



BIG STAR ENERGY

BIG STAR ENERGY LIMITED

ABN 75 009 230 835

HALF-YEAR FINANCIAL REPORT

For the half year ended 30 June 2019

BIG STAR ENERGY LIMITED AND CONTROLLED ENTITIES
ABN 75 009 230 835

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COMPANY DIRECTORY**DIRECTORS:**

Ross Warner
Joanne Kendrick
Michael Pollak
Trent Spry

AUDITORS:

Stantons International Audit & Consulting Pty Ltd
Level 2
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Sydney, NSW, 2000

COMPANY SECRETARY

Andrew Whitten

BANKERS:

Westpac Banking Corporation
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Middle Brighton, VIC, 3186

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AUSTRALIAN COMPANY NUMBER:

ACN 009 230 835

AUSTRALIAN BUSINESS NUMBER:

ABN 75 009 230 835

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ASX CODE:

BNL

DIRECTORS' REPORT

The Directors of Big Star Energy Limited present their report and the financial report of Big Star Energy Limited and the entities it controlled ("the Consolidated Entity") at the end of, or during the half-year ended 30 June 2019.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows.

| Name | Particulars |
|-----------------|---------------------------------------------------------|
| Ross Warner | Executive Director & Chairman – Appointed 23 March 2018 |
| Joanne Kendrick | Managing Director – Appointed 23 March 2018 |
| Michael Pollak | Non Executive Director – Appointed 23 March 2018 |
| Trent Spry | Executive Director – Appointed 29 April 2019 |

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the period were oil and gas (including helium) exploration and production. The Company is headquartered in Australia, with operations and exploration in North America.

OPERATING REVIEW

Percy Creek Oil Exploration Project – Wyoming, USA

On 29 April 2019, Big Star entered into a farmin and drilling option agreement ("Agreement") to acquire interests in the Percy Creek oil exploration project.

The 5,228 leased acres at Percy Creek contain 75mmbbl of unrisksed best case prospective resources* in 4 stacked oil prospects which can all be evaluated with a single vertical well. The Company currently holds nil interest and under the Agreement terms, intends to acquire 2D and 3D seismic to earn 20% working interest and an overriding royalty interest in the leases. Subject to the seismic results confirming the structure and drilling location, and further funding, Big Star currently plans to exercise the drilling option and secure 100% working interest with a well in 2020.

The Company has made significant progress in the planning and preparation for the seismic acquisition program. At this stage, the programme is expected to cost between US\$275,000 and US\$360,000. As at 31 August 2019, the Company has spent US\$125,700 on the programme.

The Company is currently engaged with potential farmin partners in relation to funding the Percy Creek project in return for a proportion of Big Star's working interests to be earned under the Agreement.

DIRECTORS' REPORT (CONTINUED)

OPERATING REVIEW (CONTINUED.)

Percy Creek Oil Exploration Project – Wyoming, USA (continued)

*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The prospective resources were calculated using the deterministic method at an evaluation date of 26 April 2019 and announced on 29 April 2019.

Big Star Project – Texas, USA

Production continued from the Simmons well. The Stuart, Cline and Esmond wells have not produced in this period and remain shut-in.

Helium Initiative – USA

Big Star accelerated its helium gas exploration initiative.

The Company has ascertained the mineral ownership at the “Enterprise” prospect and initiated a leasing program targeting 5,000 gross acres. The first lease at this prospect was announced on 22 August 2019.

In June, reprocessing of aero-magnetics and gravity data in the area commenced and a regional geochemical program targeting helium anomalies at surface was designed. Both programs subsequently concluded during the September quarter for integration with the regional geologic and prospect specific studies.

New Ventures

The Company continues to actively pursue upstream oil, gas and helium opportunities in accordance with its stated strategy.

CORPORATE

On 29 April 2019, Mr Trent Spry was appointed to the Board as an Executive Director. Mr Spry brings to the Board substantial ASX corporate experience, expertise in geoscience and exploration as well as significant recent experience in the USA. The Company has granted Mr Spry 16,875,000 options to subscribe for ordinary shares in the Company at an exercise price of 1 cent. The options expire on 30 June 2020.

During the half year the Company received subscriptions for 138,598,228 new ordinary shares at 0.5c per share to raise \$692,991 (before costs). The placement was completed in two tranches. The first tranche of 65,875,000 shares was issued on 13 June 2019. The second tranche of 72,723,228 shares were issued on 31 July 2019 as approved by shareholders at the Extraordinary General Meeting held on 29 July 2019, raising approximately \$363,616 (before costs).

