Blue Star Helium Limited
And Controlled Entities

ABN: 49 623 130 987

ANNUAL REPORT

For the Year Ended 31 December 2021

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

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STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: BNL

OTC Markets

It is my pleasure to write to you following a productive and value-adding year for Blue Star. I would like to start by welcoming newer shareholders who have joined the Blue Star register over the past twelve months. I would also like to thank our longer-standing shareholders for their ongoing support.

Blue Star has continued to steadily progress toward its goal of delivering low-cost, high-grade helium production assets in the United States. 2021 was a transformational year for the Company in many aspects.

We continued to amass prospective acreage in Las Animas County, Colorado, taking our landholding to 271,960 acres gross (193,908 net). This also culminated in a significant increase in the Company's Prospective Helium Resources through the year, which now stand at 13.4 BCF following the declaration of additional Prospective Resources at Galactica, Pegasus and Argo.

In January 2021, changes to the regulatory and operational environment in the United States at both the Federal and State levels created significant uncertainty around permitting for oil and gas exploration activities. Despite Blue Star's pure play helium strategy meaning that it does not expect to encounter meaningful hydrocarbons in its wells, our permitting process was slowed as this new framework was enacted. However, we successfully navigated the revised permitting processes and became the first helium operator in Las Animas County, Colorado to receive a permit to drill under the new regulatory environment.

Having successfully completed the drill permitting process for our maiden Enterprise 16#1 well, the implementation of our rolling permitting strategy is in full swing. The rolling permitting strategy is designed to provide flexibility around well selection and allow for a progressive drilling program with a substantial degree of embedded responsiveness to respective drilling outcomes. At present, there are 47 potential wells in the permitting pipeline providing a significant and exciting runaway ahead of us.

The Company's water well initiative was implemented during the year. The program, which involved funding a number of water wells drilled by local ranch holders, provided the Company with the opportunity to develop important relationships with its stakeholders, while at the same time providing valuable data to further delineate its helium prospects. The program was highly successful, identifying a 134 ft gas column with a calculated air-free gas composition of 8.8% helium in the BBB#1 water well upon its redrilling, one of the highest in-situ helium concentrations globally. The risk-reward ratio of funding these low-cost shallow water wells has proven to be highly attractive. The Company is in discussions with other ranchers who already have permits in place regarding the funding of further low-cost water wells.

In December 2021, we announced an agreement to jointly develop leases in an area of mutual interest, which includes the Company's Serenity Prospect. The agreement increases our interest in an area we believe is highly prospective, while providing additional exposure to expected near-term drilling at Sammons Ranch. The agreement creates significant potential for synergies with our joint development partners, Prospero Oil and Gas LLC and Vecta Oil and Gas Ltd, an experienced helium producer and operator.

At a corporate level, the Company also underwent changes to the Board and executive team. With the departure of Joanne Kendrick from the business, Trent Spry was appointed as Managing Director and CEO. Trent is well known to many shareholders having already been deeply integrated in the Company as an Executive Director. He was instrumental in implementing Blue Star's current helium strategy and is recognised as one of the few highly skilled helium explorationists in the world, making him a natural leader of our business.

Further bolstering the Board, Neil Rinaldi was appointed as a Non-Executive Director. Having deep foundational experience as an executive and finance professional over his career, Neil's expertise in asset acquisition and disposal, company structuring and driving growth provides Blue Star with valuable insights as we move ahead. On behalf of the Board, I would like to warmly welcome Neil to the business.

I would like to thank our partners in the United States for their assistance. Their guidance has been valuable and we look forward to our continued work together over the year ahead. Additionally, I would like to thank the Colorado Oil and Gas Conservation Commission for their professionalism and diligence in our interactions. We look forward to presenting further applications over the coming year.

Finally, I would like to thank you, our shareholders, for your ongoing support. We are excited about the path ahead as we continue to advance our premier helium assets in the United States and look forward to the further realisation of the value in our acreage.

Ross Warner
Executive Chairman

29 March 2022

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 2021 ('**FY21**').

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
Ross Warner	Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer (effective 14 April 2021; Executive Director up to and including 13 April 2021)
Neil Rinaldi	Non-Executive Director (appointed 14 April 2021)
Joanne Kendrick	Managing Director (resigned effective 14 April 2021)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year ended 31 December 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 year ended 31 December 2021 was $1,395,783 (2020: loss of $1,690,123).

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

	31 December 2021 $	31 December 2020 $	31 December 2019 $
Revenue (including other income)	66,834	15,953	62,715
EBITDA	(1,394,233)	(1,688,667)	(902,837)
EBIT	(1,395,783)	(1,690,123)	(906,955)
Loss after income tax	(1,395,783)	(1,690,123)	(906,955)

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

	31 December 2021 $	31 December 2020 $	31 December 2019 $
Share price at financial period end	0.062	0.044	0.007

Operating Review

The Company increased its landholding to 271,960 gross (193,980 net) acres at the end of the period. The increase resulted from the acquisition of additional mineral leases and also from the acquisition of interests in mineral leases through the formation of a joint development agreement.

