



**Blue Star Helium Limited
And Controlled Entities**

ABN: 49 623 130 987

HALF YEAR REPORT

For the Half Year Ended 30 June 2021

CONTENTS

CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	10
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	13
CONSOLIDATED STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15
DIRECTORS' DECLARATION	22
INDEPENDENT AUDITOR'S REPORT	23

DIRECTORS

Ross Warner	Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer
Neil Rinaldi	Non-Executive Director (appointed 15 April 2021)

SECRETARY

Amanda Wilton-Heald

REGISTERED OFFICE

Level 11, London House
216 St Georges Terrace
Perth WA 6000

BUSINESS OFFICE

Unit 6
245 Churchill Avenue
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 2
267 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9324 2099

AUDITORS

Stantons International Audit & Consulting Pty Ltd
Level 2
1 Walker Avenue
Perth WA 6005

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: BNL

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 half-year ended 30 June 2021 ('H1 FY21').

DIRECTORS

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

Name	Title
Ross Warner	Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer (effective 14 April 2021)
Neil Rinaldi	Non-Executive Director
Joanne Kendrick	Managing Director (resigned effective 14 April 2021)

COMPANY SECRETARY

Name	Title
Amanda Wilton-Heald	Company Secretary

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the half-year ended 30 June 2021 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 half year ended 30 June 2021 was \$1,131,844 (2020: loss of \$707,631).

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

	30 June 2021 \$	31 December 2020 \$	30 June 2020 \$	31 December 2019 \$
Revenue (including other income)	1,085	15,953	14,285	62,715
EBITDA	(964,851)	(1,688,667)	(704,184)	(902,837)
EBIT	(965,222)	(1,690,123)	(705,432)	(906,955)
Loss after income tax	(965,222)	(1,690,123)	(705,432)	(906,955)

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

	30 June 2021 \$	31 December 2020 \$	30 June 2020 \$	31 December 2019 \$
Share price at financial period end	0.033	0.044	0.013	0.007

Operating Review

Substantial Increase in Landholding

On 10 June 2021, Blue Star announced that it had substantially increased its landholding following the formal issuance of Federal leases won at the Bureau of Land Management (BLM) auction in December 2020. The issuance resulted in 32,848 net acres being added to the Company's landholding in Las Animas County. The Company has subsequently acquired additional leases and its current landholding is 265,265 gross (189,449 net) acres.