RESULTS OF OPERATIONS

Big Star Energy Limited has reported a total comprehensive loss for the period ended 30 June 2019 of \$428,193 (30 June 2018: profit of \$47,403,712). The profit for the period ended 30 June 2018 was generated due to the transfer of the convertible notes and other creditors of the Company caught under the DOCA to the creditors' trust of \$48,158,553 as a result of the effectuation of the DOCA on 23 March 2018.

DIRECTORS' REPORT (CONTINUED)

INCOMPLETE RECORDS

The management and affairs of the Company and all its controlled entities were not under the control of the Directors of the Group between 28 April 2016, when it entered into voluntary administration, and 23 March 2018, when the DOCA was effectuated.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Group for the period prior to their appointment and the effectuation of the DOCA on 23 March 2018.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 because of the possible effect of the incomplete records for the comparative periods ended 30 June 2018 and 31 December 2018.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 1 July 2019 Big Star advised Percy Creek Partners LLC that conditions precedent had been met and the farmin and option agreement was unconditional.

An Extraordinary General Meeting was held on the 29 July 2019. At this meeting the shareholders of the company passed the following resolutions:

- Allotment and prior issue of 16,875,000 Management Options.
- Ratification of prior issue of Tranche 1 share issue of 32,775,000 Ordinary Shares.
- Approval of the issue and allotment of up to 69,723,228 fully paid Ordinary Shares (Tranche 2) at an issue price of 0.5 cents (\$0.005) per share
- Issue and Allotment of up to 3,000,000 fully paid Ordinary Shares to the executive director, Mr Trent Spry, at an issue price of 0.5 cents (\$0.005) per share.

Accordingly, on 31 July 2019 the Company announced that following receipt of shareholder approval, tranche 2 of the placement had been completed, which resulted in 72,723,228 shares being issued, raising \$363,616 (before costs).

On the 22 August 2019, Big Star announced that it had secured its first lease over part of its 'Enterprise' helium prospect in the USA. The area was identified as a part of the Company's on-going prospect generation programme which is targeting helium-rich prospects in the USA.

On 29 August 2019 and 3 September 2019, Big Star announced that it had successfully completed a regional soil gas survey and updated its geological model. The survey was completed over acreage not currently leased by the Company and will be used by the Company to prioritise its ongoing leasing efforts.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The independence declaration as required under section 307C of the Corporations Act 2001 received from the auditor of Big Star Energy Limited is set out on page 7 and forms part of this Directors' report for the half - year ended 30 June 2019.

The total fees paid or payable to the Company's auditors Stantons International Audit & Consulting Pty Ltd for non-audit services provided to the Company during the half-year ended 30 June 2019 is \$NIL (30 June 2018: \$17,000).

DIRECTORS' REPORT (CONTINUED)

INDEMNIFICATION OF DIRECTORS, COMPANY SECRETARY AND AUDITORS

The Company has agreed to indemnify the current directors and company secretary of the Company against all liabilities that may arise from their position as directors or officers of the Company.

Signed in accordance with a resolution of the Directors.



Joanne Kendrick
Managing Director
13 September 2019

13 September 2019

Big Star Energy Limited
Level 5, 126 Phillip Street
Sydney, NSW 2000

Dear Sirs

RE: BIG STAR ENERGY 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 Big Star Energy Limited.

As Audit Director for the review of the financial statements of Big Star Energy Limited for the half year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

