
BLUE STAR HELIUM LIMITED

ACN 009 230 835

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00am (Perth time)
DATE: 31 May 2022
PLACE: Level 11, London House
216 St Georges Terrace
Perth, Western Australia

The business of the Meeting affects your shareholding, and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9:00am (Perth time) on 29 May 2022.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2021.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – NEIL RINALDI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Neil Rinaldi, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

5. RESOLUTION 4 – ADOPTION OF THE INCENTIVE PERFORMANCE RIGHTS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Incentive Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

6. RESOLUTION 5 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO MR ROSS WARNER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 3, for the purposes of Listing Rule 10.14, Sections 208 and 195 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 24,000,000 Performance Rights to Mr Ross Warner (or their nominee) under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

7. RESOLUTION 6 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO MR TRENT SPRY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 3, for the purposes of Listing Rule 10.14, Sections 208 and 195 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 39,000,000 Performance Rights to Mr Trent Spry (or their nominee) under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

8. RESOLUTION 7 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO MR NEIL RINALDI

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 3, for the purposes of Listing Rule 10.14, Sections 208 and 195 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 8,000,000 Performance Rights to Mr Neil Rinaldi (or their nominee) under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

9. RESOLUTION 8 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to

10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Dated: 29 April 2022
By order of the Board

Amanda Wilton-Heald
Company Secretary

Voting Prohibition Statement

<p>Resolution 1 – Adoption of Remuneration Report</p>	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none">(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or(b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none">(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or(b) the voter is the Chair and the appointment of the Chair as proxy:<ul style="list-style-type: none">(i) does not specify the way the proxy is to vote on this Resolution; and <p>expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.</p>
<p>Resolutions 4, 5, 6 and 7- Adoption of Incentive Performance Rights Plan</p>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none">(a) the proxy is either:<ul style="list-style-type: none">(i) a member of the Key Management Personnel; or(ii) a Closely Related Party of such a member; and(b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none">(a) the proxy is the Chair; and(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 4 - Adoption of Incentive Performance Rights Plan	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.
Resolution 5 – Issue of Incentive Performance Rights to Mr Ross Warner	Mr Ross Warner (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 6 – Issue of Incentive Performance Rights to Mr Trent Spry	Mr Trent Spry (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 7– Issue of Incentive Performance Rights to Mr Neil Rinaldi	Mr Neil Rinaldi (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

If you sign the enclosed Voting Form and no direction is given or you do not mark Box [A] or Box [B], the Chair will be appointed as your proxy. The Chair intends to vote undirected proxies on, and in favour of, all resolutions.

If you mark both Box [A] and Box [B], you will be taken not to have appointed a proxy and your direct votes will be counted.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company on +61 8 9481 0389.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.bluestarhelium.com.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – NEIL RINALDI

2.1 General

Listing Rule 14.4 and clause 13.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Neil Rinaldi, who has served as a Director since 14 April 2021 and was last re-elected on 31 May 2021, retires by rotation and seeks re-election.

2.2 Qualifications and other material directorships

Mr Rinaldi is an executive leader and finance professional with over 20 years' experience. He has considerable expertise in capital raising, asset acquisition and disposals, company structuring and positioning companies for growth.

Mr Rinaldi was formerly the Chief Executive Officer of International Graphite, which is an unlisted downstream graphite processing business with pending operations in Collie, Western Australia. Prior to this, Mr Rinaldi was a non-executive director of Brainchip Holdings Limited (ASX:BRN), an artificial intelligence business, and an Executive Director of Aziana Limited (ASX:AZK), a multi-commodity exploration business with assets in Madagascar and Louisiana.

Prior to that, Mr Rinaldi was the Managing Director of Truestone Capital Limited, a London based corporate advisory firm focused on delivering results for companies in the Australian resources sector. He commenced his professional career as an Investment Advisor at Hartleys Limited.

