

ASX ANNOUNCEMENT

12 October 2020

UPDATE – PROCEEDINGS AGAINST ANTARES AND FORMER DIRECTOR

Blue Star Helium Ltd (“Blue Star” or the “Company”) (ASX:BNL) advises the Federal Court of Australia has delivered its decision on proceedings relating to an action taken by the Australian Securities and Investments Commission (“ASIC”) in 2017 against the Company (formerly known as Antares Energy Limited) and its former director, James Cruickshank.

The proceedings relate to a period around September 2015 and do NOT relate to the Company’s current board, management or business activities.

ASIC previously agreed not to seek any form of monetary relief (including pecuniary penalties, damages or an account of profit) against Blue Star and the Company took no active part in the proceedings.

The agreement between Blue Star and ASIC was described in the prospectus lodged by the Company with ASIC on 11 April 2018 and this description is included in annexure A.

Antares Energy Limited was placed into administration in April 2016 and Mr Cruickshank (and the previous management) has not been involved in the management of the Company since that time.

The Company was brought out of administration on 23 March 2018 when a new Board was appointed.

The Court’s decision may be obtained from:

<https://www.judgments.fedcourt.gov.au/judgments/Judgments/fca/single/2020/2020fca1442>

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

For further information, please contact:

Joanne Kendrick

Managing Director

info@bluestarhelium.com

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

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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.

Annexure A

On 27 November 2017, ASIC lodged proceedings in the Federal Court of Australia against Antares and one of its directors, Mr James Cruickshank. On 4 December 2017, the Court granted leave to ASIC to commence and maintain the proceedings against Antares and Mr Cruickshank.

ASIC has alleged in the proceedings that Antares and Mr Cruickshank failed to comply with continuous disclosure obligations in relation to statements made to the ASX prior to Antares entering into administration, about the proposed sale of its oil and gas interests in the Permian Basin of Texas, United States to Wade Energy Corporation. Whilst against Mr Cruickshank ASIC seeks declarations of contravention of his involvement the alleged failure to comply with continuous disclosure obligations (and of Mr Cruickshank's alleged failure to discharge his duties to Antares with the degree of care and diligence required), disqualification orders and pecuniary penalties, ASIC only seeks a declaration of contravention against Antares.

The Administrators consented to the grant of leave being granted to ASIC to commence and maintain the proceedings against Antares on and Mr Cruickshank on conditions that:

- 1. ASIC continues to seek only declaratory relief, but not pecuniary penalties, damages or an account of profits from Antares;*
- 2. ASIC is not entitled to seek to enforce any judgment or order against Antares, without further leave of the Court;*
- 3. ASIC will not require the Administrators or Antares to take any active step in the proceedings (including, but not limited to, the filing of a defence); and*
- 4. ASIC has agreed to cover the reasonable costs incurred by Antares in the proceedings as a result of steps requested or required by ASIC itself in the proceeding (for example, in relation to providing discovery).*