

ASX ANNOUNCEMENT

26 April 2023

Activities Report Quarter Ended 31 March 2023

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

Highlights

- Final approval received from COGCC for four exploration wells at Galactica/Pegasus.
 - These four wells are to be drilled as offset development wells to the JXSN#1 and JXSN#2 discoveries.
- Final approval received from COGCC to drill the first two helium development wells (BBB 33#1 and 34#1) at the high-grade Voyager helium development.
 - These two wells offset the BBB#1 helium discovery and are planned to be production wells.
- Additional five-well OGDG for Voyager to be submitted to the COGCC in early May; together with BBB 33#1 and BBB 34#1 locations, strategically set to deliver robust inventory from which to select the initial 3-4 production well locations for Voyager.
- Strategic crestal mineral leases and surface access agreements acquired at Voyager; expected to drive increase in contingent resources.
- Commercial discussions for provision of leased helium facility at Voyager highly advanced with expected execution of a facilities agreement in coming weeks.
- Blue Star targeting first helium production from Voyager during H2 CY2023.
- Quarter end cash balance of A\$5.398 million and zero debt.

OPERATIONS

Field development

Further leases and additional access acquired at Voyager

During the quarter, Blue Star agreed to acquire further strategic mineral leases and access rights in the Voyager area. The additional surface access allows optimisation of the planned siting of the helium processing facility at Voyager and a more efficient gas gathering system layout.

The leases comprise a total of 2,987 gross acres (1,382 net acres) and are located high on the Voyager structure. These additional leases are expected to facilitate an increase in the contingent resource base at Voyager.

Helium processing facility commercial discussions

Blue Star continues to progress negotiations with a mid-stream company for the lease of a helium processing facility at Voyager (see BNL announcement dated 19 December 2022). These

discussions are now highly advanced and expected to conclude in execution of a facilities agreement in the coming weeks for supply and operation of the processing plant.

Blue Star remains on track for targeted first helium production and sales from Voyager during H2 CY2023.

Well permitting

Voyager prospect (100% BNL)

The Colorado Oil and Gas Conservation Commission (**COGCC**) issued the final Form 2 approvals relating to the BBB 33#1 and BBB 34#1 helium development wells on 18 April 2023. These wells relate to the “BBB 2860” Oil and Gas Development Plan (**OGDP**) located within the Company’s high-grade Voyager helium development (refer Figure 1).

These two wells offset the BBB#1 helium discovery and are intended to produce into the initial Voyager facility (see BNL announcement dated 19 December 2022). Drilling of the first of these wells is expected to commence in late Q2 or Q3 and is planned to include subsequent flow and pressure testing evaluation.

Following the recent acquisition of further strategic mineral leases and surface access agreements, the next planned OGDP submission at Voyager has been expanded to five wells and is expected to be submitted in early May after expiry of mandatory pre-submission notices to the County. Coupled with BBB 33#1 and 34#1, approval of these further locations is expected to deliver a robust inventory of permitted wells from which to select the initial 3-4 production well locations at Voyager.

Previously this OGDP included the three eastern wells on the map below (on existing leases shown in blue). Submission of the OGDP was paused to add the two highly regarded well locations associated with the newly acquired strategic minerals leases (displayed in yellow). This approach follows COGCC guidance.

The COGCC also advised at the operator meeting held on 14 March 2023 that it is implementing a revised permitting process designed to shorten the time between submission and hearing to 4.5 months. According to the COGCC, this current process takes an average of 7 months to complete.

