

## ASX ANNOUNCEMENT

16 November 2020

### PROSPECTIVE HELIUM RESOURCE UPGRADE & MAIDEN DRILLING CAMPAIGN UPDATE

- Enterprise and Galileo P50 unrisks prospective helium resource up 16% to 3.5 BCF
- Finalising prospective resource assessments at Galactica and Pegasus prospects
- Maiden drilling campaign to increase to a minimum of 3 wells to test multiple prospects

Blue Star Helium Ltd (“Blue Star” or the “Company”) (ASX:BNL) is pleased to announce its Enterprise and Galileo 2U (P50) unrisks prospective helium resource has increased by 16% to a total net recoverable helium of 3.5 BCF.

The Company is also pleased to announce its recent leasing will enable it to expand its drilling programme to a minimum of 3 wells and up to 5 wells to test several prospects in its portfolio in addition to Enterprise.

**Blue Star Managing Director, Joanne Kendrick, said:** “I am very happy with the 16% increase in our prospective helium resources at Enterprise and Galileo and I am looking forward to soon receiving Sproule’s independent review of our Galactica and Pegasus targets.

“Our preliminary internal assessment ranks the Galactica and Pegasus drilling targets on equal footing with Enterprise, which is very exciting.

“The Board has decided to expand our maiden drilling campaign following the recent leasing, prospective resources and prospect ranking.

“An expanded drilling campaign will maximise the prospective resources tested in our maiden campaign and deliver clear advantages over the previously planned single well at Enterprise.

“Whilst we await permit approval for Enterprise, our operations team is heading to the field to review several additional drilling locations in preparation for final location selection and well staking for the expanded program.

“The Board is extremely pleased with the leasing and prospective resource results to date and is looking forward to testing its prospects with the drill bit.”

#### Resource Assessments

The Enterprise and Galileo prospects have been independently assessed at 2U (P50) 3.5 BCF of total net recoverable helium.

The updated assessment of the Enterprise and Galileo prospects accounts for material additional leased acreage acquired since the first assessment (announced 27 May 2020) as well as a general audit of the calculations by independent global energy consultants Sproule.

### **Enterprise and Galileo Prospective Resource at 1 November 2020**

Net Recoverable Helium	1U (P90)		2U (P50)		3U (P10)	
	mmcf	Increase/ (decrease)	mmcf	Increase/ (decrease)	mmcf	Increase/ (decrease)
<b>Enterprise Prospect</b>	372	0%	2,204	(4%)	5,494	10%
<b>Galileo Prospect</b>	495	84%	1,292	78%	2,329	68%
<b>Total Net Recoverable Helium</b>	867	35%	3,497	16%	7,823	22%

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. In a probabilistic resource distribution, 1U (P90), 2U (P50), 3U (P10) estimates represent the 90% probability, 50% probability and 10% probability respectively that the quantity recovered will equal or exceed the estimate assuming a success case in the prospect. Resource totals have been arithmetically added.

Note 3: The resource estimates are reported as at an evaluation date of 1 November 2020.

Note 4: The Enterprise and Galileo leases are described in Schedule A.

Note 5: 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.

Note 6: The increase / (decrease) percentage represents the change in prospective resources from the estimates as at 30 April 2020 and announced to the ASX on 27 May 2020.

Sproule is soon expected to complete its resource assessment of the Galactica and Pegasus prospects. Blue Star's preliminary internal analysis has resulted in a similar ranking in the portfolio as Enterprise.

#### **Forward Work Program**

Based on the successful recent leasing over prospects that are highly ranked in the portfolio, the Board has made a strategic decision to expand the Company's maiden drilling campaign to a minimum of 3 and up to 5 wells. Drilling timing of each of the new wells is subject to the receipt of drilling permit approvals and surface access agreements.

The Company has staked Enterprise and is working closely with the regulator to progress permitting. Blue Star will be undertaking an immediate site visit to select the additional drilling locations in preparation for selection and well staking. Drilling approval for newly selected locations is expected in early 2021.

Further leasing opportunities are progressing to consolidate several prospects across the portfolio, including around Voyager where a further independent resource review is planned.

The Board has authorised this announcement for release to ASX.

