



## **Black Star Petroleum Limited**

ACN 147 370 312

### **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**TIME:** 3:00 pm WST

**DATE:** Friday, 23 November 2018

**PLACE:** Quest West Perth  
Level 1  
54 Kings Park Road  
West Perth, Western Australia

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company on +61 8 6558 1859.

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

The Annual General Meeting of Shareholders to which this Notice of Meeting relates will be held at **3:00 pm WST on Friday, 23 November 2018** at:

**Quest West Perth  
Level 1  
54 Kings Park Road  
West Perth, Western Australia**

### YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

### VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out above. If you wish to attend the Meeting, please arrive 20 minutes prior to the start of the Meeting to facilitate the registration process.

### VOTING BY PROXY

If you are unable to attend the Meeting please complete and return the enclosed Proxy Form in accordance with the specified instructions.

To vote by proxy:

- (a) the signed and completed Proxy Form (enclosed with this Notice); and
- (b) if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed (e.g. a power of attorney), or a certified copy of it,

must be submitted :

VOTE ON LINE      At <https://investor.automic.com.au/#/loginsah> and follow the directions on the proxy form

BY MAIL              Automic, GPO Box 5193, Sydney, NSW 2001

IN PERSON          Automic, Level 5, 126 Phillip Street, Sydney, NSW 2000

at least 48 hours prior to the meeting (**3.00 pm WST, Wednesday, 21 November 2018**), or adjourned meeting as the case may be, at which the individual named in the Proxy Form proposes to vote. Any Proxy Form received after that time will not be valid for the scheduled meeting.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Black Star Petroleum Limited (**Company**) will be held at Quest West Perth located at Level 1, 54 Kings Park Road, West Perth, Western Australia on **Friday, 23 November 2018** commencing at **3:00 pm WST**.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

### AGENDA

#### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

##### Voting Prohibition Statement:

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman of the Meeting and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

If you are a member of the Key Management Personnel of the Company or a Closely Related Party of such person (or are acting on behalf of such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

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## 2. RESOLUTION 2 – ELECTION OF DIRECTOR – NICHOLAS ONG

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Nicholas Ong, a Director who was appointed on 31 July 2018, retires, and being eligible, is elected as a Director.”*

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## 3. RESOLUTION 3 – ELECTION OF DIRECTOR – DR PO-TAO WEI

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Dr Po-Tao Wei, a Director who was appointed on 13 August 2018, retires, and being eligible, is elected as a Director.”*

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## 4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – CHIN HAN TAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Chin Han Tan, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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## 5. RESOLUTION 5 – RATIFICATION OF PAST ISSUE OF SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 64,501,902 fully paid ordinary shares in the Company issued on 3 August 2018 on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person that participated in the issue and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. RESOLUTION 6 – RATIFICATION OF PAST ISSUE OF UNLISTED OPTIONS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 15,000,000 unlisted options in the Company issued on 3 August 2018 on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person that participated in the issue and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of*

*the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity). However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Important note:** The proposed allottees of any Equity Securities under the 10% Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Facility the subject of this Resolution 7), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

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**DATED: 8 OCTOBER 2018**

**BY ORDER OF THE BOARD**



**IAN GREGORY  
COMPANY SECRETARY**

**PROXIES**

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes;
- (c) a proxy need not be a member of the Company; and
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its corporate representative to exercise any of the powers the body may exercise as a proxy at the Meeting (as to the appointment of corporate representatives, please see below).

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

**CORPORATE REPRESENTATIVE**

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A 'Certificate of Appointment of Corporate Representative' is enclosed if required.

## **ENTITLEMENT TO ATTEND AND VOTE**

In accordance with the Constitution and the *Corporations Regulations 2001* (Cth), the Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00 pm WST on Wednesday, 21 November 2018.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held at Quest West Perth located at Level 1, 54 Kings Park Road, West Perth, Western Australia on **Friday, 23 November 2018** commencing at **3:00 pm WST**.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

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### FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act and the Company's Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report (**Annual Financial Statements**).

The Company's annual report to Shareholders, which includes the annual financial report, is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

There is no requirement for Shareholders to approve the Annual Financial Statements.

The Company's auditor, HLB Mann Judd, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the auditor's report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting date to the registered office of Black Star Petroleum Limited at Suite 5, 531 Hay Street, Subiaco, Western Australia 6008 or to facsimile number +61 8 9380 8300.