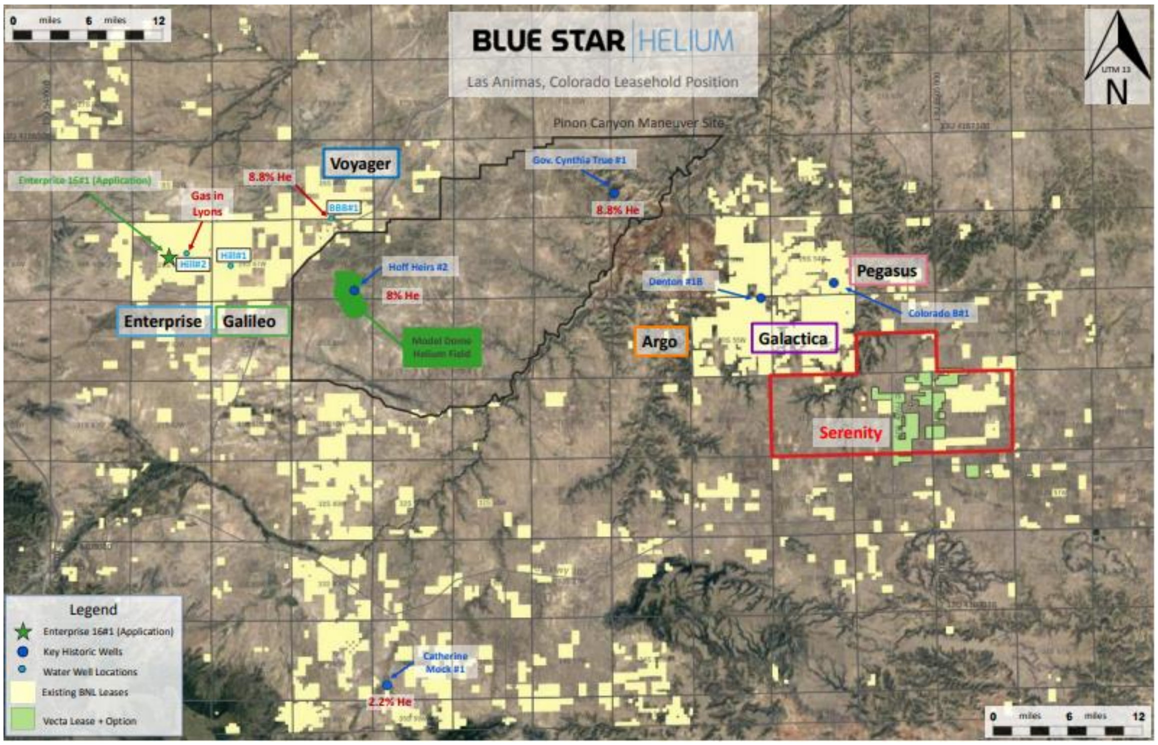

Figure 1: Blue Star Las Animas County leasehold position. Joint development agreement AMI shown by red outline.

Substantial Increase in Prospective Helium Resources

On 10 June 2021, following the issue of Federal leases to Blue Star, the Company's total P50 net unrisked 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 unrisked 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, United States President, Joe 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 a 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. In addition to the changes to Federal leasing and permitting practices, new rules and procedures relating to drilling permitting at state level came into effect in Colorado on 15 January 2021. The Colorado Oil and Gas Conservation Commission (COGCC) progressively updated stakeholders in the following months, during which time there was an initial comprehension period.

Blue Star does not anticipate that the Federal 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. The Biden administration was clear that the aim of the Federal changes was to address climate change by limiting hydrocarbon production. At a state level, the COGCC's new rules and regulations are not expected to adversely affect the Company given planned wells are technically simple, shallow and vertical, and low impact due to their rural location.

Maiden Drilling Program and Permitting

In late April 2021, Blue Star advised that its wholly owned subsidiary, BNL (Enterprise) Inc, had submitted its initial application to the COGCC for an oil and gas development plan (OGDP) in relation to the Enterprise 16#1 well together with the associated new location application (Form 2A).

On 23 August 2021, the Company announced that its Form 2A had passed its completeness review, a significant achievement given the uncertainty created by the aforementioned State and Federal regulatory changes. On 28 October 2021, the Company advised that its OGDP application was approved at an uncontested hearing held by the COGCC. Shortly after, the Company submitted its final Form 2 permit to drill application. On 23 December 2021, Blue Star announced that it had been issued an approved permit to drill the Enterprise 16#1 well. Blue Star understands that it was the first helium operator in Las Animas County, Colorado to receive an approved Form 2 permit to drill since the January rule changes.

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.

During the period, the Company submitted new location applications (Form 2As) for four further helium exploration wells, State 35 and State 36, located at the Company's Pegasus Prospect and, State 9 and State 16, located at the Company's Galactica Prospect. Final approved permits to drill (Form 2) for these four prospective wells are targeted for receipt by mid-CY2022. Blue Star also expects to submit further Form 2A applications during Q1 CY2022 for five prospective helium exploration well locations on the Voyager prospect. The selection of these well locations is heavily informed by the 134ft helium bearing gas column identified in the BBB#1 water well. As a result of recent and planned permitting activity, Blue Star had an interest in 5 wells that are permitted or under permitting at the end of the period.

Agreement to Jointly Develop Serenity Prospect

On 22 December 2021, the Company announced that it had executed an agreement to jointly develop helium leases in an Area of Mutual Interest (AMI) with private entities, Vecta Oil and Gas Ltd and Prospero Oil and Gas LLC, in Las Animas County, Colorado. The AMI includes Blue Star's Serenity prospect, which is located immediately to the south-east of its Galactica and Pegasus prospects.

The AMI covers 126 square miles and contains combined leased and optioned acreage of 14,551 net acres. Blue Star is contributing 4,334 net acres to the AMI and Vecta/Prospero are contributing 10,217 net acres, inclusive of lease options (see Figure 2). Each party shall have the right, but not the obligation, to participate in any further leases acquired in the AMI prior to 14 December 2023 in proportion to their respective interests.

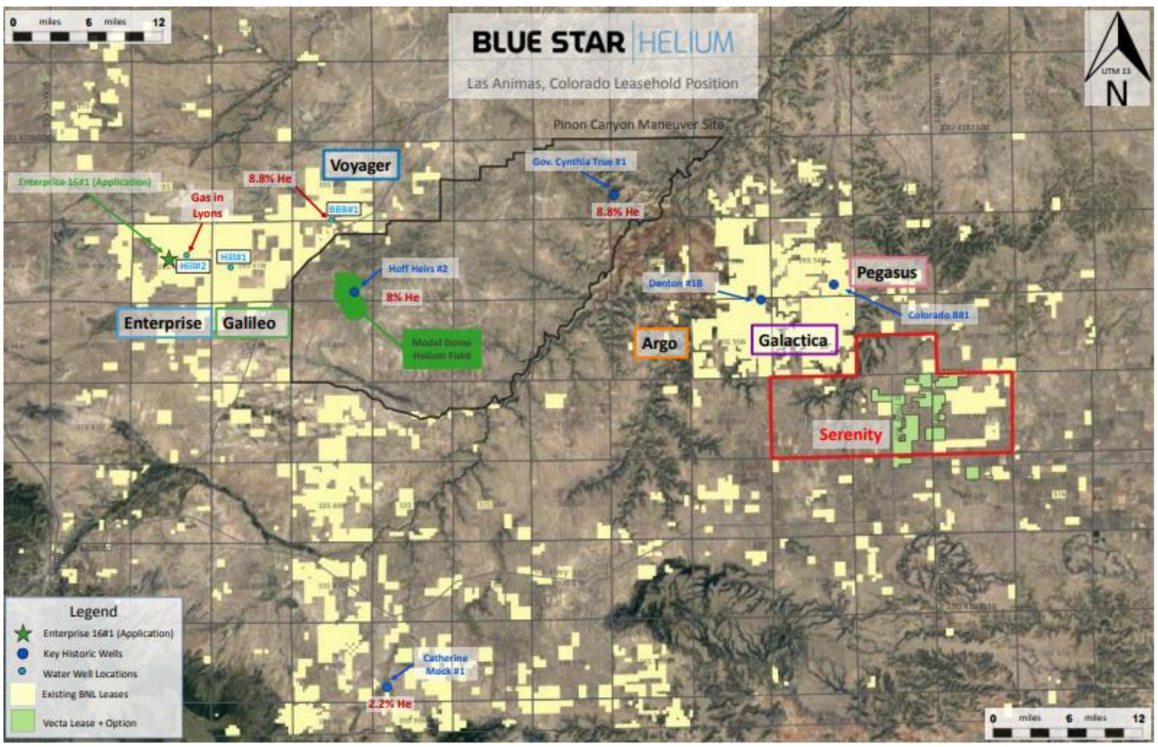

Figure 2: Blue Star's landholding in Colorado, with AMI containing Serenity prospect outlined in red

Formation of the AMI will see Blue Star take a 50% non-operated interest in all combined acreage within the AMI. Vecta is to be the operator of the AMI and hold a 25% interest, while Prospero will also hold a 25% interest.

