

ASX ANNOUNCEMENT

4 November 2020

MATERIAL LEASING UPDATE

- Significant new leasing of 12,557 net acres
- Establishes contiguous footprint over highly ranked Galileo Prospect
- Updated prospective resource for Enterprise and Galileo expected shortly
- Total lease position now 177,000 gross (120,000 net) acres

Blue Star Helium Ltd (“Blue Star” or the “Company”) (ASX:BNL) is pleased to announce additional leasing over its Galileo Prospect as well as others in its portfolio. The Company’s total land position in Las Animas, Colorado is now 177,000 gross (120,000 net) acres.

The additional acreage was secured by new leases from private mineral owners and the Federal Bureau of Land Management (BLM).

Blue Star now has material contiguous leasing over the Galileo Prospect and has added further acreage over Enterprise and other prospects.

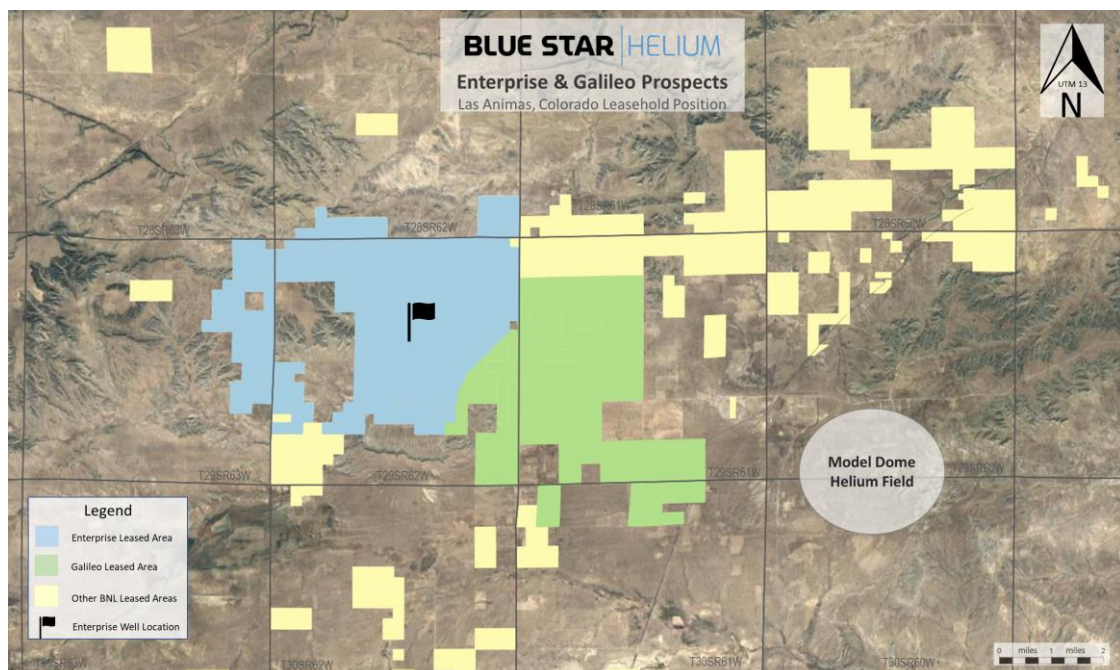


Figure 1: Enterprise and Galileo Leasing

The impact to the net prospective resources at Enterprise and Galileo is currently being assessed and any revision will be announced in due course.

Planning for Blue Star’s maiden drilling program in Q4 is continuing.

Blue Star’s Managing Director Joanne Kendrick said: “I’m pleased to see the contiguous high net leasing across Galileo and the continuation of infill leasing at other prospects. Not only does this give us a greater net entitlement to potential helium resources in these prospects,

but it also allows us to explore and, in the case of success, develop the resources in the most optimal way.”

