02%
YATES ROGAN	33,333,334	0.98%
WIZSYD PTY LTD	33,333,333	0.98%
SHANDONG TIANYE REAL ESTA	28,517,110	0.84%
MAEANDER HLDGS PTY LTD	26,300,000	0.78%
HSBC CUSTODY NOM AUST LTD	26,105,012	0.77%
HALL ISRAEL J + M J	25,500,000	0.75%
	1,410,993,378	**41.62%**

6. Twenty largest listed option holders

The twenty largest listed option holders at 27 September 2019.

Name	Number of Options	%
MCNALLY CLAN INV PTY LTD	34,666,670	10.58%
CITICORP NOM PTY LTD	16,267,557	4.96%
P KAMPFNER PTY LTD	16,000,000	4.88%
KASSA CORP PTY LTD	16,000,000	4.88%
GAZUMP RES PTY LTD	14,941,053	4.56%
FROST ALAN MAXWELL	11,111,112	3.39%
PW & VJ COOPER PTY LTD	10,444,444	3.19%
MARSON CATHERINE A + J	10,000,000	3.05%
SAXON ACQUISITIONS PTY LTD	9,333,334	2.85%
NAMBIA PTY LTD	8,666,666	2.64%
AMERY PTNRS PTY LTD	8,000,000	2.44%
HSBC CUSTODY NOM AUST LTD	7,043,553	2.15%
YATES ROGAN	6,666,667	2.03%
WIZSYD PTY LTD	6,666,667	2.03%
CHESBREEZE PTY LTD	6,666,667	2.03%
BANKS-SMITH KEVIN	5,000,000	1.53%
HUSH-HUSH PTY LTD	5,000,000	1.53%
YATES ROGAN RICHARD	4,444,445	1.36%
MOFFA ANDREW + SONIA C	4,444,444	1.36%
JHS & D PTY LTD	4,444,444	1.36%
	205,807,723	**62.80%**