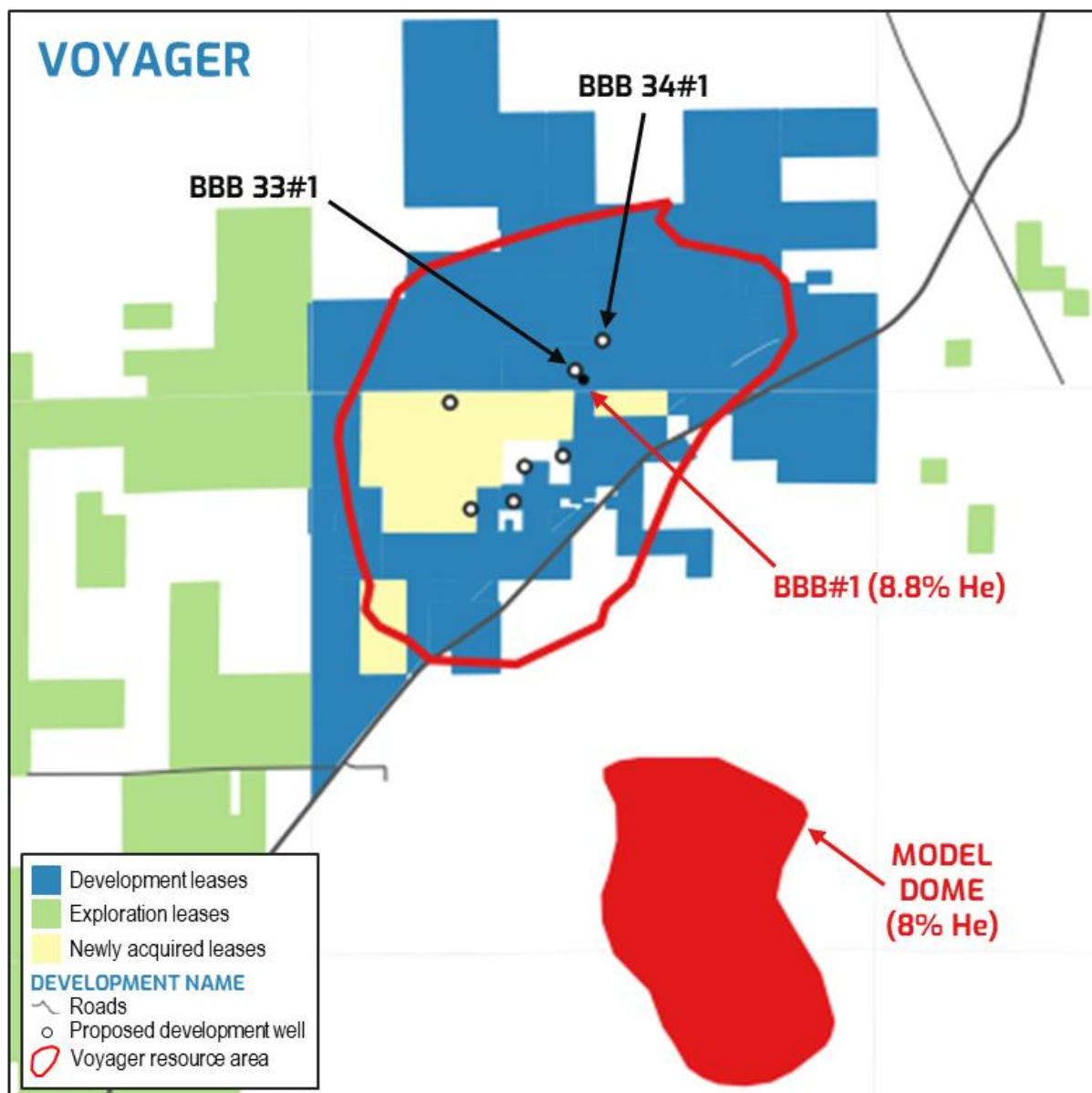


Figure 1: Voyager helium development planned well locations

Galactica/Pegasus prospects (100% BNL)

During the quarter, the COGCC progressed the approvals of seven wells under the Galactica/Pegasus prospect.

On 9 January 2023, the COGCC approved the Forms 2 relating to each of the State 09, State 16, State 35 and State 36 development wells. These wells relate to the "State 09 & 16 3054" and "State 35 & 36 OGD" oil and gas development plans. This is the final COGCC approval required to drill these wells.

The specific locations of these prospective wells in relation to the entire acreage are highlighted in red in Figure 2.

