



BLUE STAR HELIUM

**BLUE STAR HELIUM LIMITED
(FORMERLY BIG STAR ENERGY LIMITED)**

ABN 75 009 230 835

HALF-YEAR FINANCIAL REPORT

For the half year ended 30 June 2020

BLUE STAR HELIUM LIMITED AND CONTROLLED ENTITIES
(FORMERLY BIG STAR ENERGY LIMITED)
ABN 75 009 230 835

CONTENTS

	Page No.
Directors' Report	3
Auditor's Independence Declaration	7
Statement of Profit or Loss & Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Condensed Notes to the Financial Statements	12
Directors' Declaration	20
Independent Audit Review Report	21

COMPANY DIRECTORY

DIRECTORS:

Ross Warner
Joanne Kendrick
Trent Spry

AUDITORS:

Stantons International Audit & Consulting Pty Ltd
6 Middlemiss Street
LAVENDER BAY, NSW, 2060

COMPANY SECRETARY

Amanda Wilton-Heald

REGISTERED OFFICE:

Level 11
London House
216 St. Georges Terrace
Perth, WA, 6000
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SHARE REGISTRY:

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ACN 009 230 835

AUSTRALIAN BUSINESS NUMBER:

ABN 75 009 230 835

SOLICITORS:

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BNL

DIRECTORS' REPORT

The Directors of Blue Star Helium Limited present their report and the financial report of Blue Star Helium Limited and the entities it controlled ("the Consolidated Entity") at the end of, or during the half-year ended 30 June 2020.

DIRECTORS

The names and details of the Company's directors in office during the half-year ended 30 June 2020 and until the date of this report are as follows.

Name	Particulars
Ross Warner	Executive Director & Chairman – Appointed 23 March 2018
Joanne Kendrick	Managing Director – Appointed 23 March 2018
Michael Pollak	Non-Executive Director – Appointed 23 March 2018 (Resigned 25 March 2020)
Trent Spry	Executive Director – Appointed 29 April 2019
Andrew Whitten	Company Secretary – Appointed 23 March 2018 (Resigned 4 September 2020)
Amanda Wilton-Heald	Company Secretary – Appointed 4 September 2020

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the half-year ended 30 June 2020 were helium exploration and oil production. The Company is headquartered in Australia and its strategy is to provide its shareholders with exposure to multiple high-value helium projects in North America.

OPERATING REVIEW

Enterprise Helium Prospect – Colorado, USA

On 27 May 2020, the Company announced its maiden prospective resource 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
Total Net Recoverable Helium	641	3,021	6,391

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 unrisks 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 in accordance with the methodology described in the Company's announcement of 27 May 2020.

Note 5: The estimates of prospective resources referred to are more fully described in the Company's announcement of 27 May 2020.

Note 6: The resource estimate set out above is based on and fairly represents information and supporting documentation prepared 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.

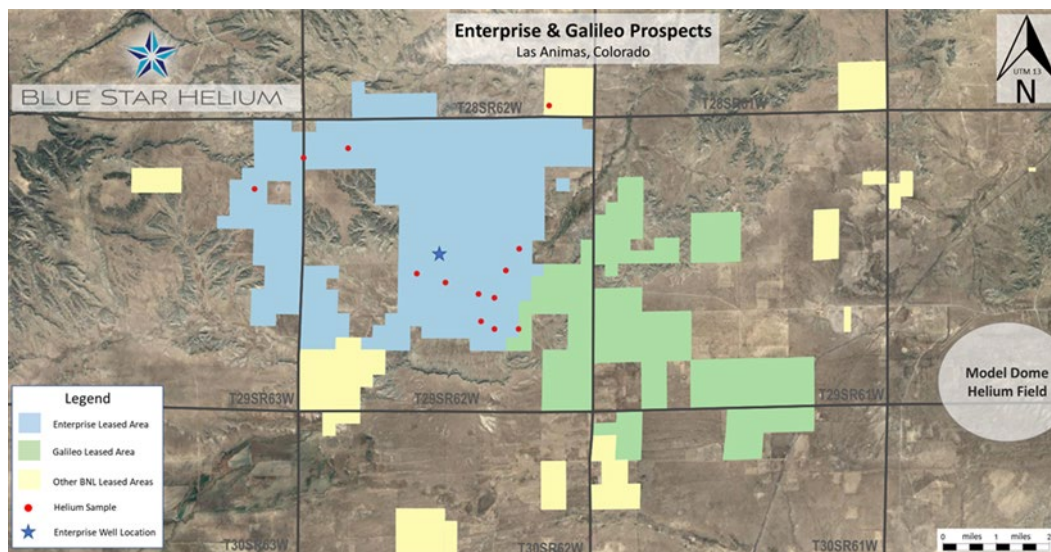
DIRECTORS' REPORT (CONTINUED)