Vecta currently has approved Form 2As in relation to four (4) helium exploration well locations within the AMI, receiving approval subsequent to the end of the period. The first of these wells (Sammons 315310C) is targeted to commence drilling as soon as permitting allows which is anticipated to be early Q2 CY2022. As part of the Participation Agreement, all parties have agreed to participate for their respective working interest shares in the drilling of the Sammons 315310C well. Drilling and evaluation of this well is expected to cost less than US$150,000, net to Blue Star.

Enterprise 16#1 Well
Subsequent to the end of the period, Blue Star announced that it had successfully completed the drilling phase of the Enterprise 16#1 helium exploration well and that wireline logs had been run. The well was drilled to a total depth of 1,250 feet and identified a potential helium zone in the targeted Lyons sandstone formation. Based on wireline logs, the top of the Lyons formation was penetrated at 1,045 feet with an interpreted gas water contact (GWC) intersected at 1,058 feet (equating to an approximate 13 feet gross and net gas column in the well bore). Some helium gas was seen while drilling and the well was then suspended for future gas sampling, fluid level, pressure monitoring and testing.

Implementation of this testing program is targeted for late Q1 CY2022. The top of the Lyons and the interpreted GWC in the Enterprise 16#1 well are structurally below the equivalent depths in the Hill#2 water well. The current interpretation is that the new GWC seen in the Enterprise 16#1 well replaces the interpreted GWC in the Hill#2 water well as the structural GWC across the Enterprise structure. This results in a structural gas column for the Enterprise structure of approximately 78 feet being calculated from the top of the Lyons formation at Hill#2 (currently the highest penetration on the structure) to the GWC at Enterprise 16#1 (currently the lowest interpreted GWC on the structure). See figure 3 below. An alternative interpretation is that the two GWC's seen in the Hill#2 and Enterprise 16#1 wells represent contacts in two different structures. Although a less likely scenario given the proximity of the wells, this alternative will be considered as the well data is integrated and the mapping in the area is updated. The Hill#2 and Enterprise 16#1 wells are approximately 1.3 miles from each other.

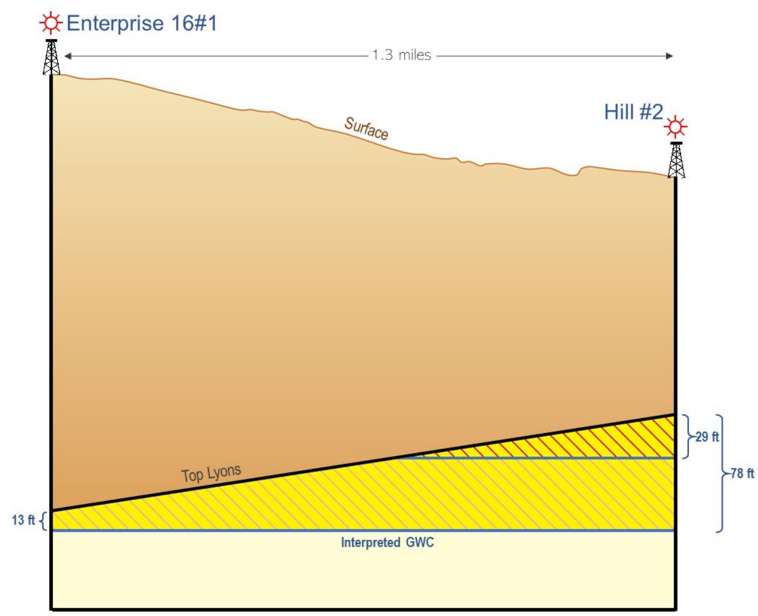

Figure 3: Schematic of interpreted geology following drilling of Enterprise 16#1

Development of ESG Roadmap and Stakeholder Relationship Initiatives
Blue Star Helium plans to adopt an Environment, Social and Governance (ESG) roadmap to guide the business as it grows, with the aim to become a leading supplier of helium utilising a best practice approach to management of ESG risks and opportunities. We plan to invite views from interested stakeholders to identify the material ESG topics and how they can be incorporated within an ESG framework and roadmap. Additionally, the Company plans to utilise the services of an independent advisor to ensure that risks and opportunities are updated and that risk management practices with respect to ESG are effective and transparent.

During the year, Blue Star agreed to fund the drilling of water wells for local ranch holders. The water well initiative aims to develop foundational relationships with its stakeholders, reinforcing its commitment to the local community. These wells will be owned by the ranchers and Blue Star does not have any interest in them. However, the Company does own a mineral lease interest at each of the well locations. Blue Star will seek to gather data from the wells during drilling that may aid in the further definition of its helium prospects and reduce potential surface disturbance by utilising data gathered from the water wells that might otherwise have required exploratory drilling. Water wells are drilled differently to the method the Company expects to use to drill dedicated helium gas wells. Additionally, water wells cannot be conventionally tested.

Hill #2 water well
The Hill#2 water well, located approximately 1.3 miles north-east of the Enterprise 16#1 was completed during October 2021. The Hill #2 well intersects the top of the Lyons formation at 809 feet depth, with wireline logs interpretation of a gas column in high quality reservoir from the top of the Lyons formation to a depth of 838 feet (29 ft gas column).

BBB#1 water well
On 17 November 2021, the Company announced that drilling of the BBB#1 water well had been completed by the ranch owner. The water well is located within Blue Star's Voyager prospect and approximately six miles north of the historic Model Dome helium field which produced raw gas with an average helium content of 8%.

Subsequently, on 21 December 2021, the Company announced that the BBB#1 had been redrilled (offset 40 ft to the south) and geologic and wireline logging completed. Wireline logs from the original hole showed that it was still in the gas column at its total depth (TD) of 922 ft). The redrilled well confirmed intersection of the top of the Lyons formation at 889 ft depth, with wireline logs confirming a gas column in high quality reservoir from the top of the Lyons formation to a depth of 1'023 ft (134 ft gas column). The well TD'ed at 1,054 ft in the lower Lyons formation. Gas analysis of samples obtained in the original BBB#1 hole resulted in a calculated air-free gas composition from the Lyons formation of 8.8% helium (He), 78.7% nitrogen (N) and 12.5% carbon dioxide (CO_2). This composition is very similar to the average historic Model Dome analogue production. It also represents one of the highest in-situ helium concentrations found both in the United States and globally.

