ASX Release **30 September 2020**

AuStar Gold Limited ACN 107 180 441
Registered office: 6 Bridge Street, Woods Point, VIC 3723

AUSTAR GOLD 2020 ANNUAL REPORT

AuStar Gold Limited (ASX: AUL, or **the Company)** is pleased to provide its Annual Report and Statutory Financial Statements.

Released for, and on behalf of, the board of AuStar Gold Limited.

AuStar Gold welcomes shareholder communication and invites all interested shareholders to make contact at any time.

For Further Information:

Mr. Philip Amery
Chair
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About AuStar Gold Limited:

AuStar Gold is focused on building a valuable minerals inventory to generate sustainable economic production from its portfolio of advanced high-grade gold projects - with significant infrastructure including processing plant, a strategic tenement footprint, and current production from Morning Star. In addition, AuStar Gold intends to develop its adjoining tenements in the Walhalla to Jamieson gold district (particularly the prolific Woods Point Dyke Swarm) into low-cost high-grade gold production projects.

Disclaimer:

Statements in this document that are forward-looking and involve numerous risk and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or their extent or likely impact; (ii) the publicly available information with respect to these factors on which the Company's analysis is based is complete or accurate; (iii) the Company's analysis is correct; or (iv) the Company's strategy, which is based in part on this analysis, will be successful.

AuStar Gold Limited

ABN 70 107 180 441

Annual Report

2020

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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 28 June 2019, 11 July 2019, 30 July 2019, 30 October 2019 and 19 August 2020.
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 Philip Amery	Non-Executive Chairman
Mr Paul McNally	Non-Executive Director
Mr Matthew Gill	Non-Executive Director
Lord Christopher Wellesley	Non-Executive Director

Principal Place of Business And Registered Office

6 Bridge Street
Woods Point VIC 3723

Contact Details

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Website: www.AuStargold.com
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Auditors

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2 Park Street
Sydney NSW 2000

Share Registry

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000

Tel: 1300 288 664 (within Australia)
Tel: +61 2 9698 5414 (international)

Stock Exchange

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

ASX Code: AUL

30 September, 2020

Dear Fellow Shareholders,

On behalf of your Board I am pleased to present AuStar Gold's Annual Report for the 2020 financial year, detailing our continued progress in delivering on your Company's objective to become a sustainable and substantial Victorian gold producer.

Despite it being a year of significant operational challenges, the company has achieved a substantial turnaround in performance, ending the year with a promising production outlook and with major capital investments at Morning Star either completed or substantially progressed. Shareholders can be confident they own a business that is tightly managed, with very strong cost control, a committed team and a core management group singularly focused on delivering sustained profitability from mining operations at Morning Star, while advancing the Company's exploration activities.

While the consolidated net loss of the company for the 2020 financial year of $1,514,406 ($1,485,243 after excluding provisions, non-cash impairments and the notional value of share-based compensation) was disappointing, it compares favourably with the company's loss of $14,485,243 ($3,391,672, likewise excluding certain non-cash items) in the 2019 financial year. It is also important to note that the company's 2020 financial year net loss was substantially front ended to the first half of the year ($954,243 for H1 vs $531,000 for H2).

Shareholders can rightly expect that their company deliver a profit to owners and the Board, with management, has worked tirelessly throughout the year towards this objective. The 2019 calendar year saw Morning Star effectively commence commercial production at the asset for the first time in many years and operational difficulties in new development and plant optimisation caused significant cost blow-out variation to budgets. These cost issues were largely brought under control in H1 of the 2020 financial year while the business made substantial investments in people, plant and equipment to deliver a planned turnaround in financial performance in the 2021 financial year.

Unfortunately, significant costs were incurred in the company's ultimately unsuccessful pursuit of a corporate amalgamation of the assets of Centennial Mining (in administration) between May 2019 and January of 2020. Despite developing, putting forward (and receiving the approval of Centennial creditors for) a comprehensive deed of company arrangement for Centennial, AuStar Gold ultimately elected to withdraw from the transaction, after a number of variations, when it became apparent that the interests of various creditor groups and counterparties associated with the target business were not aligned and that the risks of proceeding outweighed the future benefits to AuStar Gold shareholders.

This process necessitated an extended period of suspension of the Company's securities from trading and it is appreciated that, for many shareholders, this hiatus and the associated limited information flow may have been frustrating. I can assure shareholders that throughout the process your Company's Board and management retained absolute focus on continuing operational improvement at Morning Star, delivering significant cost-out within the business and ensuring the people, plant and equipment were in place for a successful 2020/2021. The Company does not regret having robustly considered the opportunity presented by Centennial's administration and continues to assess potential merger and acquisition opportunities. Shareholders can have confidence that the Board will, however, never pursue corporate growth opportunities where it is not absolutely confident they have the capacity to deliver substantial accretive value, on a risk-adjusted basis, to you, the Company's owners.

Group safety culture and the well-being of our valued colleagues on site is a core focus for AuStar Gold. Though there were no serious injuries or medical events during the 2020 financial year, the company did record five lost time incidents (LTIs) and has accordingly taken active steps to further prioritise operational safety management. I am pleased to advise that as of the date of this report the group is at 207 days LTI free.

I am also pleased to report that the company has, against the backdrop of the Covid-19 pandemic which has particularly impacted its state of operations, been able to continue to operate safely and effectively, with no direct impact on operations. Indirect impacts, including severe limitations on cross-border travel and some supplier constraints, have been ably managed by the Morning Star leadership team with a primary focus on the health and well-being of our colleagues and the community in which we operate.

As part of AuStar Gold's focus on supporting is local Victoria community, the Company made an active effort from late 2019 to focus its recruiting locally and reduce reliance on interstate, fly-in/fly-out workers. This step, in addition to contributing to continuing cost reduction within the business, serendipitously placed the company in a strong position when the impact of Covid-19 become apparent in the first half of this year.

As a key local employer, AuStar Gold's relationship with its local community and responsible stewardship of its environmental responsibilities is an important focus for the business. I am pleased to note that employment opportunities have been increasingly offered to staff located relatively close to our operations and that a number of Woods Point residents are also directly employed within the business. The company has continued to invest in improvements to its water treatment infrastructure and experienced only a modest number of reportable exceedance events in the 2020 financial year, none of which involved material risks to the local environment. A major site clean-up operation undertaken earlier this year resulted in a substantial reduction in overall operational footprint.

The Company undertook a $1.4m convertible note issue in April of this year and also effected modest loans from director Paul McNally and myself to support the working capital and capital investment needs of the business. These notes and/or loans have as at the date of this report all been either converted or repaid and the Company is debt free. I would like thank those investors, mostly existing shareholders of the Company, who participated in the convertible note issue, made at a time when capital markets were reeling from the full impact of pandemic concerns, as well as my colleague Paul, for their support of the business.

Throughout the year the Company has enjoyed the services of a number of highly talented and committed executives and Board members. In particular, the support of Mr. Peter deVries, who served as Acting Chief Executive from July to October of 2019, and Mr. Bill Frazer, who served as Chief Executive through the complex process of reviewing the Centennial proposal, while also managing operations, was deeply appreciated. Ms. Toni Griffith, who joined Austar Gold in October of 2019 as CFO (and who now also serves as Company Secretary) has worked tirelessly to enhance operational and financial reporting, as has been of great assistance in driving cost discipline across the business.

The Board gained the services of Mr. Paul McNally in July of 2019. Paul is highly successful entrepreneur and businessman as well as a longstanding substantial investor in the Company. His perspective and contribution to the Board has been very valuable. During the 2020 financial year the Board lost the services of Mr. Frank Terranova, who served as Chairman until January of this year, and Mr. Ian King, and acknowledges their contributions to the business.