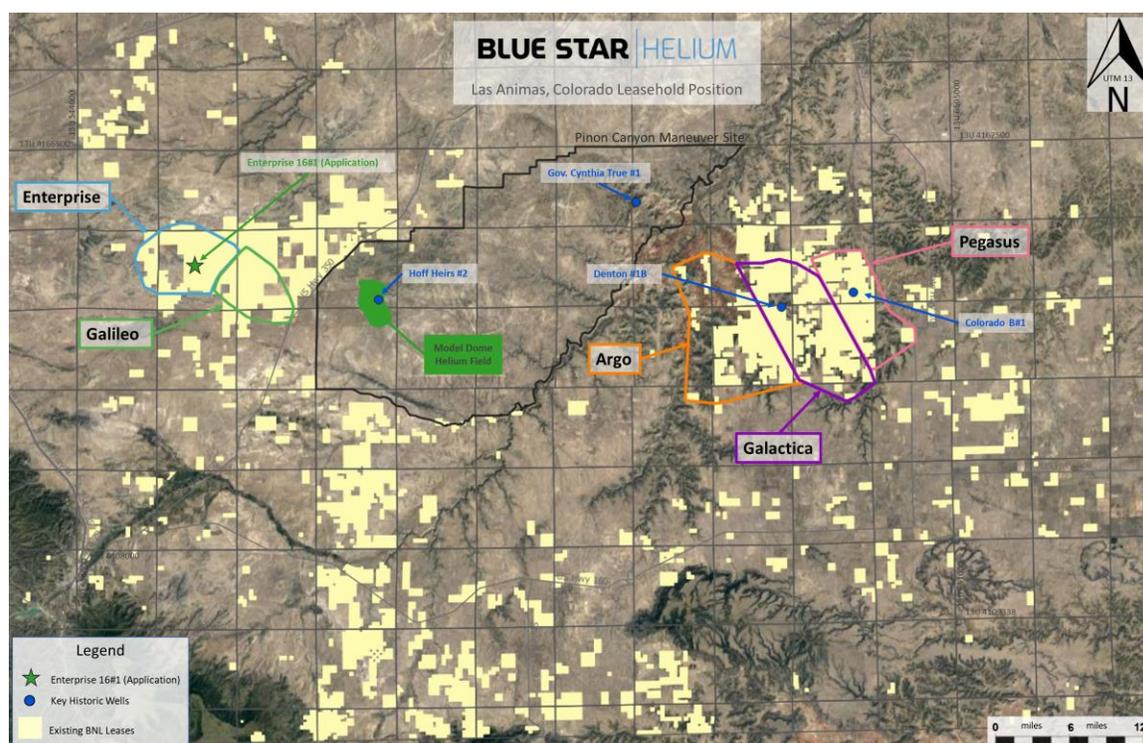


Figure 1: Blue Star Las Animas County leasehold position

Substantial Increase in Prospective Helium Resources

On 8 February 2021, Blue Star announced the results from an independent Prospective Resource Evaluation undertaken at the Galactica, Pegasus and Argo prospects of 6.1 BCF total P50 unrisks prospective helium resource net to Blue Star. The addition of these unrisks prospective helium resources to the Company's existing portfolio (Enterprise and Galileo) resulted in an overall increase of 175% to 9.6 BCF. Additionally, the Galactica, Pegasus and Argo prospects (like the Enterprise and Galileo prospects) lay within a proven helium play fairway, with the Galactica and Pegasus prospects also having interpreted gas zones from log interpretation of historic wells.

On 10 June 2021, following the issuance of the aforementioned Federal leases to Blue Star, the Company's total P50 net unrisks prospective helium resource increased to 13.4 BCF (a further increase of 3.8 BCF). The Company's current prospective helium resources, independently assessed by Sproule Incorporated, are summarised in Table 1 below.

Net Recoverable Helium (mmcf)	1U (P90)	2U (P50)	3U (P10)
Galactica Prospect	2,131	4,395	6,849
Pegasus Prospect	1,970	3,423	5,092
Argo Prospect	276	2,108	3,065
Enterprise Prospect	372	2,204	5,494
Galileo Prospect	495	1,292	2,329
Total BNL Net Recoverable Helium	5,244	13,422	22,829

Note 1: The estimated quantities of helium that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable helium.

Note 2: The resource estimates have been prepared using the probabilistic method and are presented on an unrisks basis. In a probabilistic resource distribution, 1U (P90), 2U (P50), 3U (P10) estimates represent the 90% probability, 50% probability and 10% probability respectively that the quantity recovered will equal or exceed the estimate assuming a success case in the prospect. Resource totals have been arithmetically added.

Notes specifically in relation to Galactica, Pegasus and Argo

Note 3: The estimates of prospective resources in respect of Galactica, Pegasus and Argo prospects are reported as at an evaluation date of 4 June 2021 and are more fully described in the Company's announcement of 10 June 2021. The Company is not aware of any new information or data that materially affects the information included in that announcement and all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Notes specifically in relation to Enterprise and Galileo

Note 4: The estimates of prospective resources in respect of Enterprise and Galileo prospects are reported as at an evaluation date of 1 November 2020 and are more fully described in the Company's announcement of 16 November 2020. The Company is not aware of any new information or data that materially affects the information included in that announcement and all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Table 1: Blue Star total prospective helium resources, Las Animas County, Colorado

Changes to Operational and Regulatory Environment

On 27 January 2021, President Biden issued an Executive Order which together with a related order issued by the Secretary of the Interior paused new oil and natural gas leases on Federal land while further review of Federal leasing and permitting practices was undertaken. This was part of the new administration's initial policy response to address the role of fossil fuels in climate change.

Blue Star does not anticipate that these orders will impact the Company's planned exploration drilling program targeting private and State lands initially, particularly given Blue Star's pure play helium strategy means that its assets are not expected to encounter or produce any associated hydrocarbons. With respect to the Federal changes, the Biden administration was clear that the aim of the changes was to address climate change by limiting hydrocarbon production. The expectation of the Company was, and remains, to see Federal initiatives promoting the development and production of helium given its 'critical mineral' status.