No prospective resources associated with the Voyager prospect have been reported by Blue Star. Any prospective resources at Voyager would be in addition to the Company's stated prospective helium resources of 13.4 BCF associated with the Enterprise, Galileo, Argo, Galactica and Pegasus prospects.

Given the positive results of the acquired data, the Company has selected an initial five offset well locations for appraisal and development drilling. The BBB#1 water well was not conventionally tested. The Company ran a suite of logs including gamma ray, resistivity (induction), density and neutron logs. Gas analysis of samples obtained while drilling was performed using mass spectrometry. An estimated air-free gas composition from the Lyons formation in BBB#1 of 8.8% helium (He), 78.7% nitrogen (N) and 12.5% carbon dioxide (CO_2) has been calculated after backing out air. The miniRuedi mass spectrometer was operated by Geochemical Insight. The instrument was calibrated with a certified air standard comprised of 0.000524% He, 0.934% Ar, 0.05% CH_4, 0.2%.

Helium Product Marketing

During the period, 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 and has facilitated further ongoing discussions with end-users as the Company formulates its marketing strategy. As the Company progresses its exploration and drilling program, it will continue to develop its product marketing program concurrently.

Preliminary Engineering Study and Development Planning

During the year, 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. In addition, the Company's surveyors undertook a preliminary assessment of a potential gathering system and helium processing facility locations associated with the Galactica and Pegasus prospects.

Big Star Project – Texas, USA

Production continued from the Simmons well during the period until it was sold for nominal consideration in September 2021. The Stuart and Cline wells did not produce during the period and were plugged and abandoned. The Company subsequently reclaimed these sites and the Esmond well site.

Corporate

Blue Star Commences Trading on the OTCQB Market

Subsequent to the end of the period, the Company announced that its ordinary shares had been approved for trading on the OTCQB Venture Market (OTCQB) under the ticker "BSNLF". The OTCQB market (often referred to as a "QB" quotation) is a U.S. trading platform operated by OTC Markets Group in New York, U.S. It is structured to provide live-market trading during North American business hours in early-stage and developing companies that may hold primary listings in non-US markets. A listing on the OTCQB market provides increased accessibility for North American domiciled investors to the Company's shares, as well as delivering potential for enhanced overall liquidity in the trading of Blue Star. Compliance requirements for OTCQB quotation require issuers to satisfy annual company verification and management certification processes, financial reporting and transparency requirements, and ongoing compliance in relation to the company's capital structure and market capitalisation. All compliance requirements are expected to be practically satisfied by Blue Star through existing satisfaction of ASX primary listing obligations. Blue Star did not issue any new securities as part of the OTCQB listing process

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. My 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 Start 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.

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) pandemic had a significant impact on the global operating and macroeconomic environments. 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) had been working from home which may have impacted the timing of interactions with COGCC. The Company continues to actively monitor the situation, including assessing any impact it may have on the Company's operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs during the year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Consolidated Entity is undertaking activities to permit a further 46 helium wells.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below.

Current Directors

Director	Details
Ross Warner	
Qualifications	B. Juris and LLB and LLM
Position	Executive Chairman
Appointment Date	23 March 2018
Resignation Date	N/A
Length of Service	4 years
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	None
Former ASX Listed Directorships within last 3 years	None

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	2 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
Neil Rinaldi	
Position	Non-Executive Director
Appointment Date	14 April 2021
Resignation Date	N/A
Length of Service	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 is currently the Chief Executive Officer of International Graphite, 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, 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	Aziana Limited Brainchip Holdings Limited

Former Directors

Joanne Kendrick	
Qualifications	BChE, AICD
Position	Managing Director
Appointment Date	23 March 2018
Resignation Date	14 April 2021
Length of Service	3 years 1 month
Biography	Joanne was directly responsible for managing production operations, exploration drilling and development projects, capital raisings, asset transactions and joint venture interests throughout her 25-year career in upstream oil, gas and helium. She has served in a variety of executive, operational and technical roles with Woodside Petroleum, Newfield Exploration, Gulf Canada, including 7 years as Deputy Managing Director at ASX-listed Nido Petroleum. She holds a Bachelor of Chemical Engineering from the University of Adelaide and specialises in Petroleum/Reservoir Engineering. Joanne is a member of the Australian Institute of Company Directors (AICD).
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.

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	**10**
Number of Meetings Attended:	
Ross Warner	9
Trent Spry	9
Neil Rinaldi[1]	7
Joanne Kendrick[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	$0.084	04-Nov-23	Unlisted
17,194,726	$0.112	04-Nov-24	Unlisted

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

85,250,000 shares issued as a result of the exercise of the options were issued as at the date of this report.

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] Appointed 14 April 2021.
[2] Resigned 14 Aril 2021.

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. $6,500 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
Ross Warner	Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer (effective 14 April 2021)
Neil Rinaldi	Non-Executive Director (appointed 14 April 2021)
Joanne Kendrick	Managing Director (resigned effective 14 April 2021)

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 $	Super-annuation $	Security Based Payments $	Incentive Payments $	Fair value of Share Options (equity settled) $	$	Fixed %	STI %	LTI %
Non-Executive Directors											
	2021	**42,833**	**-**	**-**	**-**	**-**	**-**	**42,833**	**100%**	**-**	**-**
Neil Rinaldi[3]	2020	-	-	-	-	-	-	-	-	-	-
Michael Pollak[4]	2020	27,397	-	2,603	-	-	-	30,000	100%	-	-
Total Non-Executive Directors	**2021**	**42,833**	**-**	**-**	**-**	**-**	**-**	**42,833**	**100%**	**-**	**-**
	2020	27,397	-	2,603	-	-	-	30,000	100%	-	-
Executive Directors											
	2021	**192,131**	**68,493**	**25,318**	**-**	**-**	**-**	**285,942**	**100%**	**-**	**-**
Ross Warner	2020	55,205	100,046	15,616	29,260[5]	-	-	200,127	100%	-	-
	2021	**197,987**	**75,000**	**12,955**	**-**	**-**	**-**	**285,942**	**100%**	**-**	**-**
Trent Spry	2020	60,000	136,500	-	29,260[5]	-	-	225,760	100%	-	-
Joanne	**2021**	**32,097**[7]	**-**	**-**	**-**	**-**	**-**	**32,097**	**100%**	**-**	**-**
Kendrick[6]	2020	60,000	110,000	-	29,260[5]	-	-	199,260	100%	-	-
Total Executive Directors	**2021**	**422,215**	**143,493**	**38,273**	**-**	**-**	**-**	**603,981**	**100%**	**-**	**-**
	2020	175,205	346,546	15,616	87,780	-	-	625,147	100%	-	-

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 there are no management personnel engaged by the Company other than the Directors.

