BLUE STAR HELIUM

Blue Star Helium Limited
And Controlled Entities

ABN: 49 623 130 987

ANNUAL REPORT

For the Year Ended 31 December 2023

CONTENTS

DIRECTORS

Neil Rinaldi	Non-Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer
Gregg Peters	Non-Executive Director

SECRETARY
Amanda Wilton-Heald

REGISTERED OFFICE
Level 8, London House
216 St Georges Terrace
Perth WA 6000

BUSINESS OFFICE
194 Hay Street
Subiaco WA 6008
Telephone: +61 8 9481 0389
Facsimile: +61 8 9463 6103

WEBSITE & EMAIL
www.bluestarhelium.com
info@bluestarhelium.com

SHARE REGISTRY
Automic Registry Services Pty Ltd
Level 5
191 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9324 2099

AUDITORS
Stantons
Level 2
40 Kings Park Road
West Perth WA 6005

STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: BNL

OTC Markets
OTCQB: BSNLF

Dear Shareholders,

I am pleased to provide you with Blue Star Helium's Annual Report for 2023, which provides a comprehensive summary of our operations, exploration activities and financial position for what has been a highly transformational year, not just for our Company but in the broader helium market.

With its keystone application in the production of semiconductors, fibre optics and its use in medical cryogenics, many global counterparties are waking up to the importance of helium as a critically important manufacturing component. At the same time, long-standing systemic supply issues that have affected market dynamics have been exacerbated by the US Bureau of Land Management (BLM)'s landmark decision to offload its helium inventory. As a result of this confluence of factors, helium prices have reacted by soaring to record highs.

Since joining the Blue Star Board in April 2021, I have been part of Blue Star's crucial first steps in transitioning from a purely exploration-focused business, which began in earnest with the Las Animas Plan of Development in December 2022. Over the course of 2023, your Company has taken active steps to position itself as the next major helium producer in this supply-constricted market.

In June 2023, we executed a Master Services Agreement with IACX, a highly reputable, fully integrated and proven helium production and processing business. With the agreement signed, we took immediate action in laying the foundation for a maiden helium processing facility at the Voyager Project. Field development activities commenced with two initial wells at BBB #33 and Bolling #4 at Voyager, designed to produce into the proposed helium processing facility.

Voyager was initially selected for Blue Star's maiden project given its demonstrated high helium concentration, with the BBB #1 discovery exploration well returning an interpreted 8.8% He, as well as the proven high-concentration (average 8% He) and robust flow rates (up to 2,000 mcf/d) from the historic Model Dome production field analogue wells located only 6 miles from the project acreage.

As a result of this context, it was naturally disappointing to report that the initial flow and pressure results from BBB #33 and Bolling #4 were highly anomalous, with little to no flow observed from the Lyons reservoir at both wells. Subsequent testing of the wells ultimately confirmed the high-quality flow potential historically observed from the Lyons sand, but at significantly higher compression and vacuum requirements than expected. These results are expected to have implications for forecast production volumes per well, and on estimated operating cost estimates, requiring a detailed re-evaluation of project economics under a range of revised development and operating parameters (which is currently in progress). It was a tough decision, but these results informed our decision in March 2024 to pause development of the Voyager project, including the planned mobilisation and installation of the IACX helium process plant to site.

In the interim, we have elected to move forward with a maiden development well at our Galactica/Pegasus Project. This strategy offers an immediate pathway to advancing our Company's production ambitions, and longer-term value potential at Las Animas, as well as offering optionality in implementing the IACX helium process facility, which remains ready to be deployed with all principal plant components acquired.

Galactica/Pegasus benefits from four previously drilled exploration well discoveries, which returned strong helium concentrations of 2.0 - 6.1% helium at flow rates of between 125 – 412 mcf/d. These wells also proved the Company's previous interpretations of gas on logs at historic wells, Denton B#1 and Colorado #B-1. The Galactica/Pegasus project is drill-ready with eleven potential well locations permitted, with four currently fully permitted for drilling by the ECMC.

It is important to note that Galactica/Pegasus was already in our project pipeline – it was being designed as a larger-scale project, with multiple potential product streams, to follow the planned smaller-scale Voyager development. The Company is currently working on refining the initial planned development configuration for Galactica/Pegasus, which, pending successful development well drilling, is still expected to include a CO_2 extraction route and by-product stream.

Importantly also, any potential project development at Galactica/Pegasus is already significantly de-risked by the successful third-party commercialisation of the Red Rocks helium project, which adjoins our Galactica/Pegasus acreage and has also utilised an IACX midstream leased process facility arrangement.

From an internal management perspective, we were pleased to welcome Mr Gregg Peters to the Blue Star Board during the year as a non-executive director. Gregg has extensive experience in managing all aspects of commercial helium operations, including price strategy, contracting, supply system development, marketing and technical support across all modes of supply, both liquid and gaseous.

With two independent non-executive directors sitting on the Blue Star Board, Mr Ross Warner elected to step down as Executive Chairman in September 2023, thereby allowing the Board to be comprised of a majority of independent directors. I would like to thank Ross for his service as Chairman. His ongoing dedication to the Company in the executive role of President, Commercial and Legal is a testament to his sustained belief in the Blue Star journey.

On behalf of the Blue Star team, I would like to thank our partners in the United States for their ongoing support and guidance, which has become increasingly crucial to our operations as we advance project development workstreams across Las Animas. I also wish to express my heartfelt thanks to our shareholders, who have continued to support us along the journey.

The outlook for the current year remains strong and I look forward to updating you on our progress as we advance closer to achieving our ultimate goal of providing a sustainable, low-cost, high-grade helium supply in the United States.

Neil Rinaldi
Non-Executive Chairman

28 March 2024

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Blue Star Helium Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2023 ('**FY23**').

DIRECTORS

The following persons were Directors of Blue Star Helium Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Title
Neil Rinaldi	Non-Executive Chairman (from 10 September 2023) Non-Executive Director (to 10 September 2023)
Ross Warner	Executive Chairman (resigned 10 September 2023) President, Commercial & Legal (from 10 September 2023)
Trent Spry	Managing Director and Chief Executive Officer
Gregg Peters	Non-Executive Director (appointed 10 September 2023)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year ended 31 December 2023 were helium exploration. The Company is headquartered in Australia and its strategy is to provide its shareholders with exposure to multiple high-value helium projects in North America.

REVIEW OF RESULTS

The loss after tax for the year ended 31 December 2023 was $3,125,659 (2022: loss of $6,016,745).

The earnings of the Consolidated Entity for the past financial periods are summarised below:

	31 December 2023 $	31 December 2022 $	31 December 2021 $
Revenue (including other income)	68,947	39,836	66,834
EBITDA	(3,115,867)	(6,012,531)	(1,394,233)
EBIT	(3,125,607)	(6,016,742)	(1,395,783)
Loss after income tax	(3,125,659)	(6,016,745)	(1,395,783)

The factors that are considered to affect total shareholders return are summarised below:

	31 December 2023 $	31 December 2022 $	31 December 2021 $
Share price at financial period end	0.022	0.04	0.062

Operating Review

PROJECTS

It has been a significant year for Blue Star Helium. Following the release of the Las Animas Plan of Development in December 2022, the Company has focused its efforts throughout CY2023 on the advancement and target development of a maiden helium development.

In addition to these development activities, the Company increased its landholdings to 312,042 acres gross (224,103 net).

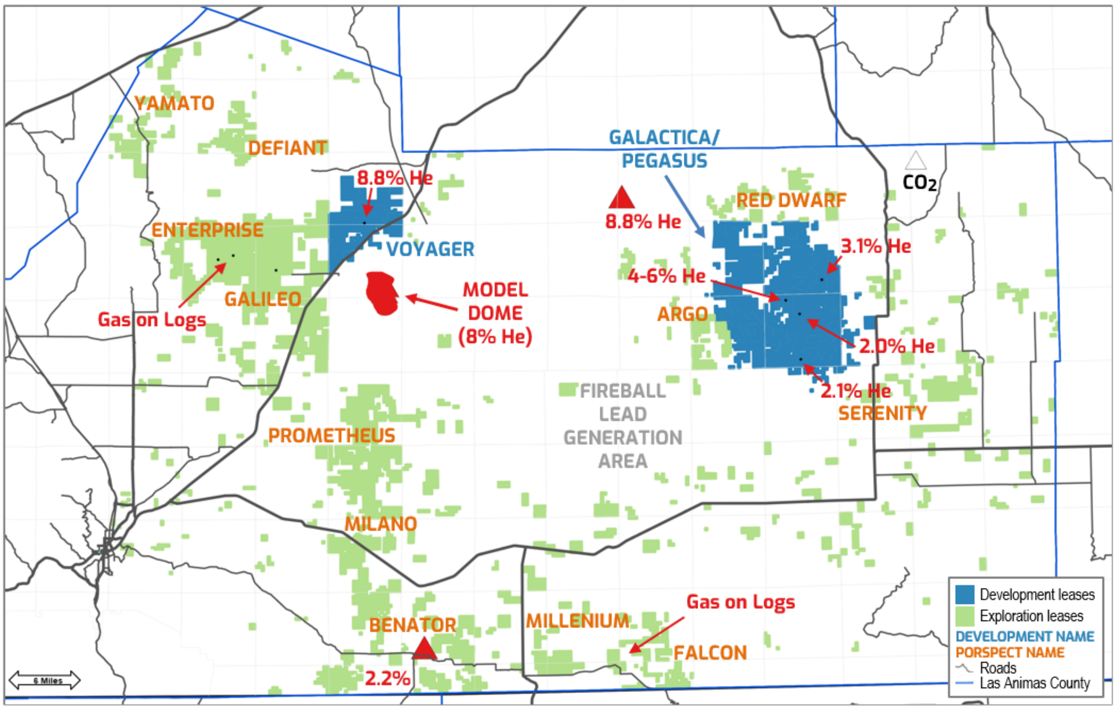

Figure 1: Blue Star Las Animas County leasehold position

Voyager Project

In November 2021, exploration well BBB#1 encountered a calculated air-free gas concentration of 8.8% helium in a 134ft gas column interpreted in the Lyons formation. Voyager is located only 6 miles from the historic Model Dome production field analogue which produced at a similar high helium gas composition (averaging 8% He) and robust well flow rates.

Further leases and additional access acquired at Voyager

Blue Star acquired additional strategic mineral leases and access rights across the Voyager field during the year. The additional surface access provided enhanced optionality in the planned siting of a helium processing facility and enabled a more efficient gas gathering system layout and well optionality.