OPERATING REVIEW (CONTINUED.)

Enterprise Helium Prospect – Colorado, USA (Continued)

Petrophysical analysis of surrounding wells in combination with the regional soil gas sampling and geochemical analysis program conducted in 3Q 2019 have proven that the play elements of helium charge, high quality reservoir and high quality top seal extend from Model Dome and 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 June 2020, Blue Star staked the first Enterprise well location which is currently planned for drilling in 4Q 2020 after permit approval.

Engineering estimates have confirmed dry hole drilling costs of US\$300,000, with a further US\$100,000 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 2mmcf/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.

In the event that 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. It is estimated that 5 development wells will be required to supply 2mmcf/d raw gas to fill the processing equipment.

Helium Prospects and Leads – Colorado, USA

The Company has added significantly to its total land position in Las Animas, Colorado over the half year. The land position at the end of the June 2020 was 128,787 gross (68,130 net) acres across 11 prospects and leads in Las Animas, Colorado.

DIRECTORS' REPORT (CONTINUED)

OPERATING REVIEW (CONTINUED.)

Helium Prospects and Leads – Colorado, USA(Continued)

Subsequent to the half-year ended 30 June 2020, a further 1,620 net acres have been leased by the Company, bringing the total land position in the county to 129,202 gross (69,750 net) acres.

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

New Ventures

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

Big Star Project – Texas, USA

Production continued from the Simmons well. As at the report date, this asset and its associated liabilities is held for sale. The Stuart, Cline and Esmond wells have not produced in this period and remain shut-in.

Corporate

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 for a total of 66,000,000 options.

On 1 May 2020, 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.

On 22 June 2020, the Company announced a successful capital raising and the Company received subscriptions for 230,262,088 new ordinary shares at \$0.01 per share to raise \$2,302,621 (before costs). The placement was completed in two tranches. The first tranche of 98,062,088 shares was issued on 22 June 2020.

96,875,000 options expiring 30 June 2020 were exercised, raising approximately \$968,750 for the Company. \$888,750 of the option monies were received prior to 30 June 2020. The shares were issued on 2 July 2020. The final \$80,000 of option monies were received on 2 July 2020 and the shares were issued on 2 July 2020.

Michael Pollak resigned as Non-Executive Director on 26 March 2020 for personal reasons.

Blue Star Helium Limited's cash at the end of the June 2020 quarter was \$1,720,072.

RESULTS OF OPERATIONS

Blue Star Helium Limited has reported a total comprehensive loss for the six-month period ended 30 June 2020 of \$707,631 (30 June 2019: total comprehensive loss of \$428,193).

DIRECTORS' REPORT (CONTINUED)

OPERATING REVIEW (CONTINUED.)

SIGNIFICANT EVENTS AFTER BALANCE DATE

96,875,000 options expiring on 30 June 2020 were exercised at \$0.01 per share, raising approximately \$968,750 for the Company. Subsequent to half-year ended 30 June 2020, the final \$80,000 of option monies were received on 2 July 2020 and the shares were issued on the 2 July 2020.

