

29 April 2021

Activities Report Quarter Ended 31 March 2021

The Board of Blue Star Helium Limited (ASX: BNL) (**Blue Star** or the **Company**) is pleased to provide an update on activities in the quarter to 31 March 2021.

KEY HIGHLIGHTS

- Initial prospective resource at Galactica, Pegasus and Argo brings total P50 unrisks prospective helium resource to 9.6 Bcf net to Blue Star across prospects assessed to date.
- Initial application submitted for Enterprise 16#1 well with final drill permit expected to be received during Q3 2021.
- Cash balance at quarter end was A\$4.3 million.
- Mr Trent Spry appointed Managing Director and Chief Executive Officer in April 2021.
- Appointment of Mr Neil Rinaldi as Non-Executive Director in April 2021.

OPERATIONS

Maiden Drilling Program – Colorado, USA

Blue Star is focussed on commencing drilling operations as soon as possible whilst remaining in compliance with new government regulations that were implemented on 15 January 2021 by the Colorado Oil and Gas Conservation Commission (**COGCC**).

Throughout the quarter, US-domiciled Blue Star operations staff were in direct and regular contact with the relevant government bodies to expedite understanding of the new regulations and drive the Company's permitting submissions.

Blue Star advised earlier this week that its wholly owned subsidiary, BNL (Enterprise) Inc, has now submitted its initial application to the COGCC for a permit to drill the Enterprise 16#1 well. Under the existing regulatory process, the final permit to drill is expected to be granted during Q3 2021.

The Enterprise 16#1 well presents a prime opportunity to test the prospect potential of the proven Lyons Helium Play Fairway east of the historic Model Dome helium field analogue.

Following submission of this initial permit application, Blue Star is now equipped to undertake a rolling well permitting strategy. Preparatory activities for further applications have been underway for some time. This work is expected to see the submission of initial well permit applications for a further two wells during Q2 2021.

Following this initial phase, Blue Star is seeking to permit multiple potential wells across its various Las Animas prospects on a rolling basis. This rolling permitting strategy is designed to give the Company significant flexibility around well selection and is expected to allow a generally continual drilling program with a substantial degree of embedded responsiveness to respective drilling outcomes.

Helium Prospects and Leads – Colorado, USA

Blue Star leased approximately 13,000 net acres during the quarter. The Company plans to further add to its gross and net position over preferred prospects in Las Animas County.

As announced during the December 2020 quarter, the Company won leases in respect of 32,848 gross (32,848 net) acres at the Federal Bureau of Land Management (**FBLM**) land auction in December. The FBLM has not yet issued these leases but, at this stage, and after discussions between the FBLM and the Company's lawyers, Blue Star expects that these leases will be issued in due course.

The Company will evaluate any addition to the prospective helium resources in its portfolio when the leases are received.

New Prospective Helium Resource at Galactica, Pegasus and Argo

The Company announced its initial helium resource at the Galactica, Pegasus and Argo prospects, which is summarised together with the previously announced resources below:

Net Recoverable Helium (mmcf)	1U (P90)	2U (P50)	3U (P10)
Galactica Prospect	1,295	2,321	3,940
Pegasus Prospect	540	1,727	3,320
Argo Prospect	276	2,108	3,057
Subtotal New Prospect Assessments	2,111	6,156	10,318
Enterprise Prospect	372	2,204	5,494
Galileo Prospect	495	1,292	2,329
Total BNL Net Recoverable Helium	2,978	9,653	18,141

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.

Notes specifically in relation to Galactica, Pegasus and Argo.

Note 3: The estimates of prospective resources in respect of the Galactica, Pegasus and Argo prospects are reported as at an evaluation date of 1 February 2021 and are more fully described in the Company's announcement of 8 February 2021. The Company is not aware of any new information or data that materially affects the information included in the announcement of that date and all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed except that the Company has acquired additional leases in the prospect areas and any change to the net prospective resource has not yet been assessed.

Notes specifically in relation to Enterprise and Galileo.

Note 4: The estimates of prospective resources in respect of Enterprise and Galileo prospects are reported as at an evaluation date of 1 November 2020 and are more fully described in the Company's announcement of 16 November 2020. The Company is not aware of any new information or data that materially affects the information included in that announcement and all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Blue Star's Argo, Pegasus and Galactica prospects are situated in the Lyons Formation Helium Play, which is proven in the area by the historical Model Dome field and the Govt Cynthia True #1 well.

The play elements of helium charge, high quality reservoir and the presence of a good top seal have been proven to extend across the Argo, Pegasus and Galactica prospects.