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### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors. The Directors' Report can be found within the Company's annual report which is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. The Chairman of the AGM will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Although voting on the adoption of the Remuneration Report is for advisory purposes only, if there are two consecutive votes at annual general meetings of the Company against the Remuneration Report of 25% or more (each year's votes being considered a **Strike**), at the second consecutive annual general meeting at which a Strike occurs (**Second Strike**), a resolution must be put to Shareholders to hold another meeting where each Director is nominated for re-election (**Spill Resolution**). If the Spill Resolution is passed, then the Company is required to hold an additional general meeting (**Further Meeting**) within 90 days of the Spill Resolution. At the Further Meeting all Directors (excluding the Managing Director) must be nominated for re-election.

The Company's Remuneration Report did not receive a Strike at the Company's previous annual general meeting held on 27 November 2017. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2018 Remuneration Report are against the adoption of the 2018 Remuneration Report.

Section 250R(4) of the Corporations Act prohibits any votes on this Resolution being cast by Key Management Personnel (or their associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chairman to vote shareholders' undirected proxy votes. In this regard, you should specifically note that if you appoint the Chairman as your proxy and you indicate on the Proxy Form that you do not wish to specify how the Chairman should vote on Resolution 1, the Chairman will cast your votes in favour of Resolution 1. **If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of Resolution 1, you must indicate your voting intention by marking either 'against' or 'abstain' against Resolution 1 in the Proxy Form.**

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## **2. RESOLUTION 2 – ELECTION OF DIRECTOR – NICHOLAS ONG**

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Company Constitution.

In accordance with Listing Rule 14.4 and clause 13.4 of the Constitution, a Director so appointed must not hold office, without re-election, past the next annual general meeting of the Company.

For this reason, Nicholas Ong, being eligible, seeks re-election as a Director.

Nicholas was appointed as a Non-Executive Director of the Company on 31 July 2018. Nicholas has been involved with listed junior oil & gas exploration companies with projects in United States, Australia and Africa. More recently, he is a director of Helios Energy Limited which is actively drilling wells in Texas, USA. Nicholas is also a director of Arrow Minerals Ltd which is a mineral exploration company targeting gold, lithium and nickel.

Prior to that, Nicholas was a Principal Adviser at the Australian Securities Exchange (ASX) and brings years of experience in IPO, listing rules compliance and corporate governance. He has developed a wide network of clients in the Asia-Pacific region and provides corporate and transactional advisory services through the boutique firm Minerva Corporate Pty Ltd. Nicholas is a member of the Governance Institute of Australia, holds a Bachelor of Commerce degree and a Master of Business Administration from the University of Western Australia.

The Directors (excluding Nicholas Ong) recommend that shareholders vote in favour of Resolution 2. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

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## **3. RESOLUTION 3 – ELECTION OF DIRECTOR – DR PO-TAO WEI**

The background to this resolution is explained in item 2 of the Explanatory Statement above.



Dr Wei, being eligible, seeks re-election as a Director.

Dr Wei was appointed as an Executive Director of the Company on 13 August 2018. Dr Wei holds a Bachelor of Science in Mathematics from National Tsing Hua University, a Master of Arts in Applied Mathematics from University of Southern Carolina and a Doctor of Philosophy in Statistics of University from South Carolina. Dr Wei is a resident of Taiwan. He is a current Chair Professor and Supervisor of Taiwan Shoufu University, President of Taipei Tsing Hua University Alumni Association, and President of Taiwan-Guangxi Culture Exchange Association.

Dr Wei was the Chairman of Hontai Life Insurance, Chairman of Taiwan Tobacco & Liquor Corporation, Director of Finance Department of Miaoli County Government and Minister of Budget of the Executive Yuan (Executive Branch) of the Government of Taiwan.

The Directors (excluding Dr Wei) recommend that shareholders vote in favour of Resolution 3. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

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#### **4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – CHIN HAN TAN**

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Chin Han Tan, being eligible, seeks re-election as a Director.

Chin Han was appointed as a Non-Executive Director of the Company on 3 June 2017. He is an experienced director and senior executive. Chin Han completed his secondary and university schooling in Sydney, Australia and holds Bachelor Degrees in Economics (majoring in Accounting and Economics) and Law (majoring in Corporate and Finance Law) from the University of Sydney. He has worked for Jacksons Ltd (the first publicly listed stockbroking firm in Australia) and Deloitte, specialising in audit and accounting.

