

ASX ANNOUNCEMENT

8 June 2023

THREE WELL HELIUM DEVELOPMENT OGDG APPROVED GALACTICA/PEGASUS

Highlights

- COGCC approves OGDG for three proposed helium development wells (Jackson #01, Jackson #02 and Jackson #03) at the Galactica/Pegasus project.
- These three wells are to be drilled as offset development wells to the JXSN#1 and JXSN#2 helium discoveries and are expected to be production wells.
- On final approval (Form 2) of this OGDG, Galactica/Pegasus drilling inventory will comprise seven permitted helium development wells, four helium development wells awaiting OGDG approval, and 20 further well locations identified for permitting.
- Galactica/Pegasus development planning is advancing with a range of 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.
- Commencement of helium production and sales from the neighbouring Red Rock project demonstrates the expected viability of Blue Star's Galactica discovery and validates the chosen midstream development pathway for its maiden high-grade Voyager helium project.

Blue Star Helium Limited (ASX:BNL, OTCQB:BSNLF) (**Blue Star** or the **Company**) provides an update on helium development well permitting at its Galactica/Pegasus helium project in Las Animas County, Colorado.

Blue Star Managing Director and CEO, Trent Spry, commented:

"While our maiden Voyager development is the focus for our operations team targeting Q4 first helium, work continues in parallel on the exciting Galactica/Pegasus project where the Company had four successful discoveries over the two prospects in 2022 and moved into development planning.

"Galactica/Pegasus is a larger scale project, and we are pleased that three more well locations have been approved. With four wells already approved this will soon bring the development well inventory to seven with an additional four already proceeding through the OGDG process and a further 20 wells in various degrees of permitting readiness.

"Galactica/Pegasus development planning is advancing with a range of 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.

"The third-party owned Red Rocks helium project adjoining Galactica recently commenced selling helium into the market from two wells, via an IACX-operated helium recovery plant. Not only does this project demonstrate the expected viability of our Galactica project, it also validates the broader commercialisation model of Blue Star's chosen development pathway at Voyager."

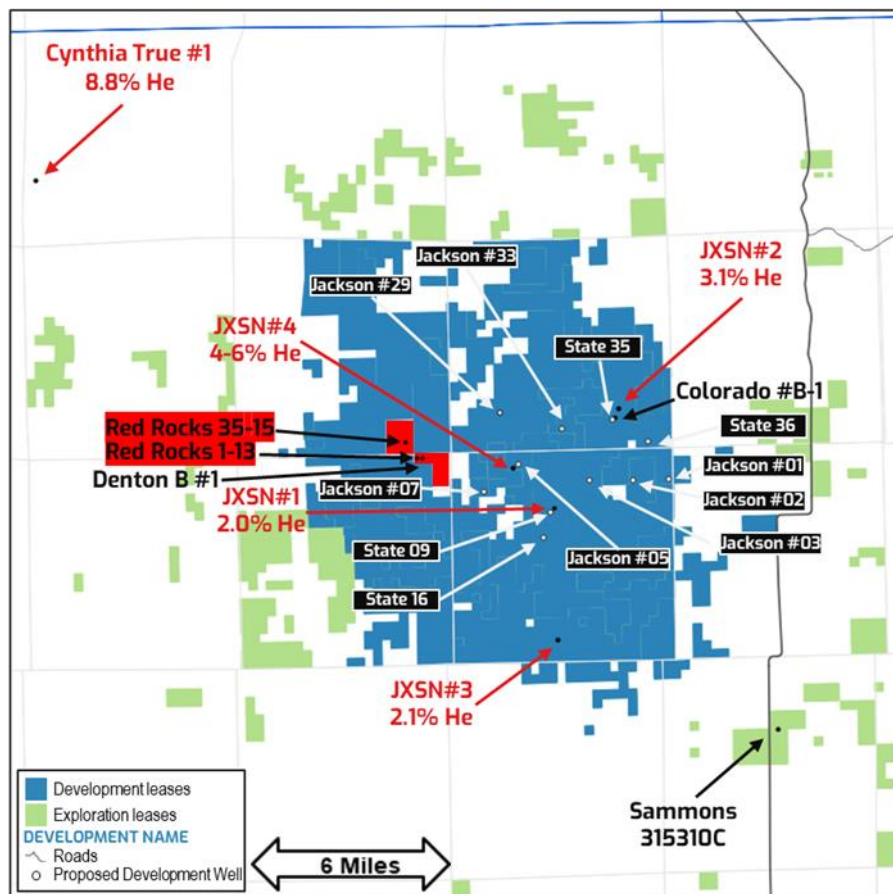
Galactica/Pegasus OGDG approved

The Colorado Oil and Gas Conservation Commission (**COGCC**) has approved the Oil and Gas Development Plan (**OGDP**) relating to three proposed helium development wells (Jackson #01, Jackson #02 and Jackson #03) at the Galactica/Pegasus project. Following this approval, Blue Star is set to submit the final Form 2s in respect of these wells.

The Jackson #01, Jackson #02 and Jackson #03 wells are to be drilled as offset development wells to the JXSN#1 and JXSN#2 helium discoveries.

On approval of the Form 2s of this newly approved ODGP, the Company will have seven helium development wells approved for drilling at Galactica/Pegasus. Final permits have previously been received for the drilling of the State 09, 16, 35 and 36 helium development wells (see BNL ASX release of 19 April 2023).

Blue Star has a further four-well OGDG for Galactica/Pegasus awaiting approval and a further 20 drilling locations identified for permitting. The location of the development wells (approved and awaiting OGDG approval) at Galactica/Pegasus are shown on the map below.



Galactica/Pegasus development planning

Blue Star had a successful exploration campaign at the Galactica and Pegasus prospects during 2022 with the four wells (JXSN#1 – JXSN#4) drilled across the two prospects resulting in four discoveries with gas bearing columns of up to 230 feet and helium content up to 6% and flow rates as high as 412 Mcf/d (see BNL ASX release of 5 October 2022).

The planned Galactica/Pegasus development is a larger-scale and longer-dated project compared to Blue Star's maiden Voyager project, with multiple potential product streams. Well flow rate, production and ultimate recovery profiles have been completed for Galactica/Pegasus by Sproule. Further engineering and market work is underway to refine the initial and expanded planned development configuration and forecast helium and potential CO₂ production and cost estimates.

There are currently a range of development pathways under consideration for Galactica/Pegasus, including an initial leased plant and third party operated option. The final development is expected to include a potential CO₂ by-product stream.

Helium development analogue and validation

The third-party owned Red Rocks helium project adjoins Blue Star's Galactica prospect (see map above). Red Rocks recently commenced production from two wells, into an IACX-operated helium recovery plant, and selling helium gas into the market.

Development and operation of Red Rocks further supports the viability of Blue Star's demonstrated Galactica helium resource, where it holds a majority of the mineral interest, as well as a similar development pathway at Galactica/Pegasus.

This broader commercialisation model (midstream solution via lease and third party operation of helium recovery plant) also delivers excellent validation of Blue Star's chosen development pathway at Voyager, where first helium production remains on track for Q4 CY2023.

Blue Star's previously commissioned resource update for Galactica/Pegasus was placed on hold in order to integrate the Red Rocks discovery wells and production data, as it becomes publicly available. The Company will provide a resource update in due course.

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

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About Blue Star Helium:

Blue Star Helium Ltd (ASX:BNL OTCQB: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 find and develop new supplies of low cost, high grade helium in North America. For further information please visit the Company's website at www.bluestarhelium.com

About Helium:

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

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