



ABN 90 147 370 312

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE

6 August 2018

CAPITAL RAISING – SHARE PLACEMENT AND OPTION ISSUE

Completion of Placement

Black Star Petroleum Limited ("Black Star" or "Company") advises that it has completed a placement to a sophisticated investor of 117,503,170 shares at \$0.0012977 per share to raise \$152,484.00 ("Placement").

The number of shares issued pursuant to ASX Listing Rule 7.1 was 64,501,902.

The number of shares issued pursuant to ASX Listing Rule 7.1A was 53,001,268.

Funds raised under the Placement will be utilised for working capital purposes and part repayment of existing debt.

Issue of Options

The Company also advises that 15,000,000 unlisted options have been issued as compensation for assistance with completion of the above placement. The options have an exercise price of \$0.003 each and expiry date of 3 August 2020.

Information required under ASX Listing Rule 3.10.5A

Black Star provides the information as required under ASX Listing Rule 3.10.5A as follows:

- a) Dilution to existing shareholders as a result of the issue:
 - under Listing Rule 7.1A is 8.19%; and
 - under Listing Rule 7.1 is 9.96%.

The total dilution to existing shareholders as a result of the placement is therefore 18.15%.

- b) Black Star issued the shares to a sophisticated investor as it was considered to be a more efficient and expedient method for raising the funds for the Company. Furthermore, the Placement did not expose the Company to market volatility that may have been experienced over a more protracted process such as a pro-rata issue;
- c) No underwriting arrangements were in place for the Placement; and
- d) 15 million unlisted options have been issued as compensation for assistance with completion of the above placement.

Notice under Section 708A

These securities are part of a class of securities quoted on the Australian Securities Exchange Limited (ASX).

The Company gives this notice pursuant to Section 708A(5)(e) of the Corporations Act. The shares were issued without disclosure to the investor under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act. The Company, as at the date of this notice, has complied with:

- a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company, and
- b) Section 674 of the Corporations Act.

There is no excluded information as at the date of this notice, for the purposes of Section 708A(7) and (8) of the Corporations Act.

An ASX Appendix 3B Application for Quotation of Additional Securities is attached.

On behalf of the Board.

Ian Gregory
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

BLACK STAR PETROLEUM LIMITED

ABN

90 147 370 312

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | (i) Fully paid ordinary shares
(ii) Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (i) 117,503,170
(ii) 15,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Unlisted options have an exercise price of \$0.003 each and expiry of 3 August 2020. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	(i) Yes, the Shares will rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares of the Company. (ii) No – the shares issued upon exercise will rank equally with existing ordinary shares.
5 Issue price or consideration	(i) \$152,484.00 (ii) Nil
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	(i) The proceeds of the placement are to be used for ongoing working capital and part repayment of existing debt. (ii) Issued as compensation for assistance with the placement of shares.
6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i	Yes
6b The date the security holder resolution under rule 7.1A was passed	27 November 2017
6c Number of +securities issued without security holder approval under rule 7.1	(i) 64,501,902 (ii) 15,000,000

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	(i) 53,001,268								
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil								
6f	Number of +securities issued under an exception in rule 7.2	Nil								
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes Date on which price was agreed: 2/08/18 15 day VWAP: \$0.00166 75% of 15 day VWAP: \$0.001245 Source: IRESS								
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A								
6i	Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 – Nil Listing Rule 7.1A – Nil								
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	(i) 3 August 2018 (ii) 3 August 2018								
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>530,012,680</td><td>Fully paid ordinary shares</td></tr><tr><td>+ 117,503,170</td><td></td></tr><tr><td><u>647,515,850</u></td><td></td></tr></table>	Number	+Class	530,012,680	Fully paid ordinary shares	+ 117,503,170		<u>647,515,850</u>	
Number	+Class									
530,012,680	Fully paid ordinary shares									
+ 117,503,170										
<u>647,515,850</u>										

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	15,000,000 Unlisted options exercise price \$0.003 expiry 03/08/2020
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Pro rata issue – N/A

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	

+ See chapter 19 for defined terms.

19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of ⁺ securities for which ⁺ quotation is sought					
39	⁺ Class of ⁺ securities for which quotation is sought					
40	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another ⁺security, clearly identify that other ⁺security)					
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">⁺Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td></td> </tr> </tbody> </table>	Number	⁺ Class		
Number	⁺ Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 6 August 2018
(Director/Company Secretary)

Print name: Ian Gregory

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	530,012,680
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	530,012,680

+ See chapter 19 for defined terms.

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	79,501,902
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	64,501,902 fully paid ordinary shares (the subject of this Appendix 3B) 15,000,000 unlisted options (the subject of this Appendix 3B)
“C”	79,501,902
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	79,501,902
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	79,501,902
Total [“A” x 0.15] – “C”	Nil <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	530,012,680
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	53,001,268
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	53,001,268 fully paid ordinary shares (the subject of this Appendix 3B)
“E”	53,001,268

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“ A ” x 0.10 <i>Note: number must be same as shown in Step 2</i>	53,001,268
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	53,001,268
Total [“A” x 0.10] – “E”	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.