Chin Han is currently the General Manager and an Executive Director of Nam Bee Rubber and Tyre Group, with operations in Malaysia, Australia and the USA.

The Directors (excluding Chin Han Tan) recommend that shareholders vote in favour of Resolution 4. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

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#### **5. RESOLUTION 5 – RATIFICATION OF PAST ISSUE OF SHARES**

##### **1. Background**

Under ASX Listing Rule 7.1, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder approval. On 3 August 2018, the Company issued Shares as detailed below.

##### **2. ASX Listing Rules**

Listing Rule 7.1 provides that a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Resolution 5 seeks Shareholder approval under ASX Listing Rule 7.4 to ratify the past issue of Shares. The Company confirms that the issue of the Shares the subject of Resolution 5 did not breach ASX Listing Rule 7.1. None of the recipients of the Shares was a related party of the Company within the meaning of the Corporations Act and the ASX Listing Rules.

The effect of the approval under ASX Listing Rule 7.4 of the past issue of Shares will be that the Shares will not be counted as reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% placement limit imposed by ASX Listing Rule 7.1 (i.e. the 15% limit is "renewed" to the extent of the approval).

### **3. Effect on capital of the Company**

The Shares the subject of this Resolution comprise 9.74% of the Company's fully-diluted share capital (based on the number of Shares and Options on issue as at the date of this Notice of Meeting).

### **4. Shareholder Approval**

ASX Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of ASX Listing Rule 7.4 and the following information is included in this Explanatory Statement for this purpose:

- 4.1** the number, issue price, issue date and recipients of the Shares issued by the Company are as follows:
  - 64,501,902 Shares at an agreed price of \$0.0012977 per Share to Pin Chun Hsu on 3 August 2018, announced to ASX on 6 August 2018;
- 4.2** the purpose of the issue of the Shares was for ongoing working capital and part repayment of existing debt;
- 4.3** all of the Shares issued pursuant to the placement above were fully paid ordinary shares which ranked equally with all other existing Shares from their date of issue; and
- 4.4** a voting exclusion statement is included in the Notice.

### **5. Board Recommendation**

The Board is not aware of any information not set out in this Explanatory Statement that would be reasonably required by Shareholders to make a decision in relation to Resolution 5.

The Board believes that the ratification of the issue of shares is beneficial for the Company. Each of the Directors recommends that Shareholders vote in favour of Resolution 5 as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the 12 months period ending on 2 August 2019, after which date the 15% limit is automatically refreshed in accordance with Listing Rule 7.1.

The Directors recommend that shareholders vote in favour of Resolution 5. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

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## **6. RESOLUTION 6 – RATIFICATION OF PAST ISSUE OF UNLISTED OPTIONS**

### **1. Background**

Under ASX Listing Rule 7.1, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder approval. On 3 August 2018, the Company issued Unlisted Options as detailed below.

### **2. ASX Listing Rules**

Listing Rule 7.1 provides that a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Resolution 6 seeks Shareholder approval under ASX Listing Rule 7.4 to ratify the past issue of Unlisted Options. The Company confirms that the issue of the Unlisted Options the subject of Resolution 6 did not breach ASX Listing Rule 7.1. None of the recipients of the Unlisted Options was a related party of the Company within the meaning of the Corporations Act and the ASX Listing Rules.

The effect of the approval under ASX Listing Rule 7.4 of the past issue of Unlisted Options will be that the Unlisted Options will not be counted as reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% placement limit imposed by ASX Listing Rule 7.1 (i.e. the 15% limit is "renewed" to the extent of the approval).

### **3. Effect on capital of the Company**

The Unlisted Options the subject of this Resolution comprise 2.26% of the Company's fully-diluted share capital (based on the number of Shares and Options on issue as at the date of this Notice of Meeting).

