



ASX Release

14 October 2014

BLACK STAR PETROLEUM LIMITED

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For the latest news

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Directors / Officers

Matthew Wood
Brian McMaster
Mark Reilly

Greg Wood – Chief Executive Officer

Issued Capital

445.3 million shares
95.3 million listed options

ASX Codes: **BSP, BSPO**

Purchase of Producing Oil Well and Immediate Cashflow

Black Star Petroleum (“**BlackStar**” or “the **Company**”) is very pleased to announce that it has entered into a binding conditional term sheet for the purchase of Hawkley Oil and Gas Limited’s (“**Hawkley**”) Ukraine oil and gas operations.

This acquisition will provide BlackStar with an immediate (post settlement) access to cashflow which will be utilised to develop BlackStar’s extensive holdings in Banner County, Nebraska, USA. It is anticipated that over the course of several months, the cashflow accrued from the Ukrainian activities will be sufficient to allow BlackStar to complete the next phase of its development, being to drill a third well and fracture stimulate all three wells with a view to commencing production.

Details of the transaction

The transaction is comprised as a share purchase agreement, whereby BlackStar is acquiring all of the shares in Hawkley’s four wholly owned subsidiaries, namely Janita Global Limited, Ukraine Investments Pty Ltd, Ukraine Gas Investments Pty Ltd and Prime Gas LLC. (the “**Subsidiaries**”) The Subsidiaries control all of Hawkley’s Ukraine oil and gas operations which are cashflow positive.

The consideration to be paid by BlackStar to Hawkley will be through the issue of 600,000,000 fully paid ordinary shares in BlackStar. These shares will be distributed directly to Hawkley shareholders by way of an in-specie distribution. The in-specie distribution of the shares will allow current Hawkley shareholders to have a direct shareholding in BlackStar, thereby giving shareholders direct access to BlackStar’s United States development programme.

Upon completion of the transaction, Hawkley will be entitled to nominate one non – executive director to the Board of BlackStar.

The transaction is subject to a number of standard conditions, including:

- Completion of due diligence by BlackStar on Hawkley and the subsidiaries, the business and operations.
- BlackStar obtaining all regulatory approvals to proceed with the acquisition.
- Completion of due-diligence by Hawkley on BlackStar, on the subsidiaries, the business and operations.
- The shareholders of BlackStar approving the transaction contemplated by the term sheet in a general meeting, including a resolution authorising the allotment and issue of the consideration shares to Hawkley shareholders in accordance with the ASX listing rules and the Corporations Act (if required).
- The shareholders of Hawkley approving the transaction contemplated by the term sheet in a general meeting.

BlackStar and Hawkley have commenced due-diligence and notices convening the relevant shareholder meetings will be dispatched in due course. It is expected that this transaction will be finalised before year end.

Matthew Wood
Executive Chairman
BLACK STAR PETROLEUM LIMITED