Statement of Profit or Loss & Other Comprehensive Income

For the Half Year Ended 30 June 2019

| | | Consolidated | |
|-----------------------------------------------------------------|-------|--------------------------------------|--------------------------------------|
| | Note | 6 months ended 30 June 2019 \$ | 6 months ended 30 June 2018 \$ |
| Continuing operations | | | |
| Revenue | 3(a) | 55,129 | 38,357 |
| Cost of goods sold | | (43,638) | (237,175) |
| Gross profit/(loss) | | 11,491 | (198,818) |
| Other income | 3(b) | 490 | 1,403 |
| Other expenses | 3(c) | (174,261) | (203,063) |
| Impairment of oil and gas assets | 7 | (33,990) | (249,762) |
| Employment expenses | | (120,000) | (49,355) |
| Business development expenses | | (96,000) | (60,795) |
| Administration expenses | | - | - |
| Legal expenses | 3(c) | (5,219) | (30,114) |
| Loss before income tax | | (417,489) | (790,504) |
| Income tax | | - | - |
| Loss from continuing operations | | (417,489) | (790,504) |
| Discontinued operations | | | |
| Profit from discontinued operations | 16(b) | - | 48,158,553 |
| Net (loss)/profit attributable to members of the company | | (417,489) | 47,368,049 |
| Other comprehensive(loss)/profit | | | |
| Exchange differences on translation of foreign operations | | (10,704) | 35,663 |
| Other comprehensive (loss)/profit net of tax | | (10,704) | 35,663 |
| Total comprehensive(loss)/profit for the period | | (428,193) | 47,403,712 |
| (Loss)/Profit per share (cents per share) | | | |
| <i>Earnings from continuing operations:</i> | | | |
| Basic loss per share for the period | | (0.12) | (0.54) |
| Diluted loss per share for the period | | (0.12) | (0.54) |
| <i>Earnings from discontinuing operations:</i> | | | |
| Basic profit per share for the period | | - | 32.64 |
| Diluted profit per share for the period | | - | 30.90 |

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2019

Consolidated

| | Note | 30 June 2019 \$ | 31 December 2018 \$ |
|---------------------------------------------|------|--------------------|------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 447,324 | 510,308 |
| Trade and other receivables | 5 | 21,052 | 18,326 |
| Other assets | 6 | 2,316 | 17,873 |
| Total current assets | | 470,692 | 546,507 |
| NON-CURRENT ASSETS | | | |
| Other assets | 6 | 35,648 | 35,421 |
| Oil and gas properties | 7 | 17,111 | 51,006 |
| Property, Plant & Equipment | | 52 | 3,078 |
| Exploration and evaluation assets | 8 | 123,770 | - |
| Total non-current assets | | 176,581 | 89,505 |
| TOTAL ASSETS | | 647,273 | 636,012 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 320,579 | 238,645 |
| Funds held in trust for equity to be issued | 10 | 35,035 | - |
| Total current liabilities | | 355,614 | 238,645 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 11 | 285,185 | 283,367 |
| Total non-current liabilities | | 285,185 | 283,367 |
| TOTAL LIABILITIES | | 640,799 | 522,012 |
| NET ASSETS | | 6,474 | 114,000 |
| EQUITY | | | |
| Contributed equity | 12 | 2,203,085 | 1,882,418 |
| Reserves | 13 | 56,191 | 66,895 |
| Accumulated Losses | | (2,252,802) | (1,835,313) |
| TOTAL SHAREHOLDERS FUNDS | | 6,474 | 114,000 |

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the Half Year Ended 30 June 2019

CONSOLIDATED

6 months ended
30 June 2019

Balance at 1 January
2019

Loss for the period
**Other comprehensive
income**

Exchange differences
on translation of
foreign operations

**Total comprehensive
loss for the period**

**Transactions with
owners in their
capacity as owners:**

Issue of capital and
options

Costs of Capital

**Balance at 30 June
2019**

| | Ordinary Share Capital \$ | (Accumulated Losses) \$ | Foreign Currency Reserve \$ | Convertible Note Premium Reserve \$ | Share Option Reserve \$ | Total \$ |
|--------------------------------------------------------------|------------------------------------|-------------------------------|--------------------------------------|-------------------------------------------------|-------------------------------|--------------|
| Balance at 1 January 2019 | 1,882,418 | (1,835,313) | 65,020 | - | 1,875 | 114,000 |
| Loss for the period | - | (417,489) | - | - | - | (417,489) |
| Other comprehensive income | - | - | (10,704) | - | - | (10,704) |
| Exchange differences on translation of foreign operations | - | - | (10,704) | - | - | (10,704) |
| Total comprehensive loss for the period | - | (417,489) | (10,704) | - | - | (428,193) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Issue of capital and options | 329,375 | - | - | - | - | 329,375 |
| Costs of Capital | (8,708) | - | - | - | - | (8,708) |
| Balance at 30 June 2019 | 2,203,085 | (2,252,802) | 54,316 | - | 1,875 | 6,474 |

