

ASX ANNOUNCEMENT

22 December 2020

SIGNIFICANT NEW LEASING AND OPERATIONS UPDATE

- New leasing of 32,858 gross (32,858 net) acres secured over Galactica, Pegasus and other prospects
- Total lease position now approx. 215,000 gross (160,000 net) acres
- Independent prospective resources for Galactica and Pegasus expected soon
- Site visits completed for potential additional well locations over Galactica, Pegasus, Voyager, Galileo and Enterprise prospects.
- Maiden drilling campaign to begin after receipt of permit approvals which are expected early in the new year

Blue Star Helium Ltd (“Blue Star” or the “Company”) (ASX:BNL) is pleased to announce it has acquired an additional 32,858 gross (32,858 net) acres within the highly prospective Las Animas County region of Colorado.

The Company’s total leasehold position in Las Animas County is now approximately 215,000 gross (160,000 net) acres.

The new leases were acquired for US\$470,253.50 at the Federal Bureau of Land Management (“BLM”) auction on 17 December 2020.

In mid-November, the Company announced the expansion of its maiden drilling campaign to a minimum of three wells and up to five wells to test several prospects in its portfolio in addition to Enterprise. The US team has completed a further site visit to evaluate a potential follow-up location at Enterprise as well as assess potential well locations at the Galactica, Pegasus, Voyager, and Galileo prospects with permit applications to follow.

The maiden drilling campaign will begin after receipt of permit approvals which are expected early in the new year. The Company will update the market as permits are approved.

Blue Star Managing Director, Joanne Kendrick, said: “Blue Star is excited to acquire these additional leases including, in particular, those over our Galactica and Pegasus prospects where we expect to publish an independent resource report in January.

“We’re looking forward to an incredibly active 2021 with our recent A\$6million placement ensuring we are well-funded to deliver our maiden drilling campaign as well as additional strategic leasing acquisitions.”

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

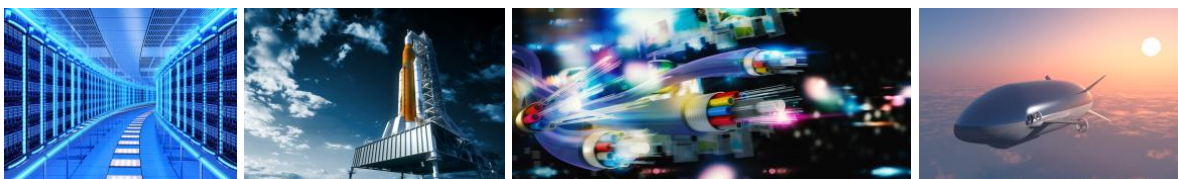
info@bluestarhelium.com

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 find and develop new supplies of low cost, high grade helium 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

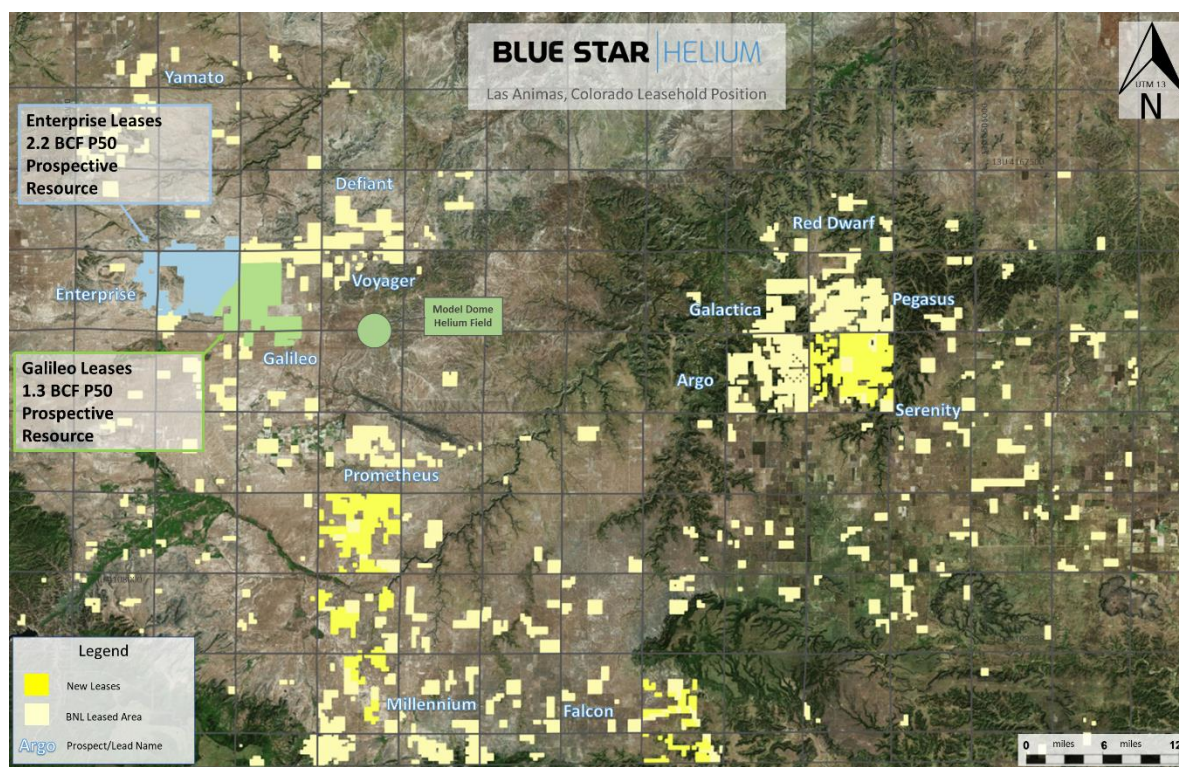


Figure 1: Blue Star Helium Lease Position

Summary of new leases

The new leases from the BLM are for 32,858 gross (32,858 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 Company is the only working interest owner in the leases. The consideration for the new leases is US\$470,253.50 comprising the first year's rental, lease bonuses, application and other fees.

The issue of the new leases is subject to payment of the consideration, which is due 10 days after the close of the auction, and internal BLM approvals.

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.