

ASX ANNOUNCEMENT

16 October 2023

Activities Report Quarter Ended 30 September 2023

Blue Star Helium Limited (ASX: BNL, OTCQB: BSNLF) (**Blue Star** or the **Company**) is pleased to provide an update on activities undertaken during the quarter ended 30 September 2023.

Highlights

Voyager

- All pre-production activities on-track for first production during Q4 CY2023.
- All long lead items including key feed compressor infrastructure secured for Voyager helium development.
- Site preparation work proceeding at Voyager ahead of scheduled plant delivery by IACX.
- Discussions ongoing with several parties regarding initial helium offtake.
- Expected inventory of six helium wells at Voyager (subject to receipt of final drilling permits).

Galactica/Pegasus

- Development planning is advancing with various commercialisation pathways under consideration.
- Discussions with several groups initiated related to a potential multiple product stream design incorporating CO₂ by-product stream and in-field 99.999% purity helium offtake gas.

Corporate

- Appointment of Mr Gregg Peters to the Blue Star Board as Non-Executive Director.
- Mr Neil Rinaldi assumed the role of Non-Executive Chairman, with Mr Ross Warner electing to step down into the role of Executive President, Commercial & Legal.
- Quarter end cash balance of A\$2.468 million and zero debt.
- Subsequent to the quarter the Company announced it had received commitments to raise A\$7 million and undertake a share purchase plan.

OPERATIONS

Voyager Development

Voyager status summary

Mid-stream services provider, IACX Energy LLC, has confirmed to Blue Star that delivery of the leased and operated Voyager helium recovery unit remains on schedule for Q4 CY2023. Plant permitting and long lead items are also progressing in-line with the scheduled delivery of the IACX plant.

All pre-production activities remain on-track for first production during Q4 CY2023.

Voyager project development

Blue Star has been working closely with IACX in relation to site requirements and ancillary component acquisitions.

Development works for the Voyager facility progressed during the quarter with the acquisition of the feed compressor, a central component of the facility's helium gathering system. Blue Star's engineering consultants inspected and have serviced the unit, which is set to be integrated on-site.

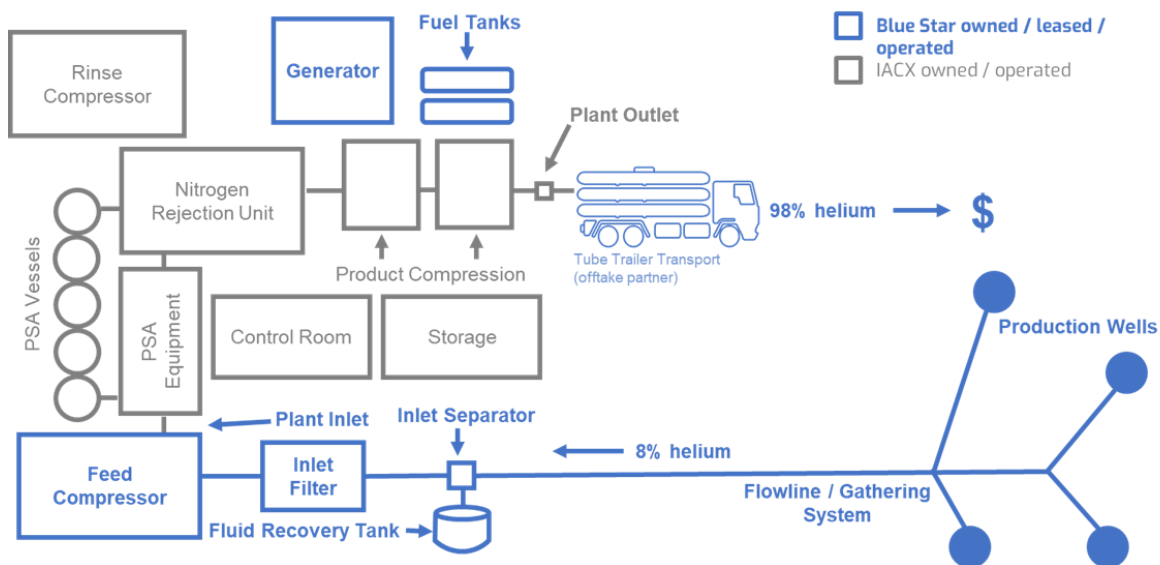


Figure 1: Voyager Development Plant Layout

Subsequent to the end of the quarter, Blue Star provided two further construction and development updates. On 2 October Blue Star announced it had executed a lease agreement to secure the generator package for its proposed Voyager development with Red-D-Arc Inc, an experienced provider of generators with offices in the US, Canada, the UK, France and the Netherlands. It is part of the Air Liquide group.

Securing the power generator completes the acquisition phase of the principal plant components (including the feed compressor and helium recovery unit) required for IACX to instal of the helium recovery plant in Q4 CY2023.