In April of this year the Company appointed Mr. Franz Schlosser as Group General Manager and his contribution to the business has been exemplary. Across operations your company now enjoys senior managers with a substantial depth of practical experience and a level of morale and focus on performance which is at the highest level. The motivation and professionalism of the workforce as a whole is likewise something that gives the Board great confidence. This is being reflected in the achievements of mining in successfully extending production at both the McNally and Stones Reefs while new development areas are progressed, as well as in improved milling performance.

2020 has seen a resurgence in investor interest in the gold sector, as global monetary stimulus and economic uncertainty has increased gold's enduring appeal as a safe haven investment asset. AuStar Gold holds an enviable position as a still modestly capitalised, producing gold business with a clear pathway to profitability and a substantial exploration portfolio immediately surrounding the only permitted, operational processing facility in a ~200km radius. The Board is confident in the outlook for the Company and wishes to thank all shareholders and staff for their support.

Philip Amery
Chairman

Your Directors are pleased to present their report for the year ended 30 June 2020.

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 Philip Amery – Non-Executive Chairman
Mr Matthew Gill – Non-Executive Director
Lord Christopher Wellesley – Non-Executive Director
Mr Paul McNally -Non-Executive Director *(Appointed 24 July 2019)*
Mr Ian King – Non-Executive Director *(Resigned 23 July 2019)*
Mr Frank Terranova – Non-Executive Chairman (*Resigned 31 January 2020*)

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

Philip Amery – Non-Executive Chairman
Qualifications: BA, LLB, CFAME
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	23 December 2015	Current

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

Mr Gill is a mining engineer and senior executive with over 35 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 four years Lord Wellesley has not held other Directorships with any other ASX-listed companies.

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 2019, but are not Directors at the date of this report:

Mr Frank Terranova – Non-Executive Chairman
Qualifications: BCom, FCA
Appointed: 3 August 2018, Resigned 31 January 2020.

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
Philip Amery – Non-Executive Director	-	779,911	-	157,992
Matthew Gill – Non-Executive Director	-	63,665	-	356,367
Paul McNally – Non-Executive Director	-	5,888,127	-	1,165,481
Christopher Wellesley – Non-Executive Director	-	-	22,514	-

COMPANY SECRETARY

Mr Stephen Kelly
Qualifications: BBus, CA
Appointed: 1 February 2019, Resigned 18 December 2019

Ms Sue-Ann Higgins
Qualifications: BA LLB HONS AGIA ACG GAICD
Appointed: 18 December 2019, Resigned 5 May 2020

Ms Toni Griffith
Qualifications: BCom, FCPA, GAICD
Appointed: 5 May 2020

Ms Griffith is a senior gold sector executive with significant experience leading the finance function within mining and exploration companies in Australia. Toni has a track record of success with over 30 years of commercial, financial management and corporate governance experience in senior and executive appointments. More recently appointments include General Manager – Finance and Company Secretary of Crocodile Gold Australia to 2011 and Chief Financial Officer and Company Secretary of Castlemaine Goldfields to 2017.

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 the acquisition and return to production of historic gold mines.

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 a new winder 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 continued to complete mining and processing activities at the Morning Star Gold mine with 8,713 tonnes of ore being mined to 30 June 2020. During the financial reporting period, a total of 9,669 tonnes were processed with 2,748.5 ounces of gold sold to 30 June 2020.

Mining

After commencing production at Morning Star in 2019, mining operations continued through the 2020 financial year from the McNally and Stones reefs. Mining operates as a rail and shaft operation, with airleg mining/drill and blast operations and movement of ore to surface via carting.

Trial mining at the Rose of Denmark was successfully concluded in July of 2019 with all equipment demobilized and the establishment of a maiden JORC resource of 40,249t @ 6.00 g/t for 7,763 ounces gold (see AuStar Gold *Maiden Inferred JORC Resource for Rose of Denmark Mine* 28 June 2019).

The focus of operations at Rose of Denmark in the 2020 financial year was on finalization of a whole mine work plan to commence full scale mining operations, with this work now substantially completed.

Throughout the year McNally Reef contributed the bulk of Morning Star production with development made more challenging by the reef developing down-dip towards the east of original intersection and development. This reef development resulted in longer and multiple staged haulage, up incline, to the Seven Level rail heading, impacting production volumes.

The Mining team led by our experienced team managers have been able to maintain production notwithstanding these challenges and recent geological work has identified a development opportunity to develop from Eight Level to Seven Level, providing for future production from McNally Reef to occur largely down incline. This development is expected to materially increase production from McNally within existing resources.

Drive	Width (m)	Au g/t
1# Panel 1 NOD	0.15	1390
	0.30	250
	0.30	1580
2# SL2 NOD	0.3	26.7
	0.4	10.5
3# SL2 Dec 2.2	0.4	87.7
	0.4	162
	0.3	2740
	0.25	148
	1.0	15.20
4# SL2 Dec 2.5	0.25	1700
	0.25	148
5# SL1 NOD	0.5	54.60
	0.2	47.8
	0.4	340

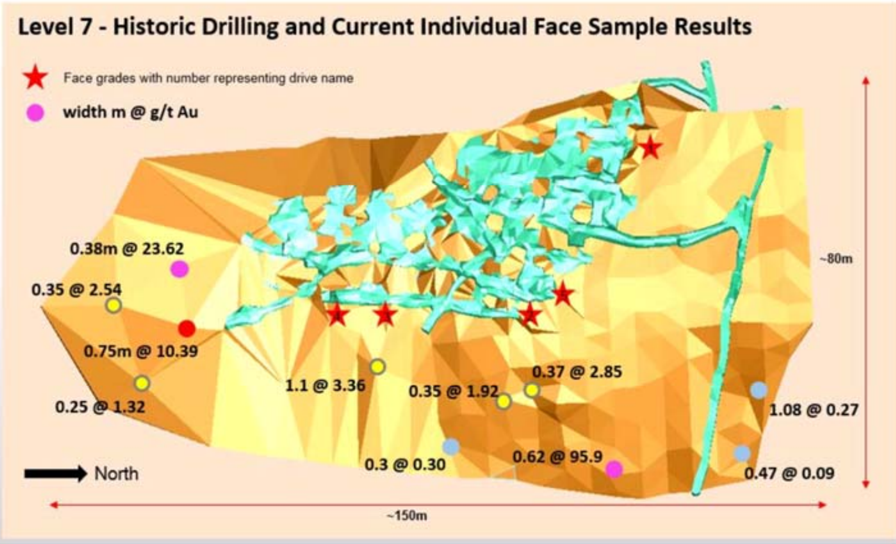
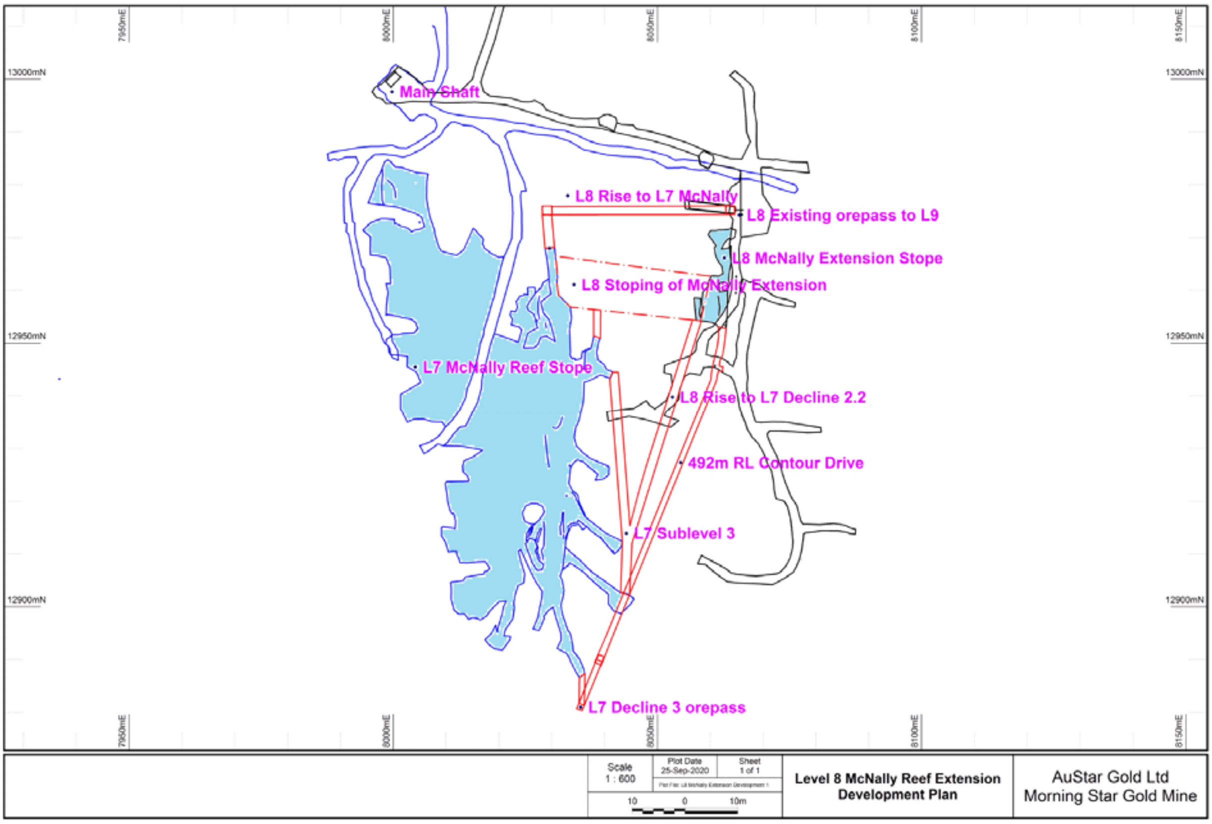


