



ABN 90 147 370 312

31 May 2016

Australian Securities Exchange
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

Attn: Mr Ben Tippet

BLACK STAR PETROLEUM LIMITED

We refer to your letter dated 25 May 2016 requesting amongst others the following:-

1. Please explain the apparent discrepancy between the notifiable interests of Mr McMaster and Mr Wood as between each's last Appendix 3Y and each's Appendix 3Z, and of Mr Reilly as between his Appendix 3Z and the Top 20 Holders report.
2. In each case, is the discrepancy the result of a change in the relevant director's notifiable interests? If so, please provide full details of each change, both in your response to this letter and immediately as a separate announcement under Listing Rule 3.19A (including in the form of Appendices 3Y or Appendices 3Z, if required).
3. In each case, please explain why an announcement was not made to the market within 5 business days of the change in each director's notifiable interests, under Listing Rule 3.19A.

BSP response to items 1, 2 & 3:

- a) Yes, the change of interests by Mr McMaster and Mr Wood are notifiable interests. The discrepancies for Mr McMaster's and Mr Wood's shareholdings are due to the non-lodgement of Appendix 3Ys by Mr McMaster and Mr Wood for the sale of their shares. The disposal by Mr McMaster comprised 92,500,000 shares on 27 April 2016 and disposal by Mr Wood comprised 93,615,000 shares on 27 April 2016.
- b) The Appendices were lodged late due to an oversight in notifying the Company arising from the change of Board and Company Secretary announced on 11 May 2016. The Company has since requested the previous Directors to furnish the said Appendix 3Ys, which were announced to the ASX on 30 May 2016.
- c) The Company has procedures in place under which Directors are obliged to advise the Company Secretary when a change takes place in their notifiable interest. On 27 May 2016, the Company Secretary provided all the current Directors with the Company's Corporate Governance Plan and its Guidelines on Buying and Selling Securities, which advises amongst

other things, the closed period of trading of the Company's securities and approvals required for trading.

- d) Whilst the Company considers its current arrangements are adequate for ensuring timely notification, and that the failure to do so on this occasion was due to an oversight, all current Directors have been reminded of their obligations under the Company's Corporate Governance Plan, Guidelines on Buying and Selling Securities and the ASX Listing Rule requirements.
 - e) In respect of Mr Reilly's share movements, we understand that Mr Reilly has subsequently sold down his shareholding after his Appendix 3Z on 11 May 2016 and hence, is not listed in the top 20 shareholder of BSP as at 26 May 2016. Therefore, there is no notifiable interest by Mr Reilly.
4. In each case, please advise whether the relevant change in notifiable interest occurred during a closed period under the Securities Trading Policy, referring explicitly to section 4.1, which provides [emphasis in original]:
- However, if a Director or employee of the Company is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at any time.*
5. Whether or not any relevant change in notifiable interest occurred during a closed period, please advise whether each of the directors obtained the prior approval of the Board or Chairman of Black Star prior to the change of his notifiable interest, in accordance with section 5.1 of the Securities Trading Policy.
- a) In each case, if so, please advise of the date of that approval and separately provide a copy of the approval to ASX.
 - b) In each case, if not, please explain why not, referring explicitly to the relevant provisions of the Securities Trading Policy, including whether an exceptional circumstance was deemed to apply.

BSP response to items 4 & 5:

- a) BSP has enquired from the said former Directors and previous Company Secretary of BSP on the above matters and has been informed that no Directors or employees were in possession of price sensitive information during the period of share trading. In addition, the off market transfers by Mr McMaster and Mr Wood occurred outside the closed trading period of the Company.
- b) Closed trading period is defined in the Company's Guidelines on Buying and Selling Securities, Clause 4.1 as "... during the period commencing on the tenth (10th) day of the month in which the Company is required to release its Quarterly Activities Report and Quarterly Cashflow Report to the Australian Securities Exchange (ASX) (Quarterly Reports) in accordance with the ASX Listing Rules, and ending two (2) days following the date of release of the Quarterly Reports"
- c) The last quarterly reports of BSP was made on 18 April 2016, whilst the sale of BSP shares was undertaken at the end of April, more than 2 days after the release of the quarterly reports.
- d) The sale of BSP shares by Mr McMaster and Mr Wood was approved by the Board of BSP on 19 April 2016.

