

ASX ANNOUNCEMENT

30 January 2024

Activities Report

Quarter Ended 31 December 2023

Blue Star Helium Limited (ASX: BNL, OTCQB: BSNLF) (**Blue Star** or the **Company**) is pleased to provide an update on its activities during the quarter ended 31 December 2023.

Highlights

Voyager

- Voyager project development significantly progressed with site preparation works advanced and key power generation infrastructure secured.
- Scheduled plant installation by IACX optimised to align with drilling in Q1 CY2024, at election of Blue Star.
- Final approvals received from Colorado ECMC for four additional proposed helium well locations at Voyager.
- Current well count cleared for drilling now at six, which comprises the initial inventory for phase one development – with up to an additional 14 wells planned for full development.
- First two Voyager development wells (BBB #33 and Bolling #4) spudded in December and January respectively, with the upper section of both holes drilled, cased, and cemented.
- Drilling of BBB #33 recommenced on 13 January 2024 and the Company announced today that the well has been drilled to TD approximately 51 feet into the Lyons formation as planned, wireline logs demonstrate a gas-filled reservoir and ongoing well evaluation activities are being undertaken to investigate anomalous flow and pressure results.
- Rig mobilised to Bolling #4 and drilling of this well expected to recommence mid this week.
- First production from Voyager facility targeted during Q1 CY2024.

Galactica/Pegasus

- Plan of development advancing with various commercialisation pathways under consideration.
- Discussions with several groups initiated for potential multiple product stream design incorporating CO₂ by-product and in-field high purity helium offtake gas.

Corporate

- Successful placement and share purchase plan completed raising approx. A\$7.5 million in total new equity funds, before fees, to support development of Voyager helium project.
- Quarter end cash balance of A\$6.9 million and zero debt.

OPERATIONS

Voyager Well Permitting & Drilling

Throughout the quarter, the Colorado Energy & Carbon Management Commission (**ECMC**) (formerly Colorado Oil and Gas Conservation Commission or COGCC) progressed the regulatory approval to drill four additional proposed helium wells at Voyager: Daniel 08 SWNE, Bolling 04 NWSE, Bolling 09 NWNW and Bolling 04 SESW.

On 30 November 2023, the ECMC approved Blue Star's Oil & Gas Development Plan (**OGDP**) for the four development wells. Blue Star subsequently submitted the final Forms 2 in respect to these wells, which were approved on 18 December 2023.

With the receipt of these Forms 2, the Company possesses a robust initial development inventory of six wells approved for drilling at its high-grade Voyager project in Las Animas, Colorado.

There are a further 14 wells currently planned for full development optionality. Subject to well spacing optimisation considerations, Voyager is expected to utilise up to 20 wells to develop the contingent resource. These well locations are being designed to deliver a substantial degree of flexibility and responsiveness with respect to progressive phase one well outcomes slated for Q1 CY2024.

