

30 July 2020

## **Activities Report Quarter Ended 30 June 2020**

The Board is pleased to provide an update on activities in what was an active and successful quarter to 30 June 2020.

### **KEY HIGHLIGHTS**

#### **Colorado Helium Project**

- 3BCF P50 prospective helium resource independently estimated at Enterprise and Galileo
- Drilling planned for 4Q 2020 after receipt of drilling permit approval
- Engineering estimates confirmed \$300k per well dry hole costs
- Leased acreage in Las Animas grew to a total of 128,787 gross (68,130 net) acres across 11 helium prospects and additional leads.

#### **Corporate**

- Cash on hand at the end of the quarter was \$1.72 million
- Successful capital raising of circa \$2.3 million before costs (\$1.32 million subject to shareholder approval at the July AGM).
- 95% of June 2020 options exercised raising circa \$0.97 million
- General meeting held 24 April 2020, all resolutions approved
- Change of company name to Blue Star Helium Limited

### **OPERATIONS**

#### **Enterprise Helium Prospect – Colorado, USA**

In the June quarter, the Company announced its maiden prospective resource of 3 BCF P50 prospective resource (recoverable helium, net of royalties) in its Enterprise and Galileo prospects.



Net Recoverable Helium (mmcf)	1U (P90)	2U (P50)	3U (P10)
Enterprise Prospect	372	2,296	5,003
Galileo Prospect	270	725	1,389
<b>Total Net Recoverable Helium</b>	<b>641</b>	<b>3,021</b>	<b>6,391</b>

Note 1: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

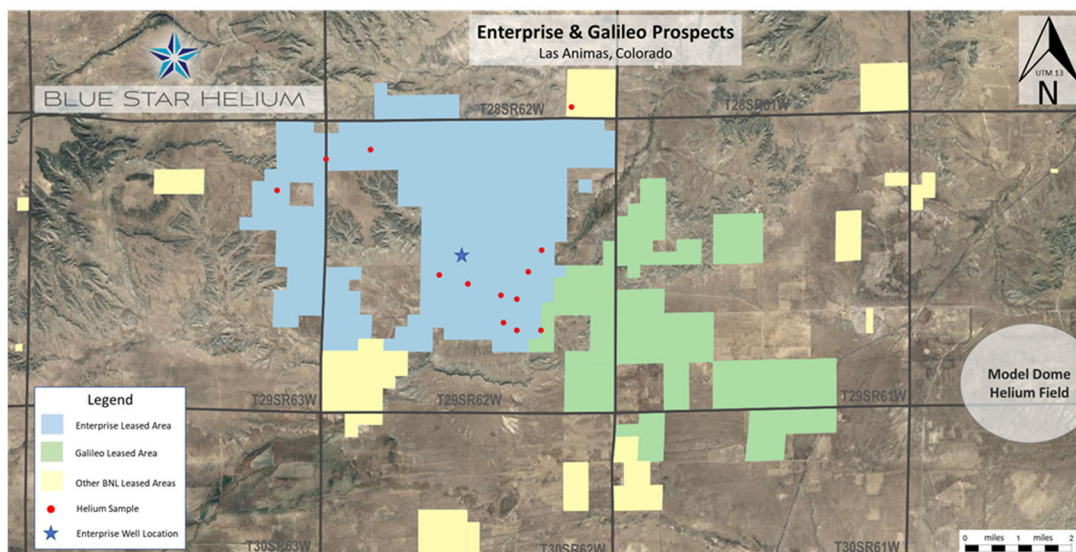
Note 2: The resource estimates have been prepared using the probabilistic method and are presented on an unrisked basis.

Note 3: The resource estimates are reported as at an evaluation date of 30 April 2020.

Note 4: The resource estimates are presented on a net entitlements basis and represent Blue Star's net economic interest in the prospective recoverable helium volumes after deductions for the volume weighted royalty burden.

The prospects are situated in the Lyons Formation Helium Play, which is proven in the area by the historical Model Dome field. As an example, the Hoff Heirs #2 well in the Model Dome field, had a tested production rate from the Lyons Formation of 500 mcf raw gas per day. Petrophysical analysis of surrounding wells in combination with the regional soil gas sampling and geochemical analysis program conducted in 3Q 2019 have proven the play elements of helium charge, high quality reservoir and the presence of a good top seal extend across our Enterprise and Galileo prospects.

Within this proven play fairway, each of the Enterprise and Galileo prospects are subject to independent trap risk. Internal geologic modelling is based on reprocessed gravity and magnetic data, incorporated offset well data and surface and subsurface horizon and fault mapping. The geological chance of success is assessed by the Company to be moderate to high for an exploration target given the proven play elements.





Subsequent to the end of the quarter, Blue Star staked the first Enterprise well location which is planned for drilling in Q4 2020 after permit approval.

Engineering estimates have confirmed dry hole drilling costs of US\$300k, with a further US\$100k required to complete the well as a producer upon success.

The Company remains positive that, based on the work it has done to date, the chance of development, upon a discovery, is strong.

