



ACN 147 370 312

Financial Report for the half-year ended
31 December 2016

CORPORATE DIRECTORY

Directors

Mr James Sambrook (Non-Executive Chairman)
Mr David Chee Cheong Low (Non-Executive Director)
Mr Chia En Lau (Non-Executive Director)

Company Secretary

Mr Ian Gregory

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Perth WA 6000

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Auditors

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: BSP, BSPO

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DIRECTORS' REPORT

The Directors of Black Star Petroleum Limited ("Black Star" or "the Company") submit the financial report for the half-year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr James Sambrook	Non-Executive Chairman
Mr David Chee Cheong Low	Non-Executive Director
Mr Chia En Lau	Non-Executive Director

Results

The loss after tax for the half-year ended 31 December 2016 was \$159,595 (2015: \$2,940,321).

Review of Operations

Black Star currently holds leases under the Nebraska Oil Project covering approximately 5,250 acres through its subsidiary, Constellation Resources LLC. The Board continues to review the Nebraska Oil Project as well as consider various recapitalisation strategies. As at the date of this report no outcomes have been finalised.

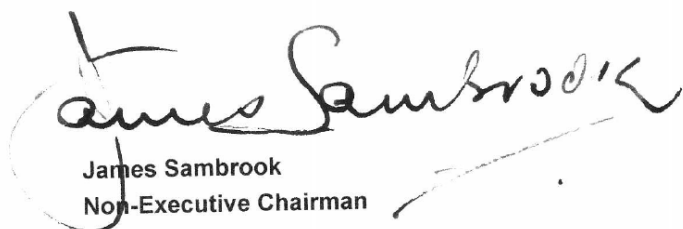
The Annual General Meeting of Black Star was held on 30 November 2016 with shareholders approving all resolutions contained within the notice of meeting released to the ASX on 26 October 2016.

During the half-year, Black Star drew down a further \$185,000 from the \$500,000 unsecured loan facility with Mr Chin Han Tan, a Sydney based investor. As at 31 December 2016, a total of \$285,000 has been drawn down.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 2 and forms part of the Directors' Report for the half-year ended 31 December 2016.

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



James Sambrook
Non-Executive Chairman

Perth, Western Australia
07 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Black Star Petroleum Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
7 March 2017



D I Buckley
Partner

Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2016

	Notes	31 December 2016 \$	31 December 2015 \$
Revenue			
Interest received		110	202
Other revenue		3,804	373,470
Total revenue		3,914	373,672
Financial administration and compliance expense		(51,591)	(44,665)
Consulting fees		(70,759)	(164,000)
Legal fees		(3,765)	(203)
Corporate advisory expenses		-	(30,000)
Occupancy expenses		-	(60,000)
Administrative expenses		(1,202)	(1,920)
Travel expenses		(542)	-
Finance costs		(8,918)	-
Impairment of available-for-sale investment		-	(53,354)
Impairment of exploration expenditure		-	(2,959,851)
Impairment of receivables		(26,732)	-
Loss from continuing operations before income tax		(159,595)	(2,940,321)
Income tax expense		-	-
Loss from continuing operations after income tax		(159,595)	(2,940,321)
Net loss for the half-year		(159,595)	(2,940,321)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		-	109,049
Other comprehensive income for the half-year net of tax		-	109,049
Total comprehensive loss for the half-year		(159,595)	(2,831,272)
Loss per share attributable to owners of Black Star Petroleum Limited			
Basic and diluted loss per share (cents per share)		(0.03)	(0.55)

Condensed Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	31 December 2016 \$	30 June 2016 \$
Assets			
Current Assets			
Cash and cash equivalents		30,427	12,332
Trade and other receivables		2,224	26,732
Total Current Assets		32,651	39,064
Total Assets		32,651	39,064
Current Liabilities			
Trade and other payables	2	186,601	218,419
Borrowings	3	285,000	100,000
Total Current Liabilities		471,601	318,419
Total Liabilities		471,601	318,419
Net Liabilities		(438,950)	(279,355)
Equity			
Issued capital	4	20,768,255	20,768,255
Reserves		886,667	886,667
Accumulated losses		(22,093,872)	(21,934,277)
Total Deficiency in Equity		(438,950)	(279,355)

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2016

	Issued Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2016	20,768,255	(21,934,277)	666,667	-	220,000	(279,355)
Loss for the half-year	-	(159,595)	-	-	-	(159,595)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the half-year	-	(159,595)	-	-	-	(159,595)
Balance at 31 December 2016	20,768,255	(22,093,872)	666,667	-	220,000	(438,950)
Balance at 1 July 2015	20,768,255	(14,885,224)	666,667	555,395	220,000	7,325,093
Loss for the half-year	-	(2,940,321)	-	-	-	(2,940,321)
Other comprehensive income	-	-	-	109,049	-	109,049
Total comprehensive loss for the half-year	-	(2,940,321)	-	109,049	-	(2,831,272)
Balance at 31 December 2015	20,768,255	(17,825,545)	666,667	664,444	220,000	4,493,821

