



AuStar Gold Limited

ABN 70 107 180 441

Half-Year Financial Report

For the half-year ended

31 December 2019

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Corporate Directory

Directors

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

Company Secretary

Ms Sue-Ann Higgins

Principal Place of Business and Registered Office

6 Bridge Street
Woods Point VIC

Contact Details

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Auditors

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40/2 Park Street
Sydney NSW 2000

Stock Exchange

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

ASX Code: AUL, AULOD

Directors' Report

The Directors of AuStar Gold Limited ("AuStar" or "the Company") submit herewith the financial report of AuStar Gold Limited and its subsidiaries (the "Group") for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

Mr Philip Amery	Non- Executive Director
Mr Matthew Gill	Non- Executive Director
Mr Paul McNally	Non-Executive Director (appointed 24 July 2019)
Mr Christopher Wellesley	Non- Executive Director
Mr Frank Terranova	Non- Executive Director (resigned 31 January 2020)

PRINCIPAL ACTIVITIES

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.

Operational highlights during the half year included:

- Gold sales revenue of \$3.172 million achieved at an average gold price of \$2,165 / ounce.
- Gold production of 1,470 ounces Gold and 202 ounces Silver
- 5,079 tonnes mined and 4,862 tonnes milled
- Gradual improvement in mining performance and processing plant performance leading to improved gold production.
- Realised grade from the McNally's and Stones reefs continued to perform to expectations over the reporting period.
- There were nil lost time incidents, OHS or material environmental events for the quarter with the Company maintaining a high standard of Environmental, Safety and Community outcomes
- The Company completed a consolidation of its securities in December following approval at the Annual General Meeting.

AuStar's Tenement Schedule

Tenement	Project	Name	Grant Date	Expiry Date	Area	Interest (%)
MIN 5009 ¹	Morning Star	Morning Star	21/09/1990	21/09/2023	657 Ha	95
MIN 5299 ²	Morning Star	Rose of Denmark	10/11/1981	30/08/2021	211 Ha	97.55
EL006321 ¹	Wood Point	Morning Star	27/08/2018	26/08/2023	566 km ²	95
EL006364 ¹	Wood Point	Morning Star	27/08/2018	26/08/2023	101 km ²	95

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

PROJECT OVERVIEW

Morning Star Gold Project - 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 a number of positive characteristics which demonstrate its potential to create value for AuStar shareholders:

- A fully recommissioned gravity processing plant on site that utilises standard gravity methods to recover approximately 65 to 75% of gold from the Morning Star mine directly to bullion, with an additional 10 to 15% of fine free gold residing in the gold bearing concentrate tails (middlings).
- 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.

Rose of Denmark Mine (RoD) – 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.

OPERATIONS REVIEW

Mining at the Morning Star Gold Mine continued on a continuous mining cycle during the reporting period with the 7 Level McNally Reef being the primary source of ore with contributions from the 8 sub Level Stone Reef. The company trial mined a small parcel of ore from the Rose of Denmark Mine with 215 tonnes mined and delivered to the processing plant in July. Application for approval to mine from the Rose of Denmark site has commenced

During the reporting period, the Company delivered:

- 100 metres of Development including 16 metres Rising
- 5,079 Ore tonnes
- 28 Waste tonnes hoisted

Unplanned maintenance issues during the first three months of the half year highlighted the requirement for an increased focus on plant and equipment reliability leading to an enhanced preventative maintenance program and the continued replacement of older components. This focus has resulted in improved reliability and availability of processing components during the later stages of the reporting period.

Processing of Morning Star concentrate product from the middlings stream by the Company's third party processor continues to take considerably longer than anticipated. The chemical process and testing continue to be adjusted. Processing of July, August and September concentrate production was completed during the half year with monetisation of the December quarter concentrate expected to occur during the second half of the financial year.

Directors' Report

A review of recovery data during the December quarter identified that overall processing recovery from the gravity plant can be enhanced by the installation of additional gravity tabling on the tailing circuit. Planning for improvements including test work and analysis is proposed to occur in the first quarter of 2020.

A trial parcel of mill-feed from the Centennial owned A1 Gold Mine was processed during September. No further third party material was processed during the reporting period.