The Company has identified several development options are available and detailed discussions with service providers are underway with a view to selecting a preferred option and supplier. Skid mounted, modular surface processing equipment is readily available with six months delivery time and may be secured under a rental contract. This equipment is standard-sized at 2 mmcf/d raw gas and would concentrate the helium in the raw gas stream to 98%+ gaseous helium which would then be loaded onto an offtaker's tube trailer for transport to a liquefaction plant or end-user.

The Las Animas location is within trucking distance to established liquefaction plants with significant available capacity. In the event the Company elects this type of rental option for the surface processing equipment, the majority of the development capital expenditure would be related to drilling and completing development wells.

### **Helium Prospects and Leads – Colorado, USA**

The Company's total land position in Las Animas, Colorado at the end of the June quarter was 128,787 gross (68,130 net) acres across 11 prospects and additional leads in Las Animas, Colorado.

Customary due diligence continues with respect to the lease position secured in the June quarter prior to payment of the lease bonus amounts to each lessor. Approximately 2,200 net acres remain under review as at the date of this report.

Subsequent to the end of the quarter, a further 320 gross (320 net) acres have been leased in the county.

Blue Star plans to continue to add to both its gross and net position over preferred prospects in Las Animas County. The Company is maturing several of its preferred prospects (in addition to Enterprise and Galileo) with additional leasing and technical work. When appropriate, Blue Star will undertake prospective resource assessments and potentially elevate additional prospects to the planned drilling program.

### **New Ventures – Helium**

The Company continues to actively pursue upstream helium opportunities in North America in accordance with its stated strategy.



## Big Star Project – Texas, USA

During the quarter, production continued from the Simmons well. As at the report date, this asset is held for sale. The Stuart, Esmond and Cline wells did not produce in the quarter and remain shut-in.

## CORPORATE

Blue Star's cash at the end of the June 2020 quarter was approximately \$1.72 million.

The Company held a general meeting on 24 April 2020 at which all resolutions put to the meeting were approved. Following approval at the General Meeting:

- the Company changed its name to Blue Star Helium Limited to better reflect its helium focus and strategy
- under its Management Incentive Plan, the Company issued 22,000,000 million options exercisable at \$0.012 and expiring on 31 December 2021 to each of its Directors.

On 22 June 2020, the Company announced a successful capital raising of circa \$2.3 million before costs from the issue of 230,262,088 shares. The capital raising was completed in two tranches. Blue Star has received \$0.98 million from Tranche 1 and \$1.32 million in Tranche 2 proceeds are subject to shareholder approval at the July AGM.

96,875,000 options expiring 30 June 2020 were exercised, raising approximately \$0.969 million for the Company.

12,000,000 options exercisable at \$0.012 and expiring on 31 December 2021 were issued to Pamplona Capital Pty Ltd for corporate advisory services.

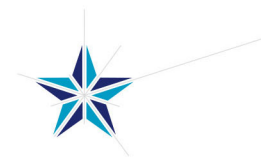
## TENEMENT TABLE

Tenements held at the end of the quarter and changes thereof:

Project Name	Acreage held at the beginning of the Quarter	Acreage held at the end of the Quarter	Acreage acquired (disposed/lapsed)
Held By Production Acreage, Big Star Project, USA	80 acres	80 acres	-
Helium Project, Las Animas, Colorado, USA	121,086 gross (64,924 net) acres	128,787 gross (68,130 net) acres	7,701 gross (3,206 net) acres

## APPENDIX 5B

The Company's Appendix 5B cash report has also been released today.



The payments to related parties of the entity and their associates in section 6 of the Appendix 5B includes directors' fees (including bonuses if any), salaries and superannuation paid to directors, and also, any capitalised directors' fees and salaries for time spent on investing activities.

The Board has authorised the release of this announcement to ASX.

**For further information, please contact:**

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**About Blue Star Helium:**

Blue Star Helium Ltd (ASX:BNL) is an independent helium exploration and production company, headquartered in Australia, with operations and exploration in North America. Blue Star's strategy is to provide its shareholders with exposure to multiple high-value helium projects in North America. For further information please visit the Company's website at [www.bluestarhelium.com](http://www.bluestarhelium.com)

**About Helium:**

Helium is a unique industrial gas that exhibits characteristics both of a bulk, commodity gas and of a high value specialty gas and is considered a "high tech" strategic element. Due to its unique chemical and physical qualities, helium is a vital element in the manufacture of MRIs and semiconductors and is critical for fibre optic cable manufacturing, hard disc manufacturing and cooling, space exploration, rocketry, lifting and high-level science. There is no way of manufacturing helium artificially and most of the world's reserves have been derived as a by-product of the extraction of natural hydrocarbon gas.

**Important Information in relation to Prospective Resources:**

The estimates of prospective resources referred to in this report are more fully described in the Company's announcement of 27 May 2020. BNL confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

The geological information in this report has been prepared by or under the supervision of Trent Spry who is employed as an executive director of BNL. Mr Spry is a qualified geoscientist with over 20 years of oil and gas industry experience and a member of the American Association of Petroleum Geologists and the Petroleum Exploration Society of Australia. Mr Spry consents to the inclusion of the information in this report relating to helium Prospective Resources in the form and context in which it appears.