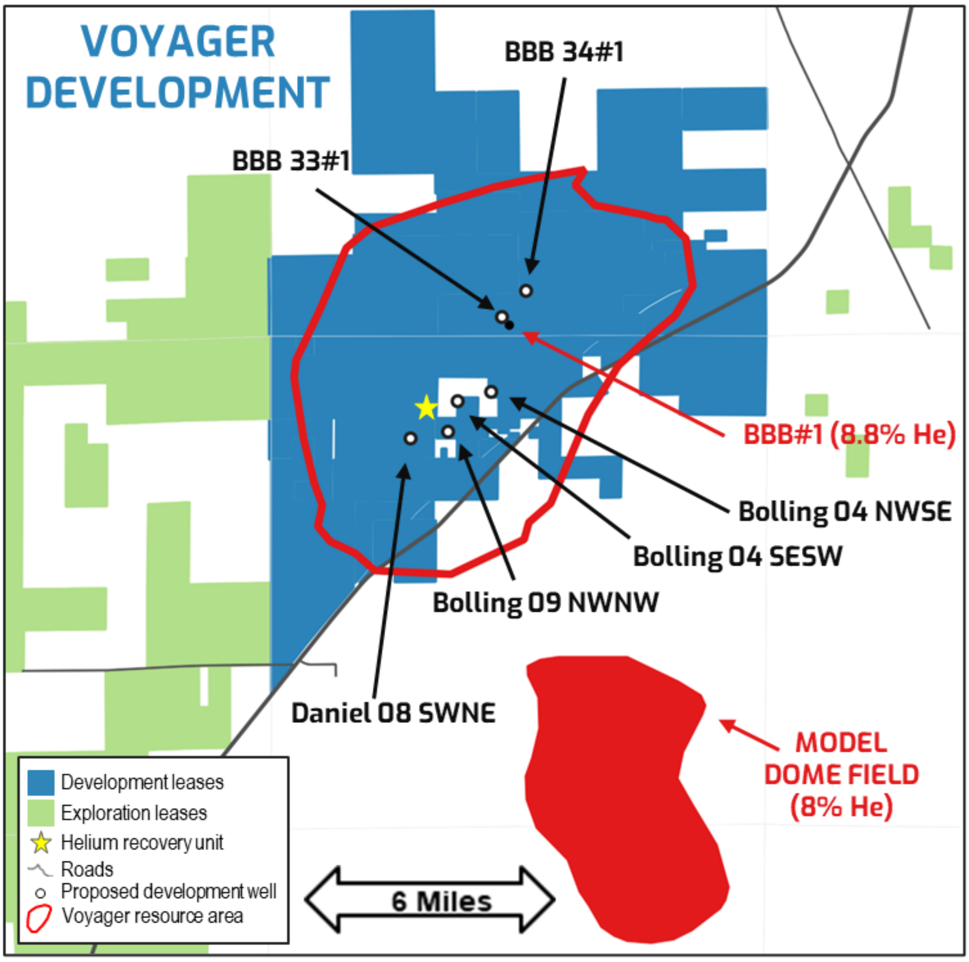

Figure 2: Field view of Voyager Project, proposed helium wells and facility

Permitting

During 2023, Blue Star received final approval from the Colorado Energy and Carbon Management Commission (**ECMC**), formerly known as Colorado Oil & Gas Conservation Commission (**COGCC**) in respect to two Oil and Gas Development Plans (**OGDP**).

The "BBB 2860" OGDP, relating to the proposed BBB 33#1 and BBB 34#1 helium development wells received final Form 2 approval in April 2023.

Following the Company's acquisition of further strategic mineral leases and surface access agreements, Blue Star elected to revise and expand its second OGDP submission. The revised OGDP, comprising four additional proposed helium well locations at Daniel 08 SWNE, Bolling 04 NWSE, Bolling 09 NWNW and Bolling 04 SESW, was subsequently submitted to the ECMC.

Following completion of the ECMC's technical review of that application, a final approval hearing date was set for 22 November 2023. The ECMC approved the OGDP and Blue Star subsequently submitted the final Forms 2, which received final approval in December 2023.

Helium facility

In June 2023, Blue Star executed a Master Services Agreement (**MSA**) with experienced US midstream provider, IACX, for the provision of helium recovery services through the delivery and operation of a helium recovery plant at its planned maiden helium development at Voyager.

IACX is a fully integrated helium production, processing and marketing company, with a fleet of gas gathering and processing assets located across central Kansas, eastern New Mexico and the Texas Panhandle. The company operates a number of standalone facilities across the Midcontinent and Four Corners areas of the US. It currently operates fourteen discrete helium recovery plants in seven states in the US and one Canadian province. One of the existing helium facilities is located in Las Animas County, Colorado, neighbouring Blue Star's Galactica and Pegasus discoveries.

Under the agreement, Blue Star is responsible for providing a secure site, access to the facility and delivering the raw gas to the facility inlet. The facility shall remain the property of IACX throughout the term and subsequent to the termination of the MSA.

The execution process was thorough and included the appointment of a top tier reserves/resource auditor to evaluate the Voyager resource. The result of this process allowed Blue Star to mortgage the Voyager mineral leases as collateral to secure the required payments.

At the time of execution, the PSA facility has the expected physical capabilities outlined in the table below:

Table 1: PSA facility parameters

Plant metrics	Unit	Value
Nameplate raw gas input	MMcf/d	2.0
Helium recovery	%	90
Helium product purity	% He	98
Plant run time	%	95

Under the terms of the agreement, IACX is to be paid a monthly fee for its services. Aside from this monthly fee, the Company is not liable for any capital costs associated with the fabrication of the plant.

Following the signing of the MSA, 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 officers in the US, Canada, the UK, France and the Netherlands.

After securing the feed compressor, helium recovery unit and power generator, the Company concluded the acquisition phase of the principal plant components required for IACX to complete installation of the helium recovery plant.

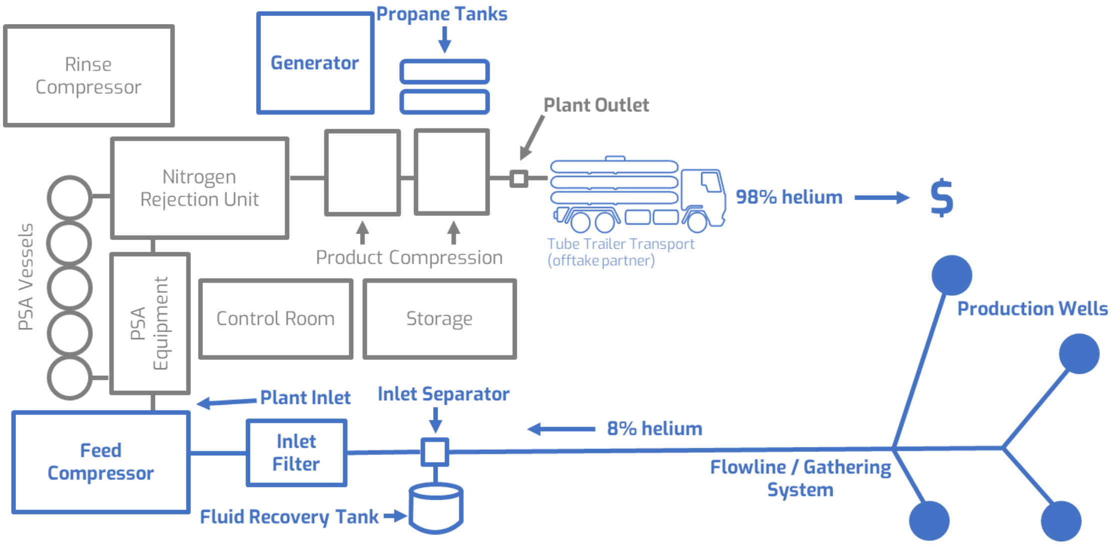

Figure 3: Voyager Development Plant Layout

Blue Star's earth works contractor made significant progress on site preparation works necessary for the IACX helium recovery unit to be deployed at Voyager. The site requirements included a substantial pad, and part of the site planned to serve as a base of operations for ongoing helium exploration and development.

Project development

Following the receipt of permitting approvals by the ECMC, Blue Star commenced field development activities in late December 2023, with an initial focus on drilling the first two development wells at the Voyager Project: BBB #33 and Bolling #4 SESW.

BBB #33 was designed as 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.

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.

Drilling site works were completed in December 2023. Drilling of BBB #33 was undertaken in early 2024 to 935 feet, approximately 51 feet into the top of the high-quality Lyons formation. Wireline logs were 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 with limited-to-no flow observed from the reservoir. Initially, well pressures that were monitored recorded minimal-to-no pressure readings. Both these outcomes were considered highly 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.

Blue Star immediately moved to commence drilling activities at Bolling #4 SESW. Drilling was completed to 922 feet, approximately 48 feet into the top of the high-quality Lyons formation. Wireline logs once again confirmed the high quality of the Lyons sand (average porosity of approximately 27%) with the reservoir gas filled to TD. Initial flow and pressure outcomes from Bolling #4 SESW were however similar to those returned from BBB#33.

Initial post well evaluation activities were undertaken for both the BBB #33 and Bolling #4 SESW wells. At BBB #33, flow of gas to surface was achieved by putting the well on a small vacuum during an 8-hour test, where a constant -2 psi was held on the wellhead and a rate of 18 mscf/d was maintained (measured via an orifice metre using a ¼ chock). This resulted in gas to surface containing approximately 3.0% helium (plus 92.4% nitrogen and 4.6% carbon dioxide).

At Bolling #4 SESW, a variable vacuum test was conducted over a 24-hour period. Gas to surface flow at Bolling #4 SESW contained approximately 4.1% helium, 83.1% nitrogen and 12.8% carbon dioxide.
The data collected from the testing of both BBB#33 and Bolling #4 wells was subsequently integrated and evaluated by Sproule and Blue Star's independent engineer. These results confirmed the high-quality flow potential of the Lyons reservoir.

While post well testing on vacuum has yielded success in terms of flow rates, the anticipated need for compression and vacuum at the wells earlier in field life (than previously anticipated) has implications for forecast production volumes per well as well as operating cost estimates.

Blue Star therefore elected in March 2024 to pause its development of the Voyager project, including the planned mobilisation and installation of the leased IACX helium process plant, in order to conduct a detailed evaluation of these revised project economics under a range of potential adjusted development and operating parameters.

Galactica / Pegasus Projects

The Galactica/Pegasus field, discovered by Blue Star in 2022, is a larger-scale project with multiple potential product streams. Engineering and market work continues to refine the initial planned development configuration and forecast helium and CO_2 production and cost estimates. There are currently a range of development pathways under consideration, including a leased plant and third party operated option.

Four Blue Star discoveries at Galactica/Pegasus – exploration wells JXSN#1 to JXSN#4 - delivered gas flowing at 125 - 412 mcf/d and high air-corrected concentrations of 2.0 – 6.1% He.

These wells proved out the Company's previous interpretations of gas on logs at historic wells, Denton B#1 and Colorado #B-1, also located on the Galactica/Pegasus structure.

Potential development of the Galactica/Pegasus project is further de-risked by the recent successful third-party commercialisation of the adjoining Red Rocks helium project by a third party, also via an IACX midstream leased process facility arrangement.

