

## ASX ANNOUNCEMENT

29 October 2021

### Activities Report Quarter Ended 30 September 2021

Blue Star Helium Limited (ASX: BNL) (**Blue Star** or the **Company**) is pleased to provide an update on activities undertaken during the quarter to 30 September 2021.

#### Highlights

- Form 2A OGDG application for Enterprise 16#1 exploration well passed completeness review and public review period closed receiving no active objections.
- Form 2A application was approved at uncontested COGCC hearing on 27 October 2021.
- Subject to receiving final Form 2 permit to drill approval, drilling of Enterprise 16#1 well expected to commence during Q4 2021 at a total cost of approx. US\$300,000.
- Drilling of Hill#2 water well complete, with encouraging wireline logging data.
- The BBB#1 water well drilling expected to commence in November 2021.
- Preliminary engineering development study completed by leading consultant.
- Cash balance at quarter end of A\$2.2 million.
- Subsequent to the quarter the Company announced it had received commitments to raise A\$15 million.

## OPERATIONS

### Enterprise 16#1 exploration well permitting

On 23 August 2021, Blue Star advised that its Form 2A (Oil and Gas Development Plan or **OGDP**) application for the Enterprise 16#1 well had passed its completeness review with the Colorado Oil and Gas Conservation Commission (**COGCC**). Given the uncertainty created earlier this year by regulatory changes to the State permitting process and executive orders from the Biden Administration, being the first helium operator in Colorado to receive confirmation of passing completeness review was a significant achievement. It was also the first drilling application of any type to achieve this in Las Animas County since January, and only the sixth overall across Colorado.

On 30 September 2021, the Company announced that the public review process was complete and had no active petitions filed against the application by the 27 September 2021 deadline.

The permit application (Form 2A) for the Enterprise 16#1 well was listed to be heard by the COGCC on 27 October 2021. The outcome of the uncontested hearing was the receipt of COGCC approval for the Form 2A application.

The Form 2A approval now allows Blue Star to submit its final permit to drill (Form 2), which is expected to be done in the next few days. The Company understands that approval for the final permit to drill is typically received within 30 days of its submission.

Planning for execution of the Enterprise 16#1 well is already underway with drilling expected to begin promptly after receipt of the approved final permit to drill. The expected cost of the well is approximately US\$300,000, on a dry hole basis.

### Further exploration well permitting

Blue Star continues to progress multiple further exploration well permits through the approvals process. The adoption of a rolling permitting strategy is designed to provide Blue Star with significant flexibility around well selection and allow a sustained drilling program with a substantial degree of embedded responsiveness to respective drilling outcomes.