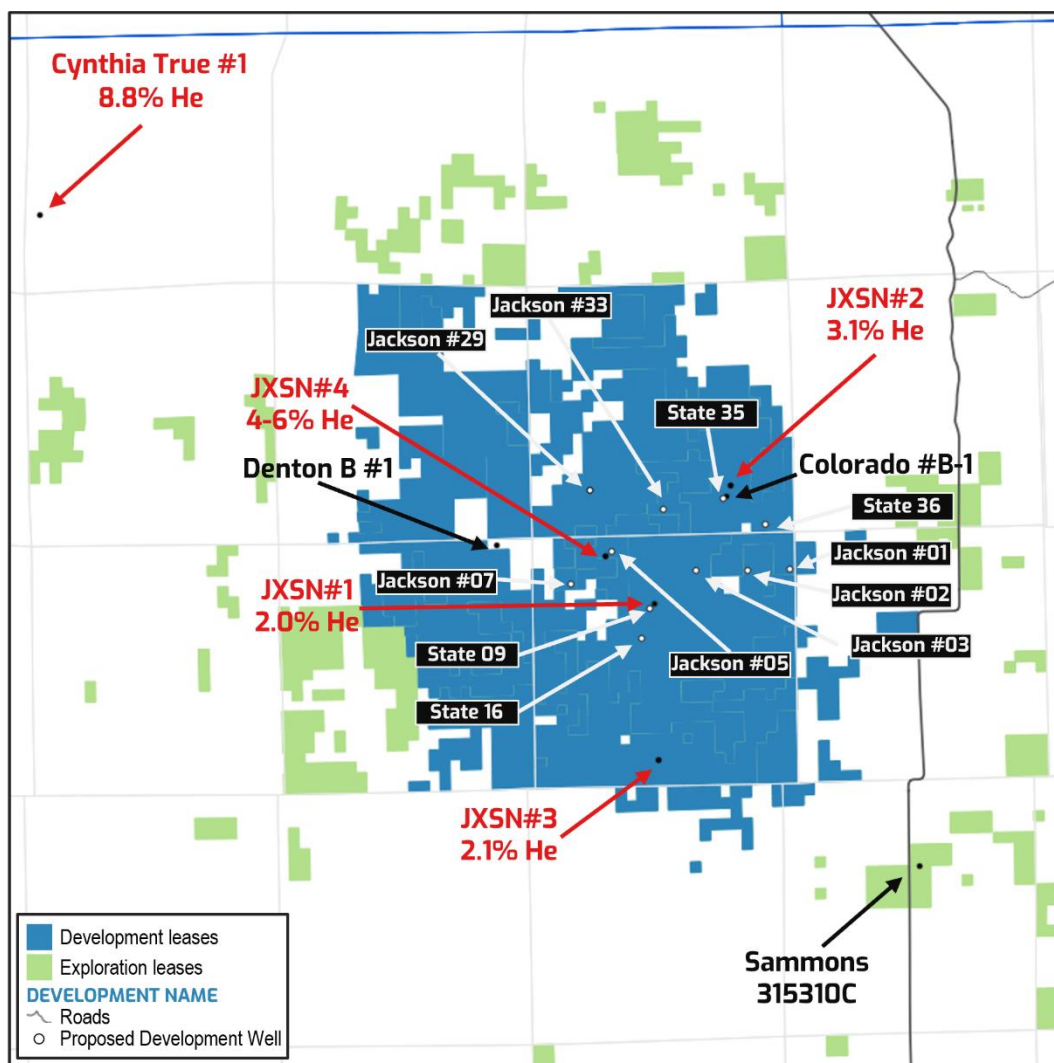


Figure 2: Development well locations at Galactica/Pegasus

Total permitted wells or wells under permitting

As at the date of this report, Blue Star has an interest in 18 helium wells that are permitted or under permitting. In addition, preliminary survey work and permit preparation is underway for an additional 43 potential drilling locations across the portfolio as part of the Company's rolling permitting strategy. Table 1 below depicts the respective status of these permits and their locations.

Table 1: Current permitting schedule for Blue Star's Las Animas acreage

| Well Permitting Schedule | | | | | | | | |
|--------------------------|--------------------|----------|--------------------|--------------|---------------|----------|----------|-----------|
| Prospect | Location Selection | Survey | Permit Preparation | COGCC Review | COGCC Hearing | Form 2 | Issued | Total |
| Enterprise | 1 | 2 | 1 | | | | 1 | 5 |
| Galactica | 4 | 3 | 5 | 3 | | | 2 | 17 |
| Galileo | | | 3 | | | | | 3 |
| Pegasus | | | 6 | 1 | 3 | | 2 | 12 |
| Serenity | | | | | | 3 | 1 | 4 |
| Voyager | 12 | 1 | 5 | | | | 2 | 20 |
| Total | 17 | 6 | 20 | 4 | 3 | 3 | 8 | 61 |

For personal use only

North American Helium Conference

During the quarter, the Blue Star management team attended the North American Helium Conference 2023 held on 22-23 March in Denver, Colorado, U.S.