Subsequent to half -year ended 30 June 2020,

- The Company held its AGM on 30 July 2020 at which all resolutions put to the meeting were approved
- The second tranche of 132,000,000 shares were issued on 7 August 2020 as approved by shareholders at the Annual General Meeting held on 30 July 2020, raising approximately \$1,322,000 (before costs).
- 8,000,000 options exercisable at \$0.012 and expiring on 31 December 2021 were issued to Pamplona Capital Pty Ltd for corporate advisory services.

Andrew Whitten resigned as Company Secretary on 4 September 2020. Amanda Wilton-Heald was appointed Company Secretary on 4 September 2020.

Subsequent to half-year ended 30 June 2020, the Coronavirus (COVID-19) continued to have a significant impact on global economies and many industries. To date the restrictions arising from the global coronavirus pandemic have not materially affected the Company's operations with staff and consultants in Australia and the USA adapting to more isolated working conditions. The Company does not believe that its operations including permitting and planning for field activity later in the year will be materially impacted since, based on discussions with the Company's permitting group, in the US oil and gas related operations are considered essential services and are excluded from many of the imposed COVID-19 restrictions. The Company will actively monitor the situation as it develops including assessing any impact it may have on the Company's operations.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES


The independence declaration as required under section 307C of the Corporations Act 2001 received from the auditor of Blue Star Helium Limited is set out on page 7 and forms part of this Directors' report for the half -year ended 30 June 2020.

The total fees paid or payable to Stanton's Securities an entity related with the Company's auditors Stanton's International Audit & Consulting Pty Ltd for non-audit services provided to the Company during the half-year ended 30 June 2020 is \$600 (30 June 2019: \$NIL).

INDEMNIFICATION OF DIRECTORS, COMPANY SECRETARY AND AUDITORS

The Company has agreed to indemnify the current directors and company secretary of the Company against all liabilities that may arise from their position as directors or officers of the Company.

Signed in accordance with a resolution of the Directors.


Ross Warner
Chairman
11 September 2020

11 September 2020

Board of Directors
Blue Star Helium Limited
Level 11
London House
216 St Georges Terrace
PERTH WA 6000

Dear Sirs

RE: BLUE STAR HELIUM LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Blue Star Helium Limited.

As Audit Director for the review of the financial statements of Blue Star Helium Limited for the half year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD



Martin Michalik
Director

Statement of Profit or Loss & Other Comprehensive Income

For the Half Year Ended 30 June 2020

		Consolidated	
	Note	6 months ended 30 June 2020 \$	6 months ended 30 June 2019 \$
Continuing operations			
Revenue	3(a)	4,083	55,129
Cost of goods sold		(21,855)	(43,638)
Gross (loss)/profit		(17,772)	11,491
Other income	3(b)	10,202	490
Other expenses excluding finance costs	3(c)	(193,331)	(174,261)
Impairment of oil and gas assets	8	-	(33,990)
Exploration and evaluation costs – expensed		(2,771)	-
Employment expenses		(184,000)	(120,000)
Business development expenses		-	(96,000)
Share based payment expense	14	(103,740)	-
Legal expenses		(214,020)	(5,219)
Loss before income tax		(705,432)	(417,489)
Income tax		-	-
Loss from continuing operations		(705,432)	(417,489)
Other comprehensive(loss)			
Exchange differences on translation of foreign operations		(2,199)	(10,704)
Other comprehensive (loss) net of tax		(2,199)	(10,704)
Total comprehensive(loss) for the period		(707,631)	(428,193)
(Loss)per share (cents per share)			
<i>Earnings from continuing operations:</i>			
Basic loss per share for the period		(0.10)	(0.12)
Diluted loss per share for the period		(0.10)	(0.12)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2020