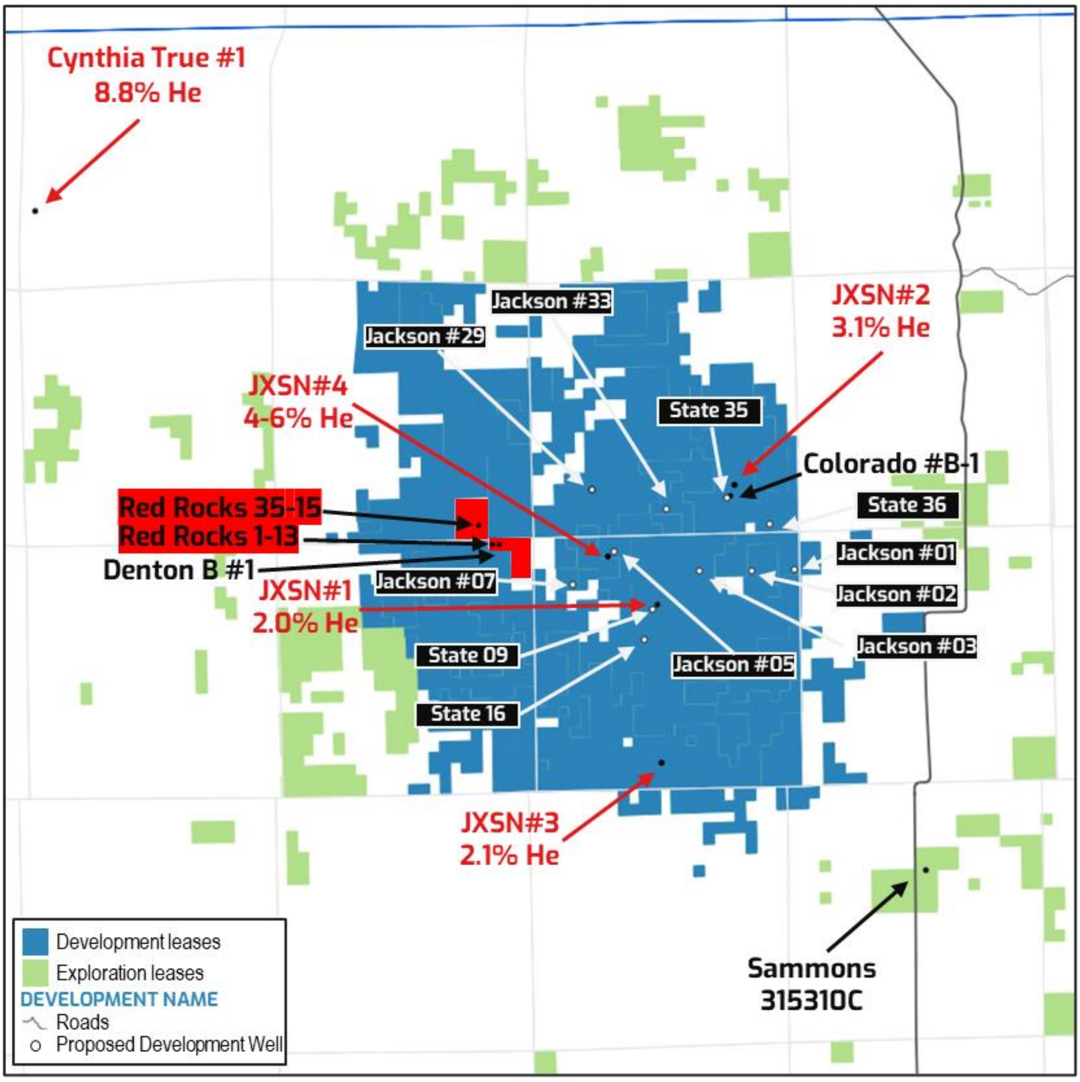

Figure 4: Field view of Galactica/Pegasus prospects

Well permitting

Blue Star currently has an inventory of 11 helium development well locations approved at Galactica/Pegasus.

In January 2023, the ECMC approved the Forms 2 for two OGDPs pertaining to the State 09, State 16, State 35 and State 36 development wells. This is the final approval required to drill these wells.

Later in the year, the ECMC approved the OGDP relating to an additional three proposed helium development wells – Jackson #01, Jackson #02 and Jackson #03. Blue Star is set to submit the final Form 2s in respect of these wells. The Jackson #01, Jackson #02, Jackson #03 wells are planned to be drilled as offset development wells to the JXSN#1 and JXSN#2 helium discoveries.

In January 2024, the ECMC approved the OGDP relating to four further proposed helium development wells, Jackson 05 SWNE, Jackson 07 NWNE, Jackson 29 SWSW and Jackson 33 SENE), at the Galactica/Pegasus project.

Following this approval, Blue Star will be able to submit the final drilling permit applications (Form 2) in respect of these wells. This is the fourth OGDP to be approved at Galactica/Pegasus.

The Jackson 05 SWNE, Jackson 07 NWNE, Jackson 29 SWSW and Jackson 33 SENE wells are offset development wells to the JXSN#1, JXSN#2 and JXSN#4 helium discoveries.

Project development

Following Blue Star's decision to pause the Voyager development, the Company has elected to focus on drilling a maiden development well at the Company's Galactica/Pegasus helium project. This is targeted for Q2 2024.

This strategy offers an immediate pathway to further advancing our Company's production ambitions, and longer-term value potential at Las Animas, as well as offering optionality in implementing the IACX helium process facility, which remains ready to be deployed with all principal plant components acquired.

CORPORATE

Capital raising activities

Blue Star successfully completed an equity placement and share purchase plan (**SPP**) during the year, raising new funds of approximately A$7.5 million.

In October 2023, the Company received firm commitments to raise A$7.0 million in gross proceeds via an institutional placement of 333.33 million new ordinary shares to institutional and sophisticated investors at an issue price of A$0.021 per share.

The Company also launched a SPP to eligible shareholders at the same offer price as the equity placement. Eligible shareholders were granted the opportunity to apply for up to A$30,000 of additional shares.

The SPP closed in November 2023 with applications received for a total of 22,761,889 ordinary shares for gross subscription proceeds of A$478,000.

Board appointment and reorganisation

On 11 September 2023, the Company announced the appointment of Mr Gregg Peters as a Non-Executive Director. Mr Peters brings a proven track record of commercial leadership in the industrial gas sector with over 30 years of direct market experience. Most recently he was Helium Director, North America for Linde PLC (Praxair Inc.). Gregg managed all aspects of commercial helium operations (from mid-2010), including price strategy, contracting, client portfolios, supply system development, as well as marketing and technical support to operating business units, distributors, and end-users across all modes of supply, liquid and gaseous.

Previously, Gregg spent six years as Director of Industrial Gas for Praxair Inc.'s packaged gas business, responsible for the financial performance and development of all gas products, including atmospherics, fuel gases, and CO_2 (responsible for both the industrial and BevCarb segments), and the rapid expansion of the MicroBulk initiative. Currently, he is COO for the Edelgas Group and Managing Director of Disruptive Resources, LLC.

With Gregg's appointment representing the addition of a second independent Non-Executive Director to the Blue Star Board, Mr Ross Warner elected to step down from the Board effective 10 September 2023. This allowed the Board to be comprised of a majority of independent directors. Ross remains with the Company in the executive role of President, Commercial and Legal.

Mr Neil Rinaldi subsequently assumed the role of Non-Executive Chairman. Neil has been a Non-Executive Director of the Company since April 2021.

Business Risks

Our business involves a high degree of risk. If any of the following risks, or any risk described elsewhere in this Annual Report, actually occurs, our business, financial condition, or results of operations could suffer. The risks described below are not the only ones facing us. Additional risks not presently known to us or which we currently consider immaterial also may adversely affect us.

The drilling for and producing of helium are high risk activities. There are many uncertainties that could adversely affect our business and financial condition. Many of our decisions to undertake operations are based on geophysical and geological analysis and engineering studies that are often times inconclusive.

The process of estimating helium resources is complex and requires interpretation of incomplete data and many assumptions. The risk that these interpretations differ from actual results can significantly impact the ultimate resource available and the number of potential development well locations.

The cost to drill, complete and operate wells and to instal and operate a helium processing facility is often uncertain before operations commence. This can lead to budget overruns and result in a particular project being uneconomic. Additionally, the continuing or worsening inflationary pressures, particularly in the Unites States, could result in increases in our cost of goods, services, and personnel which in turn could cause our capital expenditures and operating costs to rise.

With limited production data in our area of operations well results could differ materially from our expectations.

We are highly dependent on many third parties to execute our plans for development of the asset. These third parties include but are not limited to service providers for drilling, completion, production, and construction services, equipment providers, and local, state, and federal regulatory agencies in the United States.

We are subject to health, safety, and environmental laws and regulations that may expose us to significant costs and liabilities.

Evolving legislation or regulatory initiatives, especially in the state of Colorado, could result in increased costs and additional operating restrictions or delays.

Pricing in the helium markets is opaque and largely set by private party contracts. Therefore, the prices we receive are at risk of being significantly different than we assumed. Additionally, changes in the supply/demand balance due to new or returning sources of supply or economic downturns could adversely affect the prices we are able to receive for helium.

The market for all labour in Colorado is competitive and the Company must compete to attract and retain key employees.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in Blue Star's state of affairs during the year other than the results of the Voyager drilling programme, the capital raising activities and the changes to the board each of which is more fully described in the Review of Operations.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Consolidated Entity is undertaking activities to permit further helium wells.

Blue Star Helium Limited has secured leases in Las Animas County, Colorado, USA over a number of prospects and leads to develop and deliver its helium strategy. This leased acreage is intended to support a drilling programme in the 2024 calendar year.

The Consolidated Entity is undertaking activities to ascertain its preferred location for installation of its maiden helium processing facility in the 2024 calendar year.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below.

Current Directors

Director	Details
Neil Rinaldi	
Position	Non-Executive Chairman (from 10 September 2023) Non-Executive Director (to 10 September 2023)
Appointment Date	14 April 2021
Resignation Date	N/A
Length of Service	2 years 11 months
Biography	Mr Rinaldi is an executive leader and finance professional with over 20 years' experience. He has considerable expertise in capital raising, asset acquisition and disposals, company structuring and positioning companies for growth. Mr Rinaldi was previously the Chief Executive Officer of International Graphite, which is an unlisted downstream graphite processing business with operations in Collie and Springdale (Ravensthorpe), Western Australia. Prior to this, Mr Rinaldi was a non-executive director of Brainchip Holdings Limited, an artificial intelligence business, and an Executive Director of Aziana Limited, a multi-commodity exploration business with assets in Madagascar and Louisiana. Prior to that, Mr Rinaldi was the Managing Director of Truestone Capital Limited, a London based corporate advisory firm focused on delivering results for companies in the Australian resources sector. He commenced his professional career as an Investment Advisor at Hartleys Limited.
Current ASX Listed Directorships	None
Former ASX Listed Directorships within last 3 years	International Graphite Limited
Trent Spry	
Qualifications	BSc (Hons), AICD
Position	Managing Director and Chief Executive Officer (effective 14 April 2021)
Appointment Date	29 April 2019
Resignation Date	N/A
Length of Service	3 years 11 months
Biography	Trent brings to the Board significant ASX corporate experience, expertise in geoscience, exploration and project development as well as significant experience in the USA. Trent has over twenty years of experience in the upstream oil, gas and helium industry in exploration, appraisal and development. He holds a Bachelor of Science (Hons) (National Centre for Petroleum Geology & Geophysics, University of Adelaide) and is a graduate of the Australian Institute of Company Directors. He has originated numerous projects from concept or acquisition through to discovery, appraisal, successful development and exit in Australia, SE Asia, the Gulf of Mexico and the US onshore.

Current ASX Listed Directorships	None
Former ASX Listed Directorships within last 3 years	None
Gregg Peters	
Qualifications	Bachelor's degree in marketing from Valparaiso University and an MBA in Operations from Loyola University
Position	Non-Executive Director
Appointment Date	10 September 2023
Resignation Date	N/A
Length of Service	6 months
Biography	Gregg brings a proven track record of commercial leadership in the industrial gas sector with over 30 years of direct market experience. Most recently he was Helium Director, North America for Linde PLC (Praxair Inc.). Gregg managed all aspects of commercial helium operations (from mid-2010), including price strategy, contracting, client portfolios, supply system development, as well as marketing and technical support to operating business units, distributors, and end-users across all modes of supply, liquid and gaseous. Previously, Gregg spent six years as Director of Industrial Gas for Praxair Inc.'s packaged gas business, responsible for the financial performance and development of all gas products, including atmospherics, fuel gases, and CO_2 (responsible for both the industrial and BevCarb segments), and the rapid expansion of the MicroBulk initiative. Currently, he is COO for the Edelgas Group and Managing Director of Disruptive Resources, LLC. Gregg is based in the United States. He holds a Bachelor's degree in Marketing from Valparaiso University and an MBA in operations from Loyola University.
Current ASX Listed Directorships	None
Former ASX Listed Directorships within last 3 years	None

Former Directors

Director	Details
Ross Warner	
Qualifications	B. Juris and LLB and LLM
Position	Executive Chairman
Appointment Date	23 March 2018
Resignation Date	10 September 2023
Length of Service	5 years 5 months
Biography	Ross is an experienced natural resources executive. He has held executive and non-executive director roles in several public companies listed on AIM and ASX and a number of private companies. He has been involved in operated and non-operated oil and gas assets in the US, UK and Indonesia. He practiced as a corporate finance lawyer with Mallesons Stephen Jaques in Perth

	and Melbourne and Clifford Chance in London. He has the following qualifications: B. Juris and LLB (UWA); and LLM (Melb).
Current ASX Listed Directorships	N/A
Former ASX Listed Directorships within last 3 years	None

COMPANY SECRETARY

Company Secretary	Details
Amanda Wilton-Heald	
Qualifications	BCom, CA
Position	Company Secretary
Appointment Date	4 September 2020
Resignation Date	N/A
Biography	Amanda Wilton-Heald is a Chartered Accountant with over 20 years of accounting, auditing (of both listed and non-listed companies) and company secretarial experience in both Australia and the UK. Amanda has been involved in the listing of junior explorer companies on the ASX and has experience in corporate advisory and company secretarial services.