Fig (3): August 2020 McNally Reef model with recent panel face samples and drill hole intercepts overlaid (Plan View).



8 Level rise plan to McNally Reef, currently under mining development at Morning Star.

Mining continued in the Stones Reef throughout most of the 2020 via access and ore pass rises developed from Nine Level to Eight Level Sub. Mining from Stones has recently recommenced.

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.

Throughout the financial year processing plant reliability and uptime steadily improved with concentrated effort from site management and maintenance teams. Review of processing operations also resulted in the identification of the need to enhance both the consistency of pre-mill feed and mill recoveries to reduce gold lost to the plant tails stream.

The Morning Star processing plant also utilizes a paste fill and underground tailings disposal circuit, filling historic mining voids with processing tails material. Future constraints on underground storage capacity within the voids being presently accessed were identified during the year and planning commenced in August 2019 to access the upper levels of the extensive historic Whitelaw stope in order to provide substantial tailings storage capacity via a wide-diameter access drill hole from surface.

In consequence of these identified improvements the Company:

- Has completed plans for a pre-crushing circuit to the Morning Star processing plant with all key components purchased and received on site during the 2020 financial year. The pre-crush circuit is expected to be installed in the December quarter of this year;
- Purchased a series of double-deck Wilfley table concentrators to provide additional gold recoveries from the processing plant's tailings stream. These units have now arrived on site and are presently being commissioned;
- Designed and prepared bulk-heads within the mine in anticipation of drilling the aforementioned tails disposal hole from adjacent the Morning Star Adit entrance, intersecting the Whitelaw stope. This wide diameter hole has now been drilled with significant zones of quartz alteration identified during the drilling process (assays currently pending).

Exploration/Geology:

Morningstar:

The Company undertook limited exploration drilling at Morning Star during the financial year, with a focus on mining operations and potential corporate activities surrounding the proposed Centennial amalgamation taking priority.

Significant drilling results announced in the course of the financial year included:

11 July 2019 (AuStar Gold *McNallys Reef Continues to deliver Spectacular Results* 11 July 2019):

- **L9016:** 0.65m @782 g/t Au from 65.45m includes 0.2m @2540.11 g/t Au (visible gold in sample)
- **L9017:** 0.41m @711.56 g/t Au from 62.5m includes 0.16m @152.43 g/t Au (visible gold in sample)
- **L9011:** 0.30m @6.36 g/t Au from 62.55m

30 July 2019 (AuStar Gold *Drilling of the McNally Reef and Gap Zone* 30 July 2019):

- **L9013:** 0.25m @4.82g/t Au from 64.70m
- **L9014:** 1.65m @10.09g/t Au from 61.15m includes 0.8m @12.40 g/t Au
- **L9014:** 1.10m @8.08g/t Au from 41.90m (Stones Reef)
- **L9018:** 2.85m @2.07g/t Au from 77.8m includes 0.65m @5.99 g/t Au (Gap Zone)
- **L9023:** 5.85m @1.04g/t Au includes 1.5m @2.99 g/t Au (Gap Zone)
- **L9026:** 1.10m @3.36g/t Au from 58m (McNallys Reef)

30 October 2019 (AuStar Gold *Morning Star Geological Update* 30 October 2019):

- **L9019:** 2.35m @3.12g/t Au from 69.1m (Gap Zone)
- **L9022:** 0.57m @4.14g/t Au from 50.34m (McNallys Reef)
- **L9027:** 0.10m @4.28g/t Au from 64.35m (McNallys Reef)
- **L9028:** 0.75m @10.39g/t Au from 67.75m (McNallys Reef)
- **L9029:** 0.38m @23.62g/t Au from 71.12m (McNallys Reef)

In-mine drilling at Morning Star was suspended at the conclusion of the September quarter in consequence of the focus applied to progressing the proposed Centennial amalgamation.

Subsequent to the end of the financial year, drilling has recommenced at Morning Star in July (see AuStar Gold *Drilling Recommences at Morning Star* 23 July, 2020).

Rose of Denmark:

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.

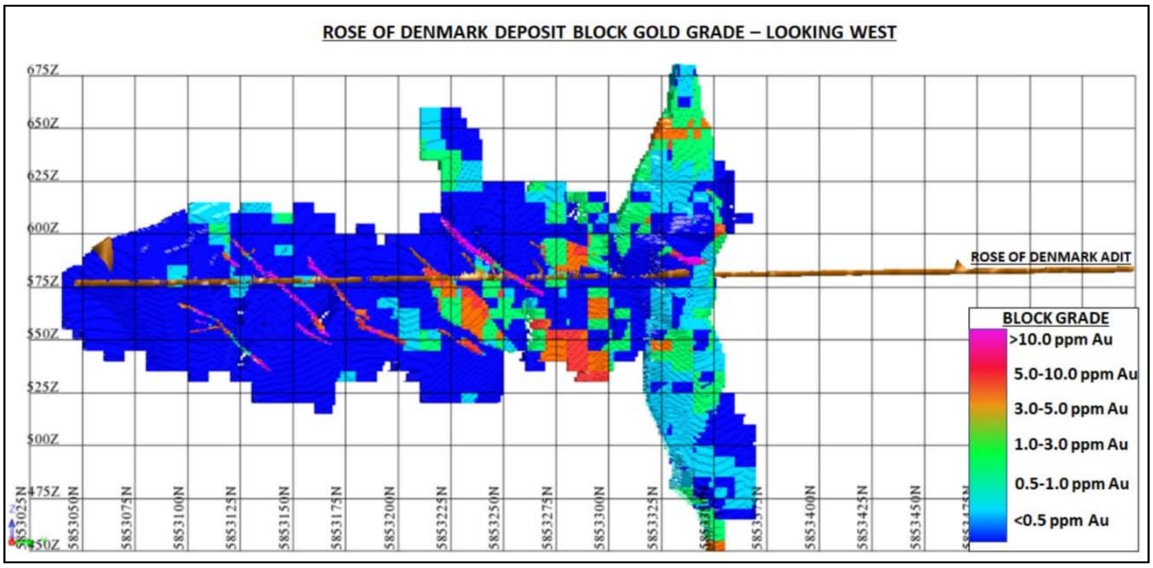
No other exploration or development activities occurred at Rose of Denmark during the 2020 financial year.

