



Black Star Petroleum Limited

ACN 147 370 312

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 10:00 am WST

DATE: Wednesday, 30 November 2016

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 9200 4482.

The Annual Report is available online visit www.blackstarpetroleum.com.au

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of Shareholders to which this Notice of Meeting relates will be held at **10:00 am WST** on Wednesday, **30 November 2016** 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 :

BY MAIL Automic Registry Services, PO Box 2226, Strawberry Hills, NSW 2012

BY FAX +61 2 8583 3040

IN PERSON Automic Registry Services, Suite 310, Level 3, 50 Holt Street, Surry Hills, NSW 2010

at least 48 hours prior to the meeting (**10.00 am WST, Monday, 28 November 2016**), 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 **Wednesday, 30 November 2016** commencing at **10:00 am 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 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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 2016."

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.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – JAMES SAMBROOK

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, James Sambrook, a Director who was appointed on 11 May 2016, retires, and being eligible, is elected as a Director.”

3. RESOLUTION 3 – ELECTION OF DIRECTOR – DAVID LOW

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, David Low, a Director who was appointed on 11 May 2016, retires, and being eligible, is elected as a Director.”

4. RESOLUTION 4 – ELECTION OF DIRECTOR – CHIA EN LAU

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, Chia En Lau, a Director who was appointed on 11 May 2016, retires, and being eligible, is elected as a Director.”

5. RESOLUTION 5 – 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 on Resolution 5 by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed, and any person associated with those persons. 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 5), 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.

DATED: 17 OCTOBER 2016

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 Monday, 28 November 2016.

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 Meeting to be held at Quest West Perth located at Level 1, 54 Kings Park Road, West Perth, Western Australia on **Wednesday, 30 November 2016** commencing at **10:00 am 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.

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 2016 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 its website at www.blackstarpetroleum.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 22 Lindsay Street, Perth, Western Australia 6000 or to facsimile number +61 8 9227 6390.

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 Company's website at www.blackstarpetroleum.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 2015. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2016 Remuneration Report are against the adoption of the 2015 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.

2. RESOLUTION 2 – ELECTION OF DIRECTOR - JAMES SAMBROOK

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, James Sambrook, being eligible, seeks re-election as a Director.

James was appointed as a Non-Executive Director of the Company on 11 May 2016. He has more than 40 years of working experience in the rubber and tyre industry worldwide having been national sales and marketing manager for Toyo Tyres Australia for 12 years, wholly in charge of sales and marketing for Toyo tyres for the entire Australian market.

James was also the managing director of Bell Tread Pty Ltd (subsidiary of Boral Limited) for 12 years, from 1988 to 2000, in charge of entire operations of Australia and Oceania markets. Prior to the acquisition of Bell Tread by Bridgestone Australia in the year 2000, Bell Tread was the market leader in the distribution of rubber and rubber related products in the tyre and rubber industry in Australia and Oceania markets.

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

3. RESOLUTION 3 – ELECTION OF DIRECTOR – DAVID LOW

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

David Low, being eligible, seeks re-election as a Director.

David was appointed as a Non-Executive Director of the Company on 11 May 2016. He is a CPA and has more than 20 years of investment banking and corporate finance experience in Asia and Australia having advised on various mergers and acquisitions, initial public offerings, fund raising (both debt and equity) and corporate and debt restructuring. He was previously Director & Team Leader of MIMB Investment Bank before moving to Australia and joining the Asian Business Unit of Westpac Banking Corporation as its Senior Manager and later Head of Corporate Finance of an ASX listed financial services company.

David is currently director of JCL Capital Pty Ltd, a boutique corporate advisory house specialising in cross border corporate finance activities, bridging Australia with Asia.

David is also Non-Executive Chairman of Ennox Group Ltd and Executive Director of Syngas Limited.

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

4. RESOLUTION 4 – ELECTION OF DIRECTOR – CHIA EN LAU

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

Chia En Lau, being eligible, seeks re-election as a Director.

Chia En Lau was appointed as a Non-Executive Director of the Company on 11 May 2016. He has been working in the corporate sector for the past 21 years, during which he has practiced corporate finance for at least 18 years in investment banks and stock broking environment in Malaysia. His longest term in investment banks was with MIMB Investment Bank Berhad and Aseambankers Malaysia Bhd (currently known as Maybank Investment Bank Berhad). His area of expertise is in mergers & acquisition (M&A), initial public offerings, reverse takeovers, general offers and etc. The last position he held is the Head of Corporate Finance at SJ Securities Sdn Bhd, a securities firm in Malaysia.

Chia En Lau graduated from Michigan Technological University with a Bachelor of Science Degree in Electrical Engineering in 1993 and obtained his Master of Science in Business Administration from the University of Wisconsin in 1995.

The Directors (excluding Chia En Lau) recommend that shareholders vote in favour of Resolution 4. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY

1. Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under 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 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.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 2(c) below).

