BLUE STAR | HELIUM

ASX ANNOUNCEMENT

18 August 2026

INVESTOR PRESENTATION AND WEBINAR

Highlights

- Blue Star has released an updated investor presentation, attached to this announcement.
- Managing Director and CEO Trent Spry will present the presentation in a webinar at 11:00am AEST (9:00am AWST) on Thursday, 20 August 2026.
- Registration is free and open to all. A recording will be made available following the webinar.

Blue Star Helium Limited (ASX:BNL, OTC:BSNLF) (Blue Star or the Company) releases the attached updated investor presentation.

Managing Director and CEO, Trent Spry, will present the presentation in a webinar at 11:00am AEST (9:00am AWST) on Thursday, 20 August 2026. The webinar is open to all interested parties and registration is free. Registration can be completed at:

https://events.zoom.us/ev/Ap10YWkPwAMXBZI4K93PW0xUuDRBPxVTwp14N8ZK_6zHiAwgkZBT~ArlRe3zGdr3VWXfiBM9FfUkHXUiPx1O_TfSVcu2m_sn7UlmLmXu1qC9Mng

The webinar will cover the information contained in the attached presentation.

Questions and comments may be submitted through the webinar platform. These will not be answered during the webinar. The Company will review the questions received and may address matters of general interest in future Company communications, subject to its continuous disclosure obligations.

A recording of the webinar will be made available on the Company's website following the event.

This ASX Announcement has been authorised for release by the Board of Blue Star Helium Limited.

For further information, please contact:
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About Blue Star Helium:

Blue Star Helium Ltd (ASX:BNL, OTC:BSNLF) 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.

The Galactica Project is undertaken in joint venture with Helium One Global Ltd (**Helium One**) which holds a 50% working interest in the project.

For further information please visit the Company's website at www.bluestarhelium.com.

BLUE STAR | HELIUM

ASX: BNL
OTC: BSNLF

Corporate Presentation | August 2026

Produce.
Sell.
Repeat.

High-grade helium and CO_2 from Las Animas County, Colorado

Helium production and sales (Galactica)

New helium development (Pegasus)

CO_2 revenue stream in development

Large resource portfolio upside

THE DISCLAIMER

ASX: **BNL**
OTC: **BSNLF**

Disclaimer and Important Information.

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Summary Information

The Presentation does not purport to be all inclusive or to contain all information about the Company or any of the assets, current or future, of the Company. The Presentation contains summary information about the Company and its activities which is current as at the date of the Presentation. The information in the Presentation is of a general nature and does not purport to contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of Australian law or the laws of any other jurisdiction, including the United States of America. This Presentation should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

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Future Performance & Forward-Looking Statements

This Presentation contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Presentation, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and our management. Forward-looking statements in this Presentation include, without limitation, statements regarding exploration and production timing and prices and values that may be achieved from production. Indications of, and guidance on, potential future earnings, revenue and financial position and performance are also forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance.No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this document to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

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An investment in the Company is subject to investment risks and other known and unknown risks, some of which are beyond the control of the Company. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital in the Company or any particular tax treatment.

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All dollar values are in Australian dollars ($ or A$) unless stated otherwise. The information contained in this Presentation may not necessarily be in statutory format. Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

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The Presentation also does not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities. In particular, the Presentation does not constitute an offer to sell or a solicitation to buy, securities in the United States of America.

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The Board has authorised this announcement to be given to ASX. Security holders and other interested parties can contact Trent Spry, Managing Director and CEO at info@bluestarhelium.com.

THE THESIS

One plant is proof. The next three are the point.

PROVEN

Galactica:

- Producing helium now
- Selling it under offtake
- CO_2 revenue to follow

Pegasus:

- Already discovered resource
- Awaiting appraisal and development drilling

PLANNED

Galactica:

- 3 more wells in 2026
- 6 additional wells in 2027
- CO_2 infrastructure complete

Pegasus:

- First wells in 2027
- Second plant planned

SCALABLE

Galactica-Pegasus:

- Up to 4 plants to develop existing resource (50k acres)

Voyager:

- Discovered resource

Serenity:

- Discovered resource

Exploration Upside:

- 275k acres with prospective resource

BUILDING A MULTI-PLANT U.S. HELIUM AND CO2 PRODUCER

THE PROOF

ASX: **BNL**
OTC: **BSNLF**

Galactica Project - Helium is being produced and sold now - proven.

Six wells on production and the Pinon Canyon Plant in stable operation

First sales commenced July 2026 with regular trailer exchanges as Blue Star begins to scale up production

Fixed-price offtake agreement with a major US industrial gases purchaser covering plant output (announced 4 June 2026, to 31 August 2026); negotiations on longer-term arrangements continuing as production builds

Commercial discussions for co-produced CO_2 continuing; commencement of liquefaction and sales, previously targeted for the June 2026 quarter, remains subject to finalising commercial arrangements

From first gas (December 2025) to first revenue (July 2026) in seven months.

THE TEMPLATE

ASX: **BNL**
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Pinon Canyon is a repeatable template: leased equipment, low opex, two products.

Repeatable by design: leased major equipment (helium recovery unit, amine unit, compression) means low upfront capital and procurement we can run again for each plant

Drilling into proven rock: established Lyons Formation production; the next plant develops known reservoir, already discovered resource

A known operating model: project life expected to exceed 12 years, with the plant sized to process up to 4.2 MMscfd of raw gas

Attractive unit economics: operating costs of approximately US$13/Mcf of sales gas, net revenue interest of ~82.6% after royalty, and dual revenue from helium (2,200 Mcf/month) and CO_2 (44,500 Mcf/month) at full nameplate capacity

Funded to repeat: 50/50 joint venture with Helium One Global sharing cost and risk; Blue Star is operator

ILLUSTRATIVE REVENUE SCENARIOS (SINGLE PLANT AT FULL NAMEPLATE)

	Low	Mid	High
Helium US$/Mcf	$350	$475	$600
CO_2 US$/ton	$150	$375	$600
Gross revenue	**~US$13.8M**	**~US$24.0M**	**~US$34.2M**
BNL 50% share	~US$6.9M	~US$12.0M	~US$17.1M

Note: *Illustrative only; single plant at 100% of nameplate for a full year; US$ after royalties, before JV partner share, operating costs and taxes. Not earnings guidance. Full basis, assumptions and Important Information are set out in the Appendices.*

***Pinon Canyon is the template, not just the first plant: a repeatable design, an operating playbook, established buyer and service-provider relationships, and proven reservoir knowledge ... all transferable to the next plant*.**

THE PLAN

The Galactica development Stage 1 complete ramp-up underway.