For personal use only

MEETINGS OF DIRECTORS

The number of meetings held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings
Number of Meetings Held	**6**
Number of Meetings Attended:	
Neil Rinaldi	6
Ross Warner[1]	5
Trent Spry	6
Gregg Peters[2]	2

All Directors were eligible to attend all Board Meetings held when they were in office.

SHARE OPTIONS

As at the date of this report:

No. Options	Exercise Price	Expiry Date	Listed / Unlisted
17,194,726	$0.112	04-Nov-24	Unlisted
9,000,000	$0.028	11-Sep-27	Unlisted

PERFORMANCE RIGHTS

As at the date of this report:

No. Performance Rights	Tranche	Expiry Date	Listed / Unlisted
18,200,000	3	07-Jul-24	Unlisted
18,200,000	4	07-Jul-24	Unlisted
18,200,000	5	07-Jan-25	Unlisted
2,000,000	1	18-May-24	Unlisted
2,000,000	2	18-May-24	Unlisted
2,000,000	3	18-Nov-24	Unlisted
2,000,000	4	18-Nov-24	Unlisted
2,000,000	5	18-May-25	Unlisted

Refer to page 51 for the terms and conditions that apply to each of the Performance Rights.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS OR CONVERSION OF PERFORMANCE RIGHTS

Nil shares issued as a result of the exercise of the options or conversion of performance rights were issued as at the date of this report.

[1] Resigned 10 September 2023.
[2] Appointed 10 September 2023.

REMUNERATION REPORT (AUDITED)

The remuneration report below reflects the remuneration policies that were adopted by the Directors of the Company who were in office at the date of this report.

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration;
2. Key management personnel remuneration;
3. Service agreements; and
4. Shareholding and option holding of Directors and other key management personnel.

The information provided under headings 1 to 4 below in the Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

1. Principles used to determine the nature and amount of remuneration (audited)

The Company's Constitution specifies that subject to the initial fixed annual aggregate sum of $500,000, the aggregate remuneration of Non-Executive Directors shall not exceed the sum determined by the shareholders of the Company in general meeting.

The Company may pay a performance-based bonus based on key performance indicators of the Director and Company, set by the Company from time to time, and any matter that it deems appropriate. $Nil was paid to an independent remuneration consultant during the year.

Fees and payments to Directors:

- are to reflect the demands which are made on, and the responsibilities of, the Directors; and
- are reviewed annually by the Board to ensure that Directors' fees and payments are appropriate and in line with the market.

Retirement allowances and benefits for Directors
There are no retirement allowances or other benefits paid to Directors.

Directors' fees
The amount of remuneration of the Directors of the Company (as defined in AASB 124 Related Party Disclosures) are outlined in the table below under the heading Key management personnel remuneration.

Key management personnel

Name	Title
Neil Rinaldi	Non-Executive Chairman (from 10 September 2023) Non-Executive Director (to 10 September 2023)
Ross Warner	Executive Chairman (resigned 10 September 2023) President, Commercial & Legal (from 10 September 2023)
Trent Spry	Managing Director and Chief Executive Officer
Gregg Peters	Non-Executive Director (appointed 10 September 2023)
Peter Kondrat	Chief Operating Officer
Scott Fenoglio	Chief Financial Officer

2. Key management personnel remuneration

The following table sets out the remuneration of Directors and executives of the Consolidated Entity during the reporting year.

		Fixed			STI	LTI	Total	Proportion of Remuneration		
	Year	Salary fees and leave $	Bonus $	Superannuation $	Incentive Payments $	Security Based Payments $	$	Fixed %	STI %	LTI %
Non-Executive Director										
	2023	**91,000**	**-**	**-**	**5,000**	**(89,465)**[3]	**6,535**	**1,392%**	**77%**	**(1369%)**
Neil Rinaldi	2022	60,000	-	-	-	243,065[4]	303,065	20%	-	80%
	2023	**18,500**	**-**	**-**	**-**	**225,000**	**243,500**	**8%**	**-**	**92%**
Gregg Peters[5]	2022	-	-	-	-	-	-	-	-	-
	2023	**109,500**	**-**	**-**	**5,000**	**135,535**	**250,035**	**44%**	**2%**	**54%**
Total Non-Executive Directors	2022	60,000	-	-	-	243,065	303,065	20%	-	80%
Executive Directors										
	2023	**300,704**	**-**	**30,391**	**21,786**	**(268,395)**[3]	**84,486**	**392%**	**26%**	**(318%)**
Ross Warner[6]	2022	310,930	-	26,914	-	729,195	1,067,039	32%	-	68%
	2023	**324,014**	**-**	**30,391**	**21,786**	**(436,142)**[3]	**(59,951)**	**791%**	**36%**	**(727%)**
Trent Spry	2022	314,824	-	26,914	-	1,184,942	1,526,680	22%	-	78%
	2023	**624,718**	**-**	**60,782**	**43,572**	**(704,537)**	**24,535**	**3,696%**	**176%**	**(2872%)**
Total Executive Directors	2022	625,754	-	53,828	-	1,914,137	2,593,719	26%	-	74%

[3] Resulting from reversal of valuation of tranche 1-2 unlisted performance rights expiring 7 January 2024.

[4] A total of 24,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Ross Warner; a total of 39,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Trent Spry; a total of 8,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Neil Rinaldi; and a total of 10,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Peter Kondrat on 7 July 2022. A total of 10,000,000 tranche 1-5 unlisted performance rights expiring 18 May 2024 to 18 May 2025 were granted to Scott Fenoglio on 18 November 2022. The performance rights granted to Ross Warner, Trent Spry and Neil Rinaldi were approved by shareholders at the 31 May 2022 annual general meeting. The performance rights granted to Peter Kondrat and Scott Fenoglio were issued using the Company's ASX LR 7.1 (15%) capacity.

[5] Appointed 10 September 2023.

[6] Resigned 10 September 2023 as Executive Chairman, appointed as President, Commercial & Legal from 10 September 2023.

2. Key management personnel remuneration (continued)

		Fixed			STI	LTI	Total	Proportion of Remuneration		
	Year	Salary fees and leave $	Bonus $	Superannuation $	Incentive Payments $	Security Based Payments $	$	Fixed %	STI %	LTI %
Key Management Personnel										
	2023	**270,986**	**-**	**-**	**22,582**	**(106,514)**[3]	**187,054**	**145%**	**12%**	**(57%)**
Peter Kondrat	2022	83,366	-	-	-	286,514[2]	369,880	23%	-	77%
	2023	**270,986**	**-**	**-**	**22,582**	**(83,553)**[3]	**210,015**	**129%**	**11%**	**(40%)**
Scott Fenoglio	2022	65,674	-	-	-	263,553[2]	329,227	20%	-	80%
	2023	**541,972**	**-**	**-**	**45,164**	**(190,067)**	**397,069**	**137%**	**11%**	**(48%)**
Total Key Management Personnel	2022	149,040	-	-	-	550,067	699,107	21%	-	79%
	2023	**1,276,190**	**-**	**60,782**	**93,736**	**(759,069)**	**671,639**	**0%**	**13%**	**(113%)**
Total Directors & Key Management Personnel	2022	834,794	-	53,828	-	2,707,269	3,595,891	25%	-	75%

3. Service agreements (audited)

The Directors serve until they resign, are removed, cease to be a Director or are prohibited from being a Director under the provisions of the Corporations Act 2001, or are not re-elected to office. The Directors are remunerated on a monthly basis with three months termination payments payable. As at the date of this report management personnel engaged by the Company other than the Directors include the engagement of the Chief Operating Officer, Peter Kondrat and the Chief Financial Officer, Scott Fenoglio.

The Non-Executive Directors do not have a service agreement.

The Executive Director entered into a service agreement with effect from 1 July 2021 on the following terms:

- Salary (including Director's fees of $261,432 per annum (excluding superannuation or similar contributions).
- The Company will make contributions to the Executive's nominated superannuation fund in accordance with the minimum amount prescribed by relevant superannuation legislation from time to time.
- The Company may also, in its absolute discretion, provide a bonus, the value of which, the conditions attached to and the frequency of such a bonus, remains matters over which the Company exercises sole discretion.
- Termination of the agreements requires three months' notice in writing other than if the termination is a result of unlawful conduct.

The President, Commercial & Legal, entered into a service agreement with effect on the following terms:

- Salary (including fees of $261,432 per annum (excluding superannuation or similar contributions).
- The Company will make contributions to the President's, Commercial & Legal nominated superannuation fund in accordance with the minimum amount prescribed by relevant superannuation legislation from time to time.
- The Company may also, in its absolute discretion, provide a bonus, the value of which, the conditions attached to and the frequency of such a bonus, remains matters over which the Company exercises sole discretion.
- Termination of the agreements requires three months' notice in writing other than if the termination is a result of unlawful conduct.

The Chief Operating Officer entered into a service agreement with effect from 30 June 2022 and the Chief Financial Officer entered into a service agreement with effect from 6 September 2022 on the following terms:

- Salary of AU$264,243 (US$180,000) per annum
- the employment is "at-will" and the agreement may be terminated by either party without notice.

4. Shareholding and option holding of Directors and other Key Management Personnel (audited)

Share holdings of Key Management Personnel

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director / Key Management Personnel	No. Shares Held at 31 December 2022	Share Based Payments	Exercise of Options	Other Changes	No. Shares Held at 31 December 2023	No. Shares Held at Date of this Report
Neil Rinaldi						
Directly	-	-	-	-	-	-
Indirectly	1,000,000	-	-	1,000,000	2,000,000	2,000,000
Ross Warner[7]						
Directly	37,000,000	-	-	(8,432,752)	28,567,248	11,411,849
Indirectly	2,000,000	-	-	587,661	2,587,661	2,587,661
Trent Spry						
Directly	22,000,000	-	-	(3,000,000)	19,000,000	11,601,658
Indirectly	3,000,000	-	-	3,000,000	6,000,000	6,000,000
Gregg Peters[8]						
Directly	-	-	-	-	-	-
Indirectly	400	-	-	-	400	400
Peter Kondrat						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Scott Fenoglio						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Total	**65,000,400**	**-**	**-**	**(6,845,091)**	**58,155,309**	**33,601,568**

[7] Resigned 10 September 2023 as Executive Chairman, appointed as President, Commercial & Legal from 10 September 2023.
[8] Appointed 10 September 2023.

Details of options over the ordinary shares in the Company provided to each director and key management personnel of the Consolidated Entity is set out below. When exercisable, each option is convertible into one ordinary share of the Company.