#### **For further information, please contact:**

Joanne Kendrick

Managing Director

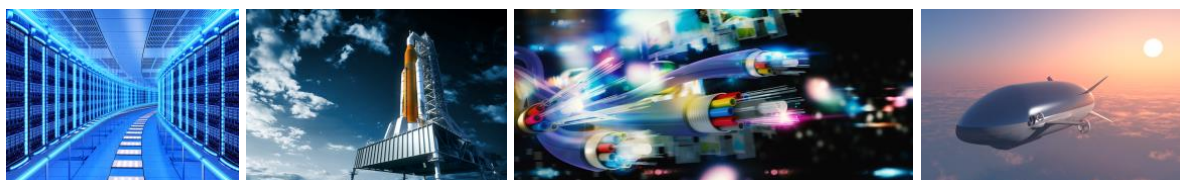
[info@bluestarhelium.com](mailto:info@bluestarhelium.com)

**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](http://www.bluestarhelium.com)

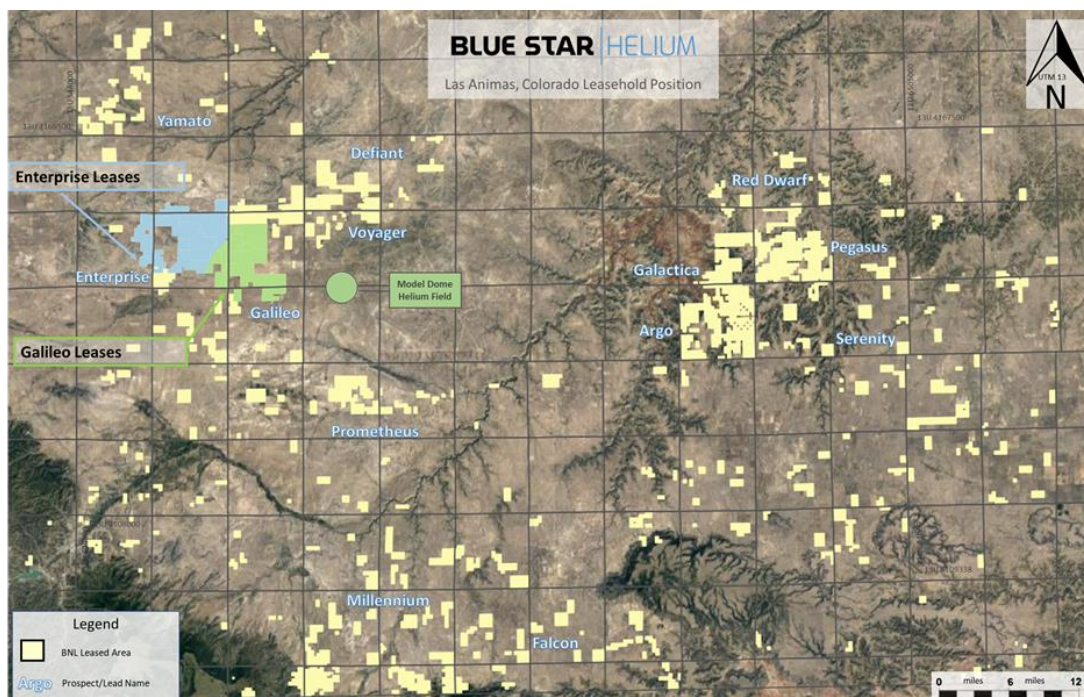
**About Helium:**

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 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.



## SCHEDULE A

The Company has accumulated a total of 177,000 gross (120,000 net) acres in a proven high-grade helium fairway, located immediately adjacent the historically produced Model Dome Helium Field.



*Blue Star Leasing Position*

### New Data and Information

The Company has acquired additional leases at the Enterprise and Galileo prospects since the original resource statement's evaluation date of 30 April 2020 and conducted an audit of the net leasing calculations. The lease position is summarised in the map at Figure 1.

The change in the leasing position is as follows:

Prospect & Lease Type	Net Mineral Acres (as at 30 April 2020)	Net Mineral Acres (as at 1 November 2020)
<b>Enterprise</b>		
- BLM	7,606	7,270
- State	3,233	3,277
- Fee	484	1,893
<b>Galileo</b>		
- BLM	1,424	1,667
- State	591	611
- Fee	2,057	4,581

As a result of the new leasing, the royalty burden as at 1 November 2020 is as follows:

Weighted Average Royalty Burden (%)	1U (P90)	2U (P50)	3U (P10)
<b>Enterprise Prospect</b>	15.03	14.46	14.67
<b>Galileo Prospect</b>	13.53	13.51	13.97



The royalty burden as at 30 April 2020 was:

Weighted Average Royalty Burden (%)	1U (P90)	2U (P50)	3U (P10)
Enterprise Prospect	15.03	14.36	14.64
Galileo Prospect	12.50	12.56	13.59