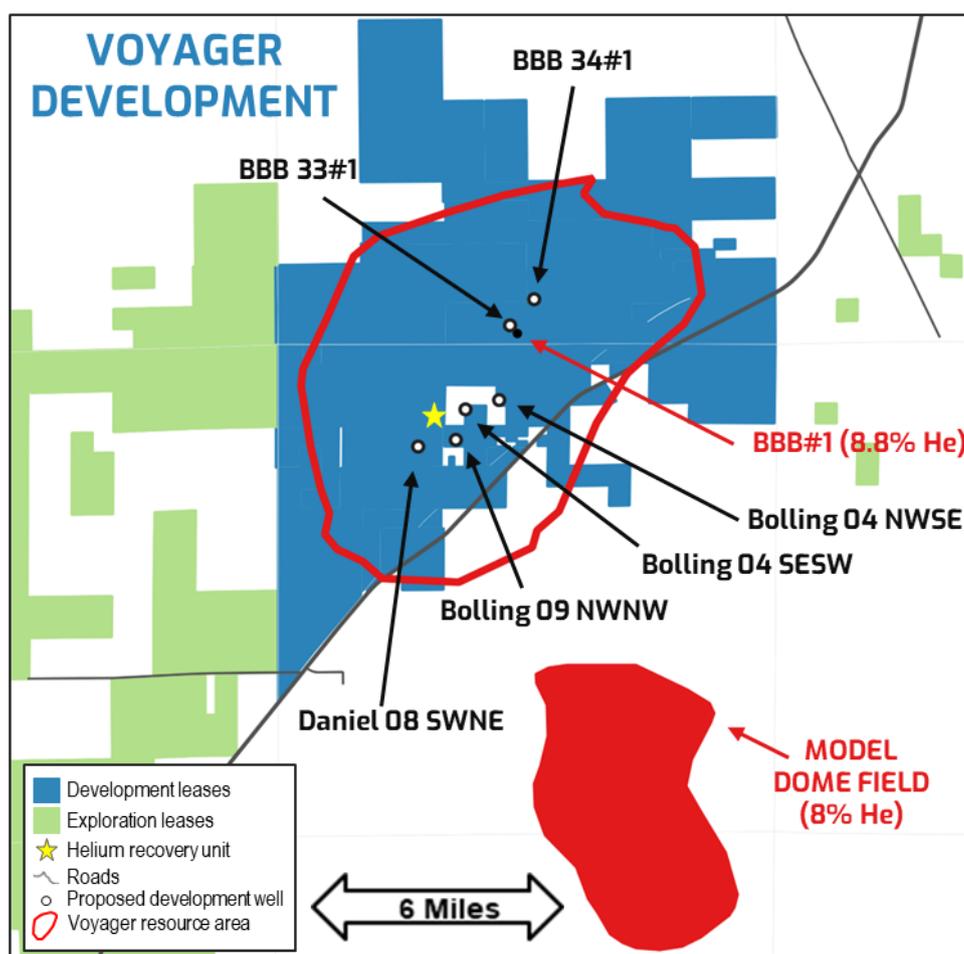


Figure 1: Planned well locations at the Voyager prospect helium development

BBB #33

During the quarter, Blue Star made progress in readying the Voyager Field for drilling, with an initial focus on the BBB #33 development well.

BBB #33 is an offset well to the BBB#1 discovery well where drilling encountered a calculated air-free gas concentration of 8.8% helium in a 134ft gas column interpreted in the Lyons formation. BBB #33 is located approximately 750 feet (230m) from BBB#1 (refer BNL ASX release dated 17 November 2021). The air corrected helium concentration seen at BBB#1 is comparable to that seen at the Model Dome historic production field, which is located some six miles south on the same regional structure and averaged approximately 8% helium.

The shallow hole section was spudded, cased and cemented in December. The Company announced that intermediate hole section had been successfully drilled on 22 January 2024.

On 30 January 2024, BNL announced that the BBB #33 well was drilled to 935 feet as planned, approximately 51 feet into the top of the high-quality Lyons formation. Wireline logs had been run and confirmed the high quality of the Lyons sand (average porosity of approximately 28%) and that the reservoir was gas filled to TD as expected. No movable water was observed during drilling or on the wireline logs.

Initial evaluation through the drill pipe was undertaken (while the rig was on location) with limited-to-no flow observed from the reservoir. Similarly, well pressures are being monitored and have recorded minimal-to-no pressure readings to date. Both these outcomes are considered anomalous given the gas saturation seen in the wireline logs in this well and offset well evaluations suggesting reservoir pressure additionally supported by flowing wells at the historic Model Dome field. There are a range of possible explanations for these results which are under investigation including the potential for wellbore damage having been sustained during drilling activities.

A well head has been fitted as planned and further well evaluation activities are planned over coming week. These activities include a pressure gradient test and vacuum truck treatment to replicate flowing conditions at vacuum wellhead pressure. Any material changes to well status through this evaluation period will be updated to the market.

Bolling #4 SESW

Following receipt of drilling approval by the ECMC during the quarter, Bolling #4 SESW is the second development well location prepared at the Voyager development.

On 29 December 2023, Blue Star announced the completion of site works at the planned Bolling #4 SESW development well location.

This second well was spudded post-end of the December quarter. On 2 January 2024, Hydro successfully drilled the surface hole to 42 feet and set and cemented the 13 3/8" casing.

Post completion of well drilling at BBB #33, the drill rig was mobilised to Bolling #4 SESW and rigging up has commenced. Drilling of the intermediate section at Bolling #4 SESW is expected to commence mid-week.

Voyager Production Facilities

Development works for the Voyager facility continued to progress throughout the December quarter.

On 2 October 2023, the Company executed a lease agreement to secure the generator package for the Voyager development with Red-D-Arc Inc, an experienced provider of generators with offices in the US, Canada, the UK, France and the Netherlands.

Securing the power generator represented the completion of the acquisition phase of the principal plant components (including the feed compressor and helium recovery unit) required for IACX to undertake installation of the helium recovery plant.