Key objectives of the Company, as communicated in public announcements, are to continue holding the thirteen leases under the Nebraska Oil Project while undertaking a review of these leases as well as considering various recapitalisation strategies. The Company may use the 10% Placement Facility for these purposes, to develop opportunities or investments and for ongoing working capital.

The Board believes that the 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

2. Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

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

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, being Shares and Options, both of which are quoted.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

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 is 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.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 530,012,680 Shares. Subject to Shareholders approving Resolution 5, immediately following the AGM the Company will have the capacity to issue approximately:

- (i) 79,501,902 Equity Securities under Listing Rule 7.1; and
- (ii) 53,001,268 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 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 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

3. Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4. Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price not less than the minimum issue price calculated in accordance with section 2(e) above.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised) to the extent Shareholders do not receive any Shares under the issue. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

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
Current Variable A 530,012,680 Shares	10% Voting Dilution	53,001,268 Shares	53,001,268 Shares	53,001,268 Shares
	Funds raised	\$53,001	\$106,002	\$212,005
50% increase in current Variable A 795,019,020 Shares	10% Voting Dilution	79,501,902 Shares	79,501,902 Shares	79,501,902 Shares
	Funds raised	\$79,501	\$159,003	\$318,007
100% increase in current Variable A 1,060,025,360 Shares	10% Voting Dilution	106,002,536 Shares	106,002,536 Shares	106,002,536 Shares
	Funds raised	\$106,002	\$212,005	\$424,010

The table has been prepared on the following assumptions:

- (i) Variable A is 530,012,680 being the number of ordinary securities on issue at the date of this Notice of Meeting.

- (ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (iii) No Options (including any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
 - (iv) Shareholders approve Resolution 5.
 - (v) 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%.
 - (vi) 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 Facility, based on that Shareholder's holding at the date of the Meeting.
 - (vii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (viii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (ix) The issue price is \$0.002, being the closing price of the Shares on ASX on 17 October 2016.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the 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; or
 - (ii) cash consideration. In such circumstances, the Company may use the funds raised to continue holding the thirteen leases under the Nebraska Oil Project while undertaking a review of these leases as well as considering various recapitalisation strategies and/or general working capital, consistent with the Company's publically stated strategy.
- The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 27 November 2015. The Company has not issued any Equity Securities during the 12 months preceding the date of this Meeting.
- (g) A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities.

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 Resolution 5), 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.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

GLOSSARY

\$ or A\$	means Australian dollars unless otherwise specified.
ASX	means Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.
ASX Listing Rules or Listing Rules	means the official listing rules of the ASX.
Board	means all or some of the Directors acting as the board of Directors of the Company.
Chairman	means chairman of the Annual General Meeting.
Closely Related Party	means:
of a member of the Key Management Personnel	<ul style="list-style-type: none"> (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (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; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company	means Black Star Petroleum Limited (ACN 147 370 312).
Constitution	means the constitution of the Company.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Statement	means the explanatory statement that accompanies and forms part of this Notice.
Key Management Personnel	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.
Meeting or Annual General Meeting	means the annual general meeting convened by this Notice.
Notice or Notice of Meeting	means this notice of annual general meeting which incorporates the Explanatory Statement and the Proxy Form.

Official List	means the Official List of the ASX.
Option	means an option to acquire a Share.
Proxy Form	means the proxy form that is enclosed with and forms part of this Notice.
Remuneration Report	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 2016.
Resolution	means a resolution set out in this Notice.
Share	means a fully paid ordinary share in the issued capital of the Company.
Share Registry	means Boardroom Pty Limited.
Shareholder	means a registered holder of a Share in the Company.
VWAP	means volume weighted average price.
WST	means Western Standard Time.

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 30 November 2016 and at any adjournments of that meeting/all meetings of the members of Black Star Petroleum Limited.

DATED 2016

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)

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 22 Lindsay Street, Perth, Western Australia 6000 or fax the Certificate to the Black Star Petroleum Limited registered office at +61 8 9227 6390.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

AMN Holder Number:
Vote by Proxy
STEP 1: Please appoint a Proxy

Appoint a proxy:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at **10.00am (WST) on Wednesday, 30 November 2016 at Quest West Perth, Level 1, 54 Kings Park Road, West Perth, Western Australia** hereby:

Appoint the Chairman of the Meeting (Chair) CR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Voting Direction

Resolutions

- 1 ADOPTION OF REMUNERATION REPORT
- 2 ELECTION OF DIRECTOR – JAMES SAMBROOK
- 3 ELECTION OF DIRECTOR – DAVID LOW
- 4 ELECTION OF DIRECTOR – CHIA EN LAU
- 5 APPROVAL OF 10% PLACEMENT FACILITY

For Against Abstain

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016

Email Address _____

HOW TO COMPLETE THIS PROXY VOTING FORM

LODGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10.00am (WST) on Monday, 28 November 2016 being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Voting Forms can be lodged:



BY MAIL

Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012



BY HAND

Automic Registry Services
Suite 310, Level 3, 50 Holt Street, Surry Hills NSW 2010



BY FAX

To the Company on facsimile number +61 2 8583 3040

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1- APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.