6. BSP confirms that it is in compliance with the Listing Rules, in particular, Listing Rule 3.1.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'I. Gregory', written over a horizontal line.

Ian Gregory
Company Secretary



26 May 2016

Mr Ian Gregory
Company Secretary, Black Star Petroleum Limited
PO Box 540
Subiaco WA 6904

By Email: iangregory@westnet.com.au

Dear Mr Gregory

Black Star Petroleum Limited ("Black Star"): ASX aware query

ASX Limited ("ASX") refers to the following:

1. Black Star's announcement entitled "Company Update" lodged on the ASX Market Announcements Platform and released on Wednesday 11 May 2016 (the "Company Update"), disclosing, among other things, the following:
 - a) That Black Star had entered into a material Debt Write Down Agreement with its creditors to write down Black Star's debts from \$630,138 to \$250,000.
 - b) That Black Star had entered into a Loan Agreement for an amount of \$500,000.
 - c) That the entire existing board of directors of Black Star, being Mr Brian McMaster, Mr Matthew Wood, and Mr Mark Reilly, would resign effective immediately.
 - d) A new board would be appointed, consisting of Mr James Sambrook, Mr David Low, and Mr Chia En Lau.
 - e) The new board would reassess the current remaining assets of Black Star as to its viability and will continue to explore recapitalisation strategies.
2. The records of the notifiable interests of Mr Brian McMaster disclosed by Black Star, as follows:
 - a) the last-released Change of Director's Interest Notice in the form of an Appendix 3Y, released to ASX on 24 March 2015, which showed Mr McMaster's notifiable interests as follows:
 1. Brian McMaster – 2,000,000 20 cent options exercisable on or before 31 December 2017.
 2. Reeve Ventures Pty Ltd <The Vega A/C> – 5,850,000 ordinary shares, and 3,833,334 20 cent options exercisable on or before 31 December 2017.
 3. Vega Funds Pty Ltd <The Viva A/C> – 41,650,000 ordinary shares and 1,633,333 20 cent options exercisable on or before 31 December 2017.
 4. Garrison Equity Partners Ltd – 30,000,000 ordinary shares.

5. Garrison Capital Partners Ltd – 15,000,000 ordinary shares.
- b) the Final Director's Interest Notice in the form of an Appendix 3Z, released to ASX on 18 May 2016, which showed Mr McMaster's notifiable interests as follows:
 1. Brian McMaster – 2,000,000 20 cent options exercisable on or before 31 December 2017.
 2. Reeve Ventures Pty Ltd <The Vega A/C> – 3,833,334 20 cent options exercisable on or before 31 December 2017.
 3. Vega Funds Pty Ltd <The Viva A/C> – 1,633,333 20 cent options exercisable on or before 31 December 2017.

ASX notes a discrepancy of 92,500,000 ordinary shares in which Mr McMaster directly or indirectly held a relevant interest between the last-released Appendix 3Y and the Appendix 3Z, which does not appear to have been disclosed to the market. Those shares account for approximately 17.5% of Black Star's issued ordinary capital.

3. The records of the notifiable interests of Mr Matthew Wood disclosed by Black Star, as follows:
 - a) the last-released Change of Director's Interest Notice in the form of an Appendix 3Y, released to ASX on 24 March 2015, which showed Mr Wood's notifiable interests as follows:
 1. Matthew Gaden Western Wood – 1,500,000 ordinary shares and 666,667 listed options exercisable at \$0.20 on or before 31 December 2017.
 2. Mr Matthew Wood <Thomas Wood a/c> – 100,000 ordinary shares and 66,666 listed options exercisable at \$0.20 on or before 31 December 2017.
 3. Whistling Kite Equity Ltd – 48,615,000 ordinary shares and 13,977,524 listed options exercisable at \$0.20 on or before 31 December 2017.
 4. Garrison Equity Partners Ltd – 30,000,000 ordinary shares.
 5. Garrison Capital Partners Ltd – 15,000,000 ordinary shares.
 - b) the Final Director's Interest Notice in the form of an Appendix 3Z, released to ASX on 18 May 2016, which showed Mr Wood's notifiable interests as follows:
 1. Matthew Gaden Western Wood – 1,500,000 ordinary shares and 666,667 listed options exercisable at \$0.20 on or before 31 December 2017.
 2. Mr Matthew Wood <Thomas Wood a/c> – 100,000 ordinary shares and 66,666 listed options exercisable at \$0.20 on or before 31 December 2017.
 3. Whistling Kite Equity Ltd – 13,977,524 listed options exercisable at \$0.20 on or before 31 December 2017.