The Rose of Denmark Project Inferred Mineral Resource has informed the development of AuStar Gold's mining work plan over Rose of Denmark, which is presently being finalized.

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.

Other Exploration activities

There were limited exploration activities on the Company's tenement portfolio outside of MINs 5299 (Rose of Denmark) and 5009 (Morning Star) during the financial year, though ongoing technical and mapping work was undertaken.

In the first half of 2020 potential exploration farm-ins were considered by the Company following expressions of interest from a number of qualified counterparties. Subsequent to the end of the financial year the Company, after careful consideration by its Board, Geology and Management teams elected to proceed with its exploration program over these assets on a 100% AUL basis (see AuStar Gold *Regional Exploration Program Update* 2 September 2020).

Tenement Listing

As at 30 June 2020, the Company had interests in the following mineral tenements.

TENEMENT	PROJECT	STATUS	AREA (GRATICULES)	DATE OF GRANT	DATE OF EXPIRY
MIN 5299[1]	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
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.

ELA006853 has been applied for and remains subject to review by the state of Victoria. Subsequent to the end of the financial year, final application of the relevant State Native Title arrangements have been advised and accepted by the Company.

OPERATING RESULTS

The loss of the consolidated entity for the year ended 30 June 2020 after providing for income tax amounted to $1,514,406 (2019: $14,178,941). The loss reflected the continued start-up nature of the Company's mining and processing operations at the Morning Star mine and corporate expenditure associated with the Centennial merger project.

FINANCIAL POSITION

The negative net assets of the consolidated entity are $1,038,705 as at 30 June 2020 (2019: positive net assets of $186,958).

CORPORATE ACTIVITIES

During the year the Company successfully completed the following:

- Entered into a loan facility with Mr Paul McNally and Mr Philip Amery.
- Consolidation of its issued capital on a 1 for 100 basis.
- Raised $1.4 million through an issue of 14,000 convertible notes with a face value of $100 with 2,800,000 free attaching options.

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

Environmental compliance at Morning Star and Rose of Denmark have both been at a high standard for the 2020 financial year. Minor reportable exceedance events at Morning Star involved (a) an excess water discharge event at Morning Star and (b) an excess arsenic level discharge within treated water. Neither event resulted in regulatory intervention and the Company necessary steps to minimise the risk of future exceedances.

Planning work continued through the year in relation to remediation of the legacy water filter dam at site.

Community engagement has been excellent with no community complaints noted.

EVENTS SUBSEQUENT TO BALANCE DATE

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

- On 22 July 2020 Mr Jason Larocca joined the Company as Senior Exploration Geologist and the Company commenced in-mine exploration drilling at the Morning Star mine.
- On 3 August 2020 the Company announced that it had concluded a concentrate sales agreement with MCC Non-Ferrous Trading (NY) to realise the contained gold in the concentrate product stream with nil residual risks to the Company. A maiden shipment occurred in late July providing a provisional payment of $228,000 USD or approximately AUD$320,000.
- On 10 August 2020 advised the market that the Morning Star operations were unaffected by the Victorian COVID19 restrictions.

- On 18 August, the company issued a production and geology update.
- On 8 September, the Company advised the market regarding a placement and entitlement and bonus issue with the following terms:
    1. Binding commitments from institutional, sophisticated and professional investors of $1.96M for the issue of 6,533,333 shares at $0.30 per Share, together with a 1 for 3 free attaching option exercisable at $0.60 on or before 31 December 2021;
    2. A pro rata non-renounceable entitlement offer to be offered to shareholders on a 1 for 10 basis, on the same terms as the Placement, including the 1 for 3 free attaching options;
    3. To make a bonus issue of options with the same terms as the Placement and Entitlement options, on a 1 for 10 basis to shareholders with a record date of 17 September.
- On 11 September, the Company issued a prospectus for the Entitlement Offer Bonus Options Offer and the Placement Offer as advised on 8 September. The Company lodged with ASIC and made an announcement advising the lodgement of the prospectus.
- On 18 September, the Company advised despatch of the prospectus and associated documents to all eligible shareholders at record date.
- On 21 September, the Company advised that the placement settlement and allotment had been completed, raising $1.96m (before costs) for the Company,
- On 22 September, the Company completed the bonus option issue to shareholders at record date.

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.

Details of remuneration for years ended 30 June 2020 and 30 June 2019

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

2020	Short-term Benefits	Post-Employment Benefits	Equity based payment	Total	Performance Related
	$	$	$	$	%
Directors					
Frank Terranova (resigned 31 January 2020)	33,949	-	27,707	61,656	-%
Matthew Gill	27,000	-	19,791	46,791	-%
Ian King* (resigned 23 July 2019)	-	-	19,791	19,791	-%
Christopher Wellesley	27,117	-	-	27,117	-%
Philip Amery	59,000	-	-	59,000	-%
Richard Valenta (resigned 4 April 2019)	-	-	11,874	11,874	-%
Paul McNally (appointed 24 July 2019)	27,000	-	-	27,000	-%
Total Directors	**174,066**	**-**	**79,163**	**253,229**	**-%**
Key Management Personnel					
Tom deVries (resigned May 2020)	-	-	-	-	-%
William Frazer (commenced November 2019 and resigned 31 March 2020)	104,164	-	-	104,164	-%
Franz Schlosser (commenced 27 April 2020)	38,231	3,632	-	41,863	-%
Total Key Management Personnel	**142,395**	**3,632**	**-**	**146,027**	**-%**
Total Directors and Key Management Personnel	**316,461**	**3,632**	**79,163**	**399,256**	**-%**

2019	Short-term Benefits	Post-Employment Benefits	Equity based payment	Total	Performance Related
	$	$	$	$	%
Directors					
Frank Terranova (resigned 31 January 2020)	74,667	-	31,344	106,011	30%
Matthew Gill	42,000	-	22,388	64,388	35%
Ian King# (resigned d23 July 2019)	67,000	-	22,388	89,388	25%
Christopher Wellesley	22,500	-	-	22,500	-%
Philip Amery (appointed 4 April 2019)	-	-	-	-	-%
Richard Valenta (resigned 4 April 2019)	31,500	-	13,433	44,933	30%
Paul McNally (appointed 24 July 2020)					
Total Directors	**237,667**	**-**	**89,553**	**327,220**	**27%**
Key Management Personnel					
Tom deVries (resigned May 2020)	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

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.

2020	Balance at start of year	Granted during year	Lapsed during year	Other changes during year#	Balance at end of year	Options vested and exercisable at end of year
Directors/ Executive	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Matthew Gill	40,000,000	18,000	50,000	(39,700,000)	368,000	-
Ian King (resigned 23 July 2019)	45,888,889	-	50,000	(45,430,000)	458,889	-
Christopher Wellesley	2,251,653	-	-	(2,229,139)	22,514	-
Philip Amery	8,000,000	101,010	-	(7,920,000)	181,010	-
Frank Terranova * (resigned 31 January 2020)	35,000,000	-	-	(34,650,000)	350,000*	-
Richard Valenta* (resigned 4 April 2019)	-	-	-	-	-	-
Paul McNally^ (appointed 24 July 2019)	34,666,669^	530,000	-	(34,320,001)	876,668	
Total Directors	**165,807,211**	**649,010**	**(50,000)**	**(164,249,140)**	**2,257,081**	**-**
Key Management Personnel						
Tom deVries (resigned May 2020)	-	-	-	-	-	-
William Frazer (commenced 1 November 2019, resigned 31 March 2020)	-	-	-	-	-	-
Franz Schlosser (commenced 27 April 2020)	-	-	-	-	-	-
Total Key Management Personnel	-	-	-	-	-	-
Total Directors and Key Management Personnel	**165,807,211**	**649,010**	**(50,000)**	**(164,249,140)**	**2,257,081**	**-**

^ Represents securities at the time of ceasing to be a Director or Key Management Personnel.