H2 2026

RAMP-UP AND GROWTH DRILLING

- Three new development wells (permitting underway)
- Continued refinement of the plant and gathering system
- Deepening of existing wells
- CO_2 liquefaction and sales, subject to finalising commercial arrangements - including any plant configuration required to meet customer product specifications
- Pegasus appraisal and development planning

2027

BUILD CAPACITY, BEGIN THE REPEAT

- Six further development wells at Galactica; ramping toward full plant capacity
- Long-term offtake portfolio to underpin expanded output
- First Pegasus development wells, building resource ahead of additional plant capacity
- Exploration drilling across the broader Las Animas acreage, subject to funding

2028+

SUSTAIN AND SCALE

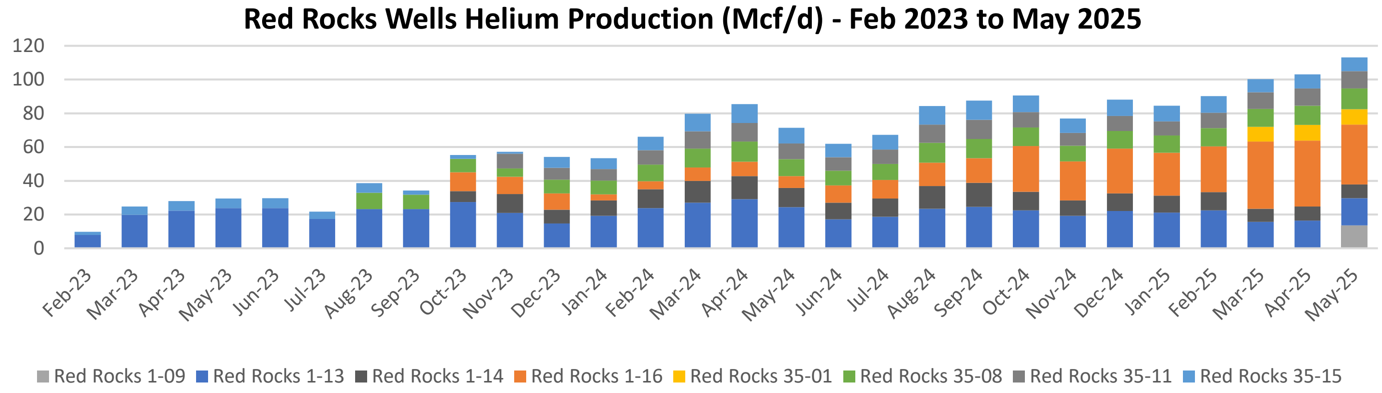
- Maintenance drilling sustains plateau production at Galactica
- Continued Pegasus development toward additional plant capacity
- Exploration drilling across the broader Las Animas acreage, subject to funding

Each well and each plant at Galactica-Pegasus is a separate investment decision. 50% funded by JV partner Helium One Global and the program advances as those decisions are made and funding allows.

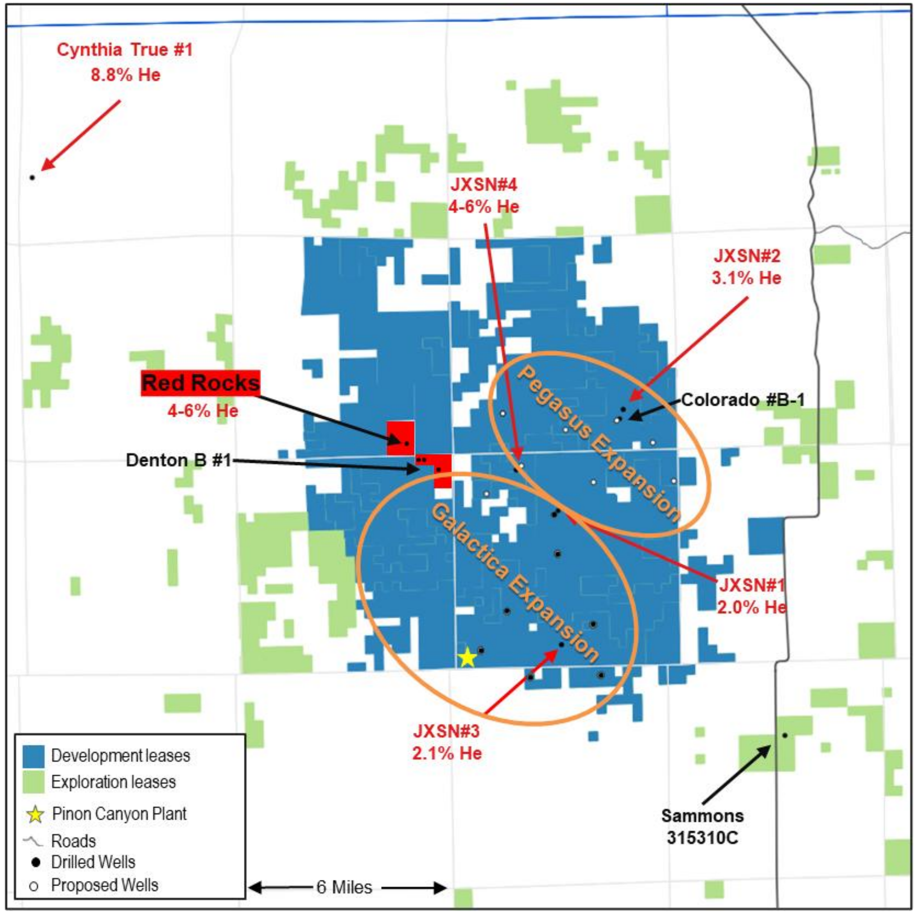
THE REPEAT

Pegasus starts the second turn of the template in 2027.

- Drilled discoveries at Pegasus: JXSN #2 (3.1% He, tested at 202 Mcfd) and JXSN #4 (up to 6% He, 412 Mcfd)
- First Pegasus development wells planned from 2027, subject to adoption of the JV work program and funding: the same sequence that built Galactica, drill and prove first, plant follows
- Up to 30 potential drilling locations already identified within the greater Galactica-Pegasus Project area
- Scalable pathway validated by Galactica and neighbouring Red Rocks helium operation



Neighbouring Red Rocks helium operation - monthly production by well (Mcf/d). Source: Colorado Oil and Gas Conservation Commission.

