

Company Announcements Office  
Australian Securities Exchange Limited  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Fiona,

**Blackstar Petroleum Limited (BSP or the Company)**

Further to your letter dated 8 May 2014 we respond as follows, using the same numbering as your letter:

1. The Company's quarterly activities are determined by a myriad of factors, including, inter-alia, permitting requirements, weather considerations, availability of equipment, interpretation of data and of course funding. It is not the case that the Company will continue to incur costs at a prescribed quarterly rate and hence it cannot be concluded that the Company will continue to incur costs at the rate of \$230,000 per quarter.

That said, the Company is aware of its current financial position and accordingly, the Company has put in place several key initiatives to address these issues. These matters include:

As announced to the market on 10 March 2014, the Company has entered into a Share Exchange Agreement with Global Resources Investment Trust Plc (**GRIT**). Under the agreement the Company has exchanged 15,000,000 new ordinary shares at a price of approximately AUD 16.5 cents per share for 1,321,440 ordinary shares in GRIT valued at GBP 1.00 on the date of the agreement. The Company intends to dispose of the GRIT shares to provide working capital.

As announced on 9 May 2014, the Company has secured an AU\$600,000 interim finance facility which has been utilised to satisfy the final capital payment to acquire the Company's lease interests in Nebraska and the balance is being utilised for working capital purposes.

Additionally, as provided for in the Company's annual and half-yearly accounts, the amounts accruing to directors and related parties for accounting, serviced office, secretarial and director fees have not been paid for some considerable time. The parties to whom these amounts are owed have all agreed their continued forbearance on seeking payment.

2. The Company is an exploration company and as such it expects, in the ordinary course, that negative cashflows from operating activities will continue throughout the exploration phase of development. The Company has announced those initiatives listed above together with its advice to the market that it is attempting to finalise additional funding raising strategies presently.
3. See above.

# **BlackStar** **Petroleum**

ABN 90 147 370 312

4. The Company can confirm that it is in compliance with the listing rules and in particular with listing rule 3.1.
5. The Company believes it is in compliance with listing rule 12.2, and that the Company's financial position warrants continued quotation of its securities on the ASX.

If you should require any further information please contact the undersigned.

Yours faithfully



**Jonathan Hart**  
**Company Secretary**



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152-158 St Georges Terrace  
PERTH WA 6000

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8 May 2014

Mr Jonathan Hart  
Company Secretary  
BlackStar Petroleum Limited  
Level 1, 330 Churchill Avenue  
Subiaco WA 6008

Dear Mr Hart,

**Blackstar Petroleum Limited ("Company")**

I refer to the Company's Quarterly Cash Flow Report in the form of an Appendix 5B for the period ended 31 March 2014, released to ASX Limited ("ASX") on 30 April 2014, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$0.
2. Net negative operating cash flows for the quarter of \$230,000.
3. Cash at end of quarter of \$30,000.
4. Estimated cash outflows for the next quarter of \$100,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities? Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

**Listing rule 3.1**

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number +61 8 9221 2020 or email [fiona.murphy@asx.com.au](mailto:fiona.murphy@asx.com.au). It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5.00 pm (WST) on Monday, 12 May 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Fiona Murphy  
**Senior Adviser, Listings Compliance (Perth)**