[3] Appointed 14 April 2021.
[4] Resigned 25 March 2020.
[5] 22,000,000 unlisted options exercisable at $0.012 per option, expiring on 31 December 2021 were issued to each of Mr Warner, Ms Kendrick and Mr Spry (totalling 66,000,000) as approved by shareholders on 24 April 2020 under the management incentive plan on 1 May 2020.
[6] Resigned 14 April 2021.
[7] Includes $12,097 payment on cessation of services.

The Executive Directors entered into service agreements 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 Non-Executive Director does not have a service agreement.

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	No. Shares Held at 31 December 2020	Share Based Payments	Exercise of Options	Other Changes	No. Shares Held at 31 December 2021	No. Shares Held at Date of this Report
Ross Warner						
Directly	15,000,000	-	22,000,000	-	37,000,000	37,000,000
Indirectly	2,000,000	-	-	-	2,000,000	2,000,000
Trent Spry						
Directly	-	-	22,000,000	-	22,000,000	22,000,000
Indirectly	3,000,000	-	-	-	3,000,000	3,000,000
Neil Rinaldi[8]						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Joanne Kendrick[9]						
Directly	15,000,000	-	N/A	(15,000,000)[10]	N/A	N/A
Indirectly	-	-	N/A	N/A	N/A	N/A
Total	**35,000,000**	**-**	**44,000,000**	**(15,000,000)**	**64,000,000**	**64,000,000**

[8] Appointed 14 April 2021.
[9] Resigned 14 April 2021.
[10] Reconciling item as a result of Director resigning before year end.

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	No. Options Held at 31 December 2020	Share Based Payments	Exercise of Options	Other Changes	No. Options Held at 31 December 2021	No. Options Held at Date of this Report
Ross Warner						
Directly	22,000,000	-	(22,000,000)	-	-	-
Indirectly	-	-	-	-	-	-
Trent Spry						
Directly	22,000,000	-	(22,000,000)	-	-	-
Indirectly	-	-	-	-	-	-
Neil Rinaldi[11]						
Directly	-	-	-	-	-	-
Indirectly	-	-	-	-	-	-
Joanne Kendrick [12]						
Directly	22,000,000	-	N/A	(22,000,000)[13]	N/A	N/A
Indirectly	-	-	N/A	N/A	N/A	N/A
Total	**66,000,000**	**-**	**(44,000,000)**	**(22,000,000)**	**-**	**-**

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.

[11] Appointed 14 April 2021.
[12] Resigned 14 April 2021.
[13] Reconciling item as a result of Director resigning before year end.

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:

- the Consolidated Entity drilled the Enterprise 16-1 well in February 2022. The well is suspended pending further operations to obtain additional data.
- the Consolidated Entity is undertaking activities to permit a further 46 helium wells.

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 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

ASIC lodged proceedings in the Federal Court of Australia against the Company and one of its directors, Mr James Cruickshank on 27 November 2017. The Court delivered its decision on 9 October 2020 and its final decision on relief on 16 December 2021. The Court did not impose a pecuniary penalty, damages or an account of profits on the Company.

The proceedings were initiated when the Company was in administration and the Administrators consented to the grant of leave being granted to ASIC to commence and maintain the proceedings against the Company on and Mr Cruickshank on conditions that:

- ASIC continues to seek only declaratory relief, but not pecuniary penalties, damages or an account of profits from the Company;
- ASIC is not entitled to seek to enforce any judgment or order against the Company, without further leave of the Court;
- ASIC will not require the Administrators or the Company to take any active step in the proceedings (including, but not limited to, the filing of a defence); and
- ASIC has agreed to cover the reasonable costs incurred by the Company in the proceedings as a result of steps requested or required by ASIC itself in the proceeding (for example, in relation to providing discovery).

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 International Audit & Consulting Pty Ltd for non-audit services provided to the Company during the year ended 31 December 2021 are $800 (2020: $Nil).

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.

Ross Warner
Executive Chairman

29 March 2022

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/

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29 March 2022

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 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 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
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $
Revenue	3	**8,542**	5,635
Cost of goods sold	4	**13,672**	(47,331)
Gross loss		**22,214**	(41,696)
Other income	3	**58,292**	10,318
Other Expenses		**(547,600)**	(667,930)
Impairment of exploration and evaluation assets	12	**-**	(8,335)
Rehabilitation costs		**(279,181)**	-
Employment expenses		**(400,953)**	(247,099)
Share based payment expense	16	**-**	(103,740)
Business development expenses		**(60,553)**	(64,696)
Legal expenses		**(188,002)**	(566,945)
Loss before tax		**(1,395,783)**	(1,690,123)
Income tax expense	5	**-**	-
Net loss for the year from operations		**(1,395,783)**	(1,690,123)
Other comprehensive income			
Exchange differences on translation of foreign entities		**(165,564)**	28,461
Total comprehensive loss for the year		**(1,561,347)**	(1,661,662)
Basic and diluted loss per share (cents)	6	**(0.11)c**	(0.19)c

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**15,632,345**	4,909,336
Trade and other receivables	8	**124,599**	88,341
Other assets	9	**48,164**	15,910
Held for sale asset – oil & gas properties	10	**-**	15,943
Total Current Assets		**15,805,108**	5,029,530
Non-Current Assets			
Other assets	9	**151,351**	32,459
Plant and equipment	11	**3,125**	-
Exploration and evaluation assets	12	**6,768,833**	3,982,025
Total Non-Current Assets		**6,923,309**	4,014,484
Total Assets		**22,728,417**	9,044,014
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**602,860**	342,263
Liabilities associated with asset held for sale	10	**-**	99,458
Provisions	14	**213,966**	70,112
Total Current Liabilities		**816,826**	511,833
Non-Current Liabilities			
Provisions	14	**1,884**	118,193
Total Non-Current Liabilities		**1,884**	118,193
Total Liabilities		**818,710**	630,026
Net Assets		**21,909,707**	8,413,988
EQUITY			
Contributed equity	15	**26,439,763**	12,569,133
Reserves	16	**1,298,118**	277,246
Accumulated losses		**(5,828,174)**	(4,432,391)
Total Equity		**21,909,707**	8,413,988

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	(1,395,783)	(1,395,783)
Other comprehensive income					
Foreign exchange on translation of operations	-	(165,564)	-	-	(165,564)
Total comprehensive loss for the year	-	(165,564)	-	(1,395,783)	(1,561,347)
Transactions with owners in their capacity as owners:					
Equity issues	16,023,000	-	-	-	16,023,000
Equity issue expenses	(2,152,370)	-	-	-	(2,152,370)
Share based payments	-	-	1,186,436	-	1,186,436
Balance at 31 December 2021	**26,439,763**	**(79,443)**	**1,377,561**	**(5,828,174)**	**21,909,707**

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 year	-	-	-	(1,690,123)	(1,690,123)
Other comprehensive income					
Foreign exchange on translation of operations	-	28,461	-	-	28,461
Total comprehensive loss for the year	-	28,461	-	(1,690,123)	(1,661,662)
Transactions with owners in their capacity as owners:					
Equity issues	9,280,372	-	-	-	9,280,372
Equity issue expenses	(625,109)	-	-	-	(625,109)
Share based payments	-	-	164,860	-	164,860
Balance at 31 December 2020	**12,569,133**	**86,121**	**191,125**	**(4,432,391)**	**8,413,988**

The accompanying notes form part of these financial statements.