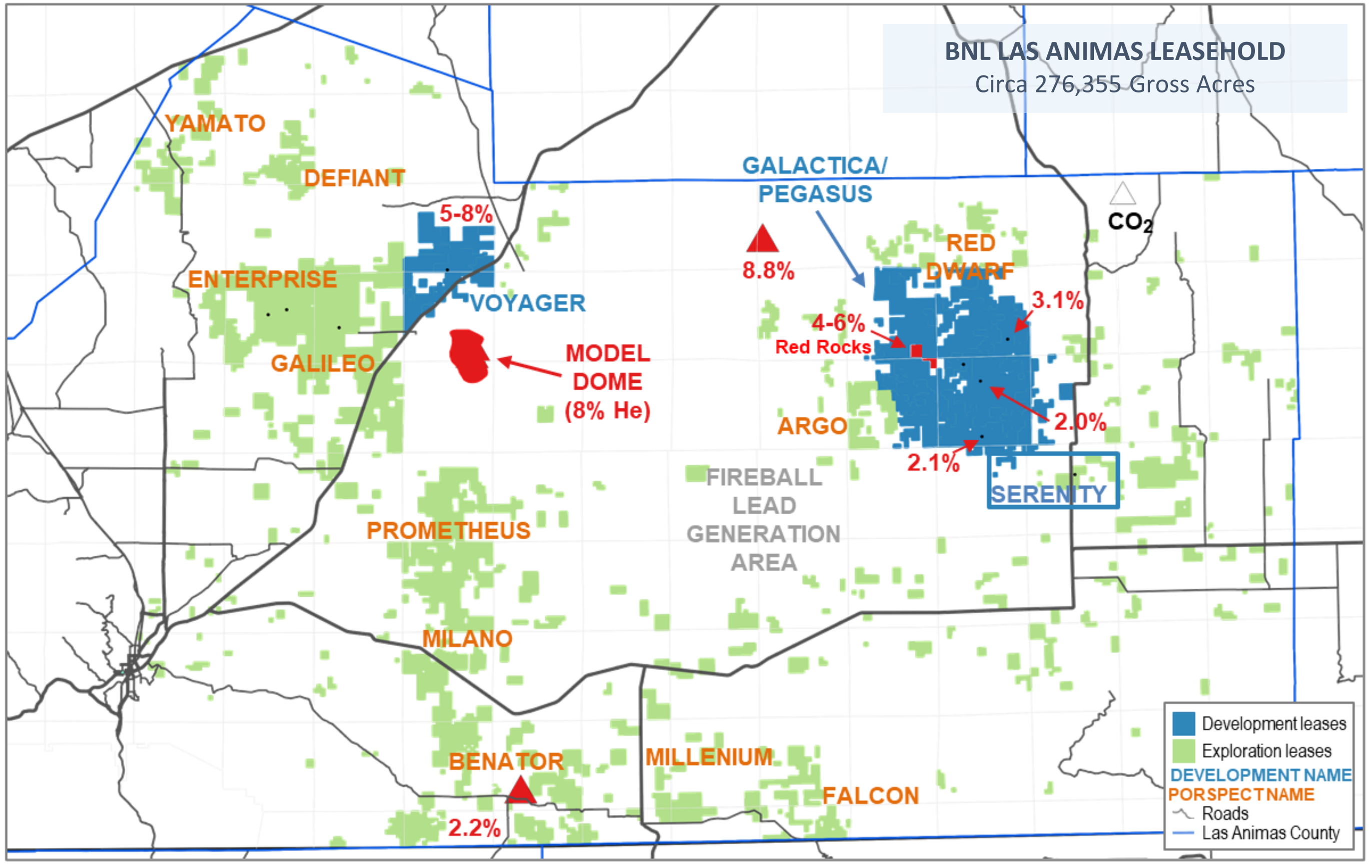


The next plant repeats a template that is already operating.

THE GROWTH

Large gross acreage position with strong prospective resource potential.

- Large existing lease portfolio across established plays in the broader Las Animas acreage
- Historic regional exploration success, with multiple historic wells showing gas on logs and flows of gas
- High-grade CO_2 discovery at Serenity (Sammons 315310C: 98.77% CO_2) with up to 20 further locations identified
- Voyager Discovery: BB 33#1 & Bolling 04 SESW; (approx. 3-4% He); flow and pressure testing completed (low pressure). Project being assessed for alternative development concepts
- Exploration drilling to grow the reserves base and grow the development and production portfolio
- Assessment of potential farm-in partners to accelerate exploration, share risk and conserve capital



Galactica-Pegasus represents around 20% of the position, with the balance still to be developed.

THE UPCOMING EVENTS

The next twelve months carry a defined sequence of milestones.

- CO_2 commercial arrangements, and with them Jackson 27 tie-in and first CO_2 sales
- Long-term helium offtake portfolio
- Drilling of three new development wells at Galactica, permitting underway
- Deepening existing wells and continued plant and gathering system refinement
- Adoption of the Pegasus JV work program with Helium One Global
- Quarterly production and sales reporting as the operating record builds
- Exploration drilling across Las Animas, and assessment of potential farm-in partners

BUILDING A MULTI-PLANT U.S. HELIUM AND CO_2 PRODUCER

ASX: **BNL**
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Supported by JV Partner
Helium One Global

NOW
GALACTICA / PRODUCING AND SELLING

NEXT
PEGASUS AND ADDITIONAL PLANT/S

PLUS
CO_2 REVENUE STREAM AND ADDITIONAL PLANT/S

BEYOND
EXPLORATION UPSIDE

GROWING HELIUM and CO_2 PRODUCTION — ONE PLANT OPERATING, DEFINED RESOURCES SUPPORT UP TO FOUR

1

Producing and selling helium from the Pinon Canyon Plant

Output growth through continued refinement, well deepening and nine new wells

2

Development of drilled discoveries at Pegasus toward additional plant capacity - first Pegasus wells planned from 2027

30+ well development potential; up to four Pinon Canyon-scale plants potential across Galactica-Pegasus

3

CO_2 commercialisation to add a second revenue stream from existing and future production across Galactica - Pegasus

Substantial primary CO_2 potential at Serenity with Sammons 315310C returning 98.77% CO_2

4

Exploration drilling to grow the resource base across the broader Las Animas portfolio

Blue Star has a technically advanced exploration portfolio representing a large prospective resource in proven plays covered by its extensive lease position (over 275,000 gross acres)

BLUE STAR | HELIUM

THE COMPANY

ASX: **BNL**
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An industrial gas team running an independent helium producer, generating revenue.

Capital Structure	
Share price (ASX close, 17 August 2026)	0.5¢
Shares on Issue	6,153M
Market Capitalisation	**A$30.8M**
Options	932.0M*
Performance Rights	122.2M
Cash (30 June 2026)	A$5.0M
Top 20 / Board & management (17 August 2026)	45.44% / 1.0%

** 9M at 2.8¢ exp 11 Sep 27, 469M at 1.0¢ exp 30 Oct 26 and 454M at 1.0¢ exp 25 Sep 27*

Share Price Performance (1-Year) Close Price

Board & Management

Neil Rinaldi - Non-Executive Chairman
Executive leader and finance professional with 20+ years in asset acquisitions and disposals, company structuring and growth strategy.

Trent Spry - Managing Director & CEO
Geoscientist with 20+ years in oil, gas and helium exploration, development and new ventures, with a record of delivering growth.

Gregg Peters - Non-Executive Director (US)
Industrial gas sector leader with 30+ years' experience. Most recently Helium Director for Linde PLC, previously Director of Industrial Gases at Praxair Distribution.

Ross Warner - CCO
Lawyer and corporate executive with 15+ years in oil and gas, more particularly in the United States, UK and Indonesia.

Shane Gillespie - President (US)
Veteran of acquisitions, divestitures and asset development across oil, gas and helium, having scaled multiple companies.

Scott Fenoglio - CFO (US)
Executive with 20+ years in oil and gas and financial services. Previously CFO of Ossidiana Energy.

A$5.0M cash at 30 June 2026, no debt, no undrawn facilities.

CONTACT US

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For further information visit:
www.bluestarhelium.com