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

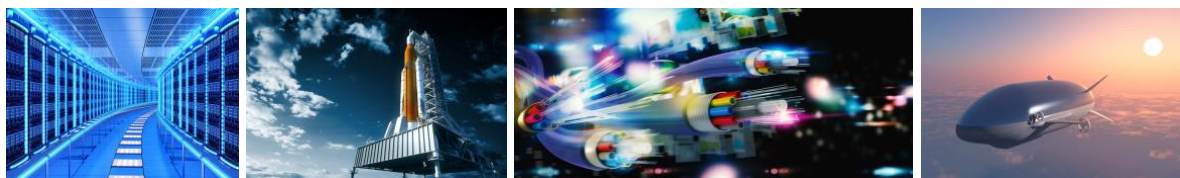
info@bluestarhelium.com

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

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

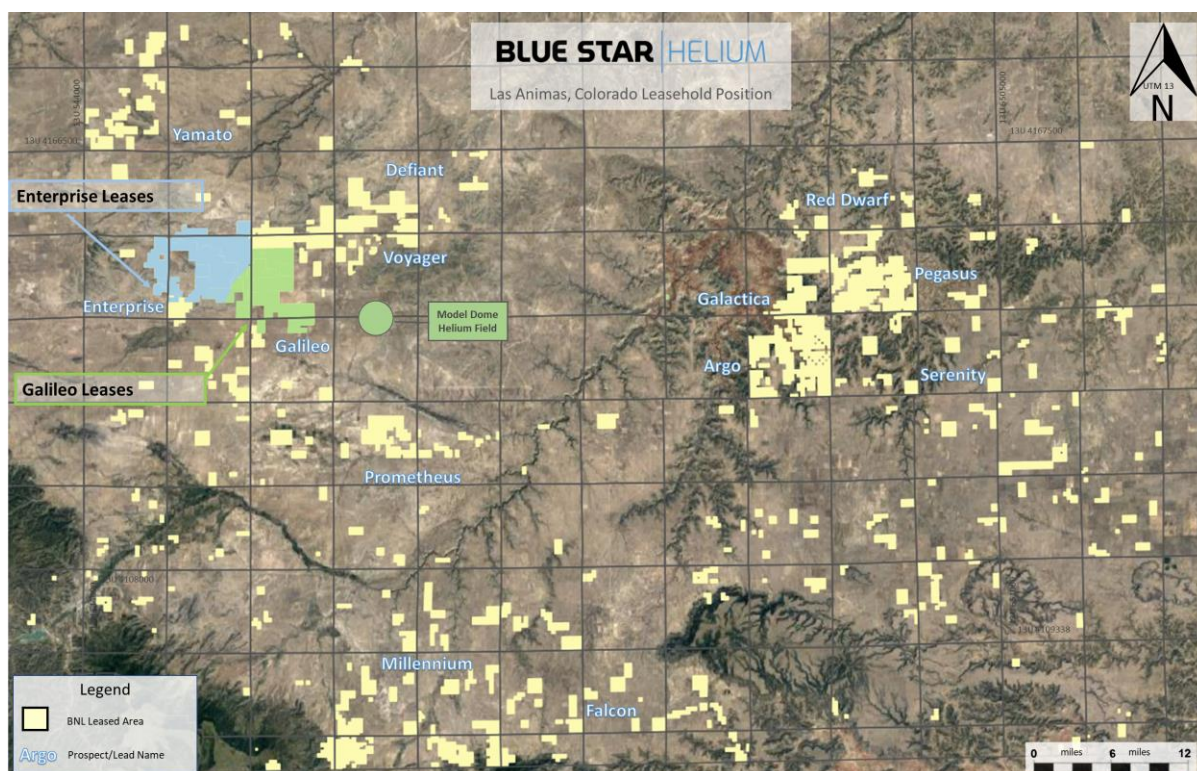


Figure 2: Blue Star Helium Lease Position

Summary of new leases

The new lease from the BLM is for 2,400 gross (2,400 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 balance of the new leases are from private mineral owners for an initial term of five years with an option to renew for a further five years. If Blue Star successfully produces helium or other products from the lease area, a 12.5% royalty in respect of 1,692 net acres and a 15% royalty in respect of 8,482 net acres will be payable to the lessor and the lease term will be extended indefinitely until production ceases. The leases do not include any minimum work commitments. The Company is the only working interest owner in the leases.

The leases do not include any minimum work commitments. The Company is the only working interest owner in the leases. The total amount of the lease bonus payable in respect of these new leases is not material to the Company.

Blue Star's lease position is circa 177,000 gross (120,000 net) acres. Customary due diligence continues with respect to the lease position prior to payment of the lease bonus amounts to each lessor. Approximately 10,000 net acres remain under review as at the date of this report.

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.