BLUE STAR HELIUM

	Note	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $
Cash flows from operating activities			
Receipts from customers		**8,542**	5,635
Payments to suppliers and employees		**(1,538,306)**	(1,314,536)
Interest received		**581**	612
Net cash (used in) operating activities	7	**(1,529,183)**	(1,308,289)
Cash flows from investing activities			
Payment for plant and equipment		**(4,675)**	-
Exploration, evaluation and development expenditure (including licenses acquisition costs)		**(2,798,789)**	(3,572,144)
Net cash (used in) investing activities		**(2,803,464)**	(3,572,144)
Cash flows from financing activities			
Proceeds from share issues		**15,000,000**	8,302,622
Proceeds from option conversions		**1,023,000**	977,750
Payment for costs of equity issues		**(965,934)**	(564,990)
Net cash from financing activities		**15,057,066**	8,715,382
Net (decrease) / increase in cash held		**10,724,419**	3,834,949
Cash and cash equivalents at beginning of the year		**4,909,336**	1,138,089
Foreign exchange effect on cash and cash equivalents		**(1,410)**	(63,702)
Cash and cash equivalents at the end of the year	7	**15,632,345**	4,909,336

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 2021 (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 29 March 2022 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 year reporting period ended 31 December 2021 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 Standards (IFRS) as issued by the International Accounting Standard Board.

b. Going concern

For the year ended 31 December 2021 the consolidated entity incurred a total comprehensive loss of $1,561,347 (31 December 2020: total comprehensive loss of $1,661,662) and had working capital of $14,988,282 (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 $15,632,345 (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 31 December 2021 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. 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 2021 ("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.

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 initially recorded in the functional currency by applying the exchange ruling at the date of the transaction or the average for the year when translating a large number of transactions. 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, BNL (Enterprise) Inc, Las Animas Leasing Inc and BNL (Percy Creek) is United States dollars (USD). As at the reporting date the assets and liabilities of this subsidiary 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 exchange for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. 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.

2. *Accounting policies (continued)*

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 oil and gas properties

  The Consolidated Entity's accounting policy for impairment is set out at Note 10. 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 Oil and Gas Property assets. As at 31 December 2021 the Consolidated Entity impaired the value in use of its oil and gas properties, writing their carrying values down by $Nil (2020: $8,335). The Company has valued these assets at the fair value or market price for these assets.
- Impairment of exploration and evaluation assets

  The Consolidated Entity's accounting policy for impairment is set out at Note 12. 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.
- 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 14.

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.

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 31 December 2021 $	Consolidated Entity 31 December 2020 $

3. *Revenue and other income*

Sale of product	**8,542**	5,635
Interest income	**581**	612
Sale of Simmons project (including provision write-back)	**57,711**	-
Other income	**-**	9,706
	66,834	15,953

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 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[14]	**(13,672)**	47,331
	(13,672)	47,331

[14] 2021 amount arose from credit note for prior year expenditure.

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $
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		
Profit / (loss) from continuing operations before income tax expense	**(1,395,783)**	(1,690,123)
Tax at the Australian tax rate of 30% (2020: 30%)	**(418,735)**	(507,037)
Tax effect of amounts which are non deductible (taxable) in calculating taxable income:		
• Non-deductible expenses / assessable income	**244,587**	314,250
• Deferred tax asset not brought to account	**169,671**	205,033
• Movement in unrecognised temporary differences	**4,477**	731
• Non-assessable income	-	(3,841)
• Deductible equity raising costs	-	(9,136)
	-	-
The applicable weighted average effective tax rates	**0%**	0%

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $
5. *Income tax (continued)*		
Unrecognised deferred tax asset		
Tax losses- revenue	**15,684,831**	15,629,423
PPR	**-**	-
Expenses taken into equity	**-**	-
Other temporary differences	**16,050**	44,449
Temporary differences – tax capital losses	**1,250**	1,250
	15,702,132	15,675,122
Off-set of deferred tax liabilities	**-**	-
Net deferred tax assets unrecognised	**15,702,132**	15,675,122

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

5. *Income tax (continued)*

- 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.

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.

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $

6. *Basic and diluted loss per share*

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

Net (loss) attributable to ordinary equity holders of the parent (used in calculating basic and diluted loss per share)	**(1,395,783)**	(1,690,123)

	Consolidated Entity 31 December 2021 No.	Consolidated Entity 31 December 2020 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	**1,291,875,146**	903,606,566

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.

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $

7. *Cash and cash equivalents*

Cash at bank and on hand	**15,632,345**	4,909,336
	15,632,345	4,909,336

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	**(1,395,783)**	(1,690,123)
Impairment of oil & gas properties	**-**	8,335
Depreciation	**1,550**	1,456
Share based payment	**-**	103,740
Foreign exchange	**(1,865)**	123,010
(Increase)/Decrease in receivables and prepayments	**(3,798)**	(14,074)
Increase/(Decrease) in creditors and payables	**(85,463)**	159,367
Increase/(Decrease) in provisions	**(43,824)**	-
Net cash (outflows) from operating activities	**(1,529,183)**	(1,308,289)

8. *Trade and other receivables*

Other receivables	**(62)**	62,971
Bonds	**34,398**	-
GST refunds	**90,263**	25,370
	124,599	88,341

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.

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $

9. *Other assets*

Current		
Prepaid expenses	**48,164**	15,910
	48,164	15,910
Non-Current		
Bonds	**151,351**	32,459
	151,351	32,459

10. *Held for sale assets and liabilities associated with held for sale assets*

Oil and gas properties – AEC	**-**	15,943
Restoration provisions	**-**	(71,368)
Trade payables	**-**	(28,090)
	-	(83,515)

11. *Plant and equipment*

Computer equipment		
- At cost	**4,675**	8,528
- Accumulated depreciation	**(1,550)**	(8,528)
	3,125	-

Reconciliation of the movements in plant and equipment:

Balance at beginning of year	**-**	1,456
Additions	**4,675**	-
Disposals	**-**	-
Depreciation	**(1,550)**	(1,456)
Balance at end of year	**3,125**	-

11. *Plant and equipment (continued)*

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

Oil and Gas Properties
Oil and gas properties include construction, installation or completion of infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation costs, and the cost of development wells. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other costs are charged to profit or loss during the financial year in which they are incurred. Assets are transferred to held for sale assets when there is a high likelihood of the assets being sold.