The conference represented a significant opportunity for the Blue Star team to converse with noted helium experts and management teams from other key exploration and development companies based in North America and globally. Blue Star Managing Director, Trent Spry, also presented on the Company's highly prospective projects, initial planned development and the significant broader opportunities for helium exploration and development in Las Animas County.

While in Denver, the Blue Star team also took the opportunity to visit the Ladder Creek Helium Plant in Cheyenne Wells, Colorado which purifies helium in gaseous form to 99.999% helium liquid or gas depending on end user specifications. The team also met with the mid-stream company that is planned to provide and operate the envisaged initial facility at Voyager. These discussions are now highly advanced with final document signing expected in the coming weeks.



Figure 3: The Blue Star management team in Colorado attending the North American Helium Conference 2023

CORPORATE

Balance sheet

Blue Star's cash balance at 31 March 2023 was approximately A\$5.398 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 | | | |
| Held By Production Acreage, Big Star Project, USA | - | - | - |
| Helium Project, Las Animas, Colorado, USA* | Circa 306,581 gross (224,516 net) acres | Circa 310,298 gross (225,721 net) acres | Circa 3,717 gross (1,205 net) acres |

5B COMMENTARY

Description of Selected Items in Appendix 5B

| Appendix 5B Reference | | Commentary |
|-----------------------|--|--|
| 1.2 (a) | Expensed exploration and evaluation costs | Expenditures associated with the Enterprise 16 well. |
| 1.2 (c) | Payments for production | Expenditures associated with the Company's Big Star Project in Texas USA. |
| 2.1 (b) | Payments to acquire tenements | Costs associated with the acquisition of helium leases in Colorado, USA including land manager fees. |
| 2.1 (d) | Capitalised exploration and evaluation costs | Capitalised expenditures associated with exploration and evaluation of the Company's helium acreage in Colorado USA. Includes drilling preparation, permitting, subsurface evaluation and field costs. |
| 6.1 and 6.2 | Payments to Related Parties | Includes directors' fees, superannuation and bonuses paid to directors of \$213K. |

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

For further information, please contact:

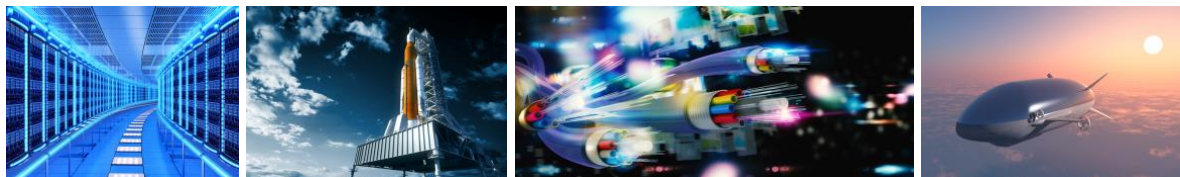
Trent Spry
 Managing Director & CEO
info@bluestarhelium.com
 +61 8 9481 0389

About Blue Star Helium:

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

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 March 2023

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 2 | 2 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (28) | (28) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (435) | (435) |
| (e) administration and corporate costs | (370) | (370) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 17 | 17 |
| 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 | (814) | (814) |

| | | |
|--|-------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements / leases | (239) | (239) |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation | (388) | (388) |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements / leases | - | - |
| | (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 | (627) | (627) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 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 | - | - |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 6,824 | 6,824 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (814) | (814) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (627) | (627) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

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 (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 15 | 15 |
| 4.6 | Cash and cash equivalents at end of period | 5,398 | 5,398 |

| 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 | 5,398 | 6,824 |
| 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) | 5,398 | 6,824 |

| 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 | 213 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

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.

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.</i> | | |
| <i>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) | (814) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (388) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (1,202) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 5,398 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 5,398 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 4.5 |
| <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: N/A | |
| 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: N/A | |

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: N/A

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: 26 April 2023

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.