New rules and procedures relating to drilling permitting also came into effect in Colorado on 15 January 2021 and the Colorado Oil and Gas Conservation Commission (COGCC) progressively updated users on their implementation over the following months. While there was an initial comprehension period for all parties involved in the State drill permitting process, the COGCC's new rules and regulations are not expected to adversely affect the Company given the proposed wells are technically simple, being shallow and vertical, and low impact due to their rural location.

Maiden Drilling Program and Permitting

Blue Star is targeting the execution of an initial three to five well drilling campaign across its Las Animas County landholding in Colorado. The Company is focussed on commencing drilling operations as soon as possible.

In late April 2021, Blue Star advised that its wholly owned subsidiary, BNL (Enterprise) Inc, had submitted its initial application to the COGCC for a permit to drill the Enterprise 16#1 well.

Subsequent to the end of the half, on 23 August 2021, the Company announced that its Form 2A Oil and Gas Development Plan (OGPD) had passed its completeness review, a significant achievement given the uncertainty created by the aforementioned State and Federal regulatory changes. Blue Star understands that it is the first helium operator in Colorado to pass completeness on an OGDP application since the January rule changes. It is also the first drilling application of any type to achieve this in Las Animas County since January, and only the sixth overall across Colorado.

The process will now move to the public review and hearing stage whereby interested parties may file a petition before the 27 September 2021 deadline. In the absence of any filing, this matter is listed to be heard by the COGCC on 27 October 2021. Subject to the application being approved at the hearing, Blue Star will submit the final permit to drill (Form 2) and understands that it is typically received within 30 days of submission.

It is worth noting that in the event of an uncontested application (i.e. no petitions filed), the COGCC may elect to approve the application without a formal hearing. Irrespective of whether a hearing is held or otherwise, in the event of an uncontested application Blue Star expects to receive the final permit to drill its Enterprise 16#1 well during Q4 2021.

If a petition is filed, the current hearing date is vacated and a contested hearing process is undertaken. Such a process involves a prehearing conference and then a Case Management Order being issued which sets the hearing, and any pre-hearing, deadline(s) for submissions.

With respect to planned drilling of other prospects, Blue Star submitted initial drilling locations for a further four wells (to test the Galactica and Pegasus prospects) to the State Land Board in late July 2021. Following County review, these applications are expected to be submitted to COGCC shortly.

The Company is seeking to permit multiple potential wells across its various Las Animas County prospects on a rolling basis. This rolling permitting strategy is designed to give Blue Star significant flexibility around well selection and is expected to allow a continual drilling program with a substantial degree of embedded responsiveness to respective drilling outcomes.

Helium Product Marketing

During the half, Blue Star commissioned and received a helium industry and product marketing study from a specialist U.S. helium consultant. The report provided key inputs into the preliminary engineering study referred to below and has facilitated further ongoing discussions with end-users as the Company formulates its marketing strategy.

Preliminary Engineering Study and Development Planning

During the half, Blue Star commissioned a high-level engineering development study from a leading consultant, set to evaluate a range of potential development scenarios for the optimisation of Blue Star's prospective helium resource base in Las Animas County. The findings of the study will assist in planning the optimal means of commercialisation. During the half, the Company's surveyors also undertook a preliminary assessment of a potential gathering system and helium processing facility locations associated with the Galactica and Pegasus prospects.

ESG Initiatives

Blue Star agreed to fund the drilling of two water wells for a local ranch holder as part of its environmental, social and governance initiatives during the half.

The drilling of the first of these wells commenced during the June quarter. Significant shallow water was found, which required additional equipment to complete the well. The completion of this well and the drilling of the second well is planned for September. A third well is then also planned to be drilled for a second rancher as part of the same program.

Blue Star will seek to gather data from the wells during drilling that may aid in the further definition of its helium prospects. Encouragingly, the initial data obtained from the first well supports the Company's stratigraphic interpretation of that area.

These wells will be owned by the ranchers and Blue Star does not have any interest in them.