### **4. Shareholder Approval**

ASX Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of ASX Listing Rule 7.4 and the following information is included in this Explanatory Statement for this purpose:

- 4.1** the number, issue price, issue date and recipients of the Unlisted Options issued by the Company are as follows:
  - 15,000,000 Unlisted Options at an agreed price of nil per Unlisted Option to Robert Ti on 3 August 2018, announced to ASX on 6 August 2018;
- 4.2** the purpose of the issue of the Unlisted Options was as compensation for assistance with the placement of shares in Resolution 5;
- 4.3** the Unlisted Options were issued with an exercise price of \$0.003 each and an expiry date of 3 August 2020; and
- 4.4** a voting exclusion statement is included in the Notice.

### **5. Board Recommendation**

The Board is not aware of any information not set out in this Explanatory Statement that would be reasonably required by Shareholders to make a decision in relation to Resolution 6.

The Board believes that the ratification of the issue of unlisted options is beneficial for the Company. Each of the Directors recommends that Shareholders vote in favour of Resolution 6 as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the 12 months period ending on 2 August 2019, after which date the 15% limit is automatically refreshed in accordance with Listing Rule 7.1.

The Directors recommend that shareholders vote in favour of Resolution 6. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

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## **7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY**

### **1. Background**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company has a current market capitalisation of \$1,295,031 (based on the number of Shares on issue and the closing price of Shares on the ASX on 5 October 2018). The Company is an eligible entity as at the time of this Notice of Meeting and expects to be so at the date of the Annual General Meeting.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the Shares.

If Shareholders approve Resolution 7, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, being:

$$(A \times D) - E$$

**A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
- (iv) less the number of fully paid ordinary shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

## **2. Technical Information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution:

### **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

### **(10% Placement Capacity Period).**

### **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 5 October 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

## Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.001 50% decrease in Issue Price	\$0.002 Issue Price	\$0.004 100% increase in Issue Price
<b>Current Variable A</b> 647,515,850 Shares	<b>10% Voting Dilution</b>	64,751,585 Shares	64,751,585 Shares	64,751,585 Shares
	<b>Funds raised</b>	\$64,752	\$129,503	\$259,006
<b>50% increase in current Variable A*</b> 971,273,775 Shares	<b>10% Voting Dilution</b>	97,127,377 Shares	97,127,377 Shares	97,127,377 Shares
	<b>Funds raised</b>	\$97,127	\$194,255	\$388,510
<b>100% increase in current Variable A*</b> 1,295,031,700 Shares	<b>10% Voting Dilution</b>	129,503,170 Shares	129,503,170 Shares	129,503,170 Shares
	<b>Funds raised</b>	\$129,503	\$259,006	\$518,013

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

### The table uses the following assumptions:

1. There are currently 647,515,850 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 5 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

### Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company may use funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition) as well as considering various recapitalisation strategies and/or general working capital; or

- (ii) as non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

#### **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

#### **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 27 November 2017 (**Previous Approval**).

The Company has issued 53,001,268 fully paid ordinary shares pursuant to the Previous Approval.

The Company has issued a total of 132,503,170 Equity Securities during the 12 months preceding the date of this Meeting representing approximately 21.19% of the total diluted number of Equity Securities on issue in the Company on 5 October 2017, being 625,346,006.

Information relating to issues of Equity Securities by the Company in the 12 months prior to the date of this Meeting is as follows:

<b>Date of Issue</b>	<b>Allottee</b>	<b>Equity Security</b>	<b>Price (and discount to market if any)</b>	<b>Key terms</b>	<b>Amount Raised: Use of Funds or non-cash Consideration</b>
3 August 2018	Pin Chun Hsu	117,503,170 shares <sup>1</sup>	\$0.0012977 per Share.  Shares were issued at a 35% discount to the price on the last trading day prior to the day of issue (\$0.002).	Placement of fully paid ordinary shares.  Shares rank equally with existing Shares.	\$152,484.00  Of these proceeds \$104,000 has been used for payment of creditors and \$33,383 has been used for the partial repayment of a loan.  The balance of funds remaining of \$15,101 will be used for working capital / administration.

3 August 2018	Robert Ti	15,000,000 unlisted options	Nil Exercise price of \$0.003 per option.	The Unlisted Options were as compensation for assistance with the placement of the above shares.  Refer to <b>Annexure A</b> for Key Terms.  Options expire 3 August 2020.	Funds raised: Nil Options value <sup>2</sup> is \$14,408.90.
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<sup>1</sup> 64,501,902 shares were issued pursuant to Listing Rule 7.1 and 53,001,268 shares were issued pursuant to Listing Rule 7.1A – totalling 117,503,170 shares.

