

5 April 2016

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

COMPANY UPDATE

ASSET PURCHASE AND SALE AGREEMENT – STA RESOURCES, LLC

Black Star Petroleum Limited (**BSP**) is pleased to provide shareholders with an update on recent developments.

As previously announced, on 22 June 2012, Black Star Petroleum USA Inc (**BSP USA**), our US subsidiary company and STA Resources LLC (**STA**) entered an agreement (**Agreement**) relating to the sale of STA's right, title and interest in a number of mineral leases and associated assets located in Banner County, Nebraska to BSP USA. Subsequently, the Agreement was amended several times (as announced) resulting in a position that BSP USA was required to drill a further (3rd) exploration well and until completion of that obligation BSP USA was required to pay STA USD25,000 per month. As at 31 December 2015, BSP owed STA \$650,863.

In the period since executing the Agreement, BSP has been unable to attract sufficient capital to enable it to fulfil its obligations pursuant to the terms of the Agreement. As a result, the Company has completed a settlement arrangement with STA, the terms of which are that BSP paid STA USD20,000 and also returned the properties the subject of the Agreement to STA, at its election. The remaining properties held by BSP (not subject to the Agreement) are still being held by BSP.

Yours faithfully

MATTHEW WOOD
Executive Chairman
BLACK STAR PETROLEUM LIMITED