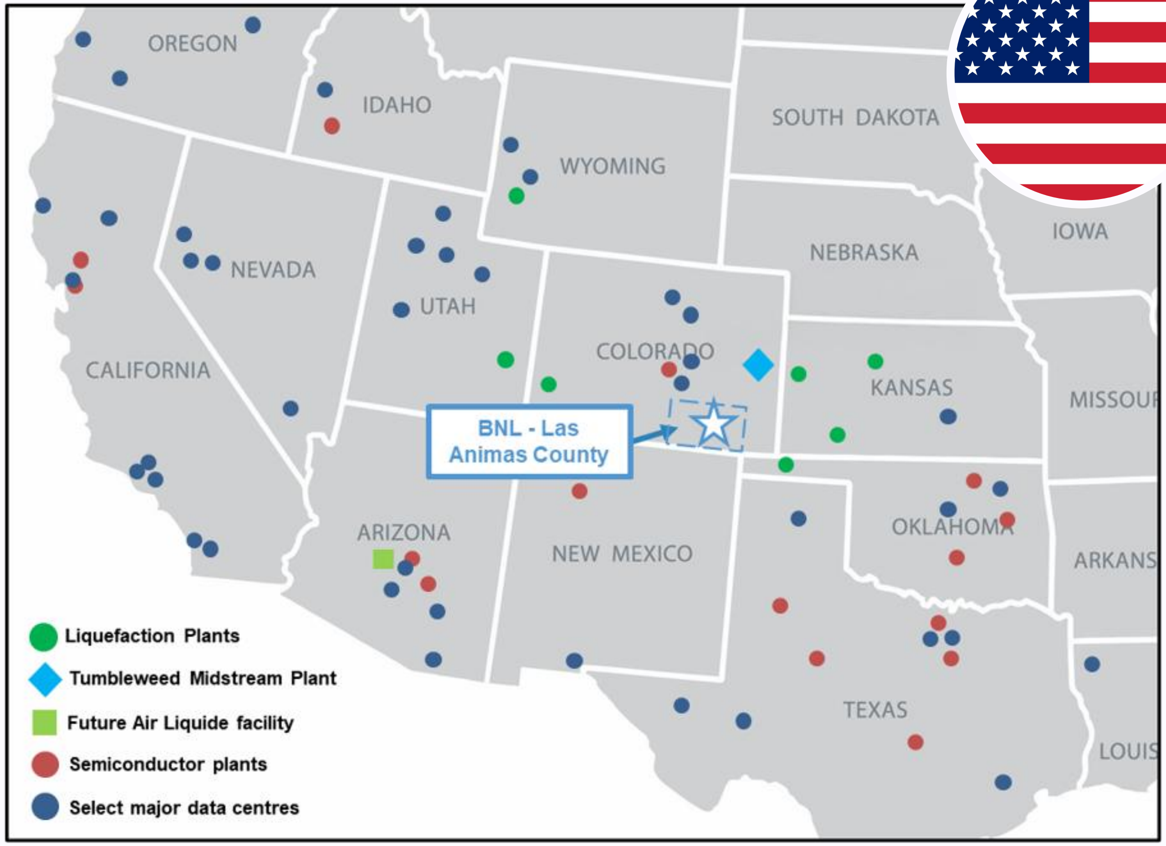
BLUE STAR | HELIUM

APPENDICES

STRATEGIC ASSET PORTFOLIO IN COLORADO

Premium helium and CO2 assets located in the heart of the largest markets in the world

- **Our Las Animas acreage represents a high-quality, multi-commodity gas development opportunity to supply critical U.S domestic markets**
- Favourable geology with high concentration helium and CO_2 with no (trace) hydrocarbons
- Situated within 100-150 miles by truck to several purification facilities
- Central location benefits transportation to distribution centres, commercial hubs and downstream helium and CO_2 consumers
- US helium and CO_2 markets remain characterised by growing demand and structural undersupply
- New demand for helium underpinned by significant expansion of semiconductor manufacturing and proliferation of new data-center requirements
- **Rising geopolitical tensions have created a strategic shift in the U.S. towards ensuring the sustainable manufacturing of critical and emerging technologies**



High-grade helium and natural CO_2 assets in close proximity to existing and underutilized key infrastructure

Source: https://www.datacentermap.com/

The Market

Structurally short markets in both products, with supply concentrated offshore.

HELIUM

- Production declining ~2-3% p.a. against demand growth of ~6% CAGR, to 8.7 Bcf in 2030 from 6.1 Bcf in 2023
- Average term pricing US$350–750/Mcf; short supply pushes spot prices over US$1,000/Mcf
- Supply concentrated in LaBarge (US) and Qatar; US Federal Helium Reserve near depletion and privatised in 2024; Russian supply restricted
- Semiconductors, data centres, aerospace and the CHIPS Act drive US domestic demand for reliable supply
- Rising geopolitical tension has driven a strategic shift toward US domestic manufacturing of critical and emerging technologies

CARBON DIOXIDE

- US merchant demand ~10.4 million tons per year, growing 3.6–5.0% annually through 2030
- Tight supply and limited new sources to support projected demand growth
- Merchant pricing US$150–600/ton depending on quality, reliability and tenure of supply
- Food and beverage, agriculture, waste-water treatment and EV battery production anchor demand

Both products from one well-stream, 100-150 miles by truck to key purification and distribution infrastructure.

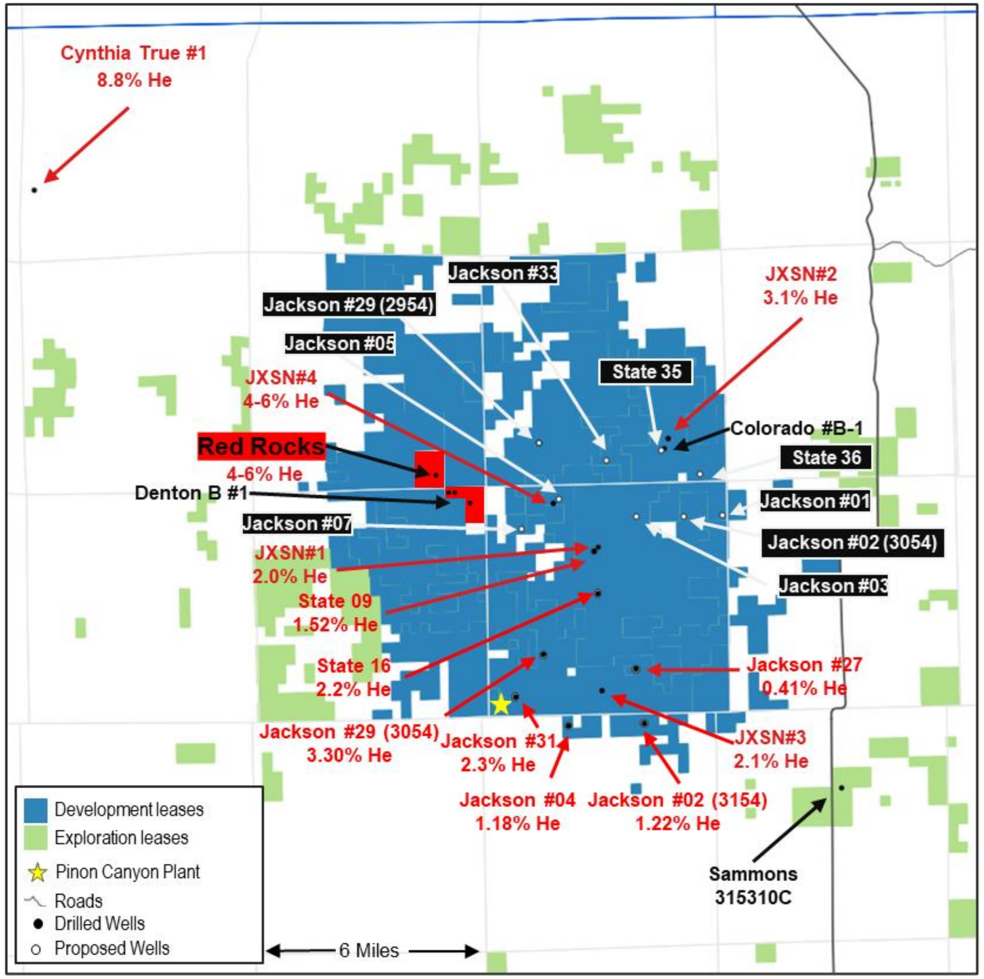
Sources: *Helium supply and demand data from AKAP Energy. Carbon dioxide market data reflects the Company's understanding of current US merchant market conditions; further detail is set out in the Appendices. Pricing ranges are indicative of market conditions at the date of this presentation and are not a forecast of prices the Company will realise.*

Galactica Development.