2.3 Independence

Mr Rinaldi has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected the Board considers Mr Rinaldi will be an independent Director.

2.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks

prior to the appointment of Mr Rinaldi and no material adverse information has been revealed.

2.5 Board recommendation

The Board has reviewed Mr Rinaldi's performance since his appointment to the Board and considers that Mr Rinaldi's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Mr Rinaldi and recommends that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – REPLACEMENT OF CONSTITUTION

3.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 3 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was amended on 28 November 2019.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.bluestarhelium.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9481 0389). Shareholders are invited to contact the Company if they have any queries or concerns.

3.2 Summary of material proposed changes

Minimum Security holding (clause 3)

This Proposed Constitution now extends the minimum holding provisions to all securities as provided for under the Listing Rules. The clause previously only referred to shares.

Joint Holders (clause 9.8)

CHES is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHES replacement, the registration system will be modernised to record holder registration details in a structured format that will

allow up to four joint holders of a security. Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

Capital Reductions (clause 10.2)

The Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

Financial Assistance (clause 10.4)

The Proposed Constitution now permits the Company to provide financial assistance to any person and/or entity for the purchase of its own Shares in accordance with Part 2J.3 of the Corporations Act.

Chairperson (Clause 13.5)

The Proposed Constitution allows the Directors to elect an individual to act as the chairperson at a general meeting or at all general meetings of the Company's members. Where a general meeting is held and a chairperson has not been elected or is not present within 15 minutes after the time appointed for holding of the meeting, or is unwilling to act, the Directors present may elect an individual to act as the chairperson. In the event that no chairperson is elected by the Directors present, the Shareholders present shall elect one of their number to be the acting chairperson.

Use of technology (clause 14)

The Proposed Constitution includes a new provision to permit the use of technology at general meetings (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

Additional Directors (clause 15.4)

The Proposed Constitution excludes the Managing Director appointed as a casual vacancy or addition to the existing Directors from being eligible for re-election, unless there is more than one Managing Director, where this exemption only applies to one Managing Director.

It also extends to prohibiting the Director(s) who are appointed as a casual vacancy or addition from being taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Cheques, etc (clause 16.4)

The Proposed Constitution expressly authorises a Director and a Secretary to sign, draw, accept, endorse or otherwise execute as permitted under the Corporations Act with the current Constitution expressly only allowing two Directors to act in such a manner.

Convening a Meeting (clause 17.1)

The Proposed Constitution allows for the notice of any such meeting to each Director (and Alternate Director, if any) to be conveyed via electronic communication in conjunction with what is already authorised in the Constitution.

Common Seal (Clause 20.1)

The Proposed Constitution allows for every document to which the Seal is affixed to be witnessed by two Directors or by a Director and a Secretary, where previously it was to be witnessed by a Director and countersigned by another Director, Secretary or another person, including the Alternate Director, appointed by the Directors to countersign that or the class of documents in question.

Change of Address (Clause 27.8)

The Proposed Constitution requires the Company to amend both the Register of Shareholders and Optionholders to record all notifications of change of address by Shareholders or Optionholders.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN

4.1 General

Resolution 4 seeks Shareholder approval for the adoption of the employee incentive scheme titled “Incentive Performance Rights Plan” (**Performance Rights Plan**) and for the issue of Performance Rights under the Performance Rights Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The Company previously sought to have this Performance Rights Plan at the shareholder meeting in February 2022, but the Resolution was withdrawn prior to that meeting.

The objective of the Performance Rights Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Performance Rights Plan and the future issue of Performance Rights under the Performance Rights Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

As summarised in Section 1.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 4 is passed, the Company will be able to issue Performance Rights under the Performance Rights Plan to eligible participants over a period of 3 years. The issue of any Performance Rights to eligible participants under the Performance Rights Plan (up to the maximum number of Performance Rights stated in Section (c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained. Resolutions 4 to 6 are conditional upon this Resolution 4 being approved.