Options held by Key Management Personnel

Director / Key Management Personnel	No. Options Held at 31 December 2022	Share Based Payments	Exercise of Options	Other Changes	No. Options Held at 31 December 2023	No. Options Held at Date of this Report
Neil Rinaldi						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Ross Warner[9]						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Trent Spry						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Gregg Peters[10]						
Directly	-	9,000,000[11]	-	-	9,000,000	9,000,000
Indirectly	-	-	-	-	-	-
Peter Kondrat						
Directly	N/A	-	-	-	-	-
Indirectly	N/A	-	-	-	-	-
Scott Fenoglio						
Directly	N/A	-	-	-	-	-
Indirectly	N/A	-	-	-	-	-
Total	**-**	**9,000,000**	**-**	**-**	**9,000,000**	**9,000,000**

[9] Resigned 10 September 2023 as Executive Chairman, appointed as President, Commercial & Legal from 10 September 2023.
[10] Appointed 10 September 2023.
[11] Refer to Note 15 for details of valuation.

Performance Rights held by Key Management Personnel

Director / Key Management Personnel	No. Performance Rights Held at 31 December 2022	Share Based Payments	Conversion of Performance Rights	Other Changes	No. Performance Rights Held at 31 December 2023	No. Performance Rights Held at Date of this Report	No. Unvested at 31 December 2023	Fair Value of Grant
Neil Rinaldi								
Directly	8,000,000	-	-	-	8,000,000	4,800,000	8,000,000	$243,065[12]
Indirectly	-	-	-	-	-	-	-	-
Ross Warner[13]								
Directly	24,000,000	-	-	-	24,000,000	14,400,000	24,000,000	$729,195[12]
Indirectly	-	-	-	-	-	-	-	-
Trent Spry								
Directly	39,000,000	-	-	-	39,000,000	23,400,000	39,000,000	$1,184,942[12]
Indirectly	-	-	-	-	-	-	-	-
Gregg Peters[14]								
Directly	-	-	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-	-	-
Peter Kondrat								
Directly	10,000,000	-	-	-	10,000,000	6,000,000	10,000,000	$286,514[12]
Indirectly	-	-	-	-	-	-	-	-
Scott Fenoglio								
Directly	10,000,000	-	-	-	10,000,000	10,000,000	10,000,000	$263,553[12]
Indirectly	-	-	-	-	-	-	-	-
Total	**91,000,000**	**-**	**-**	**-**	**91,000,000**	**58,600,000**	**91,000,000**	**$2,707,269**

[12] Valued during FY22.
[13] Resigned 10 September 2023 as Executive Chairman, appointed as President, Commercial & Legal from 10 September 2023.
[14] Appointed 10 September 2023.

The following terms and conditions apply to each of the Performance Rights:

- **(Vesting Conditions):** The Performance Rights will vest subject to the satisfaction of the following performance milestones within that timeframe (each a **Milestone**):

Tranche	Milestone	Vesting / Expiry Date	Number of Performance Rights
1	Vest and be convertible upon: (A) the Company publicly reporting two (2) independently certified helium discoveries; and (B) the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right	Directors, COO & Employee: 07-Jan-24 CFO: 18-May-24	20,200,000
2	Vest and be convertible upon the Company publicly reporting: (A) Independently certified helium reserves; and (B) Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right	Directors, COO & Employee: 07-Jan-24 CFO: 18-May-24	20,200,000
3	Vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right	Directors, COO & Employee: 07-Jul-24 CFO: 18-Nov-24	20,200,000
4	Vest and be convertible upon the Company making a Final Investment Decision (**FID**) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right	Directors, COO & Employee: 07-Jul-24 CFO: 18-Nov-24	20,200,000
5	Vest and be convertible upon the Company selling helium within 30 months after issue of the performance right	Directors, COO & Employee: 07-Jan-25 CFO: 18-May-25	20,200,000
Total			**101,000,000**

Transactions with related parties

During the reporting year, there were no related party transactions.

End of Remuneration Report

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to payment of dividends.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since the end of the year which will significantly affect, or may significantly affect, the state of affairs or operations of the Consolidated Entity in future financial years other than the following:

- Expiry of 18,200,000 Tranche 1 and 18,200,000 Tranche 2 performance rights on 7 January 2024.

INDEMNIFICATION OF DIRECTORS & COMPANY SECRETARY

The Company has agreed to indemnify the current Directors and Company Secretary of the Consolidated Entity against all liabilities that may arise from their position as directors or officers of the Group to the maximum extent permitted by law.

INDEMNIFYING OFFICERS

During the year, the Company paid a premium to insure officers of the Consolidated Entity. The officers of the Consolidated Entity covered by the insurance policy include all directors, the COO, the CFO and the company secretary. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Consolidated Entity or other otherwise excluded by the policy.

PROCEEDINGS ON BEHALF OF COMPANY

There are no proceedings.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report. Total fees paid or payable to the Company's auditors Stantons Corporate Finance Pty Ltd for non-audit services provided to the Company during the year ended 31 December 2023 are $1,000 (2022: $3,600).

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporation Act 2001.

Signed in accordance on behalf of the Directors.

Trent Spry
Managing Director and Chief Executive Officer

28 March 2024

The Board is committed to achieving and demonstrating the highest standards of corporate governance. Blue Star Helium Limited and its subsidiaries have adopted the third edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

The Company's corporate governance statement reflects the corporate governance policies that were adopted by the directors of the Company who were in office at the date of this report. These policies have applied since 29 March 2019.

The Company's current Corporate Governance Statement is available on Blue Star Helium Limited's website at: https://www.bluestarhelium.com/corporate/governance/

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

28 March 2024

Board of Directors
Blue Star Helium Limited
Level 11
216 St Georges Terrace
Perth WA 6000

Dear Directors

RE: BLUE STAR HELIUM LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Blue Star Helium Limited.

As Audit Director for the audit of the financial statements of Blue Star Helium Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
Revenue	3	**8,006**	12,327
Cost of goods sold	4	**105,457**	-
Gross profit / (loss)		**113,463**	12,327
Other income	3	**60,941**	27,509
Other Expenses		**(1,334,046)**	(206,580)
Write-off of exploration and evaluation assets	11	**(372,032)**	(1,570,853)
Rehabilitation costs		**(86,867)**	(182,807)
Employment expenses		**(1,707,037)**	(753,783)
Share based payment expense	15	**639,069**	(2,707,269)
Business development expenses		**(321,641)**	(455,262)
Legal expenses		**(117,509)**	(180,027)
Loss before tax		**(3,125,659)**	(6,016,745)
Income tax expense	5	**-**	-
Net loss for the year from operations		**(3,125,659)**	(6,016,745)
Other comprehensive income			
Exchange differences on translation of foreign entities		**(21,421)**	133,481
Total comprehensive loss for the year		**(3,147,080)**	(5,883,264)
Basic and diluted loss per share (cents)	6	**(0.19)c**	(0.38)c

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**6,869,070**	6,824,205
Trade and other receivables	8	**58,799**	25,855
Other assets	9	**402,875**	140,971
Total Current Assets		**7,330,744**	6,991,031
Non-Current Assets			
Other assets	9	**142,398**	143,365
Plant and equipment	10	**931,718**	13,210
Exploration and evaluation assets	11	**14,098,072**	12,459,717
Total Non-Current Assets		**15,172,188**	12,616,292
Total Assets		**22,502,932**	19,607,323
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**330,432**	643,650
Provisions	13	**218,107**	228,727
Total Current Liabilities		**548,539**	872,377
Non-Current Liabilities			
Provisions	13	**34,646**	5,665
Total Non-Current Liabilities		**34,646**	5,665
Total Liabilities		**583,185**	878,042
Net Assets		**21,919,747**	18,729,281
EQUITY			
Contributed equity	14	**33,411,947**	26,435,332
Reserves	15	**3,478,378**	4,138,868
Accumulated losses		**(14,970,578)**	(11,844,919)
Total Equity		**21,919,747**	18,729,281

The accompanying notes form part of these financial statements.

BLUE STAR HELIUM

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Consolidated Entity	Contributed Equity $	Foreign Currency Translation Reserve $	Share Option Reserve $	Share Based Payments Reserve $	Accumulated Losses $	Total $
Balance at 1 January 2023	**26,435,332**	**54,038**	**1,377,561**	**2,707,269**	**(11,844,919)**	**18,729,281**
Loss for the year	-	-	-	-	(3,125,659)	(3,125,659)
Other comprehensive income:						
Foreign exchange on translation of operations	-	(21,421)	-	-	-	(21,421)
Total comprehensive loss for the year	-	(21,421)	-	-	(3,125,659)	(3,147,080)
Transactions with owners in their capacity as owners:						
Equity issues	7,478,000	-	-	-	-	7,478,000
Equity issue expenses	(501,385)	-	-	-	-	(501,385)
Share based payments (net)	-	-	-	(639,069)	-	(639,069)
Balance at 31 December 2023	**33,411,947**	**32,617**	**1,377,561**	**2,068,200**	**(14,970,578)**	**21,919,747**

Consolidated Entity	Contributed Equity $	Foreign Currency Translation Reserve $	Share Option Reserve $	Share Based Payments Reserve $	Accumulated Losses $	Total $
Balance at 1 January 2022	**26,439,763**	**(79,443)**	**1,377,561**	**-**	**(5,828,174)**	**21,909,707**
Loss for the year	-	-	-	-	(6,016,745)	(6,016,745)
Other comprehensive income:						
Foreign exchange on translation of operations	-	133,481	-	-	-	133,481
Total comprehensive loss for the year	-	133,481	-	-	(6,016,745)	(5,883,264)
Transactions with owners in their capacity as owners:						
Equity issues	-	-	-	-	-	-
Equity issue expenses	(4,431)	-	-	-	-	(4,431)
Share based payments	-	-	-	2,707,269	-	2,707,269
Balance at 31 December 2022	**26,435,332**	**54,038**	**1,377,561**	**2,707,269**	**(11,844,919)**	**18,729,281**

The accompanying notes form part of these financial statements.

	Note	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
Cash flows from operating activities			
Receipts from customers		**8,006**	12,327
Payments to suppliers and employees		**(3,268,349)**	(2,189,579)
Interest received		**60,941**	27,509
Interest paid		**(52)**	(3)
Net cash (used in) operating activities	7	**(3,199,454)**	(2,149,746)
Cash flows from investing activities			
Payment for plant and equipment		**(926,477)**	(14,400)
Exploration, evaluation and development expenditure (including licenses acquisition costs)		**(2,656,527)**	(6,684,935)
Proceeds from disposal of leases		**20,285**	-
Net cash (used in) investing activities		**(3,562,719)**	(6,699,335)
Cash flows from financing activities			
Proceeds from share issues		**7,478,000**	-
Payment for costs of equity issues		**(501,385)**	(4,431)
Net cash (used in) / from financing activities		**6,976,615**	(4,431)
Net (decrease) / increase in cash held		**214,442**	(8,853,512)
Cash and cash equivalents at beginning of the year		**6,824,205**	15,632,345
Foreign exchange effect on cash and cash equivalents		**(169,577)**	45,372
Cash and cash equivalents at the end of the year	7	**6,869,070**	6,824,205

The accompanying notes form part of these financial statements.