As a consequence of the decision to enter into the agreement to acquire 100% of Centennial Mining, drilling was temporarily suspended at the Morning Star mine in September with the contractors demobilised from site. Prior to the demobilisation a total of fifteen (15) diamond drill holes had been completed for 1,010.55 metres of core. Drill targets included the southern extension of the McNally structure; in the extreme southern end of the mine and testing of the Gap Zone and Kenny's structure at the northern end.

During the December quarter, the geology team undertook a review to identify and prioritise the most effective drill targets across the Morning Star and Centennial projects as part of its' merger integration planning. With the decision to cease engagement in the Centennial process, this work has now provided clear line of sight to a near term in-mine exploration program and for future regional exploration.

CORPORATE ACTIVITY

On 23 July 2019 Mr. Paul McNally was appointed a Non-Executive Director and Mr Ian King resigned as a Non-Executive Director. Mr. Philip Amery agreed to act as Executive Director of the Company on an interim basis and was appointed Director of AuStar's key operating subsidiary Morning Star Gold NL.

On 3 September the Company announced that it had entered into Agreement to acquire all the assets of Centennial Mining Limited from administration, via Deed of Company Arrangement (DOCA). The completion of the acquisition is subject to conditions precedent including AuStar raising new equity to a minimum of \$4.4m, AuStar completing a 100 for 1 consolidation of its equity securities and completion of DOCA formalities. A meeting of CTL creditors approved the DOCA on 27 August 2019.

On 24 October, the Company announced the appointment of Bill Frazer as Chief Executive Officer (CEO) and the transition of Peter de Vries from the role Acting CEO to a senior role in exploration management. On the same date, Toni Griffith was appointed Chief Financial Officer (CFO) reporting to the board and CEO;

On 18 November, the Company announced that Centennial Mining Limited ACN 149 308 921 and Maldon Resources Pty Ltd ACN 090 458 665 (both in administration), held a meeting on 15 November in which the creditors unanimously approved the proposed Deeds of Company Arrangement (DOCA) of both companies.

On 29 November shareholders approved a 100 for 1 consolidation of the Company's ordinary shares and options, with the consolidation being completed by 11 December.

On 5 December, the Company announced its intention to raise up to \$7.5 million through an equity raising comprising a placement raising of \$2.5 million and a 1 for 2 pro rata non renounceable entitlement offer to raise up to \$5 million. The Company lodged a prospectus with ASIC for the Capital Raising on 12 December.

Directors' Report

On 18 December, the Company announced the appointment of Sue-Ann Higgins to the Company Secretary role.

SUBSEQUENT TO END OF REPORTING PERIOD

Subsequent to the end of the quarter it become apparent to the board of AuStar Gold that certain conditions precedent to the DOCA, outside of the control of AuStar Gold, were unlikely to be fulfilled; accordingly the Company sought a trading halt to its securities on 9 January to enable comprehensive negotiations with the DOCA proponent and the Administrators to occur;

On 13 January the Company announced that it had reached agreement with Mining Lending Pty Ltd to acquire all of the debt owed to it by CTL and Maldon and the associated security interests;

On 20 January the Company entered into a Voluntary Suspension of trading of its securities.

On 22 January the Company announced that the proposed acquisition of debt from Mining Lending would not be progressing; that the Company would not be proceeding with the acquisition of the Centennial or Maldon assets; and all Offers under the Prospectus were subsequently withdrawn.

REVIEW OF RESULTS

During the period the Group had cash outflows for operations totalling \$704,825 (2018: \$1,099,500) in relation its gold projects.

The loss of the Group for the half-year ended 31 December 2019 after providing for income tax amounted to \$904,243 (31 December 2018: \$1,095,350). The significant items affecting the loss after tax were:

- Operating loss totaling \$330,789;
- Consultancy and legal expenses totaling \$288,340 associated with corporate activities;
- Director and key management personnel required for an operating and corporate activities - \$139,930.

No dividends were declared or paid during the half-year ended 31 December 2019.

SIGNIFICANT CHANGES IN AFFAIRS

There has been no significant changes in the state of affairs during the period to 31 December 2019.

Directors' Report

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included within this half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Philip Amery', written in a cursive style.