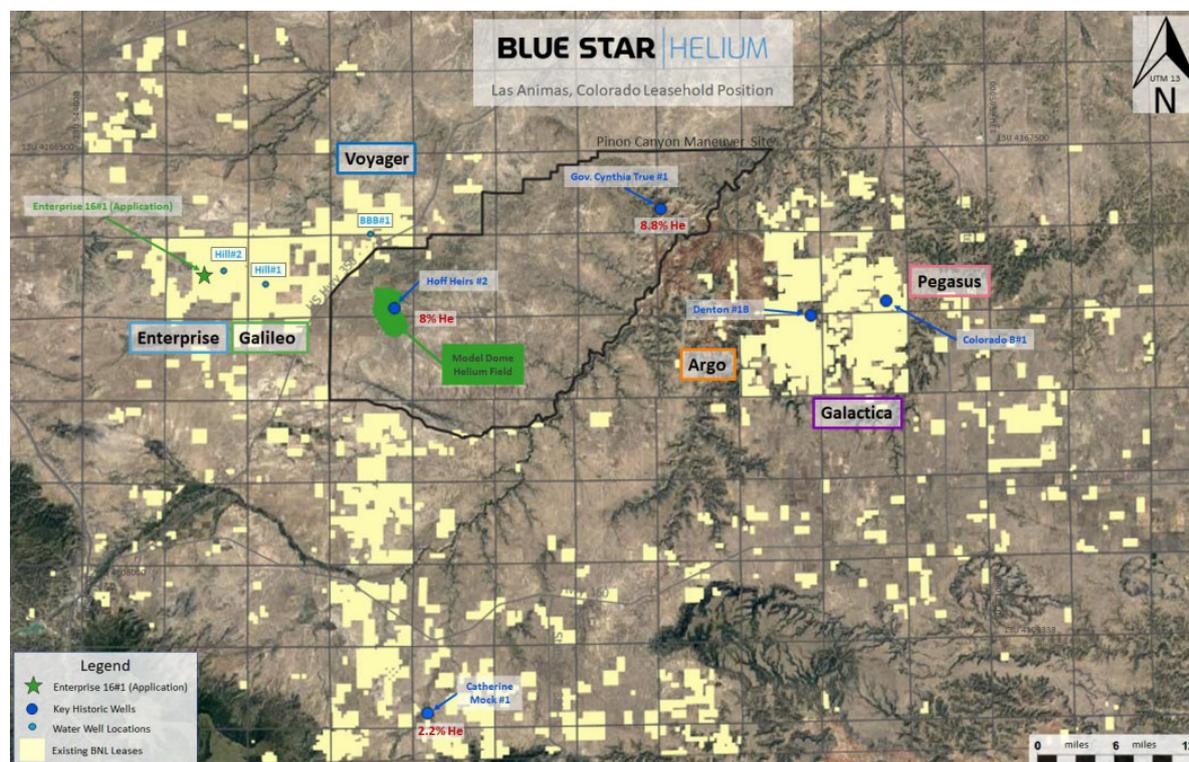
### Water well drilling

As previously advised, Blue Star agreed to fund the drilling of three low-cost water wells for local ranch holders (see BNL ASX releases dated 29 July 2021, 10 September 2021 and 30 September 2021). In the process of drilling these wells, Blue Star would seek to gather data from the wells that might aid in the further definition of its helium prospects. The wells are drilled and owned by the ranchers and Blue Star does not have any interest in them. However, the Company does own a mineral lease interest at each of the well locations.

#### Hill#1 water well

The drilling of the first of these water wells (Hill#1) commenced during the June 2021 quarter, however remains incomplete. Significant shallow water was encountered in a known shallow aquifer, which required the delivery of additional equipment to complete drilling to target depth (see BNL ASX release dated 29 July 2021). There have been ongoing delays in the delivery of this equipment, which remains pending. However, and as also previously reported, the initial data obtained to current depth from this well supports the Company's stratigraphic interpretation of the area around its Galileo prospect.

**Figure 1: Location of Hill#1, Hill#2 and BBB#1 water wells, the planned Enterprise 16#1 helium exploration well and the historic Model Dome Field**



*Hill#2 water well*

The drilling of the second water well (Hill#2), interpreted to be located downdip from Blue Star's Enterprise 16#1 application was completed during the quarter. Neutron and density wireline logs run in the well show approximately 26 feet of gas effect at the top of the high-quality Lyons formation, with a free water level interpreted in the well at the base of the gas effect. The resistivity logs across the gas effected part of the Lyons formation suggest a transition zone above the free water level.

The composition of the free gas in the Lyons formation could not be determined due to the nature of the water well configuration which resulted in the return gas being highly diluted by air. Historical offset wells, including a well interpreted to be within the Model Dome field boundary that was reported to be blowing low pressure gas after abandonment, have shown similar low resistivity responses on logs.

The Lyons formation play in this area is proven by the historic helium production from Model Dome, which had an average helium content from the Lyons formation of 8%, and at the historic Gov. Cynthia True well, which tested 8.8% helium.

The Hill#2 water well is located approximately 1.5 miles to the north-east, and interpreted to be down dip from, Blue Star's planned Enterprise 16#1 helium exploration well (see Figure 1).

*BBB#1 water well*

Drilling of the third water well (BBB#1) is expected to commence in November. This well is located close to Blue Star's Voyager prospect, which is positioned approximately six miles north from the Model Dome field (see Figure 1).

**Preliminary engineering study**

During the previous quarter, Blue Star commissioned a high-level engineering development study from a leading consultant. This study was completed during the September quarter and evaluated a range of potential development scenarios for the optimisation of Blue Star's prospective helium resource base.

The outcomes of this study have allowed Blue Star to proceed towards more detailed evaluation of several potential commercialisation pathways involving specific engineering configurations for its Las Animas County tenure.

**Big Star Project – Texas, USA**

During the quarter, production continued from the Simmons well during the first part of the quarter. this asset was sold for nominal consideration effective 31 July 2021. The Stuart and Cline wells did not produce during the quarter and remain shut-in.

**CORPORATE**

Blue Star's cash balance at the end of the September 2021 quarter was approximately A\$2.2 million. On 29 October 2021 the Company announced that it had received commitments to raise A\$15 million in gross proceeds via an institutional placement of 267,857,143 new ordinary shares to institutional and sophisticated investors at an issue price of A\$0.056 per share.

## 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	nil	-
Helium Project, Las Animas, Colorado, USA*	Circa 237,000 gross (173,000 net) acres	Circa 253,646 gross (183,160 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.
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 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.

The Board has authorised the release of this announcement to ASX.

### For further information, please contact:

Trent Spry  
 Managing Director & CEO  
[info@bluestarhelium.com](mailto:info@bluestarhelium.com)  
 +61 8 9481 0389

**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 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.



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Blue Star Helium Limited

ABN

75 009 230 835

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4	5
1.2 Payments for		
(a) exploration & evaluation	(2)	(142)
(b) development	-	-
(c) production	(31)	(46)
(d) staff costs	(74)	(180)
(e) administration and corporate costs	(277)	(738)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (legal fees for dispute resolution)	-	(126)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(380)</b>	<b>(1,225)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(450)	(1,172)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(335)	(650)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(785)</b>	<b>(1,822)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	66	330
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(4)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>65</b>	<b>326</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,302	4,909
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(380)	(1,225)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(785)	(1,822)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	65	326

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	6	21
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,208</b>	<b>2,208</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,208	3,302
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,208</b>	<b>3,302</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	74
6.2	Aggregate amount of payments to related parties and their associates included in item 2	65
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(380)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(335)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(715)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,208
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,208
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.09
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.