

ASX ANNOUNCEMENT

28 January 2022

DRILLING AND PERMITTING UPDATE

Highlights

- Enterprise 16#1 well expected to commence drilling shortly; preferred rig completing one shallow well in the area (for another operator) prior to moving to Enterprise location.
- Approval hearing for four new well applications to be held on 16 February 2022 in the Blue Star – Vecta AMI over the Serenity prospect.
- Initial AMI well (Sammons 315310C) targeted to commence drilling in April (assuming typical final permitting and mobilisation timeframes).
- New Blue Star applications (Form 2As) submitted for four helium exploration wells:
 - State 35 and State 36 (Pegasus prospect); and
 - State 9 and State 16 (Galactica prospect).
- Final approved permits to drill for these four wells are targeted for receipt by mid-CY2022.
- Targeting submission of a further five Form 2A well location applications during Q1 CY2022 on the Voyager prospect as follow-up to the helium bearing gas column identified in the BBB#1 water well late last year.
- Total of 47 helium exploration well permits in process as follows:

Well Permitting Schedule								
Prospect	Location Selection	Survey	Permit Preparation	COGCC Review	COGCC Hearing	Form 2	Issued	Total
Enterprise	2	2					1	5
Galactica	15			2				17
Galileo		3						3
Pegasus	10			2				12
Serenity					4			4
Voyager	1		5					6
Total	28	5	5	4	4	0	1	47

Blue Star Helium Limited (ASX:BNL) (**Blue Star** or the **Company**) provides an update across its key helium business activities in Las Animas County, Colorado.

Enterprise 16#1 well drilling

As previously announced (see BNL ASX release dated 23 December 2021), Blue Star has received the approved permit to drill (Form 2) for its maiden Enterprise 16#1 helium exploration well.

Blue Star understands that this represents the first approved permit to drill for a helium well in Colorado, and the first approved drilling application of any type in Las Animas County, since changes to the State permitting landscape were enacted in January 2021.

Drilling of Enterprise 16#1 is expected to commence in February. This minor delay is solely a function of preferred rig logistics. The drill pad preparation at the location is complete and ready to receive the rig.

Budgeted dry-hole costs for drilling of the Enterprise 16#1 well remain less than US\$300,000.

Area of Mutual Interest: Sammons 315310C well permit

As previously announced (see BNL ASX release dated 22 December 2021), Blue Star (50%) has executed an agreement to jointly develop helium leases in an Area of Mutual Interest (**AMI**) with private entities, Vecta Oil and Gas Ltd (**Vecta**) (25%) and Prospero Oil and Gas LLC (**Prospero**) (25%), in Las Animas County, Colorado. The AMI includes Blue Star's Serenity prospect, which is located immediately to the south-east of its Galactica and Pegasus prospects.

Vecta, the operator of the AMI, currently has Form 2A applications for four helium exploration well locations within the AMI that are significantly advanced. Blue Star has been informed that the approval hearing for these wells has now been moved to 16 February 2022.

The first of these wells (Sammons 315310C) is targeted to commence drilling as soon as permitting and rig mobilisation allows, which is anticipated to be during April.

As part of the Participation Agreement, all parties have agreed to participate for their respective working interest shares in the drilling of the Sammons 315310C well. Drilling and evaluation of this well is expected to cost less than US\$150,000, net to Blue Star.

Blue Star exploration well permitting

Blue Star has submitted new drilling location permit applications (Form 2As) for four further helium exploration wells, State 35 and State 36 (Pegasus prospect) and State 9 and State 16 (Galactica prospect).

Final approved permits to drill (Form 2) for these four prospective wells are targeted for receipt by mid-CY2022.

The specific locations of these four prospective wells, as well as the Enterprise 16#1 and Sammons 315310C well, are highlighted in Figure 1.

Blue Star also expects to submit a further five Form 2A well location applications during Q1 CY2022 on the Voyager prospect. The selection of these well locations is heavily informed by the helium bearing gas column identified in the BBB#1 water well (see BNL ASX release dated 17 November 2021).