Big Star Project – Texas, USA

Production continued from the Simmons well during the half. This asset was sold for nominal consideration subsequent to 30 June 2021. The Stuart and Cline wells did not produce during the half and remain shut-in. The Company reclaimed the Esmond well site in the first quarter.

Corporate

Appointment of Managing Director

On 15 April 2021, the Company announced the appointment of Mr Trent Spry as Managing Director and CEO of Blue Star Helium following the departure of Ms Joanne Kendrick. Mr Spry previously held the role of Executive Director of Blue Star and had held that role since April 2019.

Mr Spry is a qualified geoscientist with over 25 years of practical experience in the oil, gas and helium resources industries covering exploration, appraisal, operations and new ventures. He has considerable experience in business development, strategy formulation and project execution. This includes the origination of numerous projects from concept or acquisition through to discovery, appraisal, and successful development or divestment, across the US onshore and Gulf of Mexico, Australia, and southeast Asia. Mr Spry is recognised as one of the few highly skilled helium explorationists in the world, and was invited to be a founding member of the American Association of Petroleum Geologists (AAPG) EMD Critical Minerals Sub-Committee on Helium.

Appointment of Non-Executive Director

On 15 April 2021, the Company announced the appointment of Mr Neil Rinaldi as a Non-Executive Director of Blue Star Helium. Mr Rinaldi is an executive leader and finance professional with over 20 years' experience in capital raisings, asset acquisition and disposals, company structuring and positioning companies for growth.

Mr Rinaldi was the Chief Executive Officer of International Graphite Ltd, which is an unlisted downstream graphite processing business with pending operations in Collie, Western Australia. Prior to this, Mr Rinaldi was a non-executive director of Brainchip Holdings Limited (ASX:BRN), an artificial intelligence business, and an Executive Director of Aziana Limited (ASX:AZK), 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.

Changes to Executive Remuneration

On 31 May 2021, Blue Star announced changes to the executive remuneration packages of Managing Director, Mr Trent Spry and Executive Chairman, Mr Ross Warner.

Since joining the Company as executive board members in 2018 and 2019, respectively, Mr Warner and Mr Spry have been employed under contracts limiting annual base salary (including directors' fees) to A\$60,000 each. These arrangements were a function of both Mr Warner and Mr Spry agreeing to a base salary level well below market rates to assist the Company as it emerged from a restructure and recapitalisation process.

Following this process having fully run its course, the Blue Star Board commissioned an industry peer benchmarking report from an independent remuneration consultant. Based on the outcomes of the report, the Board updated the base salary (including directors' fees) component of both Mr Warner and Mr Spry's employment contracts. The changes to these base salary levels (an increase in both to A\$285,000, inclusive of statutory superannuation, allowances and salary sacrifices) place Blue Star within the 50th percentile of its peer group, as determined by the report of the independent consultant. This more accurately reflects industry benchmark salary levels and the set of skills and relevant experience brought to the Company by these executives.

COVID-19 Impacts

During the year, the Coronavirus (COVID-19) has had a significant impact on global economies and many industries. To date the restrictions arising from the global coronavirus pandemic have not materially affected the Company's operations with staff and consultants in Australia and the USA adapting to more isolated working conditions. The Company notes that various staff of the Colorado Oil and Gas Conservation Commission (COGCC) have been working from home and this may have impacted the timing of interactions with COGCC. The Company will actively monitor the situation as it develops including assessing any impact it may have on the Company's operations.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

22,000,000 shares issued as a result of the exercise of the options were issued as at the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since the end of the half 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:

- ① On 29 July 2021 2,000,000 shares were issued as a result of the conversion of options.
- ② Antares Energy Company sold its interest in the Simmons wellbore and associated lease in Dawson County, Texas for nominal consideration with an effective date of 31 July 2021.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporation Act 2001.