CONSOLIDATED

6 months ended
30 June 2018

Balance at 1 January
2018

Profit for the period
**Other comprehensive
income**

Exchange differences
on translation of
foreign operations

**Total comprehensive
loss for the period**

**Transactions with
owners in their
capacity as owners:**

Issue of capital and
options

Costs of Capital

Write back of
accumulated losses

**Balance at 30 June
2018**

| | Ordinary Share Capital \$ | (Accumulated Losses) \$ | Foreign Currency Reserve \$ | Convertible Note Premium Reserve \$ | Share Option Reserve \$ | Total \$ |
|--------------------------------------------------------------|------------------------------------|-------------------------------|--------------------------------------|-------------------------------------------------|-------------------------------|----------------|
| Balance at 1 January 2018 | 84,436,358 | (165,118,653) | 22,671,063 | 3,921,020 | 5,883,438 | (48,206,774) |
| Profit for the period | - | 47,368,049 | - | - | - | 47,368,049 |
| Other comprehensive income | - | - | 35,663 | - | - | 35,663 |
| Exchange differences on translation of foreign operations | - | - | 35,663 | - | - | 35,663 |
| Total comprehensive loss for the period | - | 47,368,049 | 35,663 | - | - | 47,403,712 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Issue of capital and options | 2,025,000 | - | - | - | 1,875 | 2,026,875 |
| Costs of Capital | (142,582) | - | - | - | - | (142,582) |
| Write back of accumulated losses | (84,436,358) | 116,586,046 | (22,671,063) | (3,921,020) | (5,883,438) | (325,833) |
| Balance at 30 June 2018 | 1,882,418 | (1,164,558) | 35,663 | - | 1,875 | 755,398 |

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the Half Year Ended 30 June 2019

Consolidated

| | Note | Consolidated | |
|------------------------------------------------------------------|----------|--------------------------------------|--------------------------------------|
| | | 6 months ended 30 June 2019 \$ | 6 months ended 30 June 2018 \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 58,101 | 38,281 |
| Payments to suppliers and employees | | (449,657) | (423,978) |
| Interest received | | 487 | 1,403 |
| DOCA Settlement | | - | (510,729) |
| Net cash (outflows) from operating activities | | (391,069) | (895,023) |
| Cash flows from investing activities | | | |
| Exploration, evaluation and development expenditure | | (36,820) | - |
| Payment for Property, plant & equipment | | - | (5,908) |
| Net cash(outflows)from investing activities | | (36,820) | (5,908) |
| Cash flows from financing activities | | | |
| Monies held in trust for equity to be issued | | 35,035 | - |
| Net Proceeds from share issue | | 329,375 | 1,841,654 |
| Transaction costs related to issue of share | | - | (142,582) |
| Proceeds from Syndicate loan | | - | 498,021 |
| Repayment of Syndicate loan | | - | (322,800) |
| Net cash inflows from financing activities | | 364,410 | 1,874,293 |
| Net (decrease)/increase in cash and cash equivalents held | | (63,479) | 973,362 |
| Cash and cash equivalents at the beginning of the period | 4 | 510,308 | 254,183 |
| Effects of exchange rate changes on cash | | 495 | (597) |
| Cash and cash equivalents at the end of the period | 4 | 447,324 | 1,226,948 |

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation and going concern

These general purpose condensed financial statements for the half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. The presentation currency is Australian dollars.

The half-year financial report should be read in conjunction with the Annual Financial Statements of Big Star Energy Limited as at 31 December 2018. It is also recommended that the interim half-year financial statements be considered together with any public announcements made by Big Star Energy Limited during the half-year ended 30 June 2019 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The half-year financial report was authorised for issue on 13 September 2019.

Going Concern

For the half year ended 30 June 2019 the consolidated entity incurred a total comprehensive loss of \$428,193 (30 June 2018: total comprehensive profit of \$47,403,712) and had working capital of \$115,078 (31 December 2018: \$307,862). Based upon the Group's existing cash resources of \$447,324 (31 December 2018: \$510,308), and the \$363,616 capital monies raised (before costs) approved by shareholders on the 29 July 2019, the Directors reviewed the cash flow forecasts and working capital requirements of the Group and consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the 30 June 2019 half year financial report.