ASX notes a discrepancy of 93,615,000 ordinary shares in which Mr Wood directly or indirectly held a relevant interest between the last-released Appendix 3Y and the Appendix 3Z, which does not appear to have been disclosed to the market. Those shares account for approximately 17.7% of Black Star's ordinary share capital.

4. The records of the notifiable interests of Mr Mark Reilly disclosed by Black Star, as follows:
 - a) the Final Director's Interest Notice in the form of an Appendix 3Z, released to ASX on 18 May 2016, which showed Mr Reilly's notifiable interests as follows:
 1. Styletown Investments Pty Ltd <Reilly Family A/C> – 15,262,500 ordinary shares.
 - b) Black Star's updated Top 20 Holders report ("Top 20 Holders report"), released to ASX on 26 May 2016, which reported that Styletown Investments Pty Ltd is not among Black Star's 20 largest shareholders, indicating that Styletown Investments Pty Ltd holds less than 3,000,000 Black Star shares, being the quantity held by Black Star's 20th-largest shareholder.

ASX notes a discrepancy of at least 12,262,500 ordinary shares in which Mr Reilly directly or indirectly held a relevant interest between the Appendix 3Z and the Top 20 Holders report, which does not appear to have been disclosed to the market. Those shares account for approximately 2.31% of Black Star's ordinary share capital.

5. Black Star's securities trading policy ("Securities Trading Policy"), released to the market under Listing Rule 12.10 on 15 May 2013, which, in accordance with Listing Rule 12.12, contains (inter alia) the following information:
 - 12.12.1 *The entity's closed periods.*
 - 12.12.2 *The restrictions on trading that apply to the entity's key management personnel.*
 - 12.12.3 *Any trading which is not subject to the entity's trading policy.*
 - 12.12.4 *Any exceptional circumstances in which the entity's key management personnel may be permitted to trade during a prohibited period with prior written clearance.*
 - 12.12.5 *The procedures for obtaining prior written clearance for trading under rule 12.12.4.*
6. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
7. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
 - 3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
 - 3.1A.1 *One or more of the following 5 situations applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.*

8. Listing Rule 3.19A, which requires an entity to tell ASX the following:

3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

9. Listing Rule 3.19B, which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Please explain the apparent discrepancy between the notifiable interests of Mr McMaster and Mr Wood as between each's last Appendix 3Y and each's Appendix 3Z, and of Mr Reilly as between his Appendix 3Z and the Top 20 Holders report.
2. In each case, is the discrepancy the result of a change in the relevant director's notifiable interests? If so, please provide full details of each change, both in your response to this letter and immediately as a separate announcement under Listing Rule 3.19A (including in the form of Appendices 3Y or Appendices 3Z, if required).
3. In each case, please explain why an announcement was not made to the market within 5 business days of the change in each director's notifiable interests, under Listing Rule 3.19A.
4. In each case, please advise whether the relevant change in notifiable interest occurred during a closed period under the Securities Trading Policy, referring explicitly to section 4.1, which provides [emphasis in original]:

*However, if a Director or employee of the Company is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at **any** time.*

5. Whether or not any relevant change in notifiable interest occurred during a closed period, please advise whether each of the directors obtained the prior approval of the Board or Chairman of Black Star prior to the change of his notifiable interest, in accordance with section 5.1 of the Securities Trading Policy.
 - a) In each case, if so, please advise of the date of that approval and separately provide a copy of the approval to ASX.
 - b) In each case, if not, please explain why not, referring explicitly to the relevant provisions of the Securities Trading Policy, including whether an exceptional circumstance was deemed to apply.
6. Please confirm that Black Star is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 3:00pm WST on **Monday 30 May 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in Black Star's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, Black Star's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ben.tippett@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of Black Star to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to Black Star's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in Black Star's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Ben Tippet

Adviser, Listings Compliance (Perth)