Ross Warner
Executive Chairman

10 September 2021

10 September 2021

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

Dear Sirs

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 review of the financial statements of Blue Star Helium Limited for the half year ended 30 June 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Martin Michalik
Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Note	Consolidated Entity 30 June 2021 \$	Consolidated Entity 30 June 2020 \$
Revenue	3	815	4,083
Cost of goods sold	4	(47,840)	(21,855)
Gross loss		(47,025)	(17,772)
Other income	3	270	10,202
Other Expenses		(305,925)	(193,331)
Impairment of exploration and evaluation assets	8	-	(2,771)
Rehabilitation provision costs		(270,431)	-
Employment expenses		(220,211)	(184,000)
Share based payment expense	12	-	(103,740)
Business development expenses		(36,545)	-
Legal expenses		(85,355)	(214,020)
Loss before tax		(965,222)	(705,432)
Income tax expense		-	-
Net loss for the half year from operations		(965,222)	(705,432)
Other comprehensive income			
Exchange differences on translation of foreign entities		(166,622)	(2,199)
Total comprehensive loss for the half year		(1,131,844)	(707,631)
Basic and diluted loss per share (cents)		(0.08)c	(0.10)c

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Consolidated Entity 30 June 2021 \$	Consolidated Entity 31 December 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,302,092	4,909,336
Trade and other receivables	6	58,692	88,341
Other assets	7	47,566	15,910
Held for sale asset – oil & gas properties	10	16,370	15,943
Total Current Assets		3,424,720	5,029,530
Non-Current Assets			
Other assets	7	33,329	32,459
Plant and equipment		4,304	-
Exploration and evaluation assets	8	4,902,334	3,982,025
Total Non-Current Assets		4,939,967	4,014,484
Total Assets		8,364,687	9,044,014
LIABILITIES			
Current Liabilities			
Trade and other payables	9	347,880	342,263
Liabilities associated with asset held for sale	10	136,298	99,458
Provisions		158,314	70,112
Total Current Liabilities		642,492	511,833
Non-Current Liabilities			
Provisions		179,156	118,193
Total Non-Current Liabilities		179,156	118,193
Total Liabilities		821,648	630,026
Net Assets		7,543,039	8,413,988
EQUITY			
Contributed equity	11	12,830,028	12,569,133
Reserves	12	110,624	277,246
Accumulated losses		(5,397,613)	(4,432,391)
Total Equity		7,543,039	8,413,988

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2021**

Consolidated Entity	Contributed Equity	Foreign Currency Translation Reserve	Share Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2021	12,569,133	86,121	191,125	(4,432,391)	8,413,988
Loss for the half year				(965,222)	(965,222)
Other comprehensive income					
Foreign exchange on translation of operations	-	(166,622)	-	-	(166,622)
Total comprehensive loss for the half year	-	(166,622)	-	(965,222)	(1,131,844)
Transactions with owners in their capacity as owners:					
Equity issues	264,000	-	-	-	264,000
Equity issue expenses	(3,105)	-	-	-	(3,105)
Share based payments	-	-	-	-	-
Balance at 30 June 2021	12,830,028	(80,501)	191,125	(5,397,613)	7,543,039

Consolidated Entity	Contributed Equity	Foreign Currency Translation Reserve	Share Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2020	3,913,870	57,660	26,265	(2,742,268)	1,255,527
Loss for the half year	-	-	-	(705,432)	(705,432)
Other comprehensive income					
Foreign exchange on translation of operations	-	(2,199)	-	-	(2,199)
Total comprehensive loss for the half year	-	(2,199)	-	(705,432)	(707,631)
Transactions with owners in their capacity as owners:					
Equity issues	1,869,371	-	-	-	1,869,371
Equity issue expenses	(64,721)	-	-	-	(64,721)
Share based payments	-	-	103,740	-	103,740
Balance at 30 June 2020	5,718,520	55,461	130,005	(3,447,700)	2,456,286

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Note	Consolidated Entity 30 June 2021 \$	Consolidated Entity 30 June 2020 \$
Cash flows from operating activities			
Receipts from customers		815	5,141
Payments to suppliers and employees		(906,416)	(429,804)
Interest received		270	202
Net cash (used in) operating activities		<u>(905,331)</u>	<u>(424,461)</u>
Cash flows from investing activities			
Payment for plant and equipment		(4,675)	-
Exploration, evaluation and development expenditure (including licenses acquisition costs)		(956,723)	(806,315)
Net cash (used in) investing activities		<u>(961,398)</u>	<u>(806,315)</u>
Cash flows from financing activities			
Proceeds from share issues		-	1,143,989
Proceeds from option conversions		264,000	888,750
Payment for costs of equity issues		(3,105)	(64,721)
Oversubscriptions refunded		-	(164,368)
Net cash from financing activities		<u>260,895</u>	<u>1,803,650</u>
Net (decrease) / increase in cash held		(1,605,834)	572,874
Cash and cash equivalents at beginning of the period		4,909,336	1,138,089
Foreign exchange effect on cash and cash equivalents		<u>(1,410)</u>	9,109
Cash and cash equivalents at period end	5	<u>3,302,092</u>	<u>1,720,072</u>

The accompanying notes form part of these financial statements.