9.1 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 4:

- (a) a summary of the key terms and conditions of the Performance Rights Plan is set out in Schedule 1;
- (b) the Company has not issued any Performance Rights under the Performance Rights Plan as this is the first time that Shareholder approval is being sought for the adoption of the Performance Rights Plan. Should Resolution 4 be passed, Resolutions 5 to 7 seek approval for the issue of a total of 71,000,000 Performance Rights under the Plan; and
- (c) the maximum number of Securities proposed to be issued under the Performance Rights Plan, following Shareholder approval, is 71,000,000 Performance Rights which includes the Performance Rights proposed to be issued under Resolutions 5 to 7. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

10. RESOLUTIONS 5 TO 7 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DIRECTORS

10.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Performance Rights Plan (refer Resolution 4), to issue 71,000,000 Performance Rights to Ross Warner, Trent Spry and Neil Rinaldi (or their nominees) (**Related Parties**) pursuant to the Incentive Performance Rights Plan (**Performance Rights Plan**) and on the terms and conditions set out below (**Incentive Performance Rights**).

10.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Incentive Performance Rights to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Incentive Performance Rights are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Incentive Performance Rights. Accordingly, Shareholder approval for the issue of Incentive Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

10.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

Resolutions 4 to 6 seek the required Shareholder approval for the issue of the Incentive Performance Rights under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

10.4 Technical information required by Listing Rule 14.1A

If Resolutions 5 to 7 are passed, the Company will be able to proceed with the issue of the Incentive Performance Rights to the Related Parties under the Performance Rights Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 5 to 7 are not passed, the Company will not be able to proceed with the issue of the Incentive Performance Rights to the Related Parties under the Performance Rights Plan and may have to consider alternative arrangement for the incentives offered to the Directors.

10.5 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 5 to 7:

- (a) the Incentive Performance Rights will be issued to the following persons:
 - (i) Ross Warner (or their nominee) pursuant to Resolution 5;

- (ii) Trent Spry (or their nominee) pursuant to Resolution 6; and
- (iii) Neil Rinaldi (or their nominee) pursuant to Resolution 7,

each of whom falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;

- (b) the maximum number of Incentive Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 71,000,000 comprising:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Ross Warner	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Trent Spry	7,800,000	7,800,000	7,800,000	7,800,000	7,800,000
Neil Rinaldi	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000

- (c) as this is the first time that the Shareholder approval is being sought for the adoption of the Performance Rights Plan, no Performance Rights have been previously issued under the Performance Rights Plan;
- (d) a summary of the material terms and conditions of the Incentive Performance Rights is set out in Schedule 2;
- (e) the Incentive Performance Rights are unquoted securities. The Company has chosen to issue Incentive Performance Rights to the Related Parties for the following reasons:
 - (i) the Incentive Performance Rights are unquoted; therefore, the issue of the Incentive Performance Rights has no immediate dilutionary impact on Shareholders;
 - (ii) the milestones attaching to the Incentive Rights represent significant development milestones for the Company's projects that will see ongoing development of the Company's projects;
 - (iii) the milestones attaching to the Incentive Performance Rights will align the interests of the Related Parties with those of Shareholders; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Performance Rights on the terms proposed;
- (f) the number of Incentive Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;

- (ii) the remuneration of the Related Parties; and
- (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Performance Rights upon the terms proposed;

- (g) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year (refer to 2021 annual report for composition)
Ross Warner	287,575 ¹	285,942
Trent Spry	287,575 ²	285,942
Neil Rinaldi	60,000 ³	42,833

Notes:

1. Comprising Directors' salary of \$261,432, a superannuation payment of \$26,143 and share-based payments of \$Nil (\$1,176,000 being the value of the Incentive Performance Rights, will be included in the 2022 financial year remuneration).
2. Comprising Directors' salary of \$261,432, a superannuation payment of \$26,143 and share-based payments of \$Nil (\$1,911,000, being the value of the Incentive Performance Rights, will be included in the 2022 financial year remuneration).
3. Comprising Directors' fees of \$60,000 and share-based payments of \$Nil (\$392,000 being the value of the Incentive Performance Rights, will be included in the 2022 financial year remuneration).

