

29 April 2022

Dear Shareholders

As part of the Notice of Meeting for this year's Annual General Meeting, you will see several resolutions relating to the proposed adoption and utilisation of an Incentive Performance Rights Plan (**Performance Plan**).

The performance vesting hurdles embedded in the proposed Performance Plan are designed to reflect and reward senior Blue Star personnel and Board members for the targeted future achievement of significant value-adding milestones for the Company and its shareholders.

The proposed Performance Plan, and the specific vesting hurdles delineated within it, have been formulated after extensive consultation across a range of shareholders. The Blue Star Board believes that the vesting hurdles establish appropriately elevated and robust milestone targets and, in doing so, deliver strong and proportionate alignment with shareholders in the targeted future success of Blue Star.

The proposed issue of Performance Rights is divided into five tranches, with each tranche only vesting upon achievement of the following key performance hurdles / milestones by the Company:

- **Tranche 1:** Blue Star publicly reporting two (2) independently certified helium discoveries; and the Company achieving a 20-day VWAP of \$0.10 or more, within 18 months after issue of the Performance Rights.

Achievement of this hurdle delivers value to shareholders by confirming the existence of a significant accumulation of potentially recoverable helium and, therefore, moving these helium resources from the prospective category into the contingent category. The Company's focus is expected to transition from discovery to development planning in relation to each such prospect.

The Company has previously announced that it is fast tracking its Voyager prospect for development. Whilst the Blue Star Board believes this is excellent progress, shareholders should note that the Company must certify two discoveries before the Tranche 1 hurdle is met.

The VWAP component of the hurdle will ensure that the hurdle is only achieved if the market recognises the value created.

- **Tranche 2:** Blue Star publicly reporting Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the Performance Rights.

Achievement of this hurdle delivers value to shareholders by confirming helium reserves and increasing the resources from the current P90, P50 and P10 levels by 90%, 49% or 30% respectively.

The Company must demonstrate that the helium resource is discovered, recoverable, and commercial by the application of development projects in order to move contingent resources into the reserve category.

This is part of a continual process of maturing and growing the Company's helium resources.

BLUE STAR | HELIUM

- **Tranche 3:** Blue Star having drilled five (5) separate prospects within two (2) years after issue of the Performance Rights.

Achievement of this hurdle delivers value to shareholders by ensuring that the Company tests its breadth of prospects as rapidly as possible to mature resources and deliver multiple potential development options on success.

- **Tranche 4:** Blue Star making a Final Investment Decision in relation to the development of a facility for the development of a helium project within 2 years after issue of the Performance Rights.

Achievement of this hurdle delivers value to shareholders by committing the Company to a development project designed to generate revenues from the sale of helium.

- **Tranche 5:** Blue Star selling helium within 30 months after issue of the Performance Rights.

Achievement of this hurdle delivers value to shareholders by delivering revenues to the Company.

Sincerely,

Ross Warner
Executive Chairman