

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

Dear Ben,

**Black Star Petroleum Limited (BSP or the Company)**

Further to your letter dated 6 February 2015 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 \$92,000 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 as detailed below:

- As announced to the market on 10 March 2014, the Company had entered into a Share Exchange Agreement with Global Resources Investment Trust Plc (GRIT). Under the Agreement the Company 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. As disclosed in the September 2014 and December 2014 Quarterly Activities Reports the Company has disposed of 557,159 GRIT shares for a total of \$328,072 in cash consideration. The Company intends to dispose of the 764,281 remaining GRIT shares to provide approximately \$351,480 in working capital given the prevailing GRIT share trading price and foreign exchange rates as at the date of this letter.
  - Additionally, as provided for in the Company's annual 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 the Company. The Company has announced the initiatives as listed above in order to ensure sufficient funds to continue its operations at with negative cashflows from operating activities.
  3. See above.



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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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PERTH WA 6000

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6 February 2015

Jonathan Hart  
Company Secretary, Black Star Petroleum Ltd  
PO Box 540  
SUBIACO WA 6904

Dear Jonathan,

**Black Star Petroleum (“Company”)**

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 December 2014, released to ASX Limited (“ASX”) on 29 January 2015, (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$92,000.
3. Cash at end of quarter of \$30,000.
4. Estimated cash outflows for the next quarter of \$75,000 on exploration and administration.

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

1. It is 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 (and at the rate anticipated for the next 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 the guidance note titled "Continuous disclosure: listing rule 3.1".

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 **Ben.Tippett@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

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 **3.00 pm WST on Wednesday 11 February 2015**.

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]*

Ben Tippett  
**Adviser, Listings Compliance (Perth)**