- (h) the value of the Incentive Performance Rights and the pricing methodology is set out in Schedule 3. The Board notes that the valuation does not take into account the fact that the vesting conditions need to be satisfied in order for the performance rights to be converted;
- (i) the Incentive Performance Rights will be issued to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Performance Rights will be issued on one date;
- (j) the issue price of the Incentive Performance Rights will be nil, as such no funds will be raised from the issue of the Incentive Performance Rights;
- (k) the purpose of the issue of the Incentive Performance Rights is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater

proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;

- (l) a summary of the material terms and conditions of the Performance Rights Plan is set out in Schedule 1;
- (m) no loans are being made to the Related Parties in connection with the acquisition of the Incentive Performance Rights;
- (n) details of any Performance Rights issued under the Performance Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Performance Rights Plan after Resolution 2 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (p) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options	Performance Rights
Ross Warner	39,000,000	nil	nil
Trent Spry	25,000,000	nil	nil
Neil Rinaldi	nil	nil	nil

Notes:

- 1. Fully paid ordinary shares in the capital of the Company (ASX: BNL).
- (q) if the milestones attaching to the Incentive Performance Rights issued to the Related Parties are met and the Incentive Performance Rights are converted, a total of 71,000,000 Shares would be issued. This will increase the number of Shares on issue from 1,586,170,058 (being the total number of Shares on issue as at the date of this Notice) to 1,657,420,058 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.28%, comprising 1.45% by Ross Warner, 2.35% by Trent Spry and 0.48% by Neil Rinaldi;
- (r) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.068	30 September 2021 & 25 October 2021
Lowest	\$0.031	11, 14 and 19 May 2021 and 15, 20 and 23 July 2021
Last	\$0.045	21 April 2022

- (s) each Director has a material personal interest in the outcome of Resolutions 5 to 7 on the basis that all of the Directors (or their nominees)

are to be issued Incentive Performance Rights should Resolutions 5 to 7 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 5 to 7 of this Notice; and

the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 5 to 7.

11. RESOLUTION 8 – APPROVAL OF 7.1A MANDATE

11.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$71,377,653 (based on the number of Shares on issue and the closing price of Shares on the ASX on 21 April 2022).

Resolution 8 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 8 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 8 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

11.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 8:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and

- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 11.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the development of the Company's business and the acquisition of new assets or investments.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 21 April 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.023	\$0.045	\$0.07
			50% decrease	Issue Price	50% increase
		Funds Raised			
Current	1,586,170,058	158,617,006	\$3,648,191	\$7,137,765	\$10,785,956
50% increase	2,379,255,087	237,925,509	\$5,472,286	\$10,706,647	\$16,178,934
100% increase	3,172,340,116	317,234,012	\$7,296,382	\$14,275,530	\$21,571,912

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- There are currently 1,586,170,058 Shares on issue comprising:
 - 1,586,170,058 existing Shares as at the date of this Notice of Meeting.
- The issue price set out above is the closing market price of the Shares on the ASX on 21 April 2022 (being \$0.045).
- The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of

Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 31 May 2021 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 30 July 2020, the Company has issued 126,056,290 fully paid ordinary shares at \$0.056 each on 4 November 2021 pursuant to the Previous Approval (**Previous Issue**), which represent approximately 10% of the total diluted number of Equity Securities on issue in the Company on 4 November 2021, which was 126,056,291.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Date of Issue and Appendix 2A	Date of Issue: 4 November 2021 Date of Appendix 2A: 5 November 2021
Recipients	Professional and sophisticated investors as part of a placement announced on 29 October 2021. The placement participants were identified through a bookbuild process, which involved Canaccord Genuity (Australia) Ltd seeking expressions of interest to participate in the placement from non-related parties of the Company.
Number and Class of Equity Securities	267,857,143 Shares ²