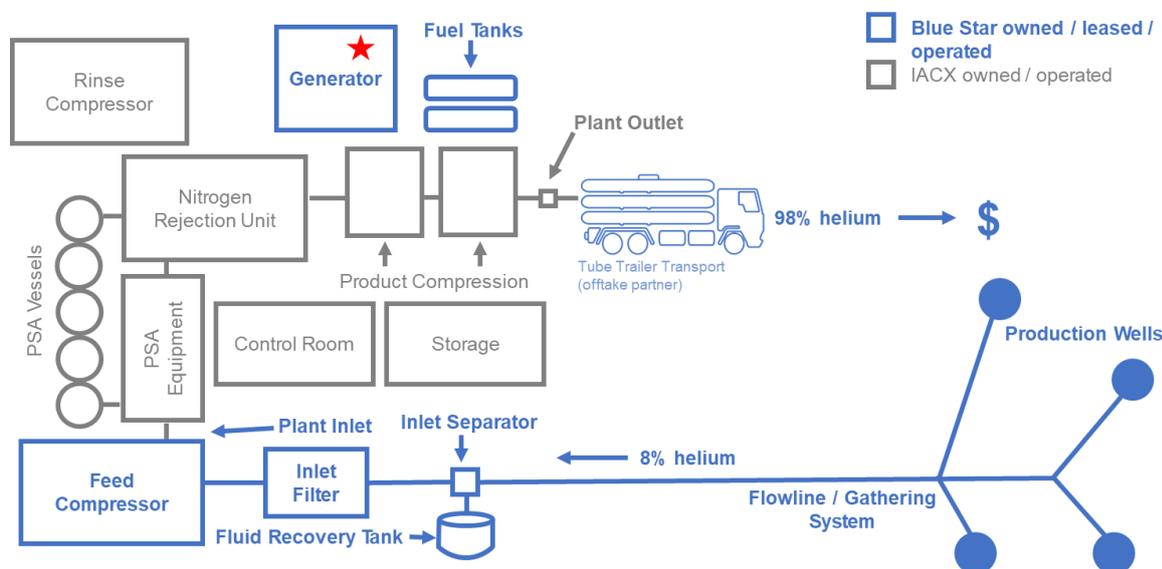


Figure 2: Voyager Development Plant Layout

On 4 October 2023, Blue Star reported that its earth works contractor was progressing work on the site preparation necessary for the IACX helium recovery unit to be deployed at Voyager. Site requirements include a substantial pad, and part of the site will also serve as a base of operations for ongoing helium exploration and development. As at the end of the quarter, road access work including heavy vehicle upgrades had progressed well.

Blue Star is working with IACX to align plant installation with recently commenced development drilling activity to more closely align the capital outlay associated with the gathering system and plant installation to the revenue generated by the development well drilling.

Galactica/Pegasus Development Planning

Development planning is advancing with various commercialisation pathways under consideration, including an initial leased plant and third-party operated option with expansion expected to include a potential CO₂ by-product stream and in-field high purity helium offtake gas.

Galactica/Pegasus Well Permitting

The Colorado ECMC has previously given final permits to drill the State 09, 16, 35 and 36 helium development wells (see BNL ASX release of 9 January 2023). The Colorado ECMC has also previously approved the Jackson 01, 02 and 03 locations (see BNL ASX release of 8 June 2023) and, subsequent to the quarter, the Jackson 5, 7, 29 and 33 locations (see BNL ASX release of 11 January 2024).

As such, Blue Star currently has 11 helium development locations approved for drilling at Galactica/Pegasus of which four have final approval for drilling. The Company notes that the ECMC approved its most recent applications for final drilling approval (Form 2) at Voyager within 14 days of those submissions being made.