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 2021 $	Consolidated Entity 31 December 2020 $

12. *Exploration and evaluation assets*

Capitalised expenditure		
- At cost	**6,893,891**	3,966,472
- Accumulated amortisation and impairment	**-**	-
- Exchange difference translation	**(125,058)**	15,553
	6,768,833	3,982,025
Reconciliation of the movements in capitalised expenditure:		
Balance at beginning of year	**3,982,025**	778,559
Exploration and evaluation expenditure incurred during the year	**2,911,866**	3,196,248
Impairment	**-**	(8,335)
Exchange difference translation	**(125,058)**	15,553
Balance at end of period	**6,768,833**	3,982,025

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 2021 calendar year. Currently Blue Star Helium Limited has expended certain funds in connection with acquiring and exploring the lands for helium. As at 31 December 2021 there was a total of $6,768,833 (31 December 2020: $3,982,025) 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.

12. *Exploration and evaluation assets (continued)*

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.

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 2021 $	Consolidated Entity 31 December 2020 $
13. *Trade and other payables*		
Trade creditors and other accruals	**602,860**	342,263
	602,860	342,263

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.

14. *Provisions*

	2021 $	2020 $
Current		
Employee benefits	**29,895**	-
Restoration	**184,071**	70,112
	213,966	70,112
Non-Current		
Employee benefits	**1,884**	-
Restoration	**-**	118,193
	1,884	118,193
Reconciliation of the movements in the restoration provision:		
Balance at start of year	**188,305**	214,102
Additions during the year	**142,205**	-
Utilisation of provision	**(125,972)**	-
Foreign exchange movements	**(20,467)**	(25,797)
Balance at end of year	**184,071**	188,305

14. *Provisions (continued)*

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 in Dawson County, Texas, 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.

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.

	Consolidated Entity 31 December 2021 No.	**$**	**Consolidated Entity 31 December 2020 No.**	**$**
15. *Contributed equity*				
Balance at beginning of year	**1,233,062,915**	**12,569,133**	733,747,255	3,913,870
Share issue from placement: 22-Jun-20	**-**	**-**	98,062,088	980,622
Share issue from option conversion: 22-Jun-20	**-**	**-**	2,250,000	22,500
Share issue from option conversion: 02-Jul-20	**-**	**-**	94,625,000	946,250
Share issue from placement: 07-Aug-20	**-**	**-**	132,200,000	1,322,000
Share issue from option conversion: 15-Oct-20	**-**	**-**	750,000	9,000
Share issue from placement: 27-Nov-20	**-**	**-**	171,428,572	6,000,000
Share issue from option conversion: 10-May-21	**22,000,000**	**264,000**	-	-
Share issue from option conversion: 29-Jul-21	**2,000,000**	**24,000**	-	-
Share issue from option conversion: 29-Sep-21	**3,500,000**	**42,000**	-	-
Share issue from placement: 04-Nov-21	**267,857,143**	**15,000,000**	-	-
Share issue from option conversion: 15-Dec-21	**2,500,000**	**30,000**	-	-
Share issue from option conversion: 31-Dec-21	**55,250,000**	**663,000**		
Share issue costs	**-**	**(2,152,370)**	-	(625,109)
Balance at end of year	**1,586,170,058**	**26,439,763**	1,233,062,915	12,569,133

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.

15. *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 monitor 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 $15,632,345 (31 December 2020: $4,909,336) and ability of the Company to raise capital as needed.

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $
16. *Reserves*		
Foreign currency translation reserve		
Balance at beginning of period	**86,121**	57,660
Foreign exchange on translation of operations	**(165,564)**	28,461
Balance at end of period	**(79,443)**	86,121
Options reserve		
Balance at beginning of period	**191,125**	26,265
Options granted	**1,186,436**	164,860
Balance at end of period	**1,377,561**	191,125

	Consolidated Entity 31 December 2021 No.	Consolidated Entity 31 December 2020 No.
Unlisted options		
Balance at beginning of period	**85,250,000**	101,875,000
Options granted	**34,389,452**	86,000,000
Options converted	**(85,250,000)**	(97,625,000)
Options expired	**-**	(5,000,000)
Balance at end of period	**34,389,452**	85,250,000

16. *Reserves (continued)*

Non-performance based options

Inputs	Broker Options	Broker Options
Number of options	17,194,726	17,194,726
Exercise price	$0.084	$0.112
Expiry date	04-Nov-23	04-Nov-24
Grant date	04-Nov-21	04-Nov-21
Vesting date	N/A	N/A
Share price at grant date	$0.050	$0.05
Risk free interest rate	0.56%	0.89%
Volatility	142%	164%
Option value	$0.030	$0.039

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.

Option reserve

The option 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.

17. *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 2021 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 2021 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 2021 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.

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

o 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 2021 $	Consolidated Entity 31 December 2020 $
0 – 6 months	**(602,860)**	(342,263)
6 – 12 months	**-**	-
1 – 5 years	**-**	-
	(602,860)	(342,263)

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 2021					
Financial assets					
Cash and cash equivalents	15,632,345	-	-	-	**15,632,345**
Trade and other receivables	90,201	-	-	-	**90,201**
Deposits	-	34,398	151,351	-	**185,749**
	15,722,546	34,398	151,351	-	**15,908,295**
Financial liabilities					
Trade and other payables	(602,860)	-	-	-	**(602,860)**
	(602,860)	-	-	-	**(602,860)**
Net inflow / (outflow)	15,119,686	34,398	151,351	-	**15,305,435**

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

	<6 Months	6-12 Months	1-5 Years	>5 Years	Total
31 December 2020					
Financial assets					
Cash and cash equivalents	4,909,336	-	-	-	4,909,336
Trade and other receivables	88,341	-	-	-	88,341
Deposits	-	-	32,459	-	32,459
	4,997,677	-	32,459	-	**5,030,136**
Financial liabilities					
Trade and other payables	(342,263)	-	-	-	(342,263)
	(342,263)	-	-	-	(342,263)
Net inflow / (outflow)	4,655,414	-	32,459	-	**4,687,873**

- **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 2021 the only trade receivables and other receivable are for GST receivable and refundable deposits. 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.

17. ***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.

18. ***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 reporting periods ended 31 December 2021 and 31 December 2020 external sales of oil were made to customers solely located in the USA.