Issued	
Issue Price and discount to Market Price¹ (if any)	\$0.056 per Share (at a 9.68% discount to Market Price).
Total Cash Consideration and Use of Funds	<p>Amount raised: \$15,000,000</p> <p>Amount spent: N/A</p> <p>Use of funds: to fund leasing, helium well drilling, additional helium well permitting, water well drilling, development studies (surface, subsurface, resources, facilities) and working capital.</p> <p>Amount remaining at 31 March 2022: \$13,590,000</p> <p>Proposed use of remaining funds⁴: to fund leasing, helium well drilling, additional helium well permitting, water well drilling, development studies (surface, subsurface, resources, facilities) and working capital.</p>

Notes:

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: BNL (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

11.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

Associated Body Corporate means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Blue Star Helium Limited (ACN 009 230 835).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Optionholder means a holder of an Option.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions.

Performance Rights Plan means the incentive performance rights plan the subject of Resolution 4.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2021.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF PERFORMANCE RIGHTS PLAN

The material terms and conditions of the Incentive Performance Rights Plan (**Performance Rights Plan**) are summarised below:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any subsidiary of the Company (as defined in the Corporations Act) (each, a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, at its absolute discretion, make a written offer to any Eligible Participant to apply for Performance Rights, upon the terms set out in the Performance Rights Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Consideration:** Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.
- (e) **Vesting conditions:** A Performance Right may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Performance Right (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Performance Rights have been granted under the Performance Rights Plan or their nominee where the Performance Rights have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Performance Rights due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:

- (I) death or total or permanent disability of a Relevant Person; or
- (II) retirement or redundancy of a Relevant Person;
- (B) a Relevant Person suffering severe financial hardship;
- (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
- (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(Special Circumstances), or

- (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of a Performance Right:** A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring;
 - (ii) a Vesting Condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Performance Right only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Performance Rights only, a Relevant Person ceases to be an Eligible Participant and the Performance Rights granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
 - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

- (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Performance Right; and
 - (vii) the expiry date of the Performance Rights.
- (h) **Not transferrable:** Subject to the Listing Rules, and except as otherwise provided for by an offer, Performance Rights are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (i) **Shares:** Shares resulting from the vesting of the Performance Rights shall, subject to any sale restrictions (refer to paragraph (j)) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Performance Rights (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (k) **Quotation of Shares:** If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 5 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends. The Company will not apply for quotation of any Performance Rights on the ASX.
- (l) **No participation rights:** There are no participation rights or entitlements inherent in the Performance Rights and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
- (m) **No change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (n) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (o) **Amendments:** Subject to express restrictions set out in the Performance Rights Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Performance Rights Plan, or the terms or conditions of any Performance Rights granted under the Performance Rights Plan including giving any amendment retrospective effect.

SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE PERFORMANCE RIGHTS

(a) **Milestones**

The Performance Rights shall convert to Shares upon the Company achieving the applicable Milestone for that Class of Rights, prior to the applicable expiry date of that Class of Rights.

The Milestones and expiry dates for each Class of Rights is set out in section 2 below.

(b) **Notification to holder**

The Company shall notify the holder in writing when the Milestone has been satisfied.

(c) **Conversion**

Subject to paragraph (m), upon vesting, each Performance Right will, at the election of the holder, convert into one (1) Share.

(d) **Share ranking**

(a) All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(e) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(f) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(g) **Lapse of a Performance Right**

If the Milestone attached to the relevant Performance Right has not been satisfied within the time period set out in paragraph (a), the relevant Performance Rights will automatically lapse.

