BlackStar Petroleum

ACN 147 370 312

Financial Report for the half-year ended 31 December 2018

CORPORATE DIRECTORY

Directors
Mr Nicholas Ong (Non-Executive Chairman)
Mr Chin Han Tan (Non-Executive Director)
Mr Donald Jones (Non-Executive Director)
Ms Yi-Chin Chen (Non-Executive Director)
Mr Chia-Tai Chiang (Non-Executive Director)

Company Secretary
Mr Ian Gregory

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Auditors
HLB Mann Judd
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130 Stirling Street
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Stock Exchange
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: BSP

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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 2018. 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 Nicholas Ong	Non-Executive Chairman (appointed 31 July 2018)
Mr Chin Han Tan	Non-Executive Director
Mr Donald Jones	Non-Executive Director
Ms Yi-Chin Chen	Non-Executive Director (appointed 22 February 2019)
Mr Chia-Tai Chiang	Non-Executive Director (appointed 22 February 2019)
Dr Po-Tao Wei	Executive Director (appointed 14 August 2018, resigned 22 February 2019)
Mr Prabir Kumar Mittra	Former Non-Executive Director (appointed 14 September 2017, resigned 1 August 2018)

Results

The loss after tax for the half-year ended 31 December 2018 was $76,139 (2017: $70,640).

Review of Operations

The Company continues to consider various recapitalisation strategies.

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 2018.

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

Nicholas Ong

Non-Executive Chairman

15 March 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2018, 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	**D I Buckley**
15 March 2019	**Partner**

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Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2018

	Notes	31 December 2018 $	31 December 2017 $
Revenue			
Interest received		16	-
Other revenue	2	35,054	-
Total revenue		**35,070**	**-**
Administrative expenses		(7,868)	(1,620)
Consulting and Directors' fees		(29,273)	(7,717)
Financial administration and compliance expense		(45,858)	(36,960)
Legal fees		(2,169)	(995)
Travel expenses		-	(1,053)
Finance costs		(26,041)	(22,295)
Travel expenses		-	(1,053)
Loss from continuing operations before income tax		**(76,139)**	**(70,640)**
Income tax expense		**-**	**-**
Loss from continuing operations after income tax		**(76,139)**	**(70,640)**
Net loss for the half-year		**(76,139)**	**(70,640)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		-	-
Other comprehensive income for the half-year net of tax		**-**	**-**
Total comprehensive loss for the half-year		**(76,139)**	**(70,640)**
Loss per share attributable to owners of Black Star Petroleum Limited			
Basic and diluted loss per share (cents per share)		(0.01)	(0.01)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	31 December 2018 $	30 June 2018 $
Assets			
Current Assets			
Cash and cash equivalents		61,039	6,099
Other receivables		6,167	348
Prepayment		31,373	-
Total Current Assets		**98,579**	**6,447**
Total Assets		**98,579**	**6,447**
Current Liabilities			
Trade and other payables	3	81,207	192,420
Borrowings	4	-	486,000
Total Current Liabilities		**81,207**	**678,420**
Total Liabilities		**81,207**	**678,420**
Non-Current Liabilities			
Borrowings	4	120,000	-
Total Non-Current Liabilities		**120,000**	-
Total Liabilities		**201,207**	**-**
Net Assets/ (Liabilities)		**(102,628)**	**(671,973)**
Equity			
Share capital	5	21,399,330	20,768,255
Reserves		901,076	886,667
Accumulated losses		(22,403,034)	(22,326,865)
Total Deficiency in Equity		**(102,628)**	**(671,973)**

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

Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2018

	Share Capital $	Accumulated Losses $	Share Based Payment Reserve $	Option Reserve $	Total $
Balance at 1 July 2018	**20,768,255**	**(22,326,895)**	**666,667**	**220,000**	**(671,973)**
Loss for the half-year	-	(76,139)	-	-	(76,139)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half-year	**-**	**(76,139)**	**-**	**-**	(76,139)
Transactions with owners in their capacity as owners:					
Share capital issue	152,484	-	-	-	152,484
Unissued share capital	493,000	-	-	-	493,000
Capital raising costs – issue of options	(14,409)	-	14,409	-	-
Balance at 31 December 2018	**21,399,330**	**(22,403,034)**	**681,076**	**220,000**	**(102,628)**
Balance at 1 July 2017	**20,768,255**	**(22,192,401)**	**666,667**	**220,000**	**(537,479)**
Loss for the half-year	-	(70,640)	-	-	(70,640)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half-year	**-**	**(70,640)**	**-**	**-**	**(70,640)**
Balance at 31 December 2017	**20,768,255**	**(22,263,041)**	**666,667**	**220,000**	**(608,119)**

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	31 December 2018 $	31 December 2017 $
Cash flows from operating activities		
Payments to suppliers and employees	(170,182)	(66,299)
Interest received	16	-
Net cash outflow from operating activities	**(170,166)**	**(66,299)**
Cash flows from financing activities		
Proceeds from borrowings	137,000	65,000
Proceeds from share issue	152,484	-
Proceeds from convertible notes	493,000	-
Repayment of borrowings	(557,378)	-
Net cash inflow provided by financing activities	**225,106**	**65,000**
Net increase / (decrease) in cash and cash equivalents	**54,940**	**(1,299)**
Cash and cash equivalents at beginning of the half-year	6,099	8,919
Cash and cash equivalents at end of the half-year	**61,039**	**7,620**

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Black Star Petroleum Limited (the Company) for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 15 March 2019.