^ Represents securities at the time of becoming a Director or Key Management Personnel.

Consolidation of shares on a one (1) for one hundred (100) basis.

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
Matthew Gill	20,000,000	25,000,000	(5,000,000)	-	40,000,000	-
Ian King	20,000,000	25,888,889	-	-	45,888,889	-
Christopher Wellesley	-	-	-	2,251,653	2,251,653	-
Philip Amery	-	-	-	8,000,000	8,000,000	-
Frank Terranova (resigned 31 January 2020)	-	35,000,000	-	-	35,000,000	-
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 (resigned May 2020)	-	-	-	-	-	-
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**

Changes in number of options and performance rights post share consolidation

2020	Expiry	Exercise price	Grant date	Number acquired	Number exercised	Number lapsed
Matthew Gill	30 June 2021	Nil	26 Jun 2020	18,000	-	-
Philip Amery	30 June 2021	Nil	26 Jun 2020	101,010	-	-
Paul McNally	30 June 2021	Nil	26 Jun 2020	530,000	-	-
Matthew Gill	31 December 2019	Nil	28 Nov 2016	-		50,000
Ian King	31 December 2019	Nil	28 Nov 2016	-	-	50,000
Richard Valenta	31 December 2019	Nil	28 Nov 2016	-	-	50,000

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

(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 **2020**	**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 * (resigned 3 August 2018)	1,500,000	-	(1,485,000)	15,000
Matthew Gill	-	-	-	-
Ian King *(resigned 23 July 2020)	4,444,444	-	(4,400,000)	44,444
Christopher Wellesley	-	-	-	-
Philip Amery	33,000,000	80,000	(32,670,000)	410,000
Richard Valenta* (resigned 4 April 2019)	-	-	-	-
Paul McNally^ (appointed 24 July 2020)	424,354,879^		(420,111,332)	4,243,547
Total Directors	**463,299,323**	**80,000**	**(458,666,332)**	**4,712,991**
Key Management Personnel				
Tom deVries (resigned	-	-	-	-
William Frazer (appointed November 2019 and resigned 31 March 2020)	-	-	-	-
Franz Schlosser (appointed 27 April 2020)	-	-	-	-
Total Key Management Personnel	**-**	**-**	**-**	**-**
Total Directors and Key Management Personnel	**463,299,323**	**80,000**	**(458,666,332)**	**4,712,991**

Consolidation of shares on a one (1) for one hundred (100) basis.

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 (resigned 31 January 2020)	-	-	1,500,000	1,500,000
Matthew Gill	-	-	-	-
Ian King (resigned 23 July 2020)	-	-	-	-
Christopher Wellesley	-	-	-	-
Philip Amery	-	-	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**

Other transactions with key management personnel and their related parties

Employment contracts of Directors and senior executives

The employment conditions of the Chief Executive Officer, Mr W Frazer was formalised in a consultancy agreement. There is no requirement for payment in lieu of notice for resignation or termination.

The employment condition of Mr Schlosser is formalised through an employment contract. The contract carries the standard periods of notice requirement for resignation or termination.

The terms and conditions of the appointments of all non-executive Directors who held office during or subsequent to the 2020 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 2020 are summarised below:

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Revenue	6,146	2,204	481	105	5
Loss after income tax	(1,514)	(14,179)	(706)	(7,637)	(3,157)

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

	2020	2019	2018	2017	2016
Share price at financial year end ($)	0.020	0.004	0.007	0.007	0.013
Total dividends declared (cents per share)	-	-	-	-	-
Basic & diluted loss per share (cents per share)	(0.045)	(0.047)	(0.04)	(0.65)	(0.52)

Given the stage of the Company's development, 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, 35 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number eligible to attend	Number attended
Matthew Gill	35	29
Ian King	1	1
Frank Terranova	23	22
Christopher Wellesley	35	28
Philip Amery	35	35
Paul McNally	35	34

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	$1.00	3,276,982
Various dates	8 September 2021	$1.80	300,000
Various dates	30 November 2021	$2.00	150,000
29 April 2020	30 June 2021	$0.20	810,000
8 September 2020	31 December 2021	$0.60	6,429,728

Shares issued as a result of the exercise of options

During the financial year, nil (2019: 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:

	2020 $	2019 $
R&D Tax	-	-
Tax compliance services	-	-
Total	-	-

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 2020 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.

Philip Amery
Chairman
Dated at Melbourne this 30th day of September 2020

	Note	2020 $	2019 $
Revenue			
Gold sales revenue	7	6,146,280	2,204,361
Cost of sales		(6,348,932)	(4,481,946)
Gross loss		**(202,652)**	**(2,277,585)**
Interest income	7	4,315	30,246
Other Income	7	118,820	42,741
Expenses			
Administrative expenses		(190,387)	(239,209)
Consultancy and legal expenses		(629,139)	(481,266)
Compliance and regulatory expenses		(121,871)	(106,117)
Depreciation expense		(66,104)	(74,425)
Director and key management personnel related expenses	8	(238,108)	(237,667)
Promotion and communication costs		(50,801)	(40,716)
Other expenses		(251)	(401)
Interest expense		(109,065)	(7,273)
Reversal / (Provision) for impairment of receivables		50,000	(195,700)
Impairment of exploration expenditure	14	-	(10,502,036)
Share based Payments	25	(79,163)	(89,533)
Loss before income tax expense		**(1,514,406)**	**(14,178,941)**
Income tax expense	5	-	-
Loss after income tax expense		(1,514,406)	(14,178,941)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(1,514,406)**	**(14,178,941)**
Total comprehensive loss for the year attributable to:			
Non-controlling interest		(7,848)	(643,211)
Owners of AuStar Gold Limited		(1,506,558)	(13,535,730)
		(1,514,406)	**(14,178,941)**
Basic and diluted loss per share (cents)	6	(0.04)	(0.47)

The accompanying notes form part of these financial statements.

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	20(a)	155,361	543,256
Trade and other receivables	9	1,173	67,508
Other assets	10	207,055	207,369
Inventories	11	735,740	218,310
Total current assets		**1,099,329**	**1,036,443**
Non-current assets			
Other assets	12	9,627	12,145
Property, plant and equipment	13	627,410	491,750
Exploration expenditure	14	32,275	-
Total non-current assets		**669,312**	**503,895**
Total assets		**1,768,641**	**1,540,338**
Current liabilities			
Trade and other payables	15	1,170,301	1,298,099
Borrowings	16	1,637,045	55,281
Total current liabilities		**2,807,346**	**1,353,380**
Total liabilities		**2,807,346**	**1,353,380**
Net assets		**(1,038,705)**	**186,958**
Equity			
Contributed equity	17(a)	41,259,873	41,259,873
Reserves	18	2,514,327	2,225,584
Accumulated losses	19	(44,348,896)	(42,842,338)
Equity attributable to the members of the consolidated entity		**(574,696)**	**643,119**
Non-controlling interest		(464,009)	(456,161)
Total equity		**(1,038,705)**	**186,958**

The accompanying notes form part of these financial statements.

	Note	2020 $	2019 $
Cash flows from operating activities			
Cash payments in the course of operations		(1,844,872)	(2,570,156)
Interest received		4,315	30,246
Interest paid		(10,814)	(7,273)
Net cash used in operating activities	20(b)	**(1,851,371)**	**(2,547,183)**
Cash flows from investing activities			
Payments for plant and equipment		(201,764)	(2,668)
Payments for exploration assets		(32,275)	(3,055,506)
Receipt from sale of equipment		10,000	-
Receipt from sale of tenements		2,515	-
Net cash used in investing activities		**(221,524)**	**(3,058,174)**
Cash flows from financing activities			
Proceeds from issue of shares, net of share issue costs		-	5,484,801
Proceeds from convertible notes		1,400,000	-
Proceeds from borrowings		285,000	27,050
Net cash provided by financing activities		**1,685,000**	**5,511,851**
Net (decrease) in cash and cash equivalents held		(387,895)	(93,506)
Cash and cash equivalents at the beginning of the financial year		543,256	636,762
Cash and cash equivalents at the end of the financial year	20(a)	155,361	543,256

The accompanying notes form part of these financial statements.