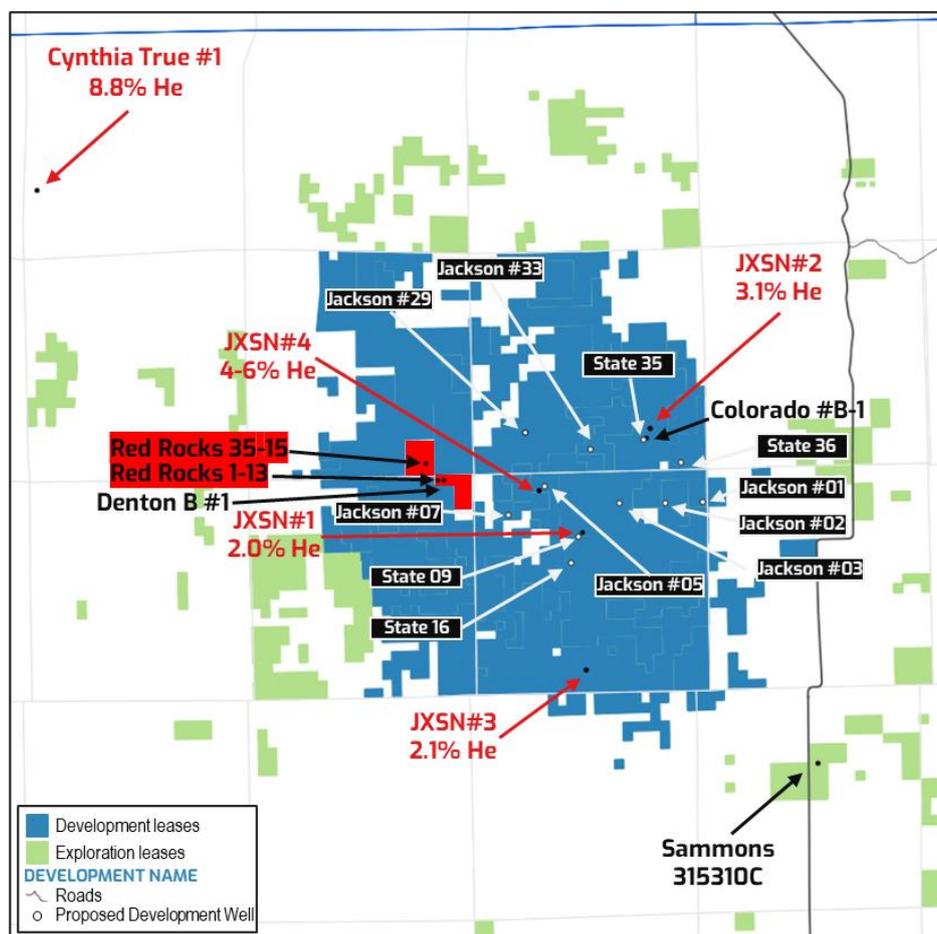


Figure 4: Planned development well locations at the Galactica/Pegasus prospect including the neighbouring Red Rocks Helium Project

CORPORATE

Successful completion of equity placement and share purchase plan

On 16 October 2023, Blue Star advised it had received firm commitments to raise A\$7.0 million in gross proceeds via an institutional placement of 333.33 million new ordinary shares (New Shares) to institutional and sophisticated investors of Cannacord Genuity in Sydney at an issue price of A\$0.021 per shares.

Blue Star also proposed a Share Purchase Plan (**SPP**) to eligible shareholders at the same offer price as the equity placement. The SPP closed on 17 November 2023. Blue Star subsequently announced the results on 22 November 2023, having received applications for a total of 22,761,889 ordinary shares for gross subscription proceeds of A\$478,000.

Funds raised from the Placement and SPP are to be directed towards:

- Activities relating to the Voyager helium production facility and associated works including production wells and the gathering system;
- Production development studies at Galactica and Pegasus projects;
- General working capital.

Balance sheet

Blue Star's cash balance at 31 December 2023 was approximately A\$6.9 million. The Company has zero debt, excluding typical trade creditor balances.

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			
Helium Project, Las Animas, Colorado, USA*	Circa 311,569 gross (226,450 net) acres	Circa 312,042 gross (224,103 net) acres	Circa 473 gross (-2347 net) acres

5B COMMENTARY

Description of Selected Items in Appendix 5B

Appendix 5B Reference		Commentary
2.1 (b)	Payments to acquire tenements	Costs associated with the acquisition of helium leases in Colorado, USA including land manager fees.
2.1 (c)	Payments for property, plant and equipment	Costs were largely associated with preparation for delivery of the helium recovery unit facility on acreage in Colorado.
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

About Blue Star Helium:

Blue Star Helium Ltd (ASX:BNL) is an independent helium exploration and production company, headquartered in Australia, with operations and exploration in North America. Blue Star's strategy is to provide its shareholders with exposure to multiple high-value helium projects in North America. For further information please visit the Company's website at www.bluestarhelium.com

About Helium:

Helium is a unique industrial gas that exhibits characteristics both of a bulk, commodity gas and of a high value specialty gas and is considered a "high tech" strategic element. Due to its unique chemical and physical qualities, helium is a vital element in the manufacture of MRIs and semiconductors and is critical for fibre optic cable manufacturing, hard disc manufacturing and cooling, space exploration, rocketry, lifting and high-level science. There is no way of manufacturing helium artificially and most of the world's reserves have been derived as a by-product of the extraction of natural hydrocarbon gas.



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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	8
1.2 Payments for		
(a) exploration & evaluation	(6)	(509)
(b) development	-	-
(c) production	-	-
(d) staff costs	(427)	(1,565)
(e) administration and corporate costs	(435)	(1,604)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	61
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(845)	(3,609)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements / leases	(444)	(1,363)
(c) property, plant and equipment	(731)	(951)
(d) exploration & evaluation	(485)	(984)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements / leases	-	20
(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 (return of bonds)	-	-
2.6 Net cash from / (used in) investing activities	(1,660)	(3,278)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	7,478	7,478
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(504)	(504)
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)	-	-
3.10 Net cash from / (used in) financing activities	6,974	6,974

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,468	6,824
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(845)	(3,609)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,660)	(3,278)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,974	6,974

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(68)	(42)
4.6	Cash and cash equivalents at end of period	6,869	6,869

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,869	2,468
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,869	2,468

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	222
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(845)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(485)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,330)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,869
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,869
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.2
<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: Not applicable	
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: Not applicable.	

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: Not applicable.

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: 30 January 2024

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.