Consolidated

	Note	30 June 2020 \$	31 December 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	4	1,720,072	1,138,089
Trade and other receivables	5	38,718	31,269
Other assets	6	123,679	55,684
Held for sale asset – Oil & gas properties	7	17,485	17,128
Total current assets		1,899,954	1,242,170
NON-CURRENT ASSETS			
Other assets	6	36,427	35,684
Oil and gas properties	8	-	-
Property, Plant & Equipment		208	1,456
Exploration and evaluation assets	9	1,287,917	778,559
Total non-current assets		1,324,552	815,699
TOTAL ASSETS		3,224,506	2,057,869
CURRENT LIABILITIES			
Trade and other payables	10	476,802	516,872
Total current liabilities		476,802	516,872
NON-CURRENT LIABILITIES			
Provisions	11	218,564	214,102
Liabilities associated with held for sale	7	72,854	71,368
Total non-current liabilities		291,418	285,470
TOTAL LIABILITIES		768,220	802,342
NET ASSETS		2,456,286	1,255,527
EQUITY			
Contributed equity	12	5,718,520	3,913,870
Reserves	13	185,466	83,925
Accumulated Losses		(3,447,700)	(2,742,268)
TOTAL SHAREHOLDERS FUNDS		2,456,286	1,255,527

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the Half Year Ended 30 June 2020

CONSOLIDATED

**6 months ended
30 June 2020**

Balance at 1 January
2020

Loss for the period

**Other
comprehensive
income**

Exchange differences
on translation of
foreign operations

**Total comprehensive
loss for the period**

**Transactions with
owners in their
capacity as owners:**

Issue of capital and
options

Costs of Capital

**Balance at 30 June
2020**

	Ordinary Share Capital \$	(Accumulated Losses) \$	Foreign Currency Reserve \$	Share Option Reserve \$	Total \$
Balance at 1 January 2020	3,913,870	(2,742,268)	57,660	26,265	1,255,527
Loss for the period	-	(705,432)	-	-	(705,432)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	(2,199)	-	(2,199)
Total comprehensive loss for the period	-	(705,432)	(2,199)	-	(707,631)
Transactions with owners in their capacity as owners:					
Issue of capital and options	1,869,371	-	-	103,740	1,973,111
Costs of Capital	(64,721)	-	-	-	(64,721)
Balance at 30 June 2020	5,718,520	(3,447,700)	55,461	130,005	2,456,286

CONSOLIDATED

**6 months ended
30 June 2019**

Balance at 1 January
2019

Loss for the period

**Other comprehensive
income**

Exchange differences
on translation of
foreign operations

**Total comprehensive
loss for the period**

**Transactions with
owners in their
capacity as owners:**

Issue of capital and
options

Costs of Capital

**Balance at 30 June
2019**

	Ordinary Share Capital \$	(Accumulated Losses) \$	Foreign Currency Reserve \$	Share Option Reserve \$	Total \$
Balance at 1 January 2019	1,882,418	(1,835,313)	65,020	1,875	114,000
Loss for the period	-	(417,489)	-	-	(417,489)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	(10,704)	-	(10,704)
Total comprehensive loss for the period	-	(417,489)	(10,704)	-	(428,193)
Transactions with owners in their capacity as owners:					
Issue of capital and options	329,375	-	-	-	329,375
Costs of Capital	(8,708)	-	-	-	(8,708)
Balance at 30 June 2019	2,203,085	(2,252,802)	54,316	1,875	6,474

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the Half Year Ended 30 June 2020

		Consolidated	
Note	6 months ended 30 June 2020 \$	6 months ended 30 June 2019 \$	
Cash flows from operating activities			
	5,141	58,101	
	(429,804)	(449,657)	
	202	487	
	(424,461)	(391,069)	
Cash flows from investing activities			
	(806,315)	(36,820)	
	(806,315)	(36,820)	
Cash flows from financing activities			
	-	35,035	
	1,143,989	329,375	
	888,750	-	
	(64,721)	-	
	(164,368)	-	
	1,803,650	364,410	
	572,874	(63,479)	
	1,138,089	510,308	
	9,109	495	
	1,720,072	447,324	

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES**Basis of preparation and going concern**

These general purpose condensed financial statements for the half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. The presentation currency is Australian dollars.