(h) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(j) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(k) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(l) **Change in Control**

Subject to paragraph (m), upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder.
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (c) or (l) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right

will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. **Conversion of the Performance Rights**

(a) **Milestones**

Subject to sub-paragraph (b), each Performance Right will vest and be convertible into one (1) Share on the achievement of the following milestones:

- (i) 14,200,000 of Performance Rights will vest and be convertible upon:
 - (A) the Company publicly reporting two (2) independently certified helium discoveries; and
 - (B) the Company's achieving a 20-day VWAP of \$0.10 or more, within 18 months after issue of the Performance Right (**Tranche 1**);
- (ii) 14,200,000 of Performance Rights will vest and be convertible upon the Company publicly reporting:
 - (A) Independently certified helium reserves; and
 - (B) Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the Performance Right (**Tranche 2**); and;
- (iii) 14,200,000 of Performance Rights will vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the Performance Right (**Tranche 3**);
- (iv) 14,200,000 of Performance Rights will vest and be convertible upon the Company making a Final Investment Decision (**FID**) in relation to the development of a facility for the development of a helium project within 2 years after issue of the Performance Right (**Tranche 4**); and
- (v) 14,200,000 of Performance Rights will vest and be convertible upon the Company selling helium within 30 months after issue of the Performance Right (**Tranche 5**),

(each referred to as a **Milestone**).

The terms "P10", "P50", "P90", "discovery", "resource" and "reserve" shall have the meaning given to them in the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers (**SPE-PRMS**) as determined by the independent certifier. "Bcf" means billion cubic feet. The resources estimates prepared by the independent certifier shall be presented on an unrisksed basis and resource totals shall be arithmetically added.

For the avoidance of doubt, all calculations for the purposes of satisfying the Milestones will be based on the relevant accounting standards and will exclude:

- (vi) one off or extraordinary revenue items;
- (vii) revenue received in the form of government grants, allowances, rebates or other hand-outs; and
- (i) revenue or profit that has been manufactured to achieve the Milestone.

(b) Conversion of Performance Rights

(i) Subject to paragraph (b)(ii) below, in the event a Milestone is satisfied, the Performance Rights held by the holders will convert into an equal number of the Company Shares if the holder provides the Company with:

(A) the certificate for the Performance Rights or, if the certificate for the Performance Rights has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed; and

(B) a notice in the form provided in the incentive performance rights plan addressed to the Company and signed by the Participant stating that the Participant request to convert the Performance Rights and specifying the number of Performance Rights which are to be converted.

(ii) If the exercise of the Performance Rights into the Company Shares would result in the holder being in contravention of section 606(1) of the Corporations Act, then the conversion of such number of Performance Rights that would cause the contravention will be deferred until such time or times thereafter the conversion would not result in such a breach.

(c) After Conversion

The Shares issued on conversion of the Performance Rights will, as and from 5:00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(d) **Conversion Procedure**

The Company will issue the holders with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Rights into Shares.

SCHEDULE 3 – VALUATION OF INCENTIVE PERFORMANCE RIGHTS

The Incentive Performance Rights to be issued to the Related Parties pursuant to Resolutions 5 to 7 have been independently valued by Stantons Corporate Finance Pty Ltd.

The Incentive Performance Rights have been valued in accordance with AASB2: Share Based Payments.

A pricing model that incorporates Monte Carlo simulations was used to value the Tranche 1 Performance Rights.

The Black Scholes option valuation methodology was used to value the Tranche 2 Performance Rights, Tranche 3 Performance Rights, Tranche 4 Performance Rights and Tranche 5 Performance Rights.