Black Star Petroleum Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is currently suspended from trading.

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 2018 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 2018 and considered together with any public announcements made by Black Star Petroleum Limited during the half-year ended 31 December 2018 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.

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. The accounting policies adopted are consistent with those of the previous financial year, except for the impact of the new and revised standards and interpretations effective 1 July 2018 as described below. 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 2018, 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 2018.

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, except for the adoption of the following standards:

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **AASB 15 Revenue from Contract with Customer**

The Group adopted AASB 15 as of 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

There is no significant impact in the financial statements on the adoption of AASB 15.

- **AASB 9 Financial Instruments**

AASB 9 replaces the provisions of AASB 139 Financial Instruments that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies but has no significant impact in the financial statements. The changes in accounting policy is detailed below:

Investments and other financial assets

Initial recognition and measurement
Trade and other receivables are recognised when the Group becomes a party to the contractual provisions to the instrument, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

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

Other receivables are recognised at amortised cost, less any provision for impairment.

Classification and subsequent measurement
Trade and other receivables are subsequently measured at amortised cost. Trade receivables are generally due for settlement within 30 days.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial asset.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

- **AASB 9 Financial Instruments continued**

A financial asset is subsequently measured at amortised cost if it meets the following conditions:
- the financial asset is managed solely to collect contractual cash flows; and
- 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.

Derecognition
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 assets:
- the right to receive cash flows from the asset has expired or been transferred;
- all risks and rewards of ownership of the asst have been substantially transferred; and
- the Group no longer controls the asset (ie. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

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.

Borrowings and other financial liabilities

Initial recognition and measurement
Borrowings and other financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. Borrowings and other financial liabilities are initially measured at fair value net of transaction costs. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement
Borrowings and other financial liabilities are subsequently measured at amortised cost using the effective interest rate 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 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.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

- **AASB 9 Financial Instruments continued**

Derecognition
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.

Impairment:
Financial Assets
The Group recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost; and
- loan commitments that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- 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 general approach to impairment. Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:
- 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
- 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.

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.

Non-Financial Assets
At each reporting date, the Group reviews the carrying amount of its non-financial assets, other than deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating-unit. An impairment loss is recognised if the carrying amount of an asset exceeds it recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

- **AASB 9 Financial Instruments continued**

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 2018. 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. There is no significant impact on the financial statements on the adoption of AASB 9.

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 2018.

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 2018, the Group incurred a loss of $76,140 (2017: $70,640). The Group had net cash outflows from operating activities of $170,166 (2017: $66,299). As at 31 December 2018, the Group had net current assets of $17,371. 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 3 October 2018, the Group has entered into an unsecured loan facility of $1,000,000 with Dr Po-Tao Wei. As at 31 December 2018, $120,000 had been drawn down. The interest rate on the loan agreement is 7% per annum and is repayable on 1 October 2020.

In addition, during the period, the Group has issued redeemable convertible note of $493,000 on 13 August 2018 with a maturity date of 2 years. At any time prior to the maturity date, the Group may notify the Convertible Noteholder that the Company elects to redeem the convertible note for shares. The interest rate on the convertible note is 9% per annum. The notes are only redeemable for cash if an insolvency event occurs. In consideration of the above factors, the Directors consider the going concern assumption to be appropriate, however should funding under the facility not be forthcoming a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 2: OTHER INCOME

	Consolidated	
	31 December 2018 $	31 December 2017 $
Forgiveness of loan from Chin Han Tan	33,054	-

NOTE 3: TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2018 $	30 June 2018 $
Trade creditors	15,106	50,076
Other payables[1]	33,034	-
Accruals	33,067	142,344
	81,207	**192,420**

1 The Group has entered into a 12-month loan with Macquarie Pacific Funding to fund the Director and Officer insurance premium.

NOTE 4: BORROWINGS

	Consolidated	
	31 December 2018 $	30 June 2018 $
Current - Loan - Chin Han Tan[1]	-	486,000
Non-Current - Loan - Dr Po-Tao Wei [2]	120,000	-
	120,000	**486,000**

1 On 14 August 2018, the Group has fully repaid the unsecured loan facility with Mr Chin Han Tan. Principal repayment of $500,000 and interest payments of $49,000 was made to Mr Chin Han Tan and remainder of interest of $35,054 was forgiven.