1. Corporate information

This half year report covers Blue Star Helium Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2021 (the "Consolidated Entity"). The presentation currency of the Consolidated Entity is Australian Dollars ("A\$"). 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 10 September 2021 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 interim half-year reporting period ended 30 June 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Company during the interim 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 and corresponding interim reporting period, except for the policies stated below.

b. Going concern

For the half year ended 30 June 2021 the consolidated entity incurred a total comprehensive loss of \$1,131,844 (30 June 2020: total comprehensive loss of \$707,631) and had working capital of \$2,782,228 (31 December 2020: \$4,517,697). 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 \$3,302,092 (31 December 2020: \$4,909,336). On this basis, and subject to the impact of COVID-19 pandemic on the economy and the Consolidated Entity, 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 30 June 2021 half 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.

2. **Accounting policies (continued)**

c. Exploration and evaluation assets

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:

- ① 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
- ① 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. 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.

d. 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.

Initial adoption of AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issued by the AASB.

Initial adoption of AASB 2019-1: Amendments to Australian Accounting Standards – References to the Conceptual Framework

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

2. Accounting policies (continued)

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Consolidated Entity has not applied the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective. Based on a preliminary review of the standards and amendments, the Directors do not anticipate a material change to the Consolidated Entity's accounting policies, however further analysis will be performed when the relevant standards are effective.

	Consolidated Entity 30 June 2021 \$	Consolidated Entity 30 June 2020 \$
3. Revenue and other income		
Sale of product	815	4,083
Interest income	270	202
Other income	-	10,000
	<u>1,085</u>	<u>14,285</u>
4. Cost of goods sold		
Cost of sales: other production costs	<u>(47,840)</u>	<u>(21,855)</u>
	<u>(47,840)</u>	<u>(21,855)</u>
5. Cash and cash equivalents		
Cash at bank and on hand	<u>3,302,092</u>	<u>4,909,336</u>
	<u>3,302,092</u>	<u>4,909,336</u>
6. Trade and other receivables		
Other receivables	5,369	62,971
GST refunds	<u>53,323</u>	<u>25,370</u>
	<u>58,692</u>	<u>88,341</u>
There are no receivables that are past due.		
7. Other assets		
<u>Current</u>		
Prepaid expenses	<u>47,566</u>	<u>15,910</u>
	<u>47,566</u>	<u>15,910</u>
<u>Non-Current</u>		
Bonds	<u>33,329</u>	<u>32,459</u>
	<u>33,329</u>	<u>32,459</u>

	Consolidated Entity 30 June 2021 \$	Consolidated Entity 31 December 2020 \$
8. Exploration and evaluation assets		
Capitalised expenditure		
- At cost	5,027,392	3,966,472
- Accumulated amortisation and impairment	-	-
- Exchange difference translation	(125,058)	15,553
	<u>4,902,334</u>	<u>3,982,025</u>
Balance at beginning of year	3,982,025	778,559
Exploration and evaluation expenditure incurred during the year	1,045,367	3,196,248
Impairment	-	(8,335)
Exchange difference translation	(125,058)	15,553
	<u>4,902,334</u>	<u>3,982,025</u>
9. Trade and other payables		
Trade creditors and other accruals	<u>347,880</u>	342,263
	<u>347,880</u>	<u>342,263</u>
10. Held for sale assets and liabilities associated with held for sale assets		
Oil and gas properties – AEC	16,370	15,943
Restoration provisions	(71,368)	(71,368)
Trade payables	(64,930)	(28,090)
	<u>(119,928)</u>	<u>(83,515)</u>