Pinon Canyon Plant: Blue Star's first helium & CO_2 processing hub. From drilling campaign to producing wells in under 18 months.

- Six-well development drilling program completed in H1 2025, alongside the earlier State 16 well, returning consistently high helium and CO_2 concentrations and demonstrable flow
- Pinon Canyon Plant stabilised operations with six wells tied in and helium sales commenced (14 July 2026)
- Supported by JV partner Helium One Global (AIM:HE1), which holds a 50% working interest in the project
- Technical de-risking and commercialisation pathway validated by adjacent Red Rocks helium processing operation

Well Name	Results Announced	Helium Con. (%)	CO_2 Con. (%)	Projected Initial Stabilised Flow Rate (Mcfd)	Max Projected Flow Rate (Mcfd)
State 16 SWSE 3054	6 Mar 25	2.17	61.56	250 – 350	441
Jackson 31 SENW 3054	14 Mar 25	2.20	69.00	300 – 400	500
Jackson 4 L4 3154	1 Apr 25	1.18	85.93	250 – 350	450
Jackson 29 SWNW 3054	22 Apr 25	3.30	48.66	350 – 450	550
Jackson 27 SESW 3054	30 Apr 25	0.41	98.31	350 – 450	550
Jackson 2 L4 3154	15 May 25	1.22	77.77	300 – 400	500
State 9 SWSE 3054	9 Jun 25	1.52	80.48	400 – 500	600



Galactica Development.

Helium production and sales with stabilised plant operations, and commercial discussions for co-produced CO_2 continuing.

Operating Status

- Plant sized to process up to 4.2 MMscfd of raw gas
- Six wells tied in and on production; Jackson 27 tie-in to coincide with CO_2 sales
- First production tube trailer of refined helium sold and dispatched 14 July 2026 (spot sale); first delivery completed under the fixed-price Offtake Agreement announced 4 June 2026, with a further trailer delivered 11 August 2026

Markets

- Gaseous helium pricing: US$350-US$600 per Mcf, supported by tight US supply
- Merchant CO_2 pricing: US$150-US$600 per ton (US$8.58-US$34.30/Mcf equivalent)
- Demand for new, reliable sources of natural CO_2 in North American market

Economics

- Plant & field operating expenditure of approximately US$13/Mcf of sales gas
- Average mineral owner royalty: 17.4%
- Project life: >12 years, subject to the outcomes of the current appraisal phase

Source: AKAP Energy. Illustrative scenarios use a more conservative helium range than current term pricing.

NAMEPLATE PLANT METRICS & PRODUCTION PROFILE

Output at Full Nameplate Capacity (after Royalty)	Unit	Amount
Helium product gas	Mcf / month	2,200
CO_2 sales gas	Mcf / month	44,500
Total sales gas	**Mcf / month**	**46,700**

Based on full capacity production of 560,400 Mcf of sales gas per annum (2,200 Mcf helium and 44,500 Mcf CO_2 per month). US$ after royalties and before JV partner share, operating costs, taxes and other deductions.

Important Information:
Nameplate figures assume the plant operating continuously at 100% of design capacity for a full calendar year on a constant raw gas input of 2% helium and 50% carbon dioxide, with no provision for downtime, maintenance or interruptions.
They are not a production forecast, and actual output will differ if operating conditions, gas composition or plant availability differ from these assumptions.

Galactica Development.

Pinon Canyon is a repeatable template: leased equipment, low opex, two products.

- Leased major equipment (helium recovery unit, amine unit, compression), low upfront capital, repeatable procurement
- Plant sized to process up to 4.2 MMscfd of raw gas; project net revenue interest of approximately 82.6% of gross production after royalty; average mineral owner royalty 17.4%
- Plant and field operating costs of approximately US$13/Mcf of sales gas
- Dual revenue: helium (2,200 Mcf/month) and CO_2 sales gas (44,500 Mcf/month) at full nameplate capacity, after royalty
- Established Lyons Formation production; project life expected to exceed 12 years, subject to the outcomes of the current development phase
- 50/50 joint venture with Helium One Global: shared cost, shared risk, shared operating capability; Blue Star is operator

