

ASX ANNOUNCEMENT

28 September 2020

STRATEGICALLY SIGNIFICANT NEW LEASING

- Additional 34,848 gross acres (34,848 net) leased for US\$849k
- Blue Star's total acreage position now circa 164,000 gross acres (108,000 net)
- Large net lease position now held over six priority prospects (including Enterprise and Galileo) which are expected to lead to an expanded drilling program

Blue Star Helium Ltd ("Blue Star" or the "Company") (ASX:BNL) has acquired an additional 22 new leases over 34,848 gross (34,848 net) acres within the highly prospective Las Animas region in Colorado, USA.

The new leases were acquired for a total of US\$849,492 at the Federal Bureau of Land Management's ("BLM") land auction conducted last Thursday, 24 September 2020 (early Friday, 25 September 2020 AWST).

Blue Star now has material contiguous leasing over four other highly ranked prospects in addition to the Company's Enterprise and Galileo prospects.

The new leases are expected to enable the Company to drill multiple wells in its maiden drilling program. Additional prospective resource assessments are underway prior to a final decision on expanding the program.

Blue Star now has total acreage circa 164,000 gross acres (108,000 net acres).

Blue Star's Managing Director Joanne Kendrick said: "I am delighted with the outcome of the latest BLM auction.

"The new leasing adds significantly to Blue Star's dominant acreage position in the area but more importantly we now have a high-net contiguous position over four more of our preferred helium prospects - Voyager, Prometheus, Galactica and the newly named Pegasus.

"We will now conclude in-field surveys and prospective resource assessments to get these four prospects drill-ready and to the same level of technical maturity as Enterprise and Galileo.

"We will then select a number of further prospects to add to our maiden drilling program to test structures within the Lyons Helium Play Fairway proven by the historic Model Dome helium field."

This ASX Announcement has been authorised for release by the Board of Blue Star Helium Limited.

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

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 manufacture 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.

Appendix 1 - Summary of leases

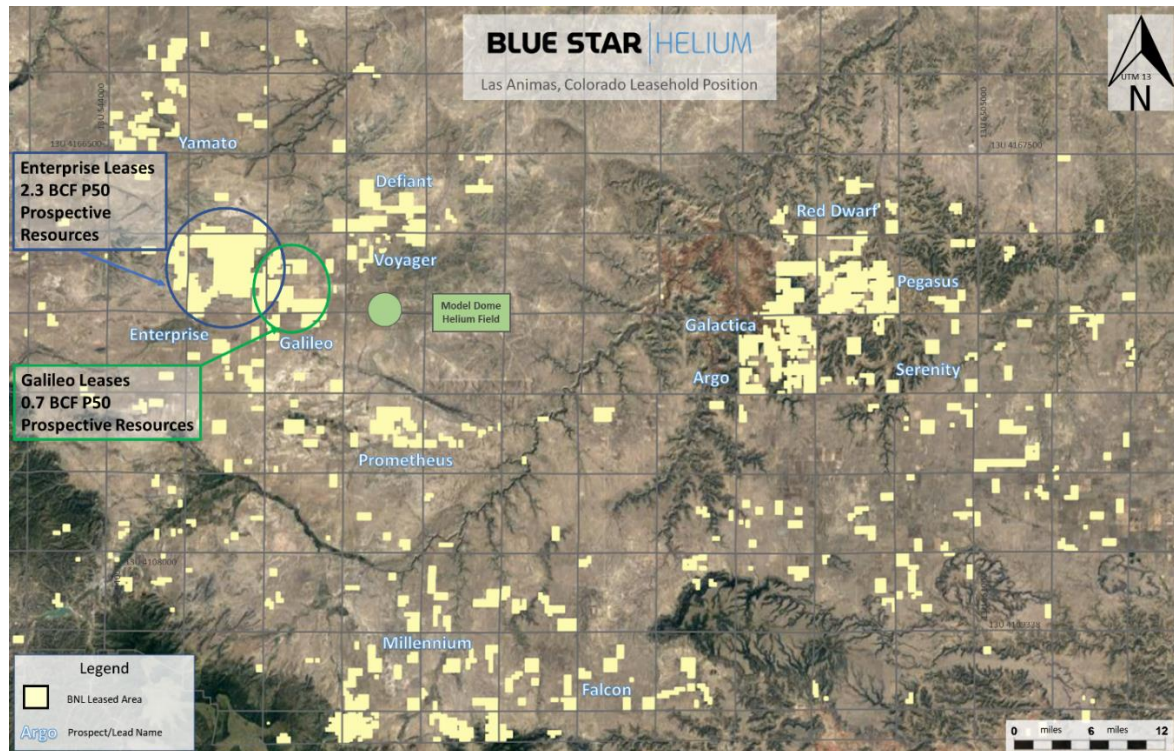


Figure 1: Blue Star Helium Lease Position

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 helium 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 helium.

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 Schedule A of the Company's announcement of 27 May 2020.

Note 5: 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 Blue Star. 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

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The new leases from the BLM auction are for 34,848 gross (34,848 net) acres, for an initial term of 10 years and an annual rental payment of US\$1.50/acre payable annually in advance for the first five years and then US\$2/acre. A 12.5% royalty will be payable to the US Federal Government if Blue Star successfully produces helium or other products from the lease area and the lease term will be extended indefinitely until production ceases. The leases do not include any minimum work commitments. The consideration for the new leases is US\$849,492 comprising the first year's rental, lease bonuses, application and other fees. The Company is the only working interest owner in the leases. The acquisition of the leases will be completed after payment of the consideration which is due 10 days after the close of the auction.

Blue Star's lease position is circa 164,000 gross (108,000 net) acres. Included within this total are 105,000 net acres which have been verified and 3,000 net acres which are subject to verification.

See a copy of the Company's announcement of 19 September 2019 for further information in relation to oil and gas leasing in the USA.