The half-year financial report should be read in conjunction with the Annual Financial Statements of Blue Star Helium Limited as at 31 December 2019. It is also recommended that the interim half-year financial statements be considered together with any public announcements made by Blue Star Helium Limited during the half-year ended 30 June 2020 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The half-year financial report was authorised for issue on 11 September 2020.

Going Concern

For the half year ended 30 June 2020 the consolidated entity incurred a total comprehensive loss of \$707,631 (30 June 2019: total comprehensive loss of \$428,193) and had working capital of \$1,423,152 (31 December 2019: \$725,298). The Directors considered the subsequent events, reviewed the cash flow forecasts and working capital requirements of the Consolidated Entity in view of the Consolidated Entity's existing cash resources of \$1,720,072 (31 December 2019: \$1,138,089) and capital monies raised \$1,869,371 (before costs). On this basis, and subject to the impact of COVID-19 pandemic on the economy and the Consolidated Entity, the Directors consider there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the 30 June 2020 half year financial report.

In the event that the Consolidated Entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

Adoption of new or revised Standards

Apart from the adoption of new or revised accounting standards, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New and amended Standards and Interpretations did not result in any significant changes to the Consolidated Entity's accounting policies.

The Consolidated Entity has not elected to early adopt any new standards or amendments that have been issued that are not yet effective.

NOTE 2 SEGMENT REPORTING

For management purposes, the Company is organised into one main operating segment, which involves oil and gas (including helium) exploration, development and production in the USA. All the Company's activities are interrelated, and discrete financial information is reported to the Chairman and the management team as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole.

The Consolidated Entity derives its revenue from the sale of oil produced in the USA. During the interim half-year reporting periods ended 30 June 2020 and 30 June 2019 external sales of oil were made to customers solely located in the USA.

	Consolidated	
	6 months ended 30 June 2020 \$	6 months ended 30 June 2019 \$
Analysis of revenue:		
Oil	4,083	4,883
Gas	-	-
Other (i)	10,000	50,246
Interest	202	490
	14,285	55,619

(i) Cashflow boost to assist in payment of PAYG. To be received as a credit against BAS.

	Consolidated	
	30 June 2020 \$	31 Dec 2019 \$
Geographical split of non-current assets:		
USA	1,324,344	814,243
Australia	208	1,456
	1,324,552	815,699

NOTE 3 REVENUE, INCOME AND EXPENSES

	Consolidated	
	6 months ended 30 June 2020 \$	6 months ended 30 June 2019 \$
a) Revenue		
Sale of product	4,083	4,883
Other	-	50,246
	4,083	55,129
b) Other income:		
Interest Income	202	490
Other (i)	10,000	-
	10,202	490
c) Other expenses:		
General expenses	119,712	174,261
Consulting fees	73,619	-
	193,331	174,261

(i) Cashflow boost to assist in payment of PAYG. To be received as a credit against BAS.

Notes to the Financial Statements

BLUE STAR HELIUM LIMITED
ABN 75 009 230 835

For the Half Year Ended 30 June 2020

NOTE 4 CASH AND CASH EQUIVALENTS

30 June 2020	31 Dec 2019
\$	\$

For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and on hand	1,720,072	1,138,089
	1,720,072	1,138,089

NOTE 5 RECEIVABLES

Consolidated	
30 June 2020	31 Dec 2019
\$	\$

Other Receivables (i)	38,718	31,269
	38,718	31,269

(i) Other receivables include GST refunds of \$38,208.

NOTE 6 OTHER ASSETS

Consolidated	
30 June 2020	31 Dec 2019
\$	\$

Current

Prepayment	87,252	20,000
Deposits (i)	36,427	35,684
	123,679	55,684

Non-Current

Bonds (ii)	36,427	35,684
	160,106	91,368

(i) Refundable deposits (US\$25,000) on completion of site restoration at Percy Creek location

(ii) Refundable deposits (US\$25,000) on completion of well abandonment at operated oil and gas properties.

