

ASX ANNOUNCEMENT

29 January 2021

REGULATORY AND OPERATIONAL UPDATE

Blue Star Helium Ltd (“Blue Star” or the “Company”) (ASX:BNL) notes speculation regarding the executive order issued by President Biden on 27 January 2021 (**Executive Order**) and a related order issued by the Secretary of the Interior (**Secretarial Order**) (together the **Orders**). The Orders are part of the new administration’s initial policy response to address the role of fossil fuels in climate change and are described further below. The Company also notes that new rules and procedures relating to drilling permitting came into effect in Colorado on 15 January 2021 and the Colorado Oil and Gas Conservation Commission (**COGCC**) is continuing to update users on their implementation.

Blue Star Managing Director, Joanne Kendrick, said: “The Orders do not impact the Company’s currently planned exploration drilling program which targets private and State lands only.

“Blue Star has a “pure play” helium strategy and our assets are not expected to encounter or produce any associated hydrocarbons. Helium is on the “critical minerals” list in the United States and is in high demand in modern high-tech industries that the US government is keen to promote.

“The Biden administration has been clear that their aim is to address climate change by limiting hydrocarbon production. Helium is not a hydrocarbon and therefore we do not expect the current policy initiatives to adversely impact the Company. Instead, we expect to see initiatives to promote the development and production of helium.

“The COGCC’s new rules and regulations are not expected to adversely affect the Company because our proposed wells are technically simple being shallow and vertical, low impact due to their rural location away from population centres and do not have any of the issues associated with hydrocarbon production.

“We look forward to permitting up to five wells for our upcoming drilling program.”

Detailed Discussion

The Executive Order requires the Secretary of the Interior to “pause new oil and natural gas leases” on Federal land whilst a further review is undertaken of Federal oil and gas leasing and permitting practices by the Secretary. The Secretarial Order withdraws authority from Department Bureaus and Officials “to issue any onshore or offshore fossil fuel authorisation” including leases and permits to drill on Federal lands for a period of 60 days. This authority has not been completely withdrawn but has been delegated to various higher positions within the government.

The Company advises:

- The Orders do not impact the Company’s current exploration drilling program which targets private and State mineral leases.
- The drilling program has not been altered in response to the Orders. We have deliberately excluded Federal lands from our exploration drilling schedule because

the permitting requirements, even before the Orders, are more onerous. The majority of the Company's leases are over private and State lands.

- In the longer term, the Biden administration's apparent desire to limit hydrocarbon production is not expected to adversely impact the Company because:
 - The Company intends to produce helium and not hydrocarbons.
 - Helium is not a hydrocarbon, "fossil fuel" or greenhouse gas and it is not implicated in climate change.
 - Helium is listed as a critical mineral in the United States. It is used in high-tech industries that the new administration is keen to promote.
- The Orders will not invalidate Federal leases that have already been granted. However, the Company is investigating whether it will delay the final delivery of the leases won at the December 2020 BLM auction in respect of 32,858 gross acres.

The Company also notes that new rules and procedures relating to drilling permitting came into effect in Colorado on 15 January 2021. The Company advises that:

- COGCC has advised that all currently unapproved applications for drilling permits and all new permit applications must be made in accordance with its new rules and procedures.
- As Blue Star has not yet obtained its permit to drill the Enterprise well it will shortly submit a new application that complies with these new rules and procedures.
- Drilling permit applications will also be made on selected additional prospects in compliance with the new rules for a total 3-5 well drilling program.
- Blue Star will advise on expected timing when further information becomes available from COGCC. As no drilling permit has been approved under the new rules, the Company cannot give more accurate guidance at this time as to whether there will be any delay to receipt of its drilling permits.
- Aside from the potential delay associated with the above, the new rules and procedures are not expected to adversely impact the Company's business.
- The Company's proposed wells are simple from a regulatory point of view because they are technically simple, likely to have a very low impact given their rural location, and target helium and not hydrocarbons.

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

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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 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.