The Company's petrophysical analysis of the historical Denton B#1 and Colorado #1B wells (located at the Galactica and Pegasus prospects, respectively) interprets a significant gas column has been trapped at both locations with sufficient porosity and gas saturations to flow gas (note however that the petrophysical interpretation is subject to significant uncertainty as it relies on old, digitised data from historic wells). Neither well was tested for gas or helium and there is no available data either supporting or disproving the presence of helium.

Although there is no analysis as to the composition of the gas, these prospects are within the Lyons Helium Play Fairway proven by the Model Dome helium field and on trend with the Govt Cynthia True #1 well which also tested helium.

Both the Colorado #1B and the Denton B#1 wells have been plugged and abandoned. Blue Star does not have an economic interest in either of the wells. However, the Colorado #1B well is located within one of the Company's mineral leases.

ESG

Blue Star has agreed to fund the drilling of two water wells for a local ranch holder with significant mineral holdings and surface rights as part of its environmental, social and governance initiatives. The Company will endeavour to gather data from the well during drilling that can aid in the further definition of its helium prospects. The cost of the wells is not expected to be material to the Company. The wells will be owned by the rancher and the Company does not have any interest in them.

New Ventures – Helium

Blue Star is focussed on delivering its drilling program in Las Animas, Colorado. The Company continues to review upstream helium opportunities in North America that become available to evaluate any fit with its stated strategy.

Executive Order

US President Biden issued executive order 14008 entitled "Tackling the Climate Crisis at Home and Abroad" on 27 January 2021 (**Executive Order**). The Executive Order required 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 Secretary of the Interior issued order number 3395 entitled "Temporary Suspension of Delegated Authority" on 20 January 2021 (**Secretarial Order**). The Secretarial Order withdrew 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. Authority was not completely withdrawn but delegated to various senior positions within the US Department of the Interior.

The Secretarial Order expired on 21 March 2021 and we have been advised that FBLM staff have been instructed to resume processing oil and gas drilling permits. The Orders are part of

the Biden administration's initial policy response to address the role of fossil fuels in climate change. Helium is not a fossil fuel and therefore these Orders, and their underlying intent, are not expected to adversely impact the Company in the medium and long term.

Big Star Project – Texas, USA

During the quarter, production continued from the Simmons well. As at the date of this report, this asset is held for sale. The Stuart, Esmond and Cline wells did not produce during the quarter and remain shut-in.

During the quarter, the Company reclaimed the Esmond well site.

CORPORATE

Blue Star's cash balance at the end of the March 2021 quarter was approximately A\$4.3 million.

The Company appointed Mr Trent Spry as Managing Director and Chief Executive Officer in April 2021. The appointment of Mr Spry follows the departure of Blue Star's previous Managing Director and Chief Executive Officer, Ms Joanne Kendrick.

Mr Neil Rinaldi was also appointed as a Non-Executive Director in April 2021.

For further details of Mr Spry and Mr Rinaldi's professional experience and expertise, see the Blue Star ASX release dated 15 April 2021.

TENEMENT TABLE

Tenements held at the end of the quarter and changes thereof.	Acreage held at the beginning of the Quarter	Acreage held at the end of the Quarter	Acreage acquired (disposed/lapsed)
Project Name			
Held By Production Acreage, Big Star Project, USA	80 acres	80 acres	-
Helium Project, Las Animas, Colorado, USA*	Circa 215,000 gross (160,000 net) acres	Circa 237,000 gross (173,000 net) acres	Circa 13,000 net acres

5B COMMENTARY

Description of Selected Items in Appendix 5B.

Appendix 5B Reference		Commentary
1.2 (a)	Expensed exploration and evaluation costs	Expenditures associated with the P&A of a legacy oil well in Texas and a prepayment.
1.2 (c)	Payments for production	Expenditures associated with the Company's Big Star Project in Texas USA.
2.1 (b)	Payments to acquire tenements	Costs associated with the acquisition of helium leases in Colorado, USA including lease bonuses and land manager fees.
2.1 (d)	Capitalised exploration and evaluation costs	Capitalised expenditures associated with exploration and evaluation of the Company's helium acreage in Colorado USA. Includes drilling preparation, permitting, subsurface evaluation and field costs.

6.1 and 6.2	Payments to Related Parties	Includes directors' fees and superannuation paid to directors.
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The Board has authorised the release of this announcement to ASX.

For further information, please contact:

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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 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 manufacturing 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.

