

ASX Release

04 June 2013

BLACK STAR PETROLEUM LIMITED

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Directors / Officers

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Tony Polglase

Issued Capital

99.1 million shares
95.3 million listed options

ASX Codes: BSP, BSPO

NIOBRARA DEVELOPMENT UPDATE

- Black Star confirms the potential for a major oil discovery in the Niobrara Formation within Banner County, south western Nebraska.
- The Company is extremely pleased with the progress and initial test work on the two wells drilled to date, SMITH 43-12 and QCWR 34-3.
- 45 sidewall core samples have been taken from both wells. Black Star is extremely encouraged by initial sample testing from both the Niobrara and Codell Formations.
- Source rock analysis was conducted by Core Lab on sidewall cores recovered from the recently drilled wells. The lab data results for six Niobrara samples from the Smith 43-12 well and five samples for the QCWR 34-3 well were incorporated into open file data sets from the +10 million barrel Silo Oil Field in Wyoming and the original discovery well (Jake Well) in the Niobrara at Herford Colorado, which had an initial production of 1,500 BOPD in 2009.
- The source rock pyrolysis evaluation from the sidewall cores recovered from the two recently completed wells confirm that the Niobrara Formation in Black Star's Nebraska Oil Project is equivalent to or better to similar geochemically mature areas within the Silo Oil Field and the Jake Discovery Well.
- Black Star's drill log data was provided to two independent international petrophysical analysis consultants. Both consultants have provided detailed log analysis with similar results, indicating that both wells contained calculated net pay in the Niobrara Formation and calculated reservoir quality sand in the Codell Formation.
- The average calculated original oil in place (OOIP) per square mile for both wells varied from 4.3 to 23.3 MMBO in the Niobrara Formation.
- Black Star has approximately 40,000 acres in Banner County, Nebraska USA where it is targeting oil production in the prolific Niobrara and Codell Formations. The Nebraska Oil Project represents outstanding potential for growth through both vertical and horizontal fracture stimulated wells.



Side Wall Core Gun from QCWR 34-3 (Niobrara and Codell test work)

NIOBRARA AND CODELL FORMATIONS

The Niobrara and Codell Formations have significant potential to be major new oil producers across Black Star's land position in Nebraska. Similar Niobrara settings are already large oil producers at the Silo Oil Field in Wyoming and the Wattenberg Oil Field in Colorado. These fields have typically been developed through a combination of vertical and horizontal wells. The Silo Oil Field has produced greater than 10 Million Barrels. The Wattenberg Oil Field in north eastern Colorado is currently the sixth largest oil and gas field in the United States. Black Star's Nebraska Oil Project has been modeled as an extension of the Wattenberg and Silo Oil Fields. Black Star's Nebraska Oil Project has localized thermal maturity and the temperature gradient anomaly is analogous to that in the Wattenberg Oil Field. It also has a strong correlation to north east trending paleostructures crossing the DJ Basin creating focal points for deep, hot, migrating fluids.

SOURCE ROCK ANALYSIS

Figures 1 to 3 plot various parameters against the regional open file data available for the Niobrara Formation. The new Black Star data points are plotted as red dots. Blue squares are representative of the Jake discovery well in Colorado and light blue diamonds are samples from the Silo Oil Field in Wyoming.