As a result of recent and planned permitting activity during the current quarter, Blue Star is expecting, at quarter end, to have an interest in 14 wells that are permitted or under permitting:

- **Enterprise:** 1 permitted well (Enterprise 16#1, 100% interest), expected to be drilled in February
- **Serenity (AMI):** 4 permitted wells (50% interest), Sammons 315310C well expected to be drilled in April
- **Pegasus:** 2 wells under permitting (State 35 and State 36, 100% interest)
- **Galactica:** 2 wells under permitting (State 9 and State 16, 100% interest)

- **Voyager:** 5 wells under permitting (100% interest)

In addition, preliminary survey work is underway for an additional 33 potential drilling locations across the portfolio as part of the Company’s rolling permitting strategy. The table below depicts the respective status of these permits and their locations.

Well Permitting Schedule								
Prospect	Location Selection ¹	Survey ²	Permit Preparation	COGCC Review	COGCC Hearing	Form 2	Issued	Total
Enterprise	2	2					1	5
Galactica	15			2				17
Galileo		3						3
Pegasus	10			2				12
Serenity					4			4
Voyager	1		5					6
Total	28	5	5	4	4	0	1	47

Notes:

1. Preliminary feasibility survey studies have been undertaken on each of these locations.
2. Detailed survey plat packages being prepared for inclusion in initial applications to COGCC.

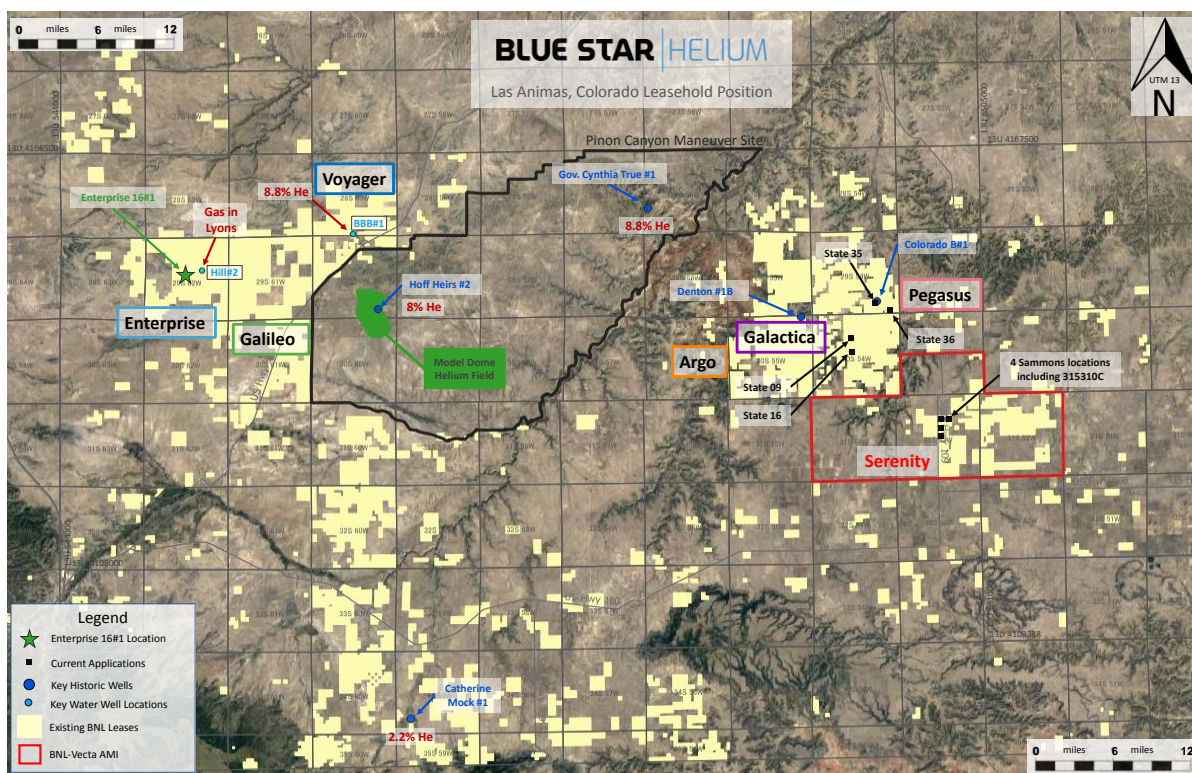


Figure 1: Blue Star’s Las Animas County lease holdings and prospective well locations

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.