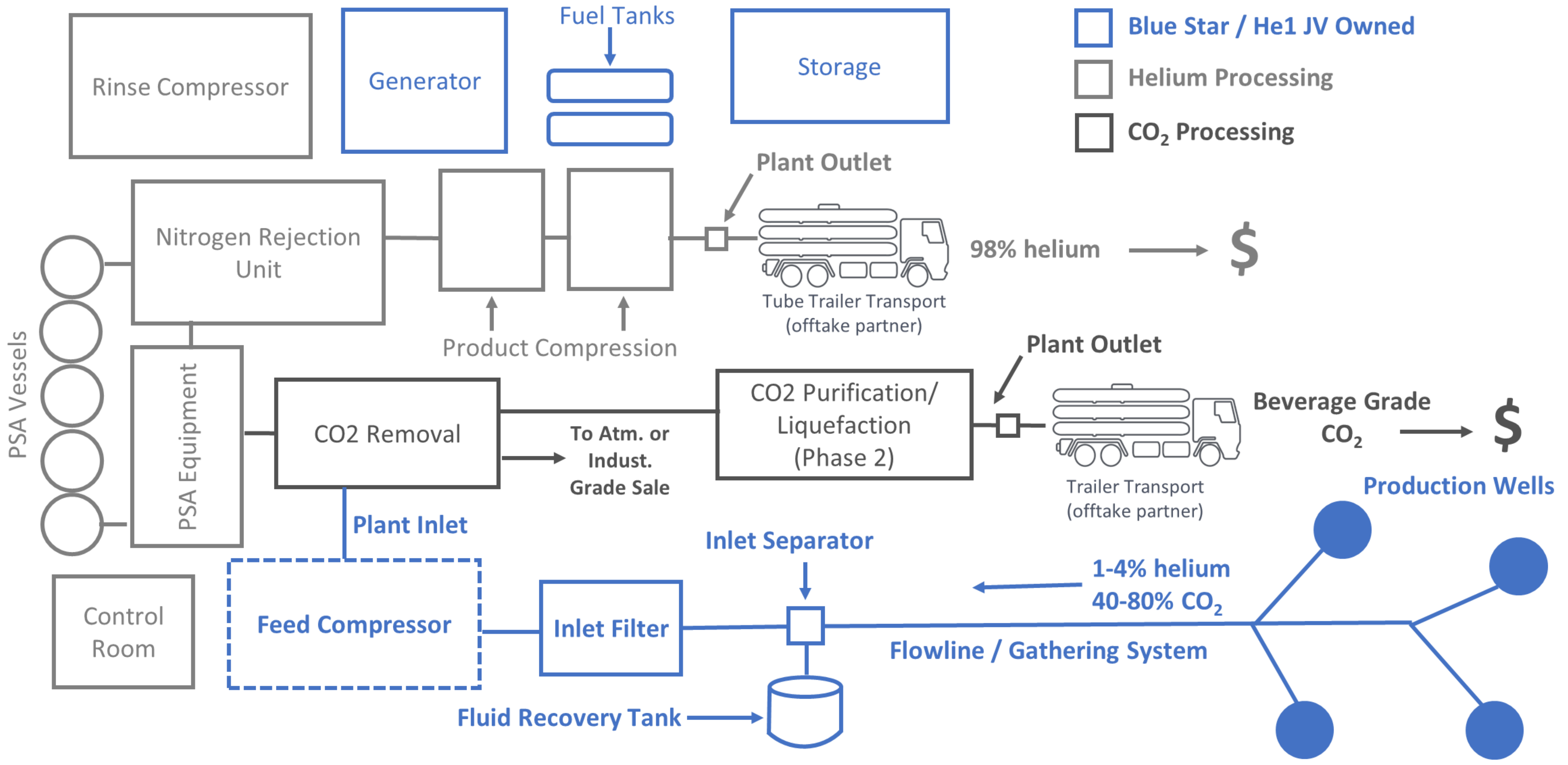
ILLUSTRATIVE REVENUE - SINGLE PLANT AT FULL NAMEPLATE

	Low	Mid	High
Helium US$/Mcf	$350	$475	$600
CO_2 US$/ton	$150	$375	$600
Gross revenue	**~US$13.8M**	**~US$24.0M**	**~US$34.2M**
BNL 50% share	~US$6.9M	~US$12.0M	~US$17.1M

Note: *Illustrative only; single plant at 100% of nameplate for a full year; US$ after royalties, before JV partner share, operating costs and taxes. Not earnings guidance. Full basis, assumptions and Important Information are set out in the Appendices.*

The Galactica Helium & CO_2 Development.

Plan of development schematic.



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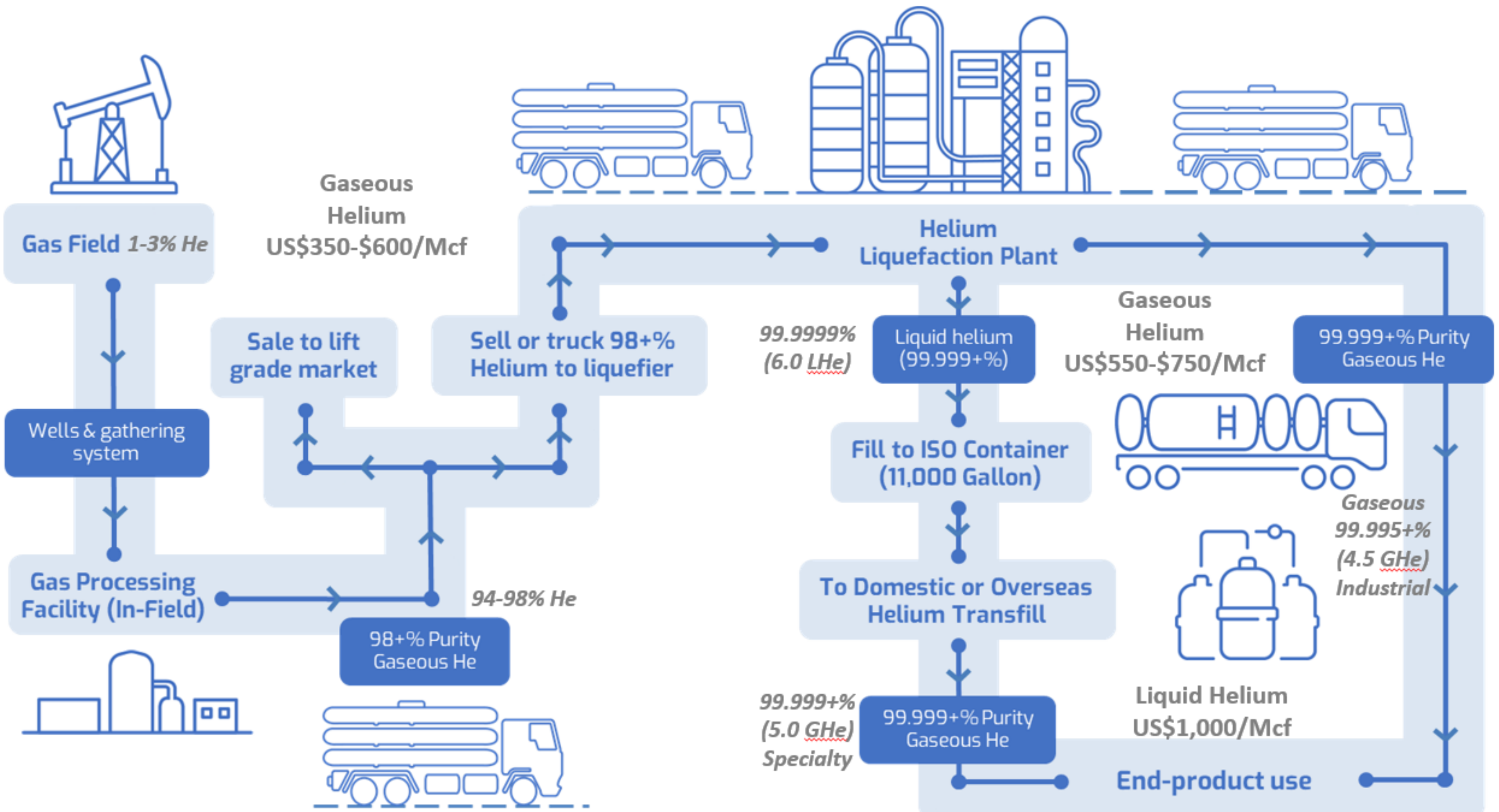
Marketing Strategy

Long-term offtake discussions across the value chain are underway.

- Develop geographically diverse portfolio of high-quality projects
- Develop operating partners across the entire supply chain:
  - Strategic partners to leverage geographic supply flexibility
  - Distribution partners for Bulk LHe and GHe transportation
- Pursue direct end-user buyers who prioritise continuity and security of supply
- Market to buyers with supply continuity as a priority
- Pursue long-term agreements to navigate helium supply and price cycles effectively
- Replicate the strategy across the Company's CO_2 assets

Helium Refining & Supply Chain.