Philip Amery
Director

Dated this 13th day of March 2020

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

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTAR GOLD LIMITED**

SYDNEY

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Australia

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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 review of the financial report of AuStar Gold Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 13 March 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2019

	Notes	31 December 2019 \$	31 December 2018 \$
Revenue			
Gold sales revenue		3,172,638	-
Cost of sales		(3,503,427)	-
Gross loss		(330,789)	-
Interest income		3,471	8,633
Other Income		8,820	1,108
Administrative and corporate expenses			
Expenses		(85,118)	(100,895)
Consultancy and legal expenses		(288,340)	(262,435)
Compliance and regulatory expenses		(72,707)	(85,715)
Depreciation expense		(33,488)	(36,309)
Director and key management personnel related expenses		(139,930)	(99,117)
Exploration expenses		(251)	(258,318)
Promotion and communication costs		(4,071)	-
Interest expense		(11,840)	(4,030)
Provision for doubtful debts		50,000	(229,200)
Share Based Payments		-	(29,072)
Loss before income tax expense		(904,243)	(1,095,350)
Income tax expense		-	-
Loss after income tax expense		(904,243)	(1,095,350)
Other comprehensive income		-	-
Total comprehensive loss for the period		(904,243)	(1,095,350)
Total comprehensive loss for the period attributable to:			
Non-controlling interest		(45,212)	(16,768)
Owners of AuStar Gold Limited		(859,031)	(1,078,582)
		(904,243)	(1,095,350)
Basic and diluted loss per share (cents)		(0.03)	(0.04)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents	2	44,298	543,256
Trade and other receivables	3	419,156	67,508
Other current assets		33,927	207,369
Inventories	4	721,916	218,310
Total current assets		<u>1,219,297</u>	<u>1,036,443</u>
Non-current assets			
Receivables		9,728	12,145
Property, plant and equipment		458,262	491,750
Exploration and evaluation expenditure		-	-
Total non-current assets		<u>467,990</u>	<u>503,895</u>
Total assets		<u>1,687,287</u>	<u>1,540,338</u>
Current liabilities			
Trade and other payables		2,041,448	1,298,099
Borrowings	5	363,124	55,281
Total current liabilities		<u>2,404,572</u>	<u>1,353,380</u>
Total liabilities		<u>2,404,572</u>	<u>1,353,380</u>
Net assets		<u>(717,285)</u>	<u>186,958</u>
Equity			
Contributed equity	6	41,259,873	41,259,873
Reserves		2,225,584	2,225,584
Accumulated losses		(43,701,369)	(42,842,338)
Equity attributable to the owners of the parent entity		<u>(215,912)</u>	<u>643,119</u>
Non-controlling interests		(501,373)	(456,161)
Total equity		<u>(717,285)</u>	<u>186,958</u>

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2019

	31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities		
Receipts from customers	3,219,442	-
Payments to suppliers	(3,927,244)	(943,199)
Payment for exploration and evaluation assets	(141,546)	-
Interest received	3,104	8,633
Interest paid	(127)	(4,030)
Net cash used in operating activities	<u>(846,371)</u>	<u>(938,596)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(668)
Payment for exploration and evaluation assets	-	(2,603,761)
Receipt from sale of tenements / return of bonds	2,515	-
Net cash used in investing activities	<u>2,515</u>	<u>(2,604,429)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	5,973,052
Repayment of borrowings	-	(20,174)
Proceeds from borrowings	345,000	-
Payment of equity issue costs	-	(450,268)
Net cash provided by financing activities	<u>345,000</u>	<u>5,502,610</u>
Net (decrease) / increase in cash and cash equivalents	(498,856)	1,959,585
Cash and cash equivalents at the beginning of the period	543,154	636,762
Cash and cash equivalents at the end of the period	<u>44,298</u>	<u>2,596,347</u>

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The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2019