In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

Incomplete records

The management and affairs of the Company and all its controlled entities were not under the control of the Directors of the Group between 28 April 2016, when it entered into voluntary administration, and 23 March 2018, when the DOCA was effectuated.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Group for the period prior to their appointment and the effectuation of the DOCA on 23 March 2018.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 because of the possible effect of the incomplete records for the comparative periods ended 30 June 2018 and 31 December 2018.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)
Adoption of new or revised Standards

Apart from the adoption of new or revised accounting standards, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New and amended Standards and Interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any new standards or amendments that have been issued that are not yet effective.

New accounting standards include AASB 16 Leases which will become mandatory for the Company's 2020 financial statements. This standard will result in operating leases being accounted for in the balance sheet upon adoption and the reclassification of operating lease expense into depreciation and finance expenses, and the reclassification of certain cash flows. This standard does not impact the Company.

NOTE 2 SEGMENT REPORTING

For management purposes, the Company is organised into one main operating segment, which involves oil and gas (including helium) exploration, development and production in the USA. All the Company's activities are interrelated, and discrete financial information is reported to the Chairman and the management team as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group derives its revenue from the sale of oil and gas produced in the USA. During the interim half-year reporting periods ended 30 June 2019 and 30 June 2018 external sales of oil and gas were made to customers solely located in the USA.

| | Consolidated | |
|-----------------------------|----------------------------------------|----------------------------------------|
| | 6 months ended 30 June 2019 | 6 months ended 30 June 2018 |
| | \$ | \$ |
| Analysis of revenue: | | |
| Oil | 4,883 | 37,860 |
| Gas | - | 497 |
| Other (i) | 50,246 | - |
| Interest | 490 | 1,403 |
| | 55,619 | 39,760 |

(i) Monies received by Antares Energy Company from previously divested properties.

| | Consolidated | |
|--------------------------------------------------|---------------------|--------------------|
| | 30 June 2019 | 31 Dec 2018 |
| | \$ | \$ |
| Geographical split of non-current assets: | | |
| USA | 176,529 | 86,427 |
| Australia | 52 | 3,078 |
| | 176,581 | 89,505 |

Notes to the Financial Statements

BIG STAR ENERGY LIMITED

ABN 75 009 230 835

For the Half Year Ended 30 June 2019

| NOTE 3 | REVENUE, INCOME AND EXPENSES | Consolidated | |
|--------|------------------------------|--------------------------------------|--------------------------------------|
| | | 6 months ended 30 June 2019 \$ | 6 months ended 30 June 2018 \$ |
| | a) Revenue | | |
| | Sale of product | 4,883 | 38,357 |
| | Other(i) | 50,246 | - |
| | | 55,129 | 38,357 |
| | b) Other income: | | |
| | Interest Income | 490 | 1,403 |
| | | 490 | 1,403 |
| | c) Other expenses: | | |
| | General expenses | 174,261 | 203,063 |
| | Legal expenses | 5,219 | 30,114 |
| | | 179,480 | 233,177 |

(i) Monies received by Antares Energy Company from previously divested properties.

| NOTE 4 | CASH AND CASH EQUIVALENTS | Consolidated | |
|--------|------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| | | 30 June 2019 \$ | 31 Dec 2018 \$ |
| | For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following: | | |
| | Cash at bank and on hand | 447,324 | 510,308 |
| | | 447,324 | 510,308 |

| NOTE 5 | RECEIVABLES | Consolidated | |
|--------|----------------------|--------------------|-------------------|
| | | 30 June 2019 \$ | 31 Dec 2018 \$ |
| | Other Receivables(i) | 21,052 | 18,326 |
| | | 21,052 | 18,326 |

(i) Other receivables include GST refunds of \$20,442.

| NOTE 6 | OTHER ASSETS | Consolidated | |
|--------|-------------------------|--------------------|-------------------|
| | | 30 June 2019 \$ | 31 Dec 2018 \$ |
| | Current | | |
| | Prepayment | 2,316 | 17,873 |
| | Non Current | | |
| | Refundable deposits (i) | 35,648 | 35,421 |
| | | 37,964 | 53,294 |

(i) Refundable deposits (US\$25,000) on completion of well abandonment at operated oil and gas properties.

Notes to the Financial Statements

BIG STAR ENERGY LIMITED

ABN 75 009 230 835

For the Half Year Ended 30 June 2019

| NOTE 7 | OIL AND GAS PROPERTIES | 30 June 2019 | 31 Dec 2018 |
|---------------|-----------------------------------------|---------------------|--------------------|
| | | \$ | \$ |
| | Oil and gas properties | | |
| | - at cost | 411,183 | 411,183 |
| | - accumulated amortisation & impairment | (369,865) | (335,875) |
| | -exchange difference translation | (24,207) | (24,302) |
| | | 17,111 | 51,006 |

Oil and gas properties are denominated in \$US dollars and translated to \$AUD at the period ended 30 June 2019.