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OTC: **BSNLF**

CO2 COMMERCIALISATION

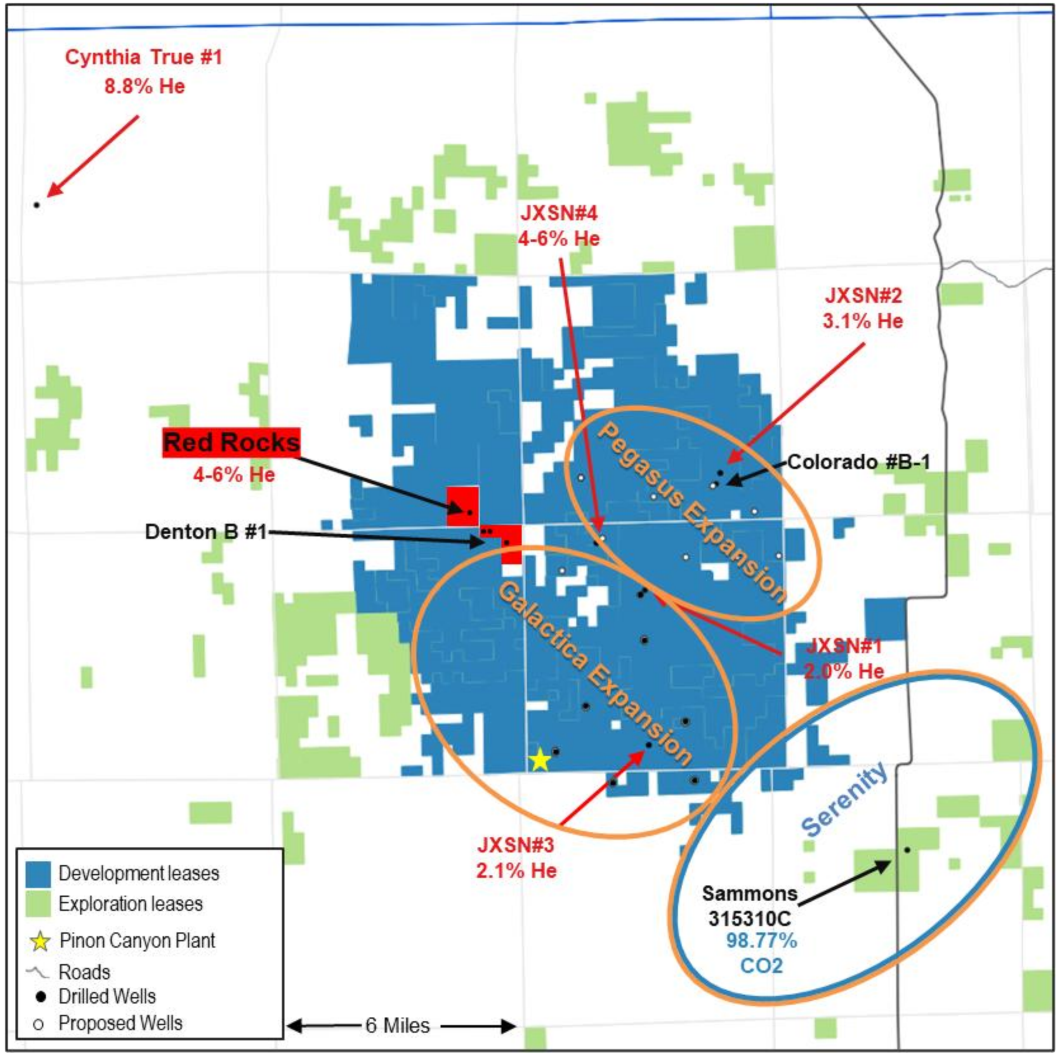
High-grade, natural CO_2 product opportunity for premium markets

Realisation of Galactica/Pegasus CO_2 commercialisation potential

- The Pinon Canyon Plant is designed to incorporate CO_2 purification, with liquefaction and sales subject to finalising commercial arrangements
- Potential complementary product stream with delivery of high-grade CO_2 in addition to helium
- Merchant CO_2 ranges in price from US$150-600/ton
- Steady, reliable, sustainable supply to end users in critical, under supplied markets

Unlocking super-rich CO_2 discovery at Serenity

- Serenity represents a proven source of natural, high-grade CO_2
- Substantial discovery at Sammons 315310C well with raw gas concentrations approaching 99%* CO_2
- Up to 20 further locations identified within the mapped Serenity resource for expanded commercialisation



**Combined average composition from both the upper and lower Lyons reservoirs: 98.77% carbon dioxide, 1.15% nitrogen, and 0.09% helium. The lower Lyons reservoir consistently shows higher CO2 concentrations, up to 98.95%.*

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Mineral Rights in the United States

1. The system of mineral ownership and development in the USA is substantially different to the system in Australia. The following is a general description of the system that commonly applies in the oil and gas producing states. It is important to note that local variations may apply.

2. The owner of land owns the surface and all oil, gas and other minerals beneath his/her tract, unless a severance has occurred that creates two distinct estates: the surface estate and the mineral estate. A severance of the mineral estate results from a conveyance or reservation of all, or a portion, of the oil, gas and other minerals in and to a specific tract.

3. The oil, gas and other minerals beneath a tract of land are a part of the realty until produced and become personal property when brought to the surface. Because the mineral estate is considered real property, it may be acquired, divested, encumbered, devised and inherited, thereby resulting in the possibility that an unlimited number of persons ("mineral owners") may own undivided interests in a tract's minerals.

4. Accordingly, the mineral estate in a tract may be owned by one or more distinct owners and each distinct owner may comprise one or more persons. The mineral estate may be divided amongst distinct owners by depth or geological formation. Where there is more than one distinct owner of a mineral estate, each such owner will own a percentage share of that mineral estate. The percentage shares of that mineral estate need not be equal. Therefore, each such distinct owner owns its percentage share of an undivided share in the mineral estate in that tract. In addition, private individuals may own the mineral rights directly beneath public surface owners or users, eg the mineral rights beneath a public road. This is commonly summarised by referring to the lessor's "net acreage" in a tract. This means the lessor's percentage share of the undivided total area of the tract's minerals ("gross acres") net of the percentage share of other mineral owners in the same tract. For example, assume the mineral rights in a tract of 100 acres are owned by 4 mineral owners in equal shares. If one of those mineral owners leases its mineral interests to a lessee, the lessee will have an interest in 100 gross acres and 25 net acres. If a second mineral owner leases its mineral interests to the same lessee, the lessee will then have an interest in 100 gross acres and 50 net acres.

5. If an owner of a mineral estate, whether severed or intact with the surface, chooses to pursue development of and production from the minerals beneath the ground, such owner may exercise its rights and may generate revenue through one or more of these methods: (1) the "right to develop" the mineral estate by contracting directly with a drilling and operating company and directly selling the minerals; (2) the "right to lease" the mineral estate to a third party, specifying the terms of the lease and defining the minerals that may be produced; (3) the "right to receive a bonus payment" for leasing the mineral estate, usually calculated per acre, from the lessee for leasing the mineral estate; (4) the "right to receive delay rentals" when the mineral estate is leased but not being produced; and (5) the "right to receive royalty payments" based on a percentage of minerals produced by the lessee. Given the inherent risk, cost of development and required technology to produce oil and gas, most mineral owners do not independently develop their minerals, and as a result, rely on their ability to lease to a third party.

6. The oil and gas lease serves as both a conveyance and a contract which establishes the parties' rights and obligations. There is no "standard form" of lease. The details within the lease are the contract which defines the rights and obligations of the parties.

7. An oil and gas lease creates rights in relation to the mineral estate only and does not grant surface rights to the lessee. Surface rights must be negotiated separately with the surface right owners. This process is facilitated by legislation.

8. The execution of an oil and gas lease that reserves a royalty to the lessor creates the leasehold estate and a royalty interest. The lessee acquires the working interest, or the cost bearing interest, which provides the lessee the right to develop the oil and gas the subject of the lease at its sole risk and expense ("working interest" or "WI"). The lessee may keep and sell its proportionate share of the oil and gas produced from the lease until the lease expires ("net revenue interest" or "NRI"). The NRI is the lessee's share of production derived from the lease after royalties and other burdens. The leasehold estate created by the oil and gas lease may be conveyed, assigned and encumbered similar to any other real estate, and it is common for the original lessee to assign undivided working interests to numerous parties, who share the burden of costs in developing the mineral estate. Generally, a lease will include a provision that allows the lessee to continue to produce the lease as long as it is economically producing a minimum amount of oil and gas. Such a lease is said to be "held by production" or "HBP".