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(167,015)	(17,970)
Interest received	110	202
Receipt of refundable security deposit	-	2,500
Net cash outflow from operating activities	(166,905)	(15,268)
Cash flows from investing activities		
Payments for deferred exploration and evaluation expenditure	-	(527)
Net cash outflow from by investing activities	-	(527)
Cash flows from financing activities		
Proceeds from borrowings	185,000	-
Net cash inflow provided by financing activities	185,000	-
Net increase / (decrease) in cash and cash equivalents	18,095	(15,795)
Cash and cash equivalents at beginning of the half-year	12,332	60,667
Cash and cash equivalents at end of the half-year	30,427	44,872

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Black Star Petroleum Limited (the Company) for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 7 March 2017.

Black Star Petroleum Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

Basis of Preparation

This financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with IAS 134 'Interim Financial Reporting'.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2016 and considered together with any public announcements made by Black Star Petroleum Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period. The accounting policies adopted are consistent with those of the previous financial year.

Accounting Policies and Methods of Computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and amending Accounting Standards and Interpretations

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued**Significant Accounting Judgments and Key Estimates**

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial report for the year ended 30 June 2016.

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, for the half-year ended 31 December 2016, the Group incurred a loss of \$159,595 (2015: \$2,940,321). The Group had net cash outflows from operating activities of \$166,905 (2015: \$15,268). As at 31 December 2016, the Group had net current liabilities of \$438,950. The ability of the Company and Group to continue as going concerns is dependent on a combination of a number of factors, the most significant of which is the ability of the Company and Group to raise additional funds in the following 12 months from the date of signing the review report.

On 11 May 2016, the Company announced that it had entered into a 12 month unsecured loan facility of \$500,000 with Mr. Chin Han Tan. As at 31 December 2016, \$285,000 had been drawn down. The interest rate on the loan agreement is 8% per annum.

The Directors are of the opinion that there are reasonable grounds to believe that the Company and Group will continue as a going concern, after consideration of the following factors:

- The Group has the ability to further scale down its operations in order to reduce costs, in the event that any capital raising or other funding raising activities are delayed or insufficient cash is available, to meet future expenditure commitments;
- The Directors have reduced discretionary spending and are not seeking payment of Directors' fees or fees owing to Director related entities until the Company has sufficient funds;
- The Directors have negotiated with significant creditors to defer settlement; and
- The Group has the ability to sell its remaining interest in the Nebraska Oil Project.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to secure funds to meet non-related party creditors.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- There is doubt as to whether the Company will be able to successfully raise equity in this current market; and
- There is doubt as to whether the Group would be able to secure any other sources of funding.

Accordingly, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

NOTE 2: TRADE AND OTHER PAYABLES

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
Trade creditors	114,755	155,316
Accruals	41,515	15,096
GST payable	30,331	48,007
	186,601	218,419

NOTE 3: BORROWINGS

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
Loan from third party	285,000	100,000
	285,000	100,000

In May 2016, the Company entered into a 12 month unsecured loan facility with Mr. Chin Han Tan of \$500,000. The interest rate on the loan agreement is 8% per annum. As at 31 December 2016, an amount of \$9,483 has been accrued as interest on the loan.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2016

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 December	30 June
	2016	2016
	\$	\$
Issued and paid up capital		
Issued and fully paid	20,768,255	20,768,255

	6 months to 31 December 2016		Year Ended 30 June 2016	
	No.	\$	No.	\$
Movements in issued capital				
Opening balance	530,012,680	20,768,255	530,012,680	20,768,255
Closing balance	530,012,680	20,768,255	530,012,680	20,768,255

NOTE 5: SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves exploration for oil. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

NOTE 6: DIVIDENDS

No dividends have been paid or provided for during the half-year (2015: nil).

NOTE 7: CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 8: SUBSEQUENT EVENTS

There were no significant events subsequent to the half-year to the date of this report.

NOTE 9: RELATED PARTY TRANSACTIONS

During the half-year ended 31 December 2016 there were no significant related party transactions.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Black Star Petroleum Limited ('the Company'), the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 10, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirement; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



James Sambrook
Non-Executive Chairman
Perth, Western Australia
07 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Black Star Petroleum Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Black Star Petroleum Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which outlines conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



HLB Mann Judd
Chartered Accountants



D I Buckley
Partner

Perth, Western Australia
7 March 2017