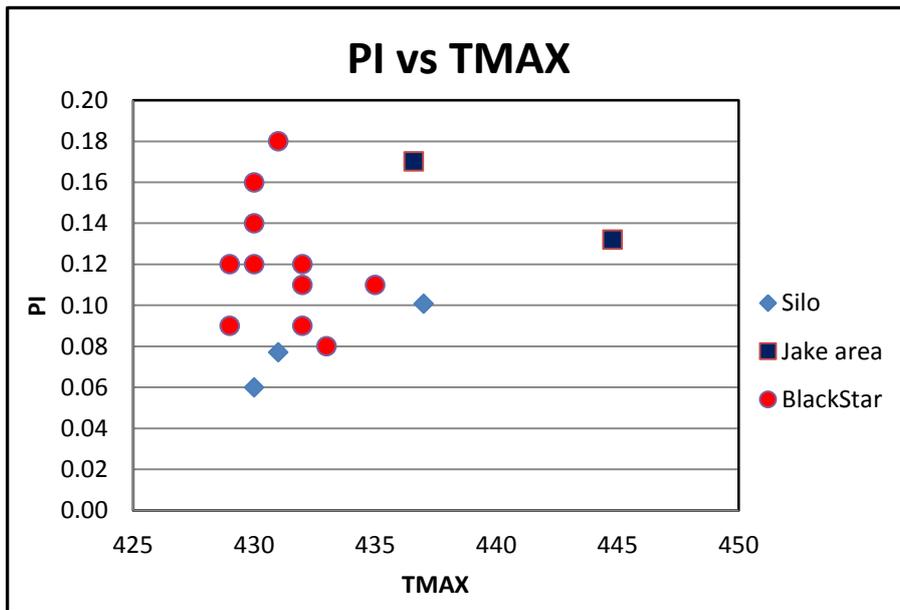


Figure 1: Showing Production Index against Thermal Maturity

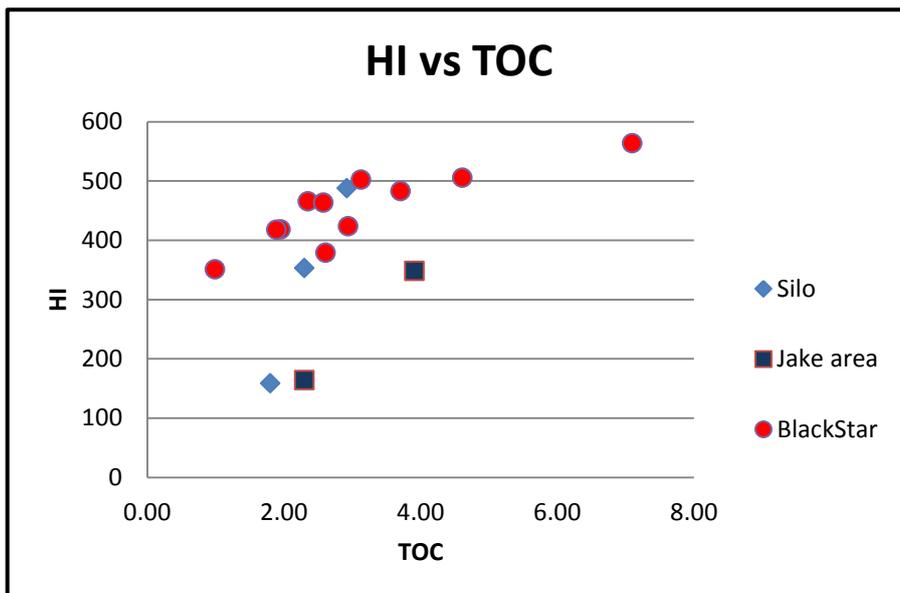


Figure 2: Hydrogen Index against Total Organic Carbon

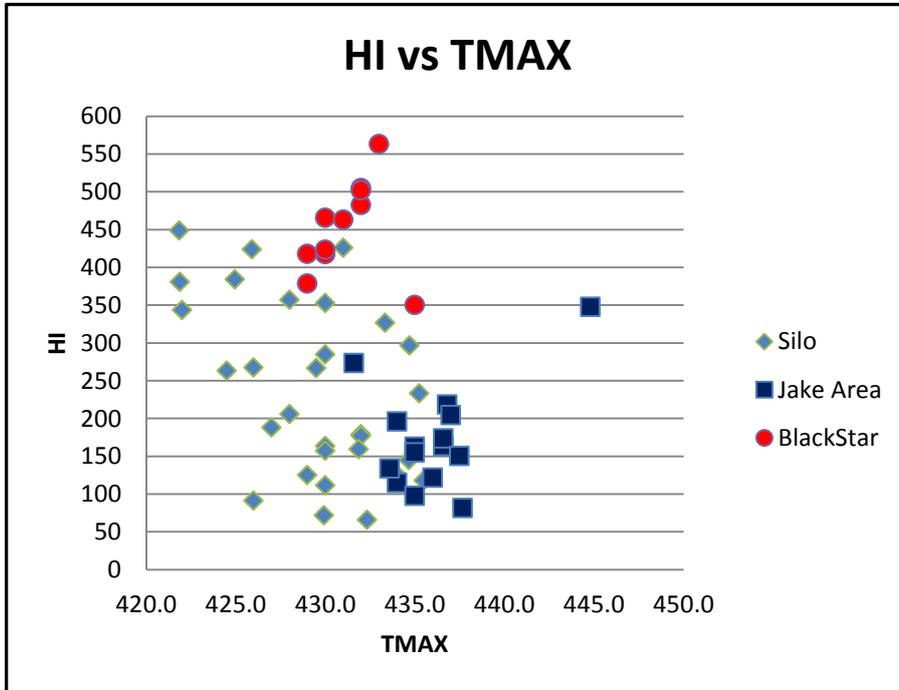
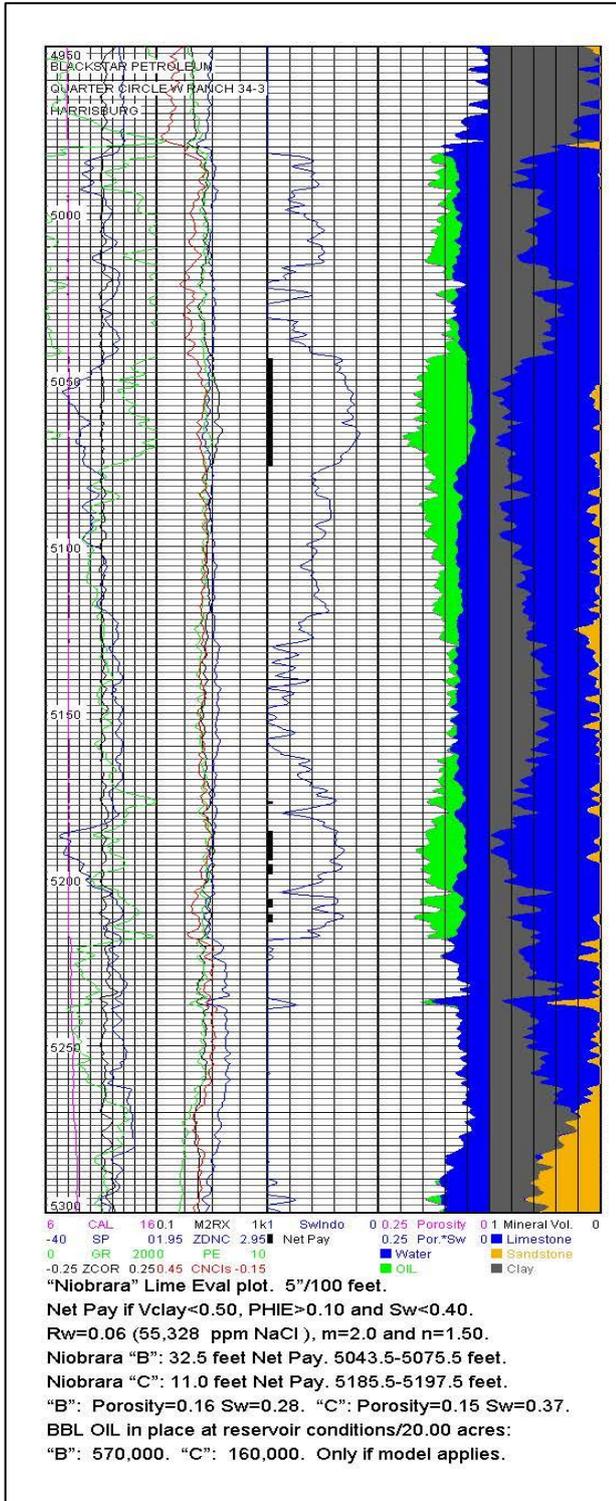


Figure 3: Showing Hydrogen Index against thermal maturity

The analysis of numerous parameters for both wells indicate that the Niobrara is a very good to excellent source rock and that the Niobrara is a Type II Kerogen which is usually oil prone and marine in origin.

In plots of various analysis parameters against the regional open file data available for the Niobrara, the Black Star wells have higher or similar values to the Silo wells, the Jake well and historical Nebraska data. **The source rock pyrolysis evaluation from the sidewall cores recovered from the two new wells confirm that the Niobrara in Black Star’s Nebraska Oil Project is in a similar geochemically mature area to the Silo Oil Field and the Jake discovery well areas.**

PETROPHYSICAL ANALYSIS



Niobrara
B Bench

Niobrara
C Bench

Black Star's drill log data was provided to two independent international petrophysical analysis consultants with offices in Denver and experience in the evaluation of Niobrara and Codell wells. Both consultants provided detailed log analysis with similar results indicating that both wells contained calculated net pay in the Niobrara formation and calculated reservoir quality sand in the Codell sandstone.