<sup>2</sup> The Unlisted Options issued is allocated a separate value based on the Black Scholes model. Note that the values noted in the valuations are not necessarily the market price that the Unlisted Options could be traded and is not automatically the market price for taxation purposes.

### **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### **3. Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

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## GLOSSARY

<b>\$ or A\$</b>	means Australian dollars unless otherwise specified.
<b>ASX</b>	means Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.
<b>ASX Listing Rules or Listing Rules</b>	means the official listing rules of the ASX.
<b>Board</b>	means all or some of the Directors acting as the board of Directors of the Company.
<b>Chairman</b>	means chairman of the Annual General Meeting.
<b>Closely Related Party</b>	means:
of a member of the Key Management Personnel	<ul style="list-style-type: none"> <li>(a) a spouse or child of the member;</li> <li>(b) a child of the member's spouse;</li> <li>(c) a dependent of the member or the member's spouse;</li> <li>(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li> <li>(e) a company the member controls; or</li> <li>(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).</li> </ul>
<b>Company</b>	means Black Star Petroleum Limited (ACN 147 370 312).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Equity Securities</b>	has the meaning given to that term in the Listing Rules.
<b>Explanatory Statement</b>	means the explanatory statement that accompanies and forms part of this Notice.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards (as defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.
<b>Meeting or Annual General Meeting</b>	means the annual general meeting convened by this Notice.
<b>Notice or Notice of Meeting</b>	means this notice of annual general meeting which incorporates the Explanatory Statement and the Proxy Form.

<b>Official List</b>	means the Official List of the ASX.
<b>Option</b>	means an option to acquire a Share.
<b>Proxy Form</b>	means the proxy form that is enclosed with and forms part of this Notice.
<b>Remuneration Report</b>	means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.
<b>Resolution</b>	means a resolution set out in this Notice.
<b>Share</b>	means a fully paid ordinary share in the issued capital of the Company.
<b>Share Registry</b>	means Boardroom Pty Limited.
<b>Shareholder</b>	means a registered holder of a Share in the Company.
<b>VWAP</b>	means volume weighted average price.
<b>WST</b>	means Western Standard Time.

## ANNEXURE A

### TERMS AND CONDITIONS OF UNLISTED OPTIONS EXPIRING ON 3 AUGUST 2020

1. Each option shall be issued for no consideration.
2. Each option entitles the holder to subscribe for one ordinary share in Black Star Petroleum Limited ACN 147 370 312 ("**Company**") upon the payment of \$0.003 per share ("**Exercise Price**") subscribed for, subject to paragraph 9.
3. Each option will expire at 5.00 pm, Western Standard Time on 3 August 2020 ("**Expiry Date**"). An option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
4. The options will not be listed for official quotation on the ASX.
5. The options may be exercised in whole or in part, and if exercised in part, multiples of 1,000,000 must be exercised on each occasion.
6. There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
7. Option holders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be granted a period of at least 10 business days before books closing date to exercise the options.
8. There is no right to change the exercise price of the options nor the number of underlying shares over which the options can be exercised, if the Company completes a bonus or entitlements issue.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The options shall be exercisable at any time before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the option holder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque, made payable to the Company, or electronic funds transfer for the subscription monies for the shares. The Notice and funds must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him or her.
11. An exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
12. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the options.
13. The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. The options are not transferable except with the prior written consent of the board of directors of the Company.

## CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

### Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (**Company**),  
Insert name of shareholder company

the Company has appointed:

.....,  
Insert name of corporate representative

in accordance with the provisions of section 250D of the *Corporations Act 2001* (Cth), to act as the body corporate representative of that company at the meeting of the members of Black Star Petroleum Limited to be held on 23 November 2018 and at any adjournments of that meeting/all meetings of the members of Black Star Petroleum Limited.

DATED ..... 2018

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### Please sign here

Executed by the Company )  
in accordance with its constituent documents )  
)

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

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### Instructions for Completion

- Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
- Insert the date of execution where indicated.
- Deliver or mail the Certificate to the registered office of Black Star Petroleum Limited at Suite 5, 531 Hay Street, Perth, Western Australia 6008 or fax the Certificate to the Black Star Petroleum Limited registered office at +61 8 9380 8300.