NOTE 7 HELD FOR SALES ASSETS & LIABILITIES ASSOCIATED WITH HELD FOR SALE ASSETS

Consolidated	
30 June 2020	31 Dec 2019
\$	\$

Held For Sale Assets at fair value

Oil and Gas Properties – AEC	17,485	17,128
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Restoration Provisions	(72,854)	(71,368)
	(55,369)	(54,240)

Held for sale assets

Held for sale financial assets comprise the one well bore Simmons and associated acreage in project in Dawson County, Texas which is currently operated by Callon Petroleum. This asset has been written down to \$17,485 (2019: \$17,128) with the current negotiations in relation to its divestment.

Costs associated with the Simmons well bore such as the restoration/ plug costs of USD \$50,000, AUD \$72,854 (2019: USD \$50,000, AUD\$71,368) have been included.

Notes to the Financial Statements

BLUE STAR HELIUM LIMITED
ABN 75 009 230 835

For the Half Year Ended 30 June 2020

NOTE 8	OIL AND GAS PROPERTIES	Consolidated	
		30 June 2020	31 Dec 2019
		\$	\$
	Oil and gas properties		
	- at cost	393,698	411,183
	- accumulated amortisation & impairment	(369,865)	(370,999)
	- exchange difference translation	(23,833)	(23,056)
	- transfer to held for sale asset (see Note 7)	-	(17,128)
		<u>-</u>	<u>-</u>

Oil and gas properties are denominated in \$US dollars and translated to \$AUD at the period ended 30 June 2020.

Reconciliation

Reconciliation of carrying amounts of oil and gas properties at the beginning and end of the current financial period:

Balance at start of period	-	51,006
Additions	-	-
Impairment	-	(35,124)
Foreign exchange translation	-	1,246
Transfer to held for sale asset (see Note 7)	-	(17,128)
Balance at end of period	<u>-</u>	<u>-</u>

Oil and gas properties consist of the Big Star project.

The value of the Consolidated Entity's interest in oil and gas properties is dependent upon the continuance of the Consolidated Entity's rights to tenure of the areas of interest, the results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The directors have impaired the value of the oil and gas assets due to the expiry of exploration leases resulting in the oil and gas property value of \$17,485 (US\$12,000) at 30 June 2020 (31 December 2019: \$17,128 (US\$12,000)).

NOTE 9	EXPLORATION AND EVALUATION ASSETS	Consolidated	
		30 June 2020	31 Dec 2019
		\$	\$
	Current		
	Capitalised expenditure		
	- at cost	1,287,917	928,057
	- accumulated amortisation and impairment	-	(149,498)
	- exchange difference translation	-	-
		<u>1,287,917</u>	<u>778,559</u>
	Reconciliation of Carrying amounts of exploration and evaluation assets		
	Capitalised expenditure		
	Balance at start of the year	778,559	928,057
	Additions and impairment	509,358	(149,498)
	Foreign exchange difference translation	-	-
		<u>1,287,917</u>	<u>778,559</u>

NOTE 9 EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Capitalised Expenditure

Blue Star Helium Limited has secured leases in Las Animas County, Colorado, USA over a number of prospects and leads to develop and deliver its helium strategy. This leased acreage is intended to support a drilling programme in the subsequent year. Currently Blue Star Helium Limited has expended certain funds in connection with acquiring and exploring the lands for helium.

As at 30 June 2020 there was a total of \$1,287,917 (31 December 2019: \$778,559) of expenditure directly connected with this asset which has been capitalised from 1 October 2019 in accordance with AASB 6 Exploration and Evaluation of Mineral Resources.

Blue Star Helium Limited's wholly owned subsidiary BNL (Percy Creek) entered into a Farmin and Option Agreement with Percy Creek Partners LLC. On 4 November 2019, the Company announced that the agreement was terminated by mutual agreement. As at 31 December 2019 a total of \$149,498 of expenditure directly connected with this Farmin which was previously capitalised from 26 April 2019 (the date of execution date of the Farm-in agreement) has been written off in accordance with AASB 6 Exploration and Evaluation of Mineral Resources.