Using the methods outlined above and based on the assumptions set out below, the Incentive Performance Rights were ascribed the following value:

Tranche 1 Performance Rights

Item	
Value of the underlying Shares	\$0.043
Exercise Price	Nil
Valuation date	19 April 2022
Commencement of performance	19 April 2022
Expiry date	19 October 2023
Term of the Performance Right	18 months
Volatility	100%
Risk-free interest rate	2.0303%
Dividend yield	Nil
Value per right	\$0.0269
Total Value of Incentive Performance Rights	\$382,622
- Ross Warner (Resolution 5)	\$129,337
- Trent Spry (Resolution 6)	\$210,173
- Neil Rinaldi (Resolution 7)	\$43,112

Tranche 2 Performance Rights

Item	
Value of the underlying Shares	\$0.043
Exercise Price	Nil
Valuation date	19 April 2022
Commencement of performance	19 April 2022

Expiry date	19 October 2023
Term of the Performance Right	18 months
Volatility	100%
Risk-free interest rate	2.0303%
Dividend yield	Nil
Value per right	\$0.043
Total Value of Incentive Performance Rights	\$610,600
- Ross Warner (Resolution 5)	\$206,400
- Trent Spry (Resolution 6)	\$335,400
- Neil Rinaldi (Resolution 7)	\$68,800

Tranche 3 Performance Rights

Item	
Value of the underlying Shares	\$0.043
Exercise Price	Nil
Valuation date	19 April 2022
Commencement of performance	19 April 2024
Expiry date	19 April 2024
Term of the Performance Right	2 years
Volatility	100%
Risk-free interest rate	2.0303%
Dividend yield	Nil
Value per right	\$0.043
Total Value of Incentive Performance Rights	\$610,600
- Ross Warner (Resolution 5)	\$206,400
- Trent Spry (Resolution 6)	\$335,400
- Neil Rinaldi (Resolution 7)	\$68,800

Tranche 4 Performance Rights

Item	
Value of the underlying Shares	\$0.043
Exercise Price	Nil
Valuation date	19 April 2022
Commencement of performance	19 April 2022
Expiry date	19 April 2024

Term of the Performance Right	2 years
Volatility	100%
Risk-free interest rate	2.0303%
Dividend yield	Nil
Value per right	\$0.043
Total Value of Incentive Performance Rights	\$610,600
- Ross Warner (Resolution 5)	\$206,400
- Trent Spry (Resolution 6)	\$335,400
- Neil Rinaldi (Resolution 7)	\$68,800

Tranche 5 Performance Rights

Item	
Value of the underlying Shares	\$0.043
Exercise Price	Nil
Valuation date	19 April 2022
Commencement of performance	19 April 2022
Expiry date	19 October 2024
Term of the Performance Right	30 months
Volatility	100%
Risk-free interest rate	2.0303%
Dividend yield	Nil
Value per right	\$0.043
Total Value of Incentive Performance Rights	\$610,600
- Ross Warner (Resolution 5)	\$206,400
- Trent Spry (Resolution 6)	\$335,400
- Neil Rinaldi (Resolution 7)	\$68,800

Note: The valuation noted above is not necessarily the market price that the Incentive Performance Rights could be traded at and is not automatically the market price for taxation purposes.

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **9.00am (AWST) on Sunday, 29 May 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>



Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



Return your completed form

BY MAIL

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL

meetings@automicgroup.com.au

BY FACSIMILE

+61 2 8583 3040

All enquiries to Automic

WEBCHAT

https://automic.com.au/

PHONE

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)



Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Blue Star Helium Limited, to be held at 9.00am (AWST) on Tuesday, 31 May 2022 at Level 11, London House, 216 St Georges Terrace, Perth WA 6000 hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair’s nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

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The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
Unless indicated otherwise by ticking the “for,” against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4-7 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4-7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

Resolutions	For	Against	Abstain
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Neil Rinaldi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Adoption of the Incentive Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Incentive Performance Rights to Ross Warner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Incentive Performance Rights to Trent Spry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of Incentive Performance Rights to Neil Rinaldi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3

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Sole Director and Sole Company Secretary

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Director

--

Director / Company Secretary

Contact Name:

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Email Address:

Contact Daytime Telephone

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Date (DD/MM/YY)

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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