Reconciliation

Reconciliation of carrying amounts of oil and gas properties at the beginning and end of the current financial period:

| | | |
|------------------------------|---------------|---------------|
| Balance at start of period | 51,006 | 295,916 |
| Additions | - | - |
| Impairment | (33,990) | (249,762) |
| Foreign exchange translation | 95 | 4,852 |
| Balance at end of period | 17,111 | 51,006 |

Oil and gas properties consist of the Big Star project.

The value of the Group's interest in oil and gas properties is dependent upon the continuance of the Group'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.

The directors have impaired the value of the oil and gas assets due to the expiry of exploration leases resulting in the oil and gas property value of \$17,111 (US\$12,000) at 30 June 2019.

| NOTE 8 | EXPLORATION AND EVALUATION ASSETS | Consolidated | |
|---------------|------------------------------------------|---------------------|--------------------|
| | | 30 June 2019 | 31 Dec 2018 |
| | | \$ | \$ |
| | Current | | |
| | Capitalised expenditure | 123,770 | - |
| | | 123,770 | - |

Capitalised Expenditure

Big Star Energy Limited's wholly owned subsidiary BNL (Percy Creek) LLC entered into a Farm-in and option agreement with Percy Creek Partners LLC. The agreement requires BNL (Percy Creek) LLC to expend certain funds in connection with seismic testing, permitting, exploring and developing the lands for oil, gas and other hydrocarbons in exchange for a 20% undivided interest in the property.

As at 30 June 2019 there was a total of \$123,770 of expenditure directly connected with this Farm-In which has been capitalised from 26 April 2019 (the date of execution date of the Farm-in agreement) in accordance with AASB 6 Exploration and Evaluation of Mineral Resources.

Notes to the Financial Statements

BIG STAR ENERGY LIMITED

ABN 75 009 230 835

For the Half Year Ended 30 June 2019

| NOTE 9 | PAYABLES | Consolidated | |
|--------|------------------------------|----------------|----------------|
| | | 30 June 2019 | 31 Dec 2018 |
| | | \$ | \$ |
| | Trade creditors and accruals | 320,579 | 238,645 |
| | | 320,579 | 238,645 |

Trade creditors are non-interest bearing and generally payable within 30 – 60 days. Accruals include amounts payable as a result of cash calls made by operators of non-operated projects for upcoming capital expenditure such as wells.

| NOTE 10 | FUNDS HELD IN TRUST FOR EQUITY TO BE ISSUED | Consolidated | |
|---------|---------------------------------------------|---------------|-------------|
| | | 30 June 2019 | 31 Dec 2018 |
| | | \$ | \$ |
| | Funds held in Trust for equity to be issued | 35,035 | - |
| | | 35,035 | - |

Capital monies raised as at 30 June 2019 equal \$364,410. Shares allotted on the 13 June 2019 for Tranche 1 to subscribers had a value of \$329,375. The remaining \$35,035 are funds held in trust for equity to be issued for Tranche 2. The allocation of shares was subsequently approved by shareholders at an EGM on 29 July 2019.

| NOTE 11 | PROVISIONS | Consolidated | |
|---------|-----------------------------------------------------------|----------------|----------------|
| | | 30 June 2019 | 31 Dec 2018 |
| | | \$ | \$ |
| | Non Current | | |
| | Restoration | 285,185 | 283,367 |
| | | 285,185 | 283,367 |
| | Reconciliation | | |
| | Reconciliation of movements in the restoration provision: | | |
| | Balance at start of period | 283,367 | 160,256 |
| | Additions during the year | - | 106,263 |
| | Foreign exchange translation | 1,818 | 16,848 |
| | Balance at end of period | 285,185 | 283,367 |

The restorations provisions are denominated in \$US dollars. (US\$200,000)

The restoration obligations are expected to be incurred over a period from 1 to 15 years.

The Company has recognised a provision for restoration related to the estimated cost of restoration work required at the end of the useful life of the producing fields, including removal of facilities and equipment required or intended to be removed.