1. *Corporate information*

This Annual Report covers Blue Star Helium Limited and the entities it controlled at the end of, or during, the year ended 31 December 2023 (the "Consolidated Entity"). The presentation currency of the Consolidated Entity is Australian Dollars ("$"). A description of the Consolidated Entity's operations is included in the review and results of operations in the Directors' Report. The Directors' Report is not part of the financial statements. The Consolidated Entity is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code "BNL". The financial statements were authorised for issue on 28 March 2024 by the Directors. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. *Accounting policies*

a. Basis of preparation

These general purpose financial statements for the year ended 31 December 2023 have been prepared in accordance with applicable Australian Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements, as appropriate for for-profit oriented entities. These financial statements are to be read in conjunction with any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The principal accounting policies adopted are consistent with those of the previous financial year. The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board.

b. Going concern

For the year ended 31 December 2023 the consolidated entity incurred a total comprehensive loss of $3,147,080 (31 December 2022: total comprehensive loss of $5,883,264) and had working capital of $6,782,205 (31 December 2022: $6,118,654). The Directors considered the subsequent events, reviewed the cash flow forecasts and working capital requirements of the Consolidated Entity in view of the Consolidated Entity's existing cash resources of $6,869,070 (31 December 2022: $6,824,205). On this basis, the Directors consider there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the 31 December 2023 year financial report. In the event that the Consolidated Entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

c. Principles of consolidation

The consolidated financial statements comprise the financial statements of Blue Star Helium Limited and its subsidiaries during the year ended 31 December 2023 ("the Consolidated Entity"). The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

2. *Accounting policies (continued)*

d. Foreign currency translation

Both the functional and presentation currency of Blue Star Helium Limited and its Australian subsidiaries is in Australian dollars ($). Entities within the Consolidated Entity that are based and operate outside of Australia use the functional currency of the country in which they operate, provided the local economy is not subject to hyperinflation. Each entity in the Consolidated Entity uses its specific functional currency to measure the items included in the financial statements of that entity. Transactions in foreign currency are recorded in the functional currency by applying the exchange ruling at the average monthly rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rate as at the date when fair value was determined. The functional currency of the Consolidated Entity's foreign operations, Antares Energy Company (dissolved during the year), BNL (Enterprise) Inc and Las Animas Leasing Inc is United States dollars (USD). As at the reporting date the assets and liabilities of these subsidiaries were translated into the presentation currency of Blue Star Helium Limited at the rate of exchange ruling at the balance date and their profit or loss is translated at the average monthly exchange rate. The exchange differences arising on the translation are taken directly to the consolidated statement of profit or loss and other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

e. Critical accounting estimates, assumptions and judgements

Estimates and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Consolidated Entity continually employs judgement in the application of its accounting policies.

Critical Accounting Estimates and Assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Impairment of exploration and evaluation assets

  The Consolidated Entity's accounting policy for impairment is set out at Note 11. Unless otherwise identified, the following discussion of impairment testing is applicable to the assessment of the recoverable amount of all of the Consolidated Entity's Exploration and Evaluation assets. The Company has valued these assets at the fair value or market price for these assets less impairment.

- Lease accounting

  On 30 June 2023 the Company announced that it had entered into a Gas Processing Services Agreement with a third-party midstream company based in the US, IACX Energy LLC. The Company sought out the opinion of a third-party consulting firm as to the accounting treatment for this agreement. It was advised that this agreement should be accounted for as a lease in accordance with AASB 16 requirements once services had commenced.

2. ***Accounting policies (continued)***

This agreement is not recorded as a lease in the financial statements for the fiscal year 2023 as service have not commenced. It does however represent a future obligation for the Company and will be recorded as such once service commences.

- Restoration obligations

Where a restoration obligation exists, the Consolidated Entity estimates the future removal costs of production facilities, wells and pipelines at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal techniques in determining the removal cost and asset. For more detail regarding this policy in respect of the provision for restoration refer to Note 13.

- Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options issued are determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

f. Accounting Standards that are mandatorily effective for the current reporting year

The Consolidated Entity has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*

The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
3. *Revenue and other income*		
Royalty	**8,006**	12,327
Interest income	**60,941**	27,509
	68,947	39,836

Accounting policy:

Revenue is recognised when the Consolidated Entity transfers control of goods to a customer at the amount to which the Consolidated Entity expects to be entitled. Where the consideration promised includes a variable amount, the Consolidated Entity estimates the amount of consideration to which it will be entitled to at the time the revenue is recognised. The following specific recognition criteria must also be met before revenue is recognised:

- *Royalty Revenue – Oil and gas sales*
  Revenue from royalties is recognised in the period of production of the underlying oil or gas being produced. Royalty agreements that are based on production, sales and other measures are recognised by reference to the underlying arrangements.
- *Interest*
  Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

4. *Cost of goods sold*

Cost of sales: other production costs	**105,457**	-
	105,457	-

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
5. *Income tax*		
Income tax expense / (benefit)		
Current tax	-	-
Deferred tax	-	-
Under / (over provision) in prior years	-	-
	-	-
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity		
Current tax	-	-
Net deferred tax	-	-
	-	-
Reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(3,125,659)**	**(6,016,745)**
Tax at the Australian tax rate of 30% (2022: 30%)	**(937,698)**	**(1,805,024)**
Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:		
• Non-deductible expenses / assessable income	**727,550**	**1,315,323**
• Deferred tax asset not brought to account	**189,666**	**467,727**
• Movement in unrecognised temporary differences	**20,482**	**21,974**
• Non-assessable income	-	-
• Deductible equity raising costs	-	-
	-	-
The applicable weighted average effective tax rates	**0%**	0%

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
5. *Income tax (continued)*		
Unrecognised deferred tax asset		
Tax losses- revenue	**16,004,279**	16,137,619
Expenses taken into equity	**1,278**	-
Other temporary differences	**76,996**	43,163
Temporary differences – tax capital losses	**1,250**	1,250
	16,083,803	16,182,032
Off-set of deferred tax liabilities	**(1,164)**	-
Net deferred tax assets unrecognised	**16,082,639**	16,182,032

The carried forward tax losses in the US total $4,857,395 (US$3,308,809) (31 December 2022: $1,047,430 (US$708,686)).

Accounting policy:

Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences; except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised; except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, in which case the deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

5. *Income tax (continued)*

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date. Income taxes relating to terms recognised directly in equity are recognised in equity and not in profit or loss.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

6. *Basic and diluted loss per share*

The following reflects the income and share data used in the basic and diluted loss per share computations:

	Consolidated Entity 31 December 2023 $	**Consolidated Entity 31 December 2022 $**
Net (loss) attributable to ordinary equity holders of the parent (used in calculating basic and diluted loss per share)	**(3,125,659)**	(6,016,745)

	Consolidated Entity 31 December 2023 No.	**Consolidated Entity 31 December 2022 No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	**1,652,347,782**	1,586,170,058

6. *Basic and diluted loss per share*

Accounting policy:
Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as the net profit attributed to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue and expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The Consolidated Entity is in a loss position therefore the share-based incentive plans do not affect the diluted earnings per share calculation as potential ordinary shares will be treated as dilute when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
7. *Cash and cash equivalents*		
Cash at bank and on hand	**6,869,070**	6,824,205
	6,869,070	6,824,205

Accounting policy:
Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Reconciliation of net (loss) after tax to net operating cash flows:		
Net (loss) for the year	**(3,125,659)**	(6,016,745)
Exploration expenditure	**477,490**	1,570,853
Depreciation	**9,740**	4,211
Share based payment	**(639,069)**	2,707,269
Foreign exchange	**225,534**	(558,095)
Provisions	**86,867**	142,670
(Increase)/Decrease in receivables and prepayments	**(294,849)**	5,937
Increase/(Decrease) in creditors and payables	**122,199**	(24,388)
Increase/(Decrease) in provisions	**(61,707)**	18,542
Net cash (outflows) from operating activities	**(3,199,454)**	(2,149,746)

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
8. *Trade and other receivables*		
Other receivables	**1,726**	-
GST refunds	**57,073**	25,855
	58,799	25,855

There are no receivables that are past due.

Accounting policy:

An estimate for expected credit loss is made when there is objective evidence that the Consolidated Entity will not be able to collect the full debt. Expected credit losses are written off when identified. Financial difficulties of the debtor and default payments are likely to be considered objective evidence of impairment.

9. *Other assets*

Current		
Inventory[15]	**216,440**	-
Prepaid expenses	**186,435**	140,971
	402,875	140,971
Non-Current		
Bonds	**142,398**	143,365
	142,398	143,365

10. *Plant and equipment*

Computer equipment and asset under construction		
- At cost	**953,923**	27,499
- Accumulated depreciation	**(22,205)**	(14,289)
	931,718	13,210
Reconciliation of the movements in plant and equipment:		
Balance at beginning of year	**13,210**	3,125
Additions	**926,477**	14,400
Depreciation	**(9,740)**	(4,211)
Exchange difference translation	**1,771**	(104)
Balance at end of year	**931,718**	13,210

[15] Inventory relates to spare parts and other sundries to be used in future drilling programs.

10. *Plant and equipment (continued)*

Accounting policy:
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation
Property, plant and equipment, other than freehold land, is depreciated to their residual values at rates based on the expected useful lives of the assets concerned. The remaining assets use the straight-line approach at 50%.

Impairment
The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For property, plant and equipment, impairment losses are recognised in profit or loss.

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

	Consolidated Entity 31 December 2023 $	**Consolidated Entity 31 December 2022 $**
11. *Exploration and evaluation assets*		
Capitalised expenditure		
- At cost	**14,176,254**	13,159,073
- Accumulated amortisation and impairment	**-**	-
- Exchange difference translation	**(78,182)**	(699,356)
	14,098,072	12,459,717

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
11. *Exploration and evaluation assets (continued)*		
Reconciliation of the movements in capitalised expenditure:		
Balance at beginning of year	**12,459,717**	6,768,833
Exploration and evaluation expenditure incurred during the year	**2,086,298**	7,961,093
Write-off of exploration and evaluation assets	**(369,761)**	(1,570,853)
Exchange difference translation	**(78,182)**	(699,356)
Balance at end of year	**14,098,072**	12,459,717

Blue Star Helium Limited has secured leases in Las Animas County, Colorado, USA over a number of prospects and leads to develop and deliver its helium strategy. This leased acreage is intended to support a drilling programme in 2024 and beyond. Currently Blue Star Helium Limited has expended certain funds in connection with acquiring and exploring the lands for helium. As at 31 December 2023 there was a total of $14,098,072 (31 December 2022: $12,459,717) of expenditure directly connected with this asset which has been capitalised from 1 October 2019 in accordance with AASB 6 Exploration and Evaluation of Mineral Resources.

Accounting policy:

Expenditure on exploration and evaluation is accounted for in accordance with the "area of interest" method. Exploration licence acquisition costs are capitalised and subject to half-yearly impairment testing. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred except where:

- The expenditure relates to an exploration discovery where, at balance date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete and significant operations in, or in relation to, the area of interest are continuing; or
- An assessment has been made and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons or helium. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are capitalised. Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil, gas and helium properties.

11. *Exploration and evaluation assets (continued)*

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If any such indication of impairment exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes a formal estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, an assessment is made as to whether the Company intends to make substantive expenditures on the asset and the carrying amount of the assets is assessed against the market capitalisation of the Company. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit).