NOTE 10 PAYABLES	Consolidated	
	30 June 2020	31 Dec 2019
	\$	\$
Trade creditors and accruals (i)	476,802	516,872
	476,802	516,872

(i) Includes lease acquisition bonus payments not yet due. Trade creditors are non-interest bearing and generally payable within 30 – 60 days.

NOTE 11 PROVISIONS	Consolidated	
	30 June 2020	31 Dec 2019
	\$	\$
Non Current		
Restoration	218,564	214,102
	218,564	214,102
Reconciliation		
Reconciliation of movements in the restoration provision:		
Balance at start of period	214,102	283,367
Additions during the year	-	-
Transfer to Held for sale assets	-	(71,368)
Foreign exchange translation	4,462	2,103
Balance at end of period	218,564	214,102

The restorations provisions are denominated in \$US dollars. (US\$150,000)

The restoration obligations are expected to be incurred over a period from 1 to 15 years. The Company has recognised a provision for restoration related to the estimated cost of restoration work required at the end of the useful life of the wellbores it owns in Dawson County, Texas, including removal of facilities and equipment required or intended to be removed.

These provisions have been created based on the Company's estimate. These estimates are reviewed regularly to consider any material changes to the assumptions. However actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. These estimates of restoration are subject to significant estimates and assumptions.

Notes to the Financial Statements

BLUE STAR HELIUM LIMITED

ABN 75 009 230 835

For the Half Year Ended 30 June 2020

NOTE 12 CONTRIBUTED EQUITY	Consolidated	
	30 June 2020	31 Dec 2019
	\$	\$
Issued and paid up capital		
Fully paid ordinary shares	5,718,520	3,913,870
Movement in ordinary shares on issue	No. of shares	\$
At 1 January 2020	733,747,255	3,913,870
Issue of shares (i)	98,062,088	980,621
Exercise of options (ii)	96,875,000	888,750
Less: Capital raising costs	-	(64,721)
At 30 June 2020	928,684,343	5,718,520
Movement in ordinary shares on issue	No. of shares	\$
At 1 July 2019	396,875,017	2,211,793
Issue of shares	336,872,238	1,831,111
Less: Capital raising costs	-	(129,034)
At 31 December 2019	733,747,255	3,913,870

- (i) 98,062,088 new ordinary shares were issued via a capital raise to shareholders on the 22 June 2020 at an issue price of \$0.01 per placement share.
- (ii) 96,875,000 options expiring on 30 June 2020 were exercised at \$0.01 per share raising \$968,750. \$888,750 option monies were received prior to 30 June 2020. \$80,000 option monies were received subsequent to 30 June 2020. The shares were issued on 2 July 2020.

NOTE 13 RESERVES	Consolidated	
	30 June 2020	31 Dec 2019
	\$	\$
Option Reserve (i)	130,005	26,265
FX Translation Reserve	55,461	57,660
	185,466	83,925

- (i) 66,000,000 options exercisable at \$0.012 and expiring on 31 December 2021 were issued to directors under the management incentive plan on 1 May 20 for NIL consideration. 12,000,000 options exercisable at \$0.012 and expiring on 31 December 2021 were issued to Pamplona Capital Limited for corporate advisory services on 1 May 20.

The options were valued using the Black Scholes Model at \$0.00133 per option. The options terms were as follows:

- Issue Date 1/5/2020
- Expiry Date 31/12/2021
- Time to Maturity 1.667 years
- Annualised volatility 100%
- Risk free rate 0.43%
- Share price on issue date 0.5 cents
- Option exercise price 1.2 cents

NOTE 13 RESERVES (CONTINUED)**Nature and purpose of reserves:****Option reserve**

The option reserve is used to record the value of share-based payments and other options purchased by/provided to stakeholders including Key Management Personnel, as part of their remuneration, or for the provision of services. There were 78,000,000 options issued for the six-month period ending 30 June 2020 (2019: 101,875,000).

Foreign currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the conversion of the financial statement of foreign subsidiaries.