	Contributed equity	Reserves	Accumulated losses	Non-Controlling interests	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	35,705,052	2,003,551	(29,306,608)	187,050	8,589,045
Total comprehensive loss for the period	-	-	(1,078,582)	(16,768)	(1,095,350)
Shares issued	6,176,503	-	-	-	6,176,503
Share issue costs	(561,682)	-	-	-	(561,682)
Share based payment	-	101,572	-	-	101,572
Balance at 31 December 2018	<u>41,319,873</u>	<u>2,105,123</u>	<u>(30,385,190)</u>	<u>170,282</u>	<u>13,210,088</u>
Balance at 1 July 2019	41,259,873	2,225,584	(42,842,338)	(456,161)	186,958
Total comprehensive loss for the period	-	-	(859,031)	(45,212)	(904,243)
Shares issued	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share based payments	-	-	-	-	-
Balance at 31 December 2019	<u>41,259,873</u>	<u>2,225,584</u>	<u>(43,701,369)</u>	<u>(501,373)</u>	<u>(717,285)</u>

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

1. Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by AuStar Gold Limited during the interim reporting half-year.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting half-year except for the adoption of new and amended standards as set out below.

In the reporting period, the Group has adopted all the new and revised accounting standards and Interpretations that are relevant to its operations and effective for the current financial year including AASB16 Leases. The adoption of the new and revised accounting standard and interpretation did not have any material effect on the financial results or financial position of the Group or the Company for the reporting period.

Going concern

As at 31 December 2019 the Company had cash reserves of \$44,298, negative net working capital of \$1,185,275 and negative net assets of \$717,285. The Company incurred a loss for the half year ended 31 December 2019 of \$904,243 and had net cash outflows from operating activities of \$704,825.

The ability of the Company to continue as a going concern is principally dependent upon the following:

- the ability of the Company to generate cash flow from mining operations;
- the ability of the Company to raise additional funding in the future; and
- the successful exploration and subsequent exploitation of the Company's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Based on the success of previous capital raisings, the improving performance of the Morning Star operation, the capital investment in the mining process and processing plant and the previous successful exploration programmes, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors are confident of securing funds as and when necessary to meet the Company's obligations as and when they fall due.

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

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

2. Cash and cash equivalents

For the purposes of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 December 2019	30 June 2019
	\$	\$
Cash at bank and in hand	44,298	543,256
	<u>44,298</u>	<u>543,256</u>

3. Trade and other receivables

Trade receivables	145,700	265,008
GST receivables	303,489	-
Other receivables	115,667	-
	<u>564,855</u>	<u>265,008</u>
Provision for impairment	(145,700)	(197,500)
	<u>419,156</u>	<u>67,508</u>

4. Inventories

Gold in concentrate	149,571	-
Run of Mine Stockpiles	437,608	-
Gold at refinery	134,737	218,310
	<u>721,916</u>	<u>218,310</u>

Inventories are valued at the lower of cost and net 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. All inventories are valued at net realisable value as at the close of the reporting period.

5. Borrowings

Borrowings	<u>363,124</u>	<u>55,281</u>
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During the period two Directors provided short term loans to the Company to the value of \$345,000 at an interest rate of 8% repayable quarterly or capitalised as part of the loan. The remaining balance relates to an insurance funding agreement, to be settled by 31 January 2020.

6. Contributed equity

a) Issued capital

Ordinary shares, fully paid	<u>41,259,873</u>	<u>41,259,873</u>
	<u>41,259,873</u>	<u>41,259,873</u>

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

6. Contributed equity (continued)

On 11 December, the Company announced to the market that it had completed the consolidation of its' issued capital on a one (1) for one hundred (100) basis as approved by shareholders at the Annual General Meeting held on 29 November 2019.

As a result of the consolidation, the post consolidation securities in the Company are as follows:

Shares	Pre-consolidation	Post-consolidation
Fully Paid Ordinary Shares	3,390,310,394	33,903,630

b) Share options

Options have been consolidated on the same basis with the relevant exercise price for the options amended in inverse proportion to the consolidation ratio. Tables below show the effect of the consolidation on the number and exercise price of the options.