	US	Corporate	Total
31 December 2021			
Segment revenue	66,253	581	**66,834**
Segment assets	7,042,601	15,685,816	**22,728,417**
Segment liabilities	(704,916)	(113,794)	**(818,710)**
31 December 2020			
Segment revenue	5,635	10,318	**15,953**
Segment assets	3,997,968	5,046,046	**9,044,014**
Segment liabilities	(401,288)	(228,738)	**(630,026)**

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $

19. *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:

Audit or review of the financial report	**36,673**	31,179
Tax and compliance services	**-**	-
	36,673	31,179

20. *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
Ross Warner	Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer (effective 14 April 2021)
Neil Rinaldi	Non-Executive Director (appointed 14 April 2021)
Joanne Kendrick	Managing Director (resigned effective 14 April 2021)

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $
Compensation by Category: Key Management Personnel		
Short-Term (including bonus)	**608,541**	549,148
Post-Employment	**38,273**	18,219
Long-Term	**-**	-
Share-based Payments	**-**	87,780
	646,814	655,147

During the year ended 31 December 2021 and the year ended 31 December 2020 there were no loans provided to Key Management Personnel.

20. *Director and KMP disclosures (continued)*

There were no transactions with Key Management Personnel other than those described above. At 31 December 2021 and 31 December 2020 there were no balances outstanding in relation to Key Management Personnel other than those described above and in the Remuneration Report.

	Company 31 December 2021 $	Company 31 December 2020 $
21. *Parent Entity information*		
Current Assets	**15,682,691**	4,946,376
Non-Current Assets	**526,719**	3,978,134
Total Assets	**16,209,410**	8,924,510
Current Liabilities	**165,608**	314,715
Non-Current Liabilities	**1,884**	-
Total Liabilities	**167,492**	314,715
Net Assets	**16,041,918**	8,609,795
EQUITY		
Contributed equity	**26,439,763**	12,569,133
Reserves	**1,377,561**	191,125
Accumulated losses	**(11,775,406)**	(4,150,463)
Total Equity	**16,041,918**	8,609,795
(Loss) for the year	**(7,624,943)**	(1,594,821)
Total comprehensive (loss) for the year	**(7,624,943)**	(1,594,821)

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

22. *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:

- the Consolidated Entity drilled the Enterprise 16-1 well in February 2022. The well is suspended pending further operations to obtain additional data.
- the Consolidated Entity is undertaking activities to permit a further 46 helium wells.

	Consolidated Entity 31 December 2021 $	Consolidated Entity 31 December 2020 $

23. *Commitments and contingencies*

The Consolidated Entity is planning to undertake a drilling programme later this year but as at 31 December 2021 it is not formally committed. There were no material commitments relating to operating and exploration expenditure other than the following:

< 1 year	**349,031**	-
1 – 5 years	**1,396,125**	-
> 5 years	-	-
	1,745,156	-

a. Contingent assets

There are no contingent assets as at 31 December 2021.

b. Contingent liabilities

There are no contingent liabilities as at 31 December 2021.

24. *Interests in controlled entities*

Company Name	Place of Incorporation	31 December 2021 % Ownership	31 December 2020 % 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%	100%
BNL (Percy Creek)	USA	-%	100%
Controlled by BNL (USA Helium) Pty Ltd:			
BNL (Enterprise) Inc	USA	100%	100%
Las Animas Leasing Inc	USA	100%	-%

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 2021 are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the financial position as at 31 December 2021 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

Ross Warner
Executive Chairman

29 March 2022

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Australia

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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 2021, 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 2021 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.

Key Audit Matters

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 2021, Exploration and Evaluation Assets totalled $6,768,833 (refer to Note 12 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 approximately 30% 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 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, commodity prices 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.

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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 2021, 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 21 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Blue Star Helium Limited for the year ended 31 December 2021 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

Martin Michalik
Director
West Perth, Western Australia
29 March 2022

As at 23 March 2022

Issued Securities

	Listed on ASX	Unlisted	Total
Fully paid ordinary shares	1,586,170,058	-	1,586,170,058
$0.084 unlisted options expiring 04-Nov-23	-	17,194,726	17,194,726
$0.112 unlisted options expiring 04-Nov-24	-	17,194,726	17,194,726
Total	**1,586,170,058**	**34,389,452**	**1,620,559,510**

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	173	46,054	0.00%
1,001 - 5,000	40	94,601	0.01%
5,001 - 10,000	176	1,589,228	0.10%
10,001 - 100,000	1,748	76,459,593	4.82%
100,001 - and over	1,109	1,507,980,582	95.07%
Total	**3,246**	**1,586,170,058**	**100.00%**

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	57,911,826	3.65%
2.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	57,611,572	3.63%
3.	PAMPLONA OPPORTUNITIES LTD	38,500,000	2.43%
4.	ELLIOT HOLDINGS PTY LTD <CBM FAMILY A/C>	28,825,000	1.82%
5.	MS JOANNE KENDRICK	28,600,000	1.80%
6.	MR TIMOTHY WONG	28,500,000	1.80%
7.	ATGG ENTERPRISE PTY LTD <ATGG TRADING ENT DISC A/C>	28,281,722	1.78%
8.	MS CHUNYAN NIU	28,280,433	1.78%
9.	TRDJS PTY LIMITED <DD FAMILY A/C>	26,850,000	1.69%
10.	CITICORP NOMINEES PTY LIMITED	26,733,868	1.69%
11.	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	25,714,286	1.62%
12.	PAMPLONA CAPITAL PTY LTD	24,700,000	1.56%
13.	OCEANVIEW SUPER FUND PTY LTD <OCEANVIEW SUPER FUND A/C>	22,721,522	1.43%
14.	MR SEBASTIAN MARR	22,000,000	1.39%
15.	AEI AUSTRALIA PTY LTD <ROD LADD FAMILY A/C>	21,000,000	1.32%
16.	UNITED EQUITY PARTNERS PTY LTD <POLYCORP FAMILY A/C>	20,500,000	1.29%
17.	MR HUGH DAVID WARNER & MRS DIANNE MICHELLE WARNER <CBM SUPER FUND A/C>	20,200,000	1.27%
18.	OPTIM8 PTY LTD <THE GIC SUPER FUND A/C>	20,000,000	1.26%
19.	SHELCO HOLDINGS PTY LTD <SHELCO HOLDINGS A/C>	19,911,721	1.26%
20.	MR NIKOLA KRKOVSKI	15,095,434	0.95%
Total		**561,937,384**	**35.43%**

The number of shareholdings held in less than marketable parcels is 431.

The Company has the following substantial shareholders listed in its register as at 23 March 2022:

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	Working Interest	Net Revenue Interest
Fee Minerals Owners	Las Animas, CO	Blue Star Group	83,216	100%	82.5% - 87.5%
Colorado State	Las Animas, CO	Blue Star Group	42,280	100%	80%
Bureau of Land Management	Las Animas, CO	Blue Star Group	86,081	100%	88%

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%