NOTE 14 SHARE BASED PAYMENTS

A total of 78,000,000 options were issued to Key Management Personnel and stakeholders for the six-month period ended 30 June 2020 with a value of \$103,740 (2019: NIL)

The options issued were as follows:

- 66,000,000 options exercisable at \$0.012 and expiring on 31 December 2021 were issued to directors under the management incentive plan on 1 May 20 for NIL consideration.
- 12,000,000 options exercisable at \$0.012 and expiring on 31 December 2021 were issued to Pamplona Capital Limited for corporate advisory services on 1 May 20.

The options were valued using the Black Scholes Model at \$0.00133 per option. The options terms were as follows:

- Issue Date 1/5/2020
- Expiry Date 31/12/2021
- Time to Maturity 1.667 years
- Annualised volatility 100%
- Risk free rate 0.43%
- Share price on issue date 0.5 cents
- Option exercise price 1.2 cents

NOTE 15 CONTINGENCIES

The Company is engaged in a legal dispute with a US counterparty in relation to an alleged breach by the Company of a confidentiality agreement. The board believes the dispute is unlikely to result in a material adverse outcome for the Company or its business. Aside from the foregoing, there are no commitments or contingent liabilities pertaining to the Consolidated Entity as at the balance date.

NOTE 16 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to half-year ended 30 June 2020 96,875,000 options expiring on 30 June 2020 were exercised at \$0.01 per share, raising approximately \$968,750 for the Company. The final \$80,000 of option monies were received subsequent to year end on the 2 July 2020 and the shares were issued on the 2 July 2020.

NOTE 16 EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

Subsequent to half-year ended 30 June 2020,

- The Company held its AGM on 30 July 2020 at which all resolutions put to the meeting were approved
- The second tranche of 132,000,000 shares were issued on 7 August 2020 as approved by shareholders at the Annual General Meeting held on 30 July 2020, raising approximately \$1,322,000 (before costs).
- 8,000,000 options exercisable at \$0.012 and expiring on 31 December 2021 were issued to Pamplona Capital Pty Ltd for corporate advisory services.

Andrew Whitten resigned as Company Secretary on 4 September 2020. Amanda Wilton-Heald was appointed Company Secretary on 4 September 2020.

Subsequent to half-year ended 30 June 2020, the Coronavirus (COVID-19) continued to have a significant impact on global economies and many industries. To date the restrictions arising from the global coronavirus pandemic have not materially affected the Company's operations with staff and consultants in Australia and the USA adapting to more isolated working conditions. The Company does not believe that its operations including permitting and planning for field activity later in the year will be materially impacted since, based on discussions with the Company's permitting group, in the US oil and gas related operations are considered essential services and are excluded from many of the imposed COVID-19 restrictions. The Company will actively monitor the situation as it develops including assessing any impact it may have on the Company's operations.

BLUE STAR HELIUM LIMITED (formerly BIG STAR ENERGY LIMITED)

ABN 75 009 230 835

DIRECTORS' DECLARATION

- 1) In the opinion of the Directors of Blue Star Helium Limited (formerly Big Star Energy Limited) (the 'Company'), the Directors of the Company declare that:
 - a) the Consolidated financial statements and Notes of Blue Star Helium Limited for the half year ended 30 June 2020 are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position as at 30 June 2020 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report is made with the resolution of the Directors' of Blue Star Helium Limited.

Signed in accordance with a resolution of the Directors.



Ross Warner
Chairman
11 September 2020

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BLUE STAR HELIUM LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Blue Star Helium Limited, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of statement of significant accounting policies and other explanatory information, and the directors' declaration for Blue Star Helium Limited (the Consolidated entity). The consolidated entity comprises both Blue Star Helium Limited (the Company) and the entities it controlled during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blue Star Helium Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Consolidated entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of Blue Star Helium Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)**

Stantons International Audit & Consulting Pty Ltd



**Martin Michalik
Director**

West Perth, Western Australia
11 September 2020