Options	Pre-consolidation		Post-consolidation	
	Exercise Price	Number	Exercise Price	Number
30-Sep-20	\$0.010	327,691,218	\$1.00	3,276,982
8-Sep-21	\$0.018	30,000,000	\$1.80	300,000
30-Nov-21	\$0.020	15,000,000	\$2.00	150,000
Total		372,691,218		3,726,982

	Exercise price	Expiry date	Balance at beginning of year	Granted during the year	Exercised during the year	Expired or forfeited during the year	Balance at end of year	Options exercisable at end of year
			Number	Number	Number	Number	Number	Number
31 December 2019								
Unlisted options	1.80	08/09/21	300,000	-	-	-	300,000	300,000
Unlisted options	1.50	30/11/19	300,000	-	-	(300,000)	-	-
Unlisted options	2.00	30/11/21	150,000	-	-	-	150,000	150,000
Listed options	1.00	30/09/20	3,276,982	-	-	-	3,276,982	3,276,982
			4,026,982	-	-	(300,000)	3,726,982	3,726,982

	Exercise price	Expiry date	Balance at beginning of year	Granted during the year	Exercised during the year	Expired or forfeited during the year	Balance at end of year	Options exercisable at end of year
			Number	Number	Number	Number	Number	
30 June 2019								
Unlisted options	1.80	08/09/21	300,000	-	-	-	300,000	300,000
Unlisted options	1.50	30/11/19	300,000	-	-	-	300,000	300,000
Unlisted options	2.00	30/11/21	150,000	-	-	-	150,000	150,000
Listed options	1.50	30/09/20	-	3,276,928	-	-	3,276,982	3,276,982
			750,000	3,276,928	-	-	4,026,982	4,026,982

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

7. Reserve

	Consolidated	
	31 December 2019	30 June 2019
Share-based payments reserve	2,225,584	2,225,584

The Share based payment reserve is used to record the fair value of share-based payments made by the Company.

8. Segment reporting

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.

9. Contingent assets and liabilities

The Company did not have any material contingent assets or liabilities as at 31 December 2019.

10. Commitments

Exploration expenditure commitments

Within one year	774,700	934,933
After one year but not more than five years	1,585,850	163,400
	<u>2,360,550</u>	<u>1,098,333</u>

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

11. Events subsequent to balance date

In September 2019, the Company announced that it had reached agreement to acquire via merger 100% of Centennial Mining Limited (Centennial), owner of the A1 Gold Mine and the Maldon CIL processing plant via implementation of a Deed of Company Arrangement.

On 5 December 2019, the Company announced a placement and entitlement offer to raise funds for the completion of the Centennial Mine acquisition. A prospectus was lodged with ASIC on 12 December to effect the equity raising.

On 13 January 2020, the Company announced that it had entered into an agreement to acquire all of the debt owed by Centennial and Maldon Resources Pty Ltd (Maldon) from Mining Lending Pty Limited (Mining Lending) and the associated security documents and interests.

Upon completion of the Assignment Agreement, the Company would replace Mining Lending as a major secured creditor of Centennial and Maldon, with security over the assets of both companies.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

On 20 January 2020, the Automic Group announced that they had become the company's provider for registry services.

On 20 January 2020, the Company entered into voluntary suspension of its securities on the ASX.

On 22 January 2020, the Company announced that the Assignment Agreement entered into to acquire all of the debt owed by Centennial and Maldon would not be progressing. The Company announced that it would also not be proceeding with the Deed of Company Arrangement and that the prospectus lodged with ASIC on 12 December in relation to the capital raising and subsequently announced to the market would be withdrawn. The Company announced its intention to issue a new prospectus to raise capital for the ongoing development of its existing tenement portfolio through exploration and mine development.

On 23 January 2020, the Company issued a supplementary prospectus with the purpose of withdrawing all of the Offers contained within the Prospectus lodged with ASIC on 12 December 2019.

On 31 January 2020, the Company announced that Mr Frank Terranova had resigned as Non-Executive Director and that the Board had appointed Mr Philip Amery to the role of chair.

No further matter or circumstance has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in subsequent periods.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out in this half-year financial report, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Philip Amery
Director

Dated this 13th day of March 2020

**AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AUSTAR GOLD LIMITED**

SYDNEY

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AuStar Gold Limited and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of AuStar Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the group's financial position as at 31 December 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of AuStar Gold Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, 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.

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AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AUSTAR GOLD LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AuStar Gold Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the group incurred a net loss of \$904,243 during the half-year ended 31 December 2019 and, as at that date, has a net asset deficiency of \$717,285. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



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DREW TOWNSEND
Partner
Dated: 13 March 2020