	Contributed equity $	Reserves $	Accumulated losses $	Non-Controlling interest $	Total $
Balance at 1 July 2019	41,259,873	2,225,584	(42,842,338)	(456,161)	186,958
Loss for the year			(1,506,558)	(7,848)	(1,514,406)
Total comprehensive loss for the year	-	-	(1,506,558)	(7,848)	(1,514,406)
Shares issued	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share options issued	-	209,580			209,580
Share based payments	-	79,163	-	-	79,163
Balance at 30 June 2020	**41,259,873**	**2,514,327**	**(44,348,896)**	**(464,009)**	**(1,038,705)**
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**

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 2020 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 $1,514,406 for the year ended 30 June 2020 and had net liabilities of $1,038,705 as at 30 June 2020.

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:

- The Company has made productivity, reliability and recovery improvements at the Morning Star mine during the reporting period. Combining these elements with continued capital investment and in-mine exploration will result in additional mining areas, increased throughput, higher recoveries and a lower operating cost.

- On 8 September 2020, the Company advised the market regarding a placement and entitlement and bonus issue to raise approximately $3.25M (before costs). The use of funds provides an indication of how the funding will support capital projects, in-mine drilling and working capital to achieve the above mentioned objectives.

- Prior to 17 September 2020, all convertible note holders elected to convert the remaining balance of their borrowings, approximately $1.2M into equity.

1. Statement of significant accounting policies (cont.)

- As at the date of this report:
    - The Company has received $398,000 from the conversion of 1,990,000 options at $0.20 / share.
    - The Company has completed the placement of 6,533,333 shares at $0.30 / share raising $1.96M (before costs)
    - The Company has despatched the Prospectus and associated documentation to eligible shareholders to raise an additional $1.29M (before costs) through a non-renounceable entitlement offer. Eligible Shareholders may apply for Additional New Shares and New Options in excess of their entitlement under the Top-Up Facility. The Directors have reserved the right to place any shortfall at their discretion within 3 months of the closing date of the Offer via the Shortfall Offer.

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.

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 2020 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 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.

1. Statement of significant accounting policies (cont.)

(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.

(j) 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.

1. Statement of significant accounting policies (cont.)

(k) Leases

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

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

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

– fixed lease payments less any lease incentives;

– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

– the amount expected to be payable by the lessee under residual value guarantees;

– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

– lease payments under extension options, if lessee is reasonably certain to exercise the options; and

– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs.

The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(l) 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.

(m) 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.

1. **Statement of significant accounting policies (cont.)**

(n) 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.

(o) 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. Consideration is given to expected 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.

(p) 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.

(q) Revenue

Sale of extracted gold and silver

The Group operates to extract and process 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 dore 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.

(r) Borrowing costs

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

(s) 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.

1. Statement of significant accounting policies (cont.)

(s) Goods and services tax ("GST") (cont.)

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.

(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 (cont.)

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 (i.e. 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 (cont.)

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 (i.e. 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 (e.g. 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 2020 including AASB16 *Leases*. 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.

(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 2020 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 adoption of AASB16 *Leases* has not had a material impact to the Group, as the Group does not have non-cancellable operating leases at 30 June 2020.

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

Standards/amendment	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Materiality	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

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.

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:

	2020	**2019**
	$	**$**
Cash at bank	155,361	543,256
Deposits	115,300	115,300
Borrowings	(1,637,045)	(55,281)
Net exposure	**(1,366,384)**	**603,275**

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 Higher / (lower)		Equity Higher / (lower)	
	2020	2019	2020	2019
	$	$	$	$
+1% (100 basis points)	(13,664)	(6,033)	13,664	6,033
-1% (100 basis points)	13,664	6,033	(13,664)	(6,033)

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	
	2020	2019
	$	$
6 months or less	1,564,531	1,353,380
More than 6 months	1,242,815	-
	2,807,346	1,353,380

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. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019.

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

	Consolidated	
	2020	2019
	$	$
Trade and other payables	(1,170,301)	(1,298,099)
Borrowings	(1,637,045)	(55,281)
Less cash and cash equivalents	155,361	543,256
Net (debt) / surplus	(2,651,985)	(810,124)

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 2020.

4. Auditor's remuneration

	Consolidated	
	2020	**2019**
Remuneration of auditor - Hall Chadwick	**$**	**$**
- Auditing or reviewing the financial report	36,871	36,000
- Taxation compliance services	-	-
	36,871	36,000

5. Income tax

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

	Consolidated	
	2020	**2019**
	$	**$**
Prima facie tax (benefit) on operating loss at 27.5% (2019: 27.5%)	(416,462)	(3,899,209)
Tax effect of:		
- Non-deductible amount	47,437	(24,622)
- Non-assessable items	(27,500)	-
- Deductible amount	-	2,581,689
Deferred tax assets not brought to account	396,525	1,342,140
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $9,113,638 (2019: $8,717,115) and has not been brought to account at 30 June 2020 as 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.

	2020	**2019**
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic loss per share	33,903,630	3,024,524,044
	$	**$**
Net loss	(1,514,406)	(14,178,941)

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. Note that a share consolidation on a one (1) for one hundred (100) basis occurred during the reporting period.

7. Revenue

	Consolidated 2020 $	2019 $
Gold sales	6,146,280	2,204,361
Interest revenue	4,315	30,246
Other Income	118,820	42,741
	6,269,415	2,277,348

8. Expenses

	2020 $	2019 $
Director and employee related expenses		
Wages and salaries	238,108	237,667
Defined contribution superannuation expense	-	-
	238,108	237,667

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

	2020 $	2019 $
Current		
Trade receivables	146,873	265,008
Provision for impairment	(145,700)	(197,500)
	1,173	67,508

10. Other assets

	2020 $	2019 $
Deposits	115,300	115,300
Prepayments	91,755	92,069
	207,055	207,369

11. Inventories

	Consolidated 2020 $	2019 $
Gold in Stockpiles	151,587	-
Gold in Process	82,772	-
Gold in Concentrate	446,990	-
Gold at refinery	54,391	218,310
	735,740	218,310

Inventory is valued at lower of cost or net realisable value.

12. Non-current assets

	2020 $	2019 $
Advances and deposits	9,627	12,145

13. Property, plant and equipment

(a) Carrying amounts

	2020	2019
	$	$
Freehold land and buildings	267,511	240,000
Accumulated depreciation	(19)	-
	267,492	240,000
Plant and equipment – at cost	884,906	830,491
Accumulated depreciation	(656,121)	(593,506)
	228,785	236,985
Motor vehicles – at cost	137,850	137,850
Accumulated depreciation	(126,555)	(123,085)
	11,295	14,765
Capital Work in Progress	119,838	-
Total property, plant and equipment	627,410	491,750

(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	Capital Work in Progress	Total
	$	$	$	$	$
2020					
Balance at 1 July 2019	236,985	240,000	14,765	-	491,750
Additions	54,415	27,511	-	119,838	201,764
Disposal	-	-	-	-	-
Depreciation charge for the year	(62,615)	(19)	(3,470)	-	(66,104)
Balance at 30 June 2020	228,785	267,492	11,295	119,838	627,410

	Plant and equipment	Land and buildings	Motor vehicles	Capital Work in Progress	Total
2019					
	$	$	$	$	$
Balance at 1 July 2018	377,624	240,000	26,249	-	643,873
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

14. Exploration expenditure

	Consolidated	
	2020	2019
	$	$
Exploration expenditure	32,275	-
Opening balance	-	8,312,323
Exploration incurred during the year	32,275	2,189,713
Impairment of exploration expenditure	-	(10,502,036)
Reversal of impairment	-	-
Exploration expenditure	32,275	-

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

	2020	2019
	$	$
Current		
Trade payables	798,180	1,174,225
Other payables	372,121	123,874
	1,170,301	1,298,099

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

	2020	2019
	$	$
Current		
Borrowings	1,637,045	55,281

Borrowings at 30 June 2020 comprise amounts due under convertible notes, borrowings from two related parties and an insurance premium funding arrangement. The Convertible Notes amounting to $1,400,000 ($209,580 classified as option reserve) issued in April 2020 are unsecured, have an expiry date of 31 March 2021 and an interest rate of 7% per annum.