9. The identity of the mineral ownership in respect of any tract may not be maintained in any single definitive register. The landman establishes the title of the mineral owner by ascertaining the chain of transfers from the original date of grant to the present day. It is customary before drilling a well on a leased property to obtain a drilling title opinion, by which the lessor(s) in question are determined to have the required authority to grant the right to explore, exploit and to assign the minerals in a specific tract of land based on a thorough examination of the chain of title. If errors are found in the course of that examination, it is customary for the lessor and lessee to conduct "Title Curative," which involves, but is not limited to, executing instruments, affidavits, conveyances and filing previously unrecorded documents to resolve any disputes, ambiguities or errors so that the operator has substantial support for its claims prior to undertaking the expense of drilling.

10. All of the major US oil and gas producing states other than California and Kansas have adopted some kind of mandatory pooling scheme to facilitate the development of oil and gas resources owned by more than one stakeholder. These rules provide a process to compel all mineral estate owners in a drilling area to contribute or pool their mineral estate to the drilling of a well in relation to that mineral estate.

Risk Factors

The exploration for, and development of, natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the Company's ordinary shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

In addition to the other relevant information set out in this document, the Directors consider that the following risk factors, which are not set out in any particular order of priority, magnitude or probability, are of particular relevance to Blue Star's activities and to any investment in the Company. It should be noted that additional risks and uncertainties not presently known to the Directors or which they currently believe to be immaterial may individually or cumulatively also have a material adverse effect on Blue Star's operating results, financial condition and prospects. Any one or more of these risk factors could have a materially adverse impact on the value of the Blue Star's shares and/or its business, financial condition, results of operations or prospects and should be taken into consideration when assessing the Company.

There can be no certainty that Blue Star will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of Blue Star and there can be no assurance that Blue Star will achieve its objectives. It should be noted that the factors listed below are not intended to be exhaustive and do not necessarily comprise all the risks to which Blue Star is or may be exposed or all those associated with an investment in it. In particular, Blue Star's performance is likely to be affected by changes in market and/or economic conditions, political, judicial and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates. There may be additional risks and uncertainties that the Directors do not currently consider to be material, or of which they are currently unaware, that may also have an adverse effect upon Blue Star.

If any of the risks occur, Blue Star's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

RISKS RELATING TO THE OPERATIONS OF BLUE STAR

Extraction, exploration and development risks

There can be no guarantee that any helium or carbon dioxide discovered will be developed into profitable production, or that helium or carbon dioxide will be discovered in commercial quantities or developed to profitable production. The business of exploration, development and exploitation of helium and carbon dioxide deposits is speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Helium and/or carbon dioxide deposits assessed by Blue Star may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

Historical facts, information gained from previous experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to the future. Aims, targets, plans and intentions referred to herein are no more than that and do not imply forecasts.

Licences, permits and leases

The operations of Blue Star require licences, permits and leases from various governmental authorities, as well as private landowners. There can be no assurance that Blue Star will be able to obtain (either through a new application, a renewal as a result of expiry, or conversion) all necessary licences, permits and leases that are required to carry out exploration and development at its properties. Regulations and policies relating to licences, permits and leases may change, be implemented in a way that the Company does not currently anticipate or take significantly greater time to obtain. These licences, permits and leases are subject to numerous requirements, including compliance with environmental regulations. Revocation or suspension of Blue Star's environmental and operating permits could have a material adverse effect on its business, financial condition and results of operations. In particular, the Company will need to obtain a drilling permit from the Colorado Energy & Carbon Management Commission (ECMC) ahead of its proposed drilling activities at its prospects. The Company may also need to obtain certain easements from landowners in order to gain access and undertake its proposed development activities.

Title to properties and renewal of Leases

Although Blue Star has taken steps to verify title to the properties on which it is proposing to conduct exploration activities and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee its title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, caveats on title with limited information which may encumber rights contemplated in the title / lease documents, instruments submitted for filing against the properties which remain pending for registration and therefore unavailable for review, indigenous claims, and non-compliance with regulatory and environmental requirements. Blue Star's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

Changes in commodity prices

Blue Star's possible future revenues may be derived mainly from helium and carbon dioxide production or from royalties gained from potential joint ventures or other arrangements. Consequently, its potential future earnings will likely be closely related to the price of those commodities. The prices of these commodities fluctuate and are affected by numerous industry factors including demand for the resource, forward selling by producers, production cost levels in major producing regions and macroeconomic factors including, but not limited to, inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, them. If Blue Star is producing helium and/or carbon dioxide and the market price of the commodity were to fall below the costs of production and remain at such a level for any sustained period, Blue Star would experience losses and could have to curtail or suspend some or all of its proposed activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

Reserves and resource estimates

Estimating helium and carbon dioxide reserves and resources is subject to significant uncertainties associated with technical data and the interpretation of that data, future commodity prices, and development and operating costs. There can be no guarantee that the Company will successfully produce the volume of helium and/or carbon dioxide that it estimates as reserves or that resources will be successfully converted to reserves. Expected helium and/or carbon dioxide content may not be present or it might be too small to warrant commercial exploitation. Estimates may alter significantly or become more uncertain when new information becomes available as a result of additional drilling or production tests. As estimates change, development and production plans may also vary. Downward revision of reserves and resources estimates may adversely affect Blue Star's operational or financial performance.

Helium and/or carbon dioxide resource and reserve estimates may require revisions and/or changes (either up or down) based on actual production experience and in light of the prevailing market price of helium and carbon dioxide. A decline in the market price for these commodities could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources. There are uncertainties inherent in estimating the quantity of resources and reserves and in projecting future rates of production, including factors beyond Blue Star's control. Estimating the amount of helium and/or carbon dioxide resources and reserves is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

If the assumptions upon which the estimates of Blue Star's resources have been based prove to be incorrect, Blue Star (or the operator of an asset in which Blue Star has an interest) may be unable to recover and produce the estimated levels or quality of helium and/or carbon dioxide set out in this document and Blue Star's business, prospects, financial condition or results of operations could be materially and adversely affected.

Environmental risks

Many aspects of the helium and carbon dioxide business present environmental risks and hazards, including the risk that Blue Star may be in non-compliance with an environmental law, regulation, permit, licence, or other regulatory approval, possibly unintentionally or without knowledge. Such risks may expose the Company to fines or penalties, third party liabilities or to the requirement to remediate, which could be material.

Future Capital Requirements

The exploration, development and continued operations of Blue Star's projects (or any other project acquired by the Company in the future) may require additional financing. Failure to obtain sufficient financing may result in a delay or indefinite postponement of exploration, development or production on the Company's projects or even a loss of a property interest. There can be no guarantee that the Company will be able to access either debt or equity funds necessary to finance its future activities and successfully achieve all of the objectives of the Company's overall business strategy on terms acceptable to the Company, or at all. Further, any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Currency risks

The Company is exposed to foreign exchange risk as the Company's operating costs will be primarily in US dollars. The Company's reporting currency is Australian dollars. Hence, any fluctuation of the US dollar in relation to these currencies may affect the value of the Company's assets and liabilities. Any strengthening of other currencies against the US dollar or any other currency in which the Company transacts and where the foreign exchange risk is not hedged could have an adverse effect on the Company's business, results of operations and financial condition.

In this statement of risk factors, references to Blue Star or the Company are references to Blue Star Helium Ltd and its subsidiaries.

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