The average calculated original oil in place (OOIP) per square mile for both wells varied in the Niobrara Formation **from 4.3 to 23.3 MMBO**. The difference in OOIP calculations by the two Petrophysical companies brackets the estimates from our original work and confirms the presence of oil in the Niobrara. The cause for the difference in OOIP is partly due to the use of different cut offs for water saturation and shale volume.

The sidewall core data from both wells confirmed oil saturation in the rock within the calculated net pay and net sand intervals of both the Niobrara and Codell Formations.

QCWR well Petrophysical Niobrara log analysis, Showing 32.5 Feet Net Pay in B Bench and 11 Feet Net Pay in C Bench

PETROGRAPHIC ANALYSIS

Thin section photomicrographs demonstrate the abundant aligned pellets and the use of UV and low plane light illustrate that many of the pellets are shown to be highly microporous, having the brightest fluorescence. This micro porosity is the storage area for hydrocarbons within the Niobrara formation along with the micritic matrix that also displays areas of microporosity.

The photo below for the QCWR thin section at 5,192 feet shows the alignment of abundant flattened elongate pellets in this packstone. Planktonic foraminifers are common. Using UV with low levels of plane light, the bright fluorescence crudely follows the mottling of the matrix. Many of the abundant pellets are found to be microporous and exhibit bright blue fluorescence along with some of the surrounding matrix. Areas rich in clays and organic matter are not microporous and do not fluoresce, including some pellets.

Importantly, the abundant aligned pellets support burial depth and potential overpressure in the Niobrara.

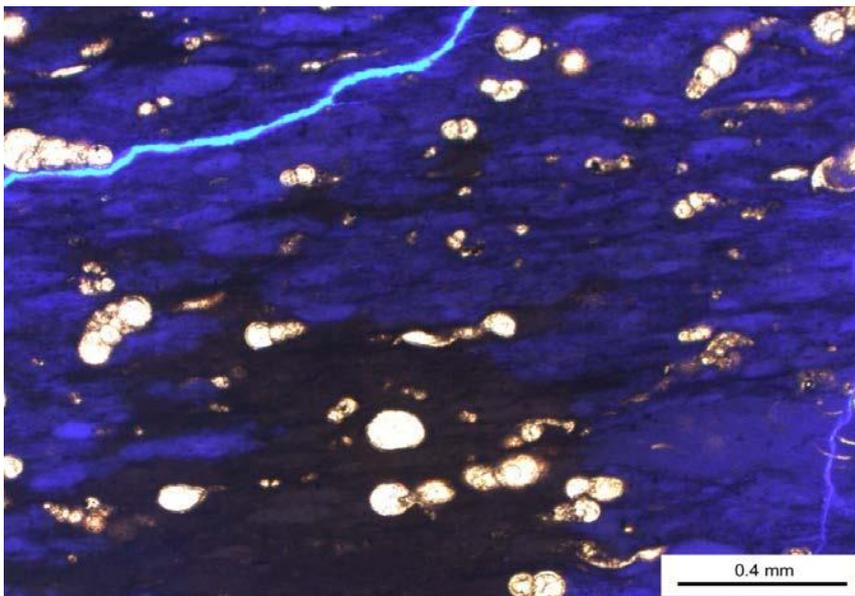


Photo showing QCWR thin section at 5,192 feet



SUMMARY AND CONCLUSIONS

The data collected from the two recently drilled wells strengthens the case for the productivity of the Niobrara and the Codell Formations in Banner County Nebraska. The source rock analysis shows that in many cases the Black Star rock data is similar or better than the Silo and Jake well area rocks, as obtained from historical USGS open file data. The petrographic data indicates that Black Star has abundant aligned and flattened pellets with microporosity, which supports burial depth and potential overpressure in the Niobrara. These conclusions are also supported by the petrophysical log analysis results performed by two independent international consultants.

The Codell Formation data also supports continued evaluation as the reservoir rock is present and some of the samples contained oil in the rock analysis. The petrophysical log analysis calculated reservoir quality rock, but fails the water saturation cut-off to be classified as net pay. This is not unusual in such a fine grained, pyritic clay filled sandstone and only further testing will determine if the Codell will also be productive.

This is an exceptional result for Black Star shareholders and strongly underpins the company's strategy to be a significant oil producer in the Niobrara Formation of Nebraska.

Greg Wood
Chief Executive Officer
BLACK STAR PETROLEUM LIMITED