Mr Paul McNally entered into a loan with the Company in August 2019 for $250,000 on an unsecured basis, with no fixed term attracting an interest rate of 8% per annum. Including capitalised interest, the balance of the loan at 30 June was $268,451.

Mr Philip Amery entered into a loan with the Company in August 2019 for $35,000 on an unsecured basis, with no fixed term attracting an interest rate of 8% per annum. Including capitalised interest, the balance of the loan at 30 June 2020 was $37,444.

Borrowings at 30 June 2019 also comprise amounts due under an insurance premium funding arrangement. An insurance premium funding arrangement is also applicable for 30 June 2020.

17. Contributed equity

(a) Issued capital

	2020 $	2019 $
Ordinary shares, fully paid	41,259,873	41,259,873
Equity Loan	-	-
	41,259,873	41,259,873

(b) Movements in share capital

	2020 Number	2019 Number	2020 $	2019 $
Balance at beginning of year	3,390,310,394	1,904,894,304	41,259,873	35,205,052
Share Consolidation on 1 for 100 basis	(3,356,406,764)		-	-
Issued during the year:				
Share placements	-	1,222,222,222	-	5,500,000
Conversion of Notes	-	46,960,004	-	203,451
Conversion of equity loan	-	111,111,112	-	500,000
Share purchase plan	-	105,122,752	-	473,052
Share issue costs	-	-	-	(621,682)
Balance at end of year	33,903,630	3,390,310,394	41,259,873	41,259,873

(c) Share Consolidation

A share consolidation was approved by shareholders at the Annual General Meeting of the company held on 29 November 2019. The consolidation of its share capital was completed on a one (1) for one hundred (100) basis. As a result of the consolidation, the total number of fully paid ordinary shares on issue was consolidated to 33,903,630 noting the effect of rounding. Post consolidation and pre consolidation effects on share options are advised below.

(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
2020 year – post consolidation								
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**

2020 year – pre consolidation	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
Unlisted options	0.018	08/09/21	30,000,000	-	-	-	**30,000,000**	30,000,000
Unlisted options	0.015	30/11/19	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
			402,691,218	**-**	**-**	**(30,000,000)**	**372,691,218**	**372,691,218**

2019 year	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
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**

(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 / Option reserve

	Consolidated 2020 $	2019 $
Balance at beginning of year	2,225,584	2,003,551
Share based payments (refer note 25)	79,163	222,033
Share options issued	209,580	-
Balance at end of year	2,514,327	2,225,584

Free options attaching to Convertible Notes issued in April 2020 attracted a valuation that has increased Equity Option Reserve.

19. Accumulated losses

	Consolidated 2020 $	2019 $
Balance at beginning of year	(42,842,338)	(29,306,608)
Net loss for the year	(1,506,558)	(13,535,730)
Balance at end of year	(44,348,896)	(42,842,338)

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	
	2020	**2019**
	$	**$**
Cash at bank and in hand	155,361	543,256
	155,361	543,256

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.

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

	Consolidated	
	2020	**2019**
	$	**$**
Operating loss after income tax	(1,514,406)	(14,178,941)
Adjustments for:		
Depreciation	66,104	74,425
Gain on sale of equipment and tenements	(12,515)	-
Impairment of exploration and evaluation expenditure	-	10,502,036
(Reversal)/Impairment of trade receivables	(50,000)	195,700
Share-based payments expense	79,163	89,533
Accrued interest	73,291	-
Changes in assets and liabilities:		
Trade and other receivables	116,335	19,851
Inventories	(517,430)	218,311
Other assets	2,832	(279,796)
Trade and other payables	(94,745)	811,698
Net cash used in operating activities	(1,851,371)	(2,547,183)

21. Parent entity disclosures

	2020	2019
	$	$
Financial position		
Assets		
Current assets	363,487	789,430
Non-current assets	15,169,525	14,188,417
Total assets	15,533,012	14,977,847
Liabilities		
Current liabilities	1,899,757	277,759
Non-current liabilities	-	-
Total liabilities	1,899,757	277,759
Equity		
Issued capital	41,259,873	41,259,873
Reserves	2,514,327	2,225,584
Accumulated losses	(30,140,945)	(28,785,369)
Total equity	13,633,255	14,700,088
Financial performance		
Loss for the year	(1,355,576)	(1,553,820)
Other comprehensive income	-	-
Total comprehensive income	(1,355,576)	(1,553,820)

(a) Contingent liabilities

As at 30 June 2020 and 2019, the Company had no contingent liabilities.

(b) Commitments

As at 30 June 2020, the Company had entered into a contractual commitment for the purchase of two generators. A deposit was made in late May with further payments in July and August. The generators were delivered to the Morning Star Gold Mine in September 2020. There were nil commitments as at 30 June 2019.

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

As at 30 June 2020 and 2019, 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 2020	2019
		%	%
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

(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 (resigned 31 January 2020)
- Philip Amery - Chairman
- Matthew Gill – Non-Executive Director
- Christopher Wellesley – Non- Executive Director
- Ian King (resigned 23 July 2019)
- Paul McNally – Non-Executive Director (appointed 24 July 2019)

Other key management personnel consisted of:

- Mr William Frazer – Chief Executive Officer (appointed 1 November 2019, resigned 31 March 2020)
- Mr Franz Schlosser – General Manager (appointed 27 April 2020)

(b) Compensation of key management personnel

	2020	2019
	$	$
Short-term employment benefit	316,461	466,217
Post-employment benefits	3,632	-
Equity-based payments	79,163	89,553
	399,256	555,770

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:

	2020	2019
	$	$
(i) Consultant fees expensed during the period to Matthew Gill	2,640	-

(c) Key management personnel balances

	2020	2019
	$	$
Amount owing to Frank Terranova	-	6,790
Amount owing to Ian King	-	7,000
Amount owing to Matthew Gill	4,000	7,000
Amount owing to Christopher Wellesley	4,000	3,750
Amount owing to Philip Amery*	96,444	-
Amount owing to Paul McNally*	295,451	-
Amount owing to Tom DeVries	-	16,800
Amount owing to Franz Schlosser	17,500	-

* includes amounts owing for Unsecured loans – refer Borrowings)

24. Commitments

Exploration expenditure commitments

	Consolidated	
	2020	2019
	$	$
Within one year	902,900	934,933
After one year but not more than five years	1,511,500	163,400
	2,414,400	1,098,333

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

Leasing commitments

There were nil leasing commitments at 30 June 2020 and 30 June 2019.

	2020	2019
	$	$
Within one year	-	-
After one year but not more than five years	-	-
	-	-

25. Share-based payments

	Consolidated	
	30 June 2020	30 June 2019
Equity reserve	2,514,327	2,225,584

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)	79,163	89,533
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	79,163	222,033
Share based payments recognised as capital raising costs	-	(132,500)
Share-based payments expense	79,163	89,533

25. Share-based payments (contd.)

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.

(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 $6,146,280 (2019:$2,204,361) 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 2020.