	Consolidated Entity 31 December 2023 $	**Consolidated Entity 31 December 2022 $**
12. *Trade and other payables*		
Trade creditors and other accruals	**330,432**	643,650
	330,432	643,650

Accounting policy:

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
13. *Provisions*		
Current		
Employee benefits	**170,856**	94,885
Restoration	**47,251**	133,842
	218,107	228,727
Non-Current		
Employee benefits	**9,761**	5,665
Restoration	**24,885**	-
	34,646	5,665
Reconciliation of the movements in the restoration provision:		
Balance at start of year	**133,842**	184,071
Additions during the year	**24,884**	133,842
Utilisation of provision	**(86,590)**	(119,927)
Reversal of provision	**-**	(70,789)
Foreign exchange movements	**-**	6,645
Balance at end of year	**72,136**	133,842

The restoration obligations are expected to be incurred over a period from 1 to 15 years. The Company has recognised a provision for restoration related to the estimated cost of restoration work required at the end of the useful life of the wellbores it owns, including removal of facilities and equipment required or intended to be removed. These provisions have been created based on the Company's estimate. These estimates are reviewed regularly to consider any material changes to the assumptions. However actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. These estimates of restoration are subject to significant estimates and assumptions which are outlined in the accounting policy note.

13. *Provisions (continued)*

Accounting policy:

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs. Liabilities for wages and salaries, and other short-term benefits expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Restoration provision

The Consolidated Entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the year in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas. Typically, the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related oil and gas properties. Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed.

14. *Contributed equity*

	Consolidated Entity 31 December 2023 No.	**$**	**Consolidated Entity 31 December 2022 No.**	**$**
Balance at beginning of year	**1,586,170,058**	**26,435,332**	1,586,170,058	26,439,763
Share issue from placement: 23-Oct-23	**333,333,334**	**7,000,000**	-	-
Share issue from share purchase plan: 23-Nov-23	**22,761,889**	**478,000**	-	-
Share issue costs	**-**	**(501,385)**	-	(4,431)
Balance at end of year	**1,942,265,281**	**33,411,947**	1,586,170,058	26,435,332

Accounting policy:

Issued and paid-up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any share issue costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

14. *Contributed equity (continued)*

Capital management

When managing capital, the Board's objective is to ensure the Consolidated Entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management monitors capital by reviewing the level of cash on hand, cash flow forecasts and working capital requirements of the Consolidated Entity in view of the Consolidated Entity's existing cash resources of $6,869,070 (31 December 2022: $6,824,205) and ability of the Company to raise capital as needed.

15. *Reserves*

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
Foreign currency translation reserve		
Balance at beginning of period	**54,038**	(79,443)
Foreign exchange on translation of operations	**(21,421)**	133,481
Balance at end of period	**32,617**	54,038
Options reserve		
Balance at beginning of period	**1,377,561**	1,377,561
Balance at end of period	**1,377,561**	1,377,561
Share based payments		
Balance at beginning of period	**2,707,269**	-
Options granted	**225,000**	-
Performance rights granted[16]	**160,000**	2,707,269
Revaluation of performance rights	**(1,024,069)**	-
Balance at end of period	**2,068,200**	2,707,269

[16] A total of 24,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Ross Warner; a total of 39,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Trent Spry; a total of 8,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Neil Rinaldi; and a total of 10,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Peter Kondrat on 7 July 2022. A total of 10,000,000 tranche 1-5 unlisted performance rights expiring 18 May 2024 to 18 May 2025 were granted to Scott Fenoglio on 18 November 2022. A total of 10,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to an employee on 27 October 2023. The performance rights granted to Ross Warner, Trent Spry and Neil Rinaldi were approved by shareholders at the 31 May 2022 annual general meeting. The performance rights granted to Peter Kondrat, Scott Fenoglio and the employee were issued using the Company's ASX LR 7.1 (15%) capacity.

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $
15. *Reserves (continued)*		
Total reserves	**3,478,378**	4,138,868

	Consolidated Entity 31 December 2023 No.	Consolidated Entity 31 December 2022 No.
Unlisted options		
Balance at beginning of period	**34,389,452**	34,389,452
Options granted	**9,000,000**	-
Options expired	**(17,194,726)**	-
Balance at end of period	**26,194,726**	34,389,452
Unlisted performance rights		
Balance at beginning of period	**91,000,000**	-
Performance rights granted	**10,000,000**	91,000,000
Balance at end of period	**101,000,000**	91,000,000

BLUE STAR HELIUM

15. *Reserves (continued)*

Inputs	Director Performance Rights	Employee Performance Rights	Employee Performance Rights	Employee Performance Rights
Number of performance rights	71,000,000	10,000,000	10,000,000	10,000,000
Exercise price	$Nil	$Nil	$Nil	$Nil
Expiry date	Varies between 7 January 2024 & 7 January 2025	Varies between 7 January 2024 & 7 January 2025	Varies between 18 May 2024 & 18 May 2025	Varies between 7 January 2024 & 7 January 2025
Grant date	7 July 2022	7 July 2022	18 November 2022	27 October 2023
Vesting date	Upon vesting conditions being met	Upon vesting conditions being met	Upon vesting conditions being met	Upon vesting conditions being met
Vesting conditions	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right

	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right
Share price at grant date	$0.03	$0.03	$0.03	$0.02
Risk free interest rate	2.725%	2.725%	3.053%	4.282%
Volatility	85%	85%	85%	80%
Performance rights value (total)	$1,363,200 (Tranche 1 is not going to vest and the fair value has been adjusted to reflect updated probabilities)	$180,000 (Tranche 2 is not going to vest and the fair value has been adjusted to reflect updated probabilities)	$180,000	$120,000

15. *Reserves (continued)*

Non-performance based options

Inputs	Broker Options	Director Options
Number of options	17,194,726	9,000,000
Exercise price	$0.112	$0.028
Expiry date	04-Nov-24	11-Sep-27
Grant date	04-Nov-21	10-Sep-23
Vesting date	N/A	3,000,000 – 10-Sep-24 3,000,000 – 10-Sep-25 3,000,000 – 10-Sep-26
Share price at grant date	$0.05	$0.025
Risk free interest rate	0.89%	3.85%
Volatility	164%	251%
Option value	$0.039	$0.030

Accounting policy:

The Consolidated Entity provides benefits to directors and employees of the Consolidated Entity in the form of equity, whereby directors and employees render services in exchange for shares, options to acquire shares or rights over shares. The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate model. In valuing equity-settled transactions, account is taken of performance conditions where the conditions are linked to the price of the shares of Blue Star Helium Limited. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) for non-market-based hurdles, the extent to which the hurdle has been satisfied. Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for changes in the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of the fair value at grant date. The profit or loss charge or credit for a year represents the movement in cumulative expense recognised as at the beginning and end of that year. The dilutive effect, if any, of outstanding securities is reflected as additional share dilution in the computation of earnings per share.

Options / performance rights reserve

The options / performance rights reserve is used to record the value of share-based payments and other options purchased by/provided to Key Management Personnel, and other parties as part of their remuneration, or for the provision of services.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the conversion of the financial statement of foreign subsidiaries.

16. *Financial risk management objectives and policies*

The Company and the Consolidated Entity have exposure to the following risks from their use of financial instruments:

- market risk;
- liquidity risk; and
- credit risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies. The Consolidate Entity's principal financial instruments comprise cash at bank. The main purpose of these financial instruments is to provide working capital for the Consolidated Entity's operations. The Consolidated Entity's has various other financial instruments such as trade creditors, which arise directly from its operations. Throughout the year under review, the Consolidated Entity's policy is that no trading in financial instruments shall be undertaken. The main risks arising from the Consolidated Entity's financial instruments are market risk (which includes equity price risk, interest rate risk, foreign currency risk and commodity risk), liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below:

- **Market risk**

Equity price risk

As at 31 December 2023 there is no material equity risk for the Company.

Interest rate risk

At balance date the Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Company's cash at bank. As at 31 December 2023 there is no material interest rate risk for the Company.

Foreign currency risk

As a result of the Company's operations in the USA being denominated in USD, the Consolidated Entity's Statement of Financial Position can be affected significantly by movements in the USD/AUD exchange rates. The Company does not hedge this translational risk exposure. The Consolidated Entity manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in United States Dollars, to meet current operational commitments. At 31 December 2023 the Consolidated Entity had no forward foreign exchange contracts in place.

Commodity price risk

The Consolidated Entity is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars – specifically the natural gas, condensate and oil prices in the USA. The Consolidated Entity will have a future price risk to helium prices once any wells enter production.

16. *Financial risk management objectives and policies (continued)*

Liquidity risk

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding alternatives. The Consolidated Entity manages liquidity risk by maintaining adequate funds through the monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements.

	Consolidated Entity 31 December 2023 $	**Consolidated Entity 31 December 2022 $**
0-6 months	**(330,432)**	(643,650)
6-12 months	**-**	-
1-5 years	**-**	-
	(330,432)	(643,650)

The following table discloses the contractual maturity analysis of financial assets and liabilities as at the end of the financial year:

	<6 Months	6-12 Months	1-5 Years	>5 Years	Total
31 December 2023					
Financial assets					
Cash and cash equivalents	6,869,070	-	-	-	**6,869,070**
Trade and other receivables	58,799	-	-	-	**58,799**
Deposits	-	-	142,398	-	**142,398**
	6,927,869	-	142,398	-	**7,070,267**
Financial liabilities					
Trade and other payables	330,432	-	-	-	**330,432**
	330,432	-	-	-	**330,432**
Net inflow / (outflow)	6,597,437	-	142,398	-	**6,739,835**

16. *Financial risk management objectives and policies (continued)*

	<6 Months	6-12 Months	1-5 Years	>5 Years	Total
31 December 2022					
Financial assets					
Cash and cash equivalents	6,824,205	-	-	-	**6,824,205**
Trade and other receivables	25,855	-	-	-	**25,855**
Deposits	-	-	143,365	-	**143,365**
	6,850,060	-	143,365	-	**6,993,425**
Financial liabilities					
Trade and other payables	(643,650)	-	-	-	**(643,650)**
	(643,650)	-	-	-	**(643,650)**
Net inflow / (outflow)	6,206,410	-	143,365	-	**6,349,775**

- **Credit risk**

  Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents, trade and other receivables. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Consolidated Entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained. Exposure at balance date is addressed in each applicable note. The Consolidated Entity does not hold any credit derivatives to offset its credit exposure. The Consolidated Entity trades only with recognised, creditworthy third parties and has adopted a policy of dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Specific concentration of credit risk exists primarily within cash and cash equivalents and trade receivables in respect of receivables due from joint venture operators for the Consolidated Entity's share of proceeds from the sale of oil and gas by the operator, as well as cash held by joint venture operations in advance of operations being performed. As at 31 December 2023 the only trade receivables and other receivable is for GST receivable and other receivables. The Consolidated Entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses, represents the Consolidated Entity's maximum exposure to credit risk.

16. *Financial risk management objectives and policies (continued)*

Fair value

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described below as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Directors consider that the carrying amount of the financial assets and liabilities recorded in the financial statements approximate their fair values.

17. *Operating segments*

For management purposes, the Company is organised into one main operating segment, which involves helium (including oil and gas) exploration, development and production in the USA. All the Company's activities are interrelated, and discrete financial information is reported to the Chairman and the management team as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole. The Consolidated Entity derives its revenue from the sale of gas, condensate & NGL's produced in the USA. During the reporting periods ended 31 December 2023 and 31 December 2022 external sales of gas, condensate & NGL's were made to customers solely located in the USA.

	US	Corporate	Total
31 December 2023			
Segment revenue	8,006	60,941	**68,947**
Segment assets	15,358,306	7,144,626	**22,502,932**
Segment liabilities	(247,923)	(335,262)	**(583,185)**
31 December 2022			
Segment revenue	12,327	27,509	**39,836**
Segment assets	12,889,870	6,717,453	**19,607,323**
Segment liabilities	(601,546)	(276,496)	**(878,042)**

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $

18. *Auditor's remuneration*

The auditor of Blue Star Helium Limited is Stantons International. Amounts received or due and receivable in relation to the entity or any other entity in the Consolidated Entity:

	2023 $	2022 $
Audit or review of the financial report	**51,495**	50,469
	51,495	50,469

Total fees paid or payable to the Company's auditors Stantons Corporate Finance Pty Ltd for non-audit services provided to the Company during the year ended 31 December 2023 were $1,000 (2022: $3,600).

