

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Black Star Petroleum Limited

ABN

90 147 370 312

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 684,606,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Fully Paid Shares |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes
5	Issue price or consideration	\$0.005 per Share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Funds will be used as outlined in the Prospectus lodged on 1 August 2014.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	26 November 2013.
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil						
6f	Number of securities issued under an exception in rule 7.2	684,606,000 ordinary fully paid shares						
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A						
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 – 119,806,050 Listing Rule 7.1A – 79,870,700						
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	1 September 2014.						
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">765,277,000</td> <td>Ordinary Shares</td> </tr> <tr> <td style="text-align: center;">43,779,993</td> <td>Options exercisable at \$0.20 on or before 31 December 2017</td> </tr> </tbody> </table>	Number	+Class	765,277,000	Ordinary Shares	43,779,993	Options exercisable at \$0.20 on or before 31 December 2017
Number	+Class							
765,277,000	Ordinary Shares							
43,779,993	Options exercisable at \$0.20 on or before 31 December 2017							
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">33,430,000</td> <td>Ordinary Shares</td> </tr> <tr> <td style="text-align: center;">51,553,333</td> <td>Options exercisable at \$0.20 on or before 31 December 2017</td> </tr> </tbody> </table>	Number	+Class	33,430,000	Ordinary Shares	51,553,333	Options exercisable at \$0.20 on or before 31 December 2017
Number	+Class							
33,430,000	Ordinary Shares							
51,553,333	Options exercisable at \$0.20 on or before 31 December 2017							

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
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12	Is the issue renounceable or non-renounceable?	Renounceable.
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13	Ratio in which the +securities will be offered	Six (6) for every one (1) share subscribed for and issued.
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14	+Class of +securities to which the offer relates	Ordinary Fully Paid Shares
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15	+Record date to determine entitlements	11 August 2014
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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
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17	Policy for deciding entitlements in relation to fractions	Round up
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18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	The issue is available to shareholders with registered addresses in Australia and New Zealand only
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19	Closing date for receipt of acceptances or renunciations	25 August 2014
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20	Names of any underwriters	Partially underwritten by Garrison Equities Pty Ltd.
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21	Amount of any underwriting fee or commission	Nil but please note the Garrison Equities Pty Ltd offset deed set out in Section 3.7(a) of the Prospectus. The Underwriter may appoint sub-underwriters, which they have done. Please see section 3.6 of the Prospectus.
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+ See chapter 19 for defined terms.

22	Names of any brokers to the issue	Garrison Equities Pty Ltd
23	Fee or commission payable to the broker to the issue	As above
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	14 August 2014
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	1 August 2014
28	Date rights trading will begin (if applicable)	7 August 2014
29	Date rights trading will end (if applicable)	18 August 2014
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Complete back of entitlement and acceptance form and send to broker.
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Complete back of entitlement and acceptance form and send to broker together with rights to be accepted
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Complete a standard renunciation form (obtainable from broker or share registry) and send together with entitlement and acceptance form to the share registry.
33	+Despatch date	14 August 2014

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A				
39	Class of +securities for which quotation is sought	N/A				
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A				
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	N/A				
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">N/A</td> <td></td> </tr> </tbody> </table>	Number	+Class	N/A	
Number	+Class					
N/A						

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	99,100,000
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p><u>Exception rule 7.2</u></p> <p>684,606,000 pursuant to Prospectus dated 1 August 2014</p> <p><u>With Shareholder Approval on 28 July 2014</u></p> <p>10 March 2014 – 14,865,000 Shares to GRIT.</p> <p>10 March 2014 – 135,000 Shares to GRIT.</p> <p>11 March 2014 – 1,000 Shares issued pursuant to a prospectus dated 11 March 2014.</p>
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	798,707,000

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	119,806,050
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	119,806,050
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.15] – “C”	119,806,050 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	798,707,000
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	79,870,700
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	79,870,700
<p>Subtract “E”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
<p>Total [“A” x 0.10] – “E”</p>	<p style="text-align: center;">79,870,700</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.