For the Half Year Ended 30 June 2019
NOTE 11 PROVISIONS (CONTINUED)

These provisions have been created based on the Company's estimate. These estimates are reviewed regularly to take into account any material changes to the assumptions. However actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of the decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil prices, which are inherently uncertain. These estimates of restoration are subject to significant estimates and assumptions.

NOTE 12 CONTRIBUTED EQUITY

| | Consolidated | |
|-------------------------------------------------|----------------------|--------------------|
| | 30 June 2019 | 31 Dec 2018 |
| | \$ | \$ |
| Issued and paid up capital | | |
| Fully paid ordinary shares (post consolidation) | 2,203,085 | 1,882,418 |
| Movement in ordinary shares on issue | No. of shares | \$ |
| At 1 January 2019 | 331,000,017 | 1,882,418 |
| Issue of shares (i) | 65,875,000 | 329,375 |
| Less: Capital raising costs | - | (8,708) |
| At 30 June 2019 | 396,875,017 | 2,203,085 |
| Movement in ordinary shares on issue | No. of shares | \$ |
| At 1 July 2018 | 331,000,017 | 1,882,418 |
| Issue of shares | - | - |
| At 31 December 2018 | 331,000,017 | 1,882,418 |

(i) 65,875,000 new ordinary shares were issued via a capital raise to shareholders on the 13 June 2019 at an issue price of 0.5 cents (\$0.005) per placement share. The shares were issued using the Company's existing authorities under the ASX Listing Rules 7.1 (32,775,000 shares) and 7.1A (33,100,000 shares).

NOTE 13 RESERVES

| | Consolidated | |
|------------------------|---------------------|--------------------|
| | 30 June 2019 | 31 Dec 2018 |
| | \$ | \$ |
| Option Reserve (i) | 1,875 | 1,875 |
| FX Translation Reserve | 54,316 | 65,020 |
| | 56,191 | 66,895 |

(i) 75,000,000 options were issued to Syndicate members on the 9 April 2018 at an issue price of \$0.0025 cents per option.

Nature and purpose of reserves:
Option reserve

The option reserve is used to record the value of share based payments and other options purchased by/provided to stakeholders including Key Management Personnel, as part of their remuneration. There were NIL options issued for the six month period ending 30 June 2019 (2018: 75,000,000).

NOTE 13 RESERVES (CONTINUED)

Foreign currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the conversion of the financial statement of foreign subsidiaries.

NOTE 14 CONTINGENCIES

The Group is not aware of any contingent liabilities as at balance date.

NOTE 15 EVENTS AFTER THE BALANCE SHEET DATE

On 1 July 2019 Big Star advised Percy Creek Partners LLC that conditions precedent had been met and the farmin and option agreement was unconditional.

An Extraordinary General Meeting was held on the 29 July 2019. At this meeting the shareholders of the company passed the following resolutions:

- Allotment and prior issue of 16,875,000 Management Options.
- Ratification of prior issue of Tranche 1 share issue of 32,775,000 Ordinary Shares.
- Approval of the issue and allotment of up to 69,723,228 fully paid Ordinary Shares (Tranche 2) at an issue price of 0.5 cents (\$0.005) per share
- Issue and Allotment of up to 3,000,000 fully paid Ordinary Shares to the executive director, Mr Trent Spry, at an issue price of 0.5 cents (\$0.005) per share.

Accordingly, on 31 July 2019 the Company announced that following receipt of shareholder approval, tranche 2 of the placement had been completed, which resulted in 72,723,228 shares being issued, raising \$363,616 (before costs).

On the 22 August 2019, Big Star announced that it had secured its first lease over part of its 'Enterprise' helium prospect in the USA. The area was identified as a part of the Company's on-going prospect generation programme which is targeting helium-rich prospects in the USA.

On 29 August 2019 and 3 September 2019, Big Star announced that it had successfully completed a regional soil gas survey and updated its geological model. The survey was completed over acreage not currently leased by the Company and will be used by the Company to prioritise its ongoing leasing efforts.

NOTE16 DISCONTINUED OPERATIONS

(a) Details of operations disposed

On 28 April 2016 the Company was placed into voluntary administration and the Company operations were suspended under the Administrators. The Administrators sought expressions of interest from third parties in either acquiring the assets of the Company or reconstructing and recapitalising the Company.