19. *Director and KMP disclosures*

The following persons were Directors of Blue Star Helium Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Title
Neil Rinaldi	Non-Executive Chairman (from 10 September 2023) Non-Executive Director (to 10 September 2023)
Ross Warner	Executive Chairman (resigned 10 September 2023) President, Commercial & Legal (from 10 September 2023)
Trent Spry	Managing Director and Chief Executive Officer
Gregg Peters	Non-Executive Director (appointed 10 September 2023)
Peter Kondrat	Chief Operating Officer
Scott Fenoglio	Chief Financial Officer

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $

19. *Director and KMP disclosures (continued)*

Compensation by Category: Key Management Personnel		
Short-Term (including bonus)	**1,369,926**	834,794
Post-Employment	**60,782**	53,828
Long-Term	**-**	-
Share-based Payments	**(759,069)**	2,707,269
	671,639	3,595,891

During the year ended 31 December 2023 and the year ended 31 December 2022 there were no loans provided to Key Management Personnel. There was an amount of $Nil accrued at 31 December 2023 (2022: $9,027) relating to business expenses incurred by Directors. There were no transactions with Key Management Personnel other than those described above. At 31 December 2023 and 31 December 2022 there were no balances outstanding in relation to Key Management Personnel other than those described above and in the Remuneration Report.

	Company 31 December 2023 $	Company 31 December 2022 $

20. *Parent Entity information*

Current Assets	**6,236,138**	6,704,244
Non-Current Assets	**4,247**	876,998
Total Assets	**6,240,385**	7,581,242
Current Liabilities	**289,236**	345,465
Non-Current Liabilities	**9,762**	5,665
Total Liabilities	**298,998**	351,130
Net Assets	**5,941,387**	7,230,112
EQUITY		
Contributed equity	**33,411,947**	26,435,332
Reserves	**3,445,761**	4,084,830
Accumulated losses	**(30,916,321)**	(23,290,050)
Total Equity	**5,941,387**	7,230,112
(Loss) for the year	**(7,626,271)**	(11,514,644)
Total comprehensive (loss) for the year	**(7,626,271)**	(11,514,644)

20. *Parent Entity information (continued)*

There are no commitments or contingencies other than those disclosed in this report. There are no guarantees.

21. *Events after the end of the reporting period*

There are no matters or circumstances that have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Consolidated Entity in future financial years other than the following:

- Expiry of 18,200,000 Tranche 1 and 18,200,000 Tranche 2 performance rights on 7 January 2024.

22. *Commitments and contingencies*

The Consolidated Entity is planning to undertake a drilling programme later this year but as at 31 December 2023 it is not formally committed. The material commitments relating to operating and exploration expenditure include leasehold and surface rental payments and monthly service payments for the Helium Recovery Unit:

	Consolidated Entity 31 December 2023 $	**Consolidated Entity 31 December 2022 $**
< 1 year	**1,846,145**	392,844
1 – 5 years	**5,360,603**	846,629
> 5 years	**536,828**	5,247
	7,743,576	1,244,720

On 30 June 2023 the Company announced that it had entered into a Gas Processing Services Agreement with a third-party midstream company based in the US, IACX Energy LLC. The Company sought out the opinion of a third-party consulting firm as to the accounting treatment for this agreement. It was advised that this agreement should be accounted for as a lease in accordance with AASB 16 requirements once services had commenced. This agreement is not recorded as a lease in the financial statements for the fiscal year 2023 as service have not commenced. It does however represent a future obligation for the company and will be recorded as such once service commences.

a. Contingent assets

There are no contingent assets as at 31 December 2023.

b. Contingent liabilities

There are no contingent liabilities as at 31 December 2023.

23. *Interests in controlled entities*

Company Name	Place of Incorporation	31 December 2023 % Ownership	31 December 2022 % Ownership
Controlled by Blue Star Helium Limited:			
Santa Energy Pty Ltd	Australia	100%	100%
BNL (USA Helium) Pty Ltd	Australia	100%	100%
Controlled by Santa Energy Pty Ltd:			
Antares Energy Company	USA	-%	100%
Controlled by BNL (USA Helium) Pty Ltd:			
BNL (Enterprise) Inc	USA	100%	100%
Las Animas Leasing Inc	USA	100%	100%

BLUE STAR HELIUM

In accordance with a resolution of Directors of Blue Star Helium Limited, the Directors declare that:

- they are of the opinion that the Consolidated financial statements and Notes of Blue Star Helium Limited, and the remuneration disclosures contained in the Remuneration Report for the year ended 31 December 2023 are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the financial position as at 31 December 2023 and the performance for the year ended on that date of the Consolidated Entity; and
  - complying with Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

- the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

- in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the directors

Trent Spry
Managing Director and Chief Executive Officer

28 March 2024

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BLUE STAR HELIUM LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blue Star Helium Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(b) to the financial statements, the consolidated financial statements have been prepared on a going concern basis. At 31 December 2023, the Group had cash and cash equivalents of $6,869,070 and incurred a loss after income tax of $3,125,659

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be Key Audit Matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Exploration and Evaluation Assets	
As at 31 December 2023, Exploration and Evaluation Assets totalled $14,098,072 (refer to Note 11 of the financial report). The carrying value of exploration and evaluation assets is a key audit matter due to: • The significance of the expenditure capitalised representing 93% of total assets; • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating on a sample basis the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, and the stage of the Group's projects also against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: ▪ Minutes of the board and management; and ▪ Announcements made by the Group to the Australian Securities Exchange; and iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Stantons

Key Audit Matters	How the matter was addressed in the audit
Lease with IACX Energy LLC As disclosed in Note 22 of the financial report, the company agreed during the year to lease a helium recovery plant from IACX Energy LLC. The application of AASB 16 (“Leases”) required management to assess each active contract to which the company is party to and to identify whether it is, or it contains, a lease. Further, management was also required to make significant judgements in the initial accounting for, and subsequently measurement of, these leases, including: ➢ determining the commencement date of the lease and its term; ➢ establishing the lease term including any renewal options that are reasonably certain to be elected; ➢ the evaluation of subsequent contract modifications; and ➢ determining the incremental borrowing rate to be applied to historic leases. We considered this area to be a key audit matter given the magnitude of the amounts involved, the complex nature of these transactions and the significant judgements in the application of lease accounting.	Inter alia, our audit procedures included the following: i. Examining the contract with IACX Energy LLC; ii. Reviewing and assessing the independent external accounting received by management from their accounting expert on the application of the lease contract under AASB 16 and its commencement date; iii. Reviewing and assessing the revised independent external accounting received by management from their accounting expert on the accounting implications under AASB 16 of the delayed commence of helium production; and iv. Considering the adequacy of the financial report disclosures contained in Note 22 in relation to AASB 16.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2023 but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stantons

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 26 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Blue Star Helium Limited for the year ended 31 December 2023 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
28 March 2024

As at 22 March 2024

Issued Securities

	Listed on ASX	Unlisted	Total
Fully paid ordinary shares	1,942,265,281	-	1,942,265,281
$0.112 unlisted options expiring 04-Nov-24	-	17,194,726	17,194,726
$0.028 unlisted options expiring 11-Sep-27	-	9,000,000	9,000,000
Tranche 3 & 4 performance rights expiring 07-Jul-24	-	36,400,000	36,400,000
Tranche 5 performance rights expiring 07-Jan-25	-	18,200,000	18,200,000
Tranche 1 & 2 performance rights expiring 18-May-24	-	4,000,000	4,000,000
Tranche 3 & 4 performance rights expiring 18-Nov-24	-	4,000,000	4,000,000
Tranche 5 performance rights expiring 18-May-25	-	2,000,000	2,000,000
Total	**1,942,265,281**	**90,794,726**	**2,033,060,007**

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	172	41,793	0.00%
1,001 - 5,000	43	107,108	0.01%
5,001 - 10,000	101	917,545	0.05%
10,001 - 100,000	1,585	72,166,627	3.72%
100,001 - and over	1,253	1,869,032,208	96.22%
Total	**3,154**	**1,942,265,281**	**100.00%**

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	BINVID PTY LTD <B&D SUPER FUND A/C>	65,014,048	3.35%
2.	BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	59,251,014	3.05%
3.	CITICORP NOMINEES PTY LIMITED	51,220,111	2.64%
4.	PANGAEA RESOURCES LIMITED	40,000,000	2.06%
5.	BUTTONWOOD NOMINEES PTY LTD	38,738,647	1.99%
6.	FERNSHA PTY LIMITED	31,600,000	1.63%
7.	MR NIKOLA KRKOVSKI	28,281,722	1.46%
8.	MR TIMOTHY WONG	27,952,381	1.44%
9.	MR KOK KEEN CHONG & MRS HUE NGHI CHONG	27,250,000	1.40%
10.	TRDJS PTY LIMITED <DD FAMILY A/C>	26,850,000	1.38%
11.	MS JOANNE KENDRICK	26,000,000	1.34%
12.	MR STEVE VAN DER VEEKEN <VAN DER VEEKEN FAMILY A/C>	25,000,000	1.29%
13.	OCEANVIEW SUPER FUND PTY LTD <OCEANVIEW SUPER FUND A/C>	23,971,522	1.23%
14.	MR KIE CHIE WONG	23,809,524	1.23%
15.	AEI AUSTRALIA PTY LTD <ROD LADD FAMILY A/C>	23,500,000	1.21%
16.	MR SEBASTIAN MARR	22,000,000	1.13%
17.	FINCLEAR SERVICES NOMINEES PTY LIMITED <ACCUM A/C>	20,880,953	1.08%
18.	MR HUGH DAVID WARNER & MRS DIANNE MICHELLE WARNER <CBM SUPER FUND A/C>	20,200,000	1.04%
19.	UNITED EQUITY PARTNERS PTY LTD <POLYCORP FAMILY A/C>	20,150,000	1.04%
20.	OPTIM8 PTY LTD <THE GIC SUPER FUND A/C>	20,000,000	1.03%
Total		**621,669,922**	**32.01%**

The number of shareholdings held in less than marketable parcels is 1,661.

The Company has the following substantial shareholders listed in its register as at 22 March 2024:

Rank	Shareholder	Shares Held	% Issued Capital
1.	N/A	N/A	N/A

Ordinary Shares Voting Rights - Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

The Company has no restricted securities on issue as at the date of this report.

Schedule of Licences

Helium Project, Colorado, USA

Counterparty	Location	Operator	Total Net Acres[17]	Working Interest	Net Revenue Interest
Fee Minerals Owners	Las Animas, CO	Blue Star Group	114,206	91%	80.0% - 87.5%
Colorado State	Las Animas, CO	Blue Star Group	39,117	97%	80%
Bureau of Land Management	Las Animas, CO	Blue Star Group	86,221	100%	77.5% - 87.5%

Hawkeville Overriding Royalty Interest

Well Name	Area	Royalty Interest
Donnell 457 1&2	McMullen, TX	0.125000%
Donnell C-1H	McMullen, TX	0.993450%
Donnell C-2H	McMullen, TX	0.993450%
Donnell-Mullholland Unit 1&2	McMullen, TX	0.059553%

[17] Includes BNL's WI portion of 640 acres held and operated by Vecta Oil & Gas Ltd (Vecta) pursuant to the Participation Agreement between Vecta, Prospero Oil and Gas LLC and Las Animas Leasing Inc more fully described in the Company's announcement of 22 December 2021.