	Consolidated Entity 30 June 2021		Consolidated Entity 31 December 2020	
	No.	\$	No.	\$
11. Contributed equity				
Balance at beginning of year	1,233,062,915	12,569,133	733,747,255	3,913,870
Share issue:	-	-	98,062,088	980,622
Share issue:	-	-	2,250,000	22,500
Share issue:	-	-	94,625,000	946,250
Share issue:	-	-	132,200,000	1,322,000
Share issue:	-	-	750,000	9,000
Share issue:	-	-	171,428,572	6,000,000
Share issue: 10 May 2021	22,000,000	264,000	-	-
Share issue costs	-	(3,105)	-	(625,109)
Balance at end of year	1,255,062,915	12,830,028	1,233,062,915	12,569,133

	Consolidated Entity 30 June 2021	Consolidated Entity 31 December 2020
	\$	\$
12. Reserves		
<u>Foreign currency translation reserve</u>		
Balance at beginning of period	86,121	57,660
Foreign exchange on translation of operations	(166,622)	28,461
Balance at end of period	(80,501)	86,121
<u>Options reserve</u>		
Balance at beginning of period	191,125	26,265
Options granted	-	164,860
Balance at end of period	191,125	191,125

	Consolidated Entity 30 June 2021 No.	Consolidated Entity 31 December 2020 No.
12. Reserves (continued)		
<u>Unlisted options</u>		
Balance at beginning of period	85,250,000	101,875,000
Options granted	-	86,000,000
Options converted	(22,000,000)	(97,625,000)
Options expired	-	(5,000,000)
	<hr/>	<hr/>
Balance at end of period	63,250,000	85,250,000

All unlisted options are exercisable at \$0.012 and expire 31 December 2021.

13. 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 oil produced in the USA. During the interim half-year reporting periods ended 30 June 2021 and 30 June 2020 external sales of oil were made to customers solely located in the USA.

	US	Corporate	Total
30 June 2021			
Segment revenue	815	270	1,085
Segment assets	4,918,704	3,445,983	8,364,687
Segment liabilities	697,442	124,206	821,648
31 December 2020			
Segment assets	3,997,968	5,046,046	9,044,014
Segment liabilities	401,288	228,738	630,026
30 June 2020			
Segment revenue	14,083	202	14,285

14. 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:

- On 29 July 2021 2,000,000 shares were issued as a result of the conversion of options.
- Antares Energy Company sold its interest in the Simmons wellbore and associated lease in Dawson County, Texas for nominal consideration with an effective date of 31 July 2021.

15. Commitments and contingencies

There were no material commitments relating to operating and exploration expenditure. The Consolidated Entity is planning to undertake a drilling programme later this year but as at 30 June 2021 it is not formally committed.

a. Contingent assets

There are no contingent assets as at 30 June 2021.

b. Contingent liabilities

There are no contingent liabilities as at 30 June 2021.

16. Interests in controlled entities

Company Name	Place of Incorporation	30 June 2021 % Ownership	31 December 2020 % Ownership
<u>Controlled by Blue Star Helium Limited:</u>			
Santa Energy Pty Ltd	Australia	100%	100%
BNL (USA Helium) Pty Ltd	Australia	100%	100%
<u>Controlled by Santa Energy Pty Ltd:</u>			
Antares Energy Company	USA	100%	100%
BNL (Percy Creek)	USA	-%	100%
<u>Controlled by BNL (USA Helium) Pty Ltd:</u>			
BNL (Enterprise) Inc	USA	100%	100%
Las Animas Leasing Inc	USA	100%	-%

17. Related party transactions

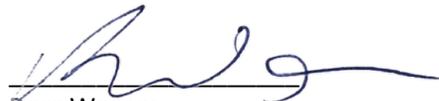
There were no transactions with related parties during the half year ended 30 June 2021.

In the Directors' opinion:

- ① the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- ① the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the financial half year ended on that date; and
- ① 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ross Warner

Executive Chairman

10 September 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Blue Star Helium Limited, which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of statement of significant accounting policies and other explanatory information, and the directors' declaration for Blue Star Helium Limited (the Consolidated entity). The consolidated entity comprises both Blue Star Helium Limited (the Company) and the entities it controlled during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blue Star Helium Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Consolidated Entity 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the consolidated entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of Blue Star Helium Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
10 September 2021