The Company's creditors subsequently agreed with a proposal presented by a syndicate headed by Pager Partners for the restructure and recapitalisation of the Company at a creditors meeting on 2 December 2016. This proposal was approved by Shareholders of the Company on 23 January 2018 and the DOCA was successfully effectuated on 23 March 2018.

The syndicate headed by Pager Partners loaned \$500,000 to the Deed Administrator (on behalf of the Company) for distribution under the DOCA to the Creditors Trust in return for secured and unsecured creditors releasing all claims against the Company and any charges over the Company. Certain unencumbered assets were retained by the Company including the Company's wholly owned subsidiary Antares Energy Company (which owns the Big Star Project in the Permian Basin in Dawson Country, Texas, USA).

For the Half Year Ended 30 June 2019
NOTE16 DISCONTINUED OPERATIONS (CONTINUED)

The syndicate loaned the Company the requisite funds to pay for the costs of settling the DOCA, drafting of the DOCA, Creditors Trust Deed, Shareholder's Meetings and Shareholder Notices, Prospectus, Independent Experts Report and preparing historical audited accounts.

The termination of the DOCA is treated as the discontinuation of operations.

(b) Financial performance of operations disposed

| | 30 June 2019 | 30 June 2018 |
|-------------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| Carrying value of Net Liabilities | - | (48,666,553) |
| Payment to Creditors Trust | - | 500,000 |
| Payment for expenses | - | 8,020 |
| Net gain on disposal of operations | - | (48,158,533) |

(c) Assets and liabilities of discontinued operations

| | 30 June 2019 | 30 June 2018 |
|----------------------------------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| Cash and cash equivalents | - | 69,407 |
| Trade and other payables | - | (1,235,960) |
| Other Liabilities | - | (47,500,000) |
| Net liabilities attributable to discontinued operations | - | (48,666,553) |

(d) Cash flows used in discontinued operations

| | 30 June 2019 | 30 June 2018 |
|---------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| Net cash used in operating activities | - | (69,407) |
| Net cash from investing activities | - | - |
| Net cash used in financing activities | - | - |
| Net cash outflows for the year | - | (69,407) |

BIG STAR ENERGY LIMITED

ABN 75 009 230 835

DIRECTORS' DECLARATION

- 1) Subject to the uncertainty over the completeness of source documentation and its impact on comparative disclosure, as disclosed in Note 1 to the Consolidated financial statements, in the opinion of the Directors of Big Star Energy Limited (the 'Company'), the Directors of the Company declare that:
- a) the Consolidated financial statements and Notes of Big Star Energy Limited for the half year ended 30 June 2019 are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position as at 30 June 2019 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) 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.

This report is made with the resolution of the Directors' of Big Star Energy Limited.

Signed in accordance with a resolution of the Directors.



Joanne Kendrick
Managing Director
13 September 2019

**QUALIFIED INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BIG STAR ENERGY LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Big Star Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for Big Star Energy Limited (the consolidated entity). The consolidated entity comprises both Big Star Energy Limited (the Company) and the entities it controlled during the half year.

Director's Responsibility for the Half-Year Financial Report

The directors of Big Star Energy Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 Standards 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Big Star Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Big Star Energy Limited on 13 September 2019.

Basis for Disclaimer of Auditor's Review Conclusion

The company was placed into voluntary administration on 28 April 2016 and the Deed of Company Arrangement was effectuated on 23 March 2018. Consequently the financial information relating to the period ending 31 December 2018 was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report for the comparative period.

As stated in Note 1, the directors are unable to state that the financial report is in accordance with all the requirements of the *Corporations Act 2001* and the Australian Accounting Standards.

Disclaimer of Auditor's Review Conclusion

Based on our review, which is not an audit, and because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Review Conclusion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, a conclusion as to whether the financial report of Big Star Energy Limited is in accordance with the *Corporations Act 2001*, including:

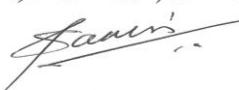
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 of the financial report, which describes the effects of the financial report being prepared on a going concern basis. As at 30 June 2019, Big Star Energy Limited had working capital of \$115,078 and had incurred a loss from continuing operations for the year of \$417,489.

The ability of Big Star Energy Limited to continue as a going concern is subject to the successful recapitalisation of Big Star Energy Limited. In the event that the Board is not successful in recapitalising the Company and in raising further funds, Big Star Energy Limited may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report. Our conclusion is not modified in respect of this matter

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
13 September 2019