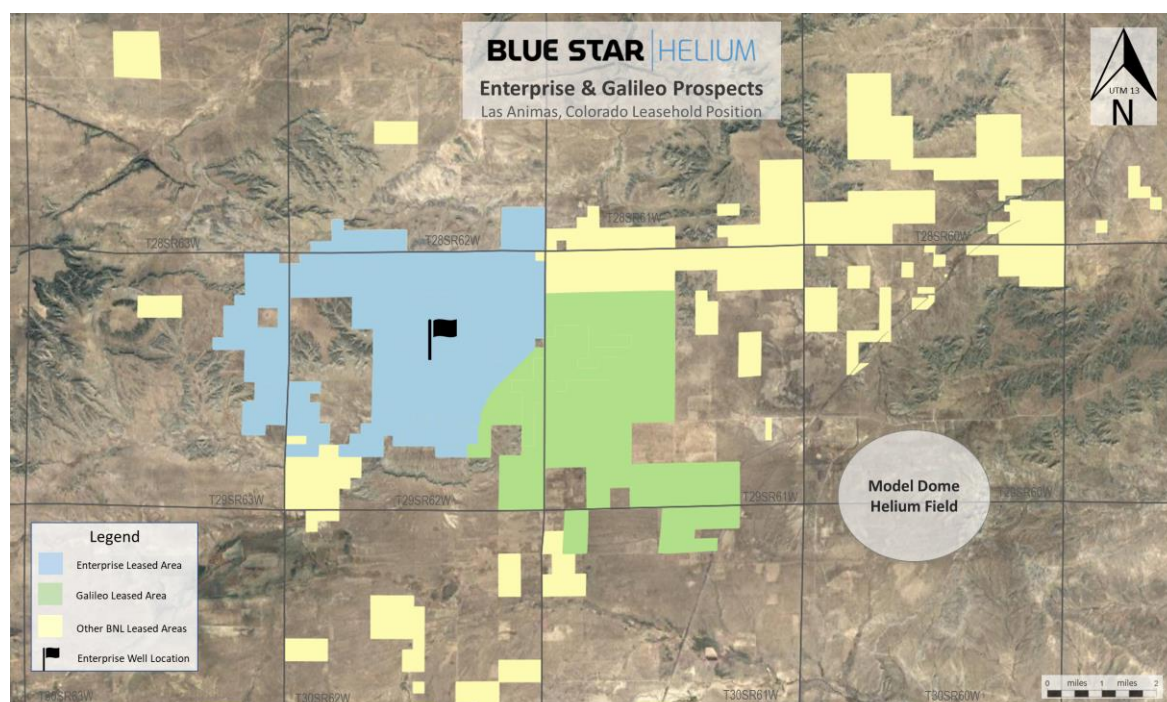


Figure 1: Enterprise and Galileo Leasing

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

### Effect of New Data and Information

The new leases have increased the unrisks prospective helium resources net to the Company in the 1U, 2U and 3U categories at each of the Enterprise and Galileo prospect.

### Changes to Information Provided on 27 May 2020

Except as stated above, the information that must be provided by the Company pursuant to ASX Listing Rules 5.35.1 to 5.31.4 remains the same as stated in the Company's announcement of 27 May 2020.

### Competent Person Statement Information

The information in this report relating to prospective resources is based on, and fairly represents, information and supporting documentation prepared by or under the supervision of Jeffrey B Aldrich and Stanley Kleinsteiber. This estimate of prospective resources has been classified in accordance with the SPE-PRMS (Society of Petroleum Engineers - Petroleum Resource Management System).

Mr Aldrich is employed by Sproule as a Senior Geoscientist. Mr Aldrich is a qualified geoscientist with over 40 years of oil and gas industry experience and is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers. Mr Aldrich consents to the inclusion of the information in this report relating to helium Prospective Resources in the form and context in which it appears.

Mr Kleinsteiber is employed by Sproule as a Senior Petroleum Engineer. Mr Kleinsteiber is a qualified petroleum engineer with over 40 years of oil and gas industry experience and is a member of the Society of Petroleum Engineers. Mr Kleinsteiber consents to the inclusion of the information in this report relating to helium prospective resources in the form and context in which it appears.

The information in this report has been prepared under the supervision of Trent Spry who is 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.

### **About Sproule**

Sproule is a global energy consulting firm with a 65-year legacy of driving value for clients by helping professionals in the oil and gas sector make better business decisions. Sproule is anchored by deep geoscience and engineering expertise combined with a strong commercial understanding of energy markets and policy requirements. Sproule's integrated consulting solutions support critical oil and gas workflows that are underpinned by the following cross-functional disciplines; geology, geophysics, petrophysics, engineering, land, petroleum accounting and economics. Its teams accurately characterize subsurface opportunities and increase shareholder confidence through independent economic evaluations of resources. Advisory services include development planning, investment analysis and asset management services. In addition, Sproule offers relevant courses designed for energy professionals, enabling organizations to build scale and capacity.

### **Forward Looking Statements**

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning BNL's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although BNL believes the expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward- looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

### **Units of Measure**

<b>Unit</b>	<b>Measure</b>
BCF	billion cubic feet
mmcf	million cubic feet
mcf	thousand cubic feet