2 On 3 October 2018, the Group has entered into an unsecured loan facility of $1,000,000 with Dr Po-Tao Wei. As at 31 December 2018, $120,000 had been drawn down. The interest rate on the loan agreement is 7% per annum and is repayable on 1 October 2020.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 5: SHARE CAPITAL

	Consolidated	
	31 December 2018 $	30 June 2018 $
Issued and paid up capital		
Issued and fully paid	20,906,330	20,768,255
Unissued share capital		
Unissued share capital[1]	493,000	-
	21,339,330	**20,768,255**

The Group has issued redeemable convertible note of $493,000 on 13 August 2018 with a maturity date of 2 years. At any time prior to the maturity date, the Group may notify the Convertible Noteholder that the Company elects to redeem the convertible note for shares. The interest rate on the convertible note is 9% per annum.

The redeemable convertible notes are only payable in cash if there is an insolvency event. The number of shares to be issued on conversion is the face value of the notes divided by the conversion price of $0.0013. As the instrument is primarily capital in nature, it has been recognised as part of equity.

	6 months to 31 December 2018		Year Ended 30 June 2018	
	No.	$	No.	$
Movements in issued capital				
Opening balance	530,012,680	20,768,255	530,012,680	20,768,255
Share issue at $0.0013[1]	117,503,170	152,484	-	-
Capital raising costs[2]	-	(14,409)	-	-
Closing balance	**647,515,850**	**20,906,330**	**530,012,680**	**20,768,255**

[1] On 6 August 2018, the Company has completed a share placement of 117,503,170 shares at $0.0013 to raise $152,454.

[2] As part of the share placement on 6 August 2018, the Company has issued 15,000,000 unlisted options for compensation for assistance with completion of the placement. The options have an exercise price of $0.003 each and expiry date of 3 August 2020. Refer to note 6 for further detail.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 6: SHARE BASED PAYMENTS

The share-based payment included as capital raising costs can be broken down as follows:

	Consolidated	
	31 December 2018	31 December 2017
	$	$
Share based payment - options issued with placement	14,409	-

As part of the share placement on 6 August 2018, the Company has issued 15,000,000 unlisted options for compensation for assistance with completion of the placement. The options have an exercise price of $0.003 each and expiry date of 3 August 2020.

The table below summarises options granted as at 31 December 2018:

2018 Grant Date	Expiry date	Exercise price	Balance at start of the half year Number	Granted during the half year Number	Exercised during the half year Number	Expired during the half year Number	Balance at end of the half year Number	Exercisable at end of the half year Number
3 August 2018	3 August 2020	$0.003	-	15,000,000	-	-	15,000,000	15,000,000
Weighted remaining contractual life (years)			-	2	-	-	1.60	1.60
Weighted average exercise price			-	$0.003	-	-	$0.003	$0.003

The fair value of at grant date of $14,409 was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The model inputs, not included in the table above, are as follows:

a). options were granted for no consideration;

b). share price at grant date was $0.002;

c). expected volatility of 110%;

d). expected dividend yield of nil; and

e). a risk free interest rate of 1.50%.

NOTE 7: 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 8: DIVIDENDS

No dividends have been paid or provided for during the half-year (2017: nil).

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2018

NOTE 9: CONTINGENT LIABILITIES

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

NOTE 10: SUBSEQUENT EVENTS

On 25 February 2019, Ms Yi-Chin Chen and Mr Chia-Tai Chiang were appointed as Non-Executive Directors of the Company, replacing Dr Po-Tao Wei on the Board.

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

NOTE 11: RELATED PARTY TRANSACTIONS

During the half-year ended 31 December 2018, the Group has fully repaid the unsecured loan facility with Mr Chin Han Tan, who is the Non-Executive Director of the Group. Principal repayment of $500,000 and interest payments of $49,000 was made to Mr Chin Han Tan and remainder of interest of $35,054 was forgiven. The interest rate on the loan agreement was 9.25%.

On 3 October 2018, the Group has entered into an unsecured loan facility of $1,000,000 with Dr Po-Tao Wei. As at 31 December 2018, $120,000 had been drawn down. The interest rate on the loan agreement is 7% per annum and is repayable on 1 October 2020.

There were no other significant related party transactions.

NOTE 12: FINANCIAL INSTRUMENTS

The carrying amount of financial assets and financial liabilities at balance date approximate their fair value.

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 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 2018 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.

On behalf of the Board

Nicholas Ong

Non-Executive Chairman

15 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Black Star Petroleum Limited

Report on the Condensed Half-Year Financial Report

Conclusion

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 2018, 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 consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2018 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 - material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2018 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.

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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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2019

D I Buckley
Partner