28. Events subsequent to balance date

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

- On 22 July 2020 Mr Jason Larocca joined the Company as Senior Exploration Geologist and the Company commenced in-mine exploration drilling at the Morning Star mine.
- On 3 August 2020 the Company announced that it had concluded a concentrate sales agreement with MCC Non-Ferrous Trading (NY) providing realisation of contained gold in the concentrate product stream with nil residual risks to the Company. A maiden shipment occurred in late July providing a provisional payment of $228,000 USD or approximately AUD$320,000.
- On 10 August 2020 advised the market that the Morning Star operations were unaffected by the Victorian COVID19 restrictions.
- On 18 August, the company issued a production and geology update.
- On 8 September, the Company advised the market regarding a placement and entitlement and bonus issue with the following terms:
    1. Binding commitments from institutional, sophisticated and professional investors of $1.96M for the issue of 6,533,333 shares at $0.30 per Share, together with a 1 for 3 free attaching option exercisable at $0.60 on or before 31 December 2021;
    2. A pro rata non-renounceable entitlement offer to be offered to shareholders on a 1 for 10 basis, on the same terms as the Placement, including the 1 for 3 free attaching options;
    3. To make a bonus issue of options with the same terms as the Placement and Entitlement options, on a 1 for 10 basis to shareholders with a record date of 17 September.
- On 11 September, the Company issued a prospectus for the Entitlement Offer Bonus Options Offer and the Placement Offer as advised on 8 September. The Company made an announcement advising the lodgement of the prospectus.
- On 18 September, the Company advised despatch of the prospectus and associated documents to all eligible shareholders at record date.
- On 21 September, the Company advised that the placement settlement and allotment had been completed, raising $1.96m (before costs) for the Company,
- On 22 September, the Company completed the bonus option issue to shareholders at record date.

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 2020 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:

Philip Amery
Chairman

Dated 30th day of September 2020

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AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND CONTROLLED ENTITIES

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

Opinion

We have audited the financial report of Austar Gold Limited and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 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 2020 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.

Emphasis of Matter – 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 $1,435,243 during the year ended 30 June 2020 and, as of that date, the Group's had a net asset deficiency of $1,038,705. 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 CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED AND 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 2020. 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 16 Borrowings and Note 18 Reserves*	
As disclosed in Note 16 and Note 18, the group issued convertible notes totalling $1,400,000. The carrying value of the notes included free attaching options valued at $209,580. The accounting for and the valuation of the convertible notes is complex due to significant judgement involved in: • Determining the appropriate accounting treatment; and • Determining the fair value of convertible notes including the attaching options. This area is a key audit matter due to complexities and conditions which may have impact on the carrying value of the note and how it is presented within the financial statements.	Our procedures included, amongst others: • Obtained and reviewed the key terms and conditions attached to the convertible notes issued; • Evaluated management's accounting treatment of the convertible notes; • Inspected management's valuations for the convertible notes, assessing the methodology used for the valuations and testing the mathematical accuracy of the valuations; • Involved Hall Chadwick's valuation experts in challenging the reasonableness of the assumptions used in the valuation by agreeing key inputs to external and internal documents provided to us; and • Assessed the adequacy of the relevant disclosures in the financial statements.

AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED AND 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 2020 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 Australia 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 19 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Austar Gold Limited, for the year ended 30 June 2020, complies with s 300A of the Corporations Act 2001.

AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTAR GOLD LIMITED AND 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 (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 September 2020

AUSTAR GOLD LIMITED
ABN 70 107 180 441
AND CONTROLLED ENTITIES

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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 2020, 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 NSW
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 30 September 2020

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 29 September 2020.

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	1,149	2,012
1,001 – 5,000	640	223
5,001 – 10,000	217	53
10,001 – 100,000	255	103
100,001 and above	74	20
Total	**2,335**	**2,411**

On 29 September 2020, there were 1,187 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 29 September 2020.

Name	**Number of Shares**	**%**
Mr Paul McNally (in respect of relevant interests in the Shareholdings of McNally Clan Investments Pty Ltd and P J and V McNally)	5,888,127	11.88%
Mr Peter Kampfner (in respect of relevant interests in the Shareholdings of Kassa Corporation Pty Ltd, P Kampfner Pty Ltd and Mr Peter Kampfner)	2,343,682	4.73%

5. Twenty largest shareholders

The twenty largest shareholders at 29 September 2020.

Name	Number of Shares	% IC
MCNALLY CLAN INVESTMENTS PTY LTD	4,098,547	8.28%
EMA GARP FUND LP	2,364,000	4.77%
CRESCAT CAPITAL PTY LTD	2,333,333	4.71%
CITICORP NOMINEES PTY LIMITED	1,810,564	3.66%
MR PAUL MCNALLY & MRS VIVIAN MCNALLY <MCNALLY CLAN SUPER FUND A/C>	1,789,580	3.61%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,563,316	3.16%
CHESBREEZE PTY LTD <AFM SUPER FUND ACCOUNT>	1,451,159	2.93%
ADROSAGA PARTNERS (ASIA) PTELTD	1,415,131	2.86%
MRS CATHERINE MARSON & MR JOSEPH MARSON <THE MARSON FAMILY S/F A/C>	1,232,486	2.49%
PW AND VJ COOPER PTY LIMITED <P W & V J COOPER S/F A/C>	1,179,700	2.38%
JHS & D PTY LTD <LEWIS FAMILY A/C>	932,672	1.88%
KASSA CORPORATION PTY LTD <PETER KAMPFNER FAMILY A/C>	919,000	1.86%
MR ALAN FROST	861,334	1.74%
ELTON HOLDINGS PTY LTD	808,469	1.63%
P KAMPFNER PTY LTD <P KAMPFNER SUPER FUND A/C>	800,000	1.62%
WH IRELAND <PERSHING NOMINEES LTD A/C >	739,600	1.49%
GYTON PTY LTD <GYTON P/L SUPER FUND A/C>	582,363	1.18%
SAXON ACQUISITIONS PTY LTD <DON'T PANIC DISC A/C>	581,667	1.17%
GYTON PTY LTD <MENZIES FAMILY S/F A/C>	553,792	1.12%
MR NIGEL THOMAS	507,486	1.02%
Total	**26,524,199**	**53.56%**

6. Twenty largest listed option holders

The twenty largest listed option holders at 29 September 2020.

Name	Number of Options	% IC
EMA GARP FUND LP	788,000	8.12%
CRESCAT CAPITAL PTY LTD	777,778	8.01%
MCNALLY CLAN INVESTMENTS PTY LTD	756,523	7.79%
KASSA CORPORATION PTY LTD <PETER KAMPFNER FAMILY A/C>	251,900	2.60%
WH IRELAND <PERSHING NOMINEES LTD A/C >	246,534	2.54%
PW AND VJ COOPER PTY LIMITED <P W & V J COOPER S/F A/C>	244,287	2.52%
P KAMPFNER PTY LTD <P KAMPFNER SUPER FUND A/C>	240,000	2.47%
CITICORP NOMINEES PTY LIMITED	239,585	2.47%
MRS CATHERINE MARSON & MR JOSEPH MARSON <THE MARSON FAMILY S/F A/C>	223,249	2.30%
MR PAUL MCNALLY & MRS VIVIAN MCNALLY <MCNALLY CLAN SUPER FUND A/C>	178,958	1.84%
JHS & D PTY LTD <LEWIS FAMILY A/C>	155,136	1.60%
SAXON ACQUISITIONS PTY LTD <DON'T PANIC DISC A/C>	151,501	1.56%
CHESBREEZE PTY LTD <AFM SUPER FUND ACCOUNT>	145,116	1.50%
ADROSAGA PARTNERS (ASIA) PTELTD	141,514	1.46%
NAMBIA PTY LTD <ANTHON FAMILY S/F A/C>	130,001	1.34%
AMERY PARTNERS PTY LTD	122,403	1.26%
MR WYNAND GOYARTS	119,000	1.23%
MR ANTHONY METCALFE	111,112	1.14%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	110,797	1.14%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	105,706	1.09%
Total	**5,239,100**	**53.98%**