As of 4 October 2023, the Company's earth works contractor was progressing work on the site preparation necessary for the IACX helium recovery unit to be deployed at Voyager. The site requires a substantial pad and part of the site will also serve as a base of operations for ongoing helium exploration and development. Additionally, road access work including heavy vehicle upgrades was progressing well.



Figure 2: Site preparation construction works progressing at the Voyager facility site

Voyager well design

The Company has elected to upgrade its development well design to include a larger open hole production well bore in line with engineering advice and learnings adopted from nearby drilling activity on the site adjacent to Blue Star's Galactica and Pegasus discoveries. The engineering advice included flow modelling and pressure draw-down considerations.

The new well bore design is expected to deliver enhanced production outcomes with optimised helium recovery.

Voyager well permitting

The Colorado Energy & Carbon Management Commission (CECMC) (formerly Colorado Oil and Gas Conservation Commission or COGCC) has completed its technical review of the applications for four proposed helium development well locations (Daniel 08 SWNE, Bolling 04 NWSE, Bolling 09 NWNW and Bolling 04 SESW) at the Voyager project. The oil and gas development plan (OGDP) relating to these locations has a final approval hearing date set for 22 November 2023 after which the Company will submit the final applications for approval.

These wells, together with BBB 33#1 and 34#1, make up the initial six well inventory from which phase one development wells will be selected.

Successful development wells are expected to produce into the Voyager facility, with targeted first output in Q4 CY2023. The location of the initial development well inventory at Voyager are shown in Figure 3 below.

The Company is experiencing a significant reduction in well approval time at Voyager, and expects this trend to continue, benefitting planning and execution going forward.

There are a further 14 wells currently planned for full development optionality. It is expected that Voyager will ultimately utilise a 20 well development inventory to maximise the full contingent resource. These well locations are being designed to deliver a substantial degree of flexibility and responsiveness with respect to progressive phase one well outcomes.

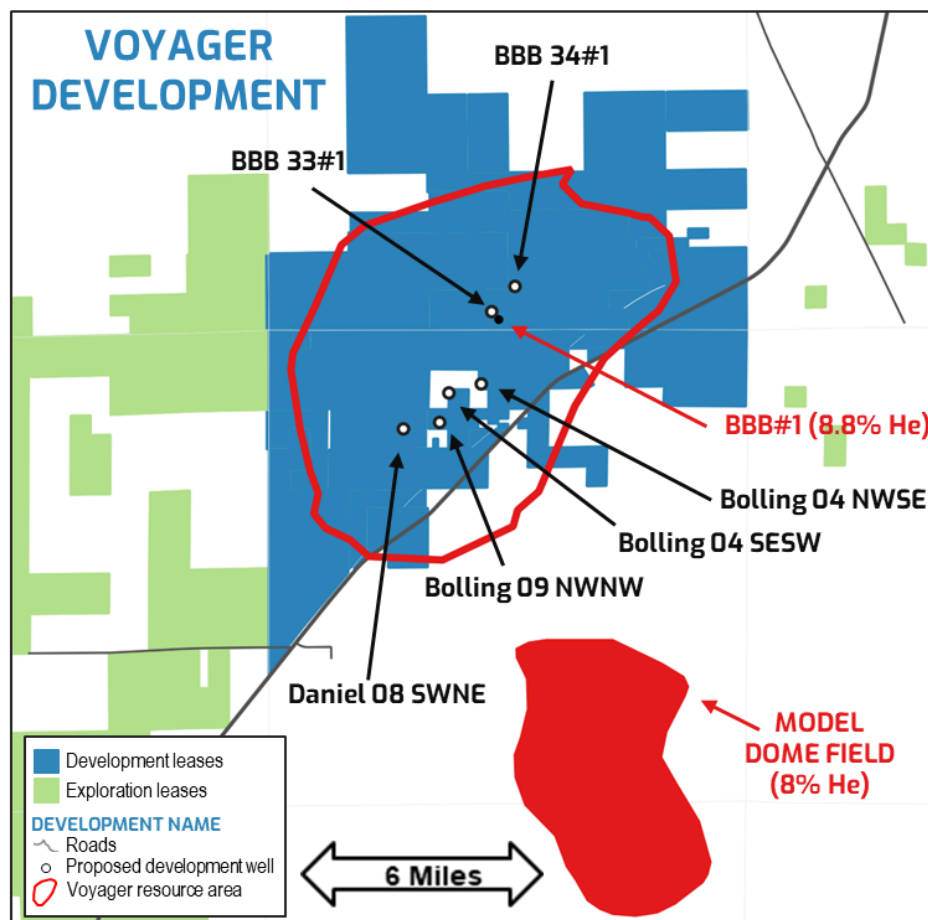


Figure 3: Planned well locations at the Voyager helium development

Galactica/Pegasus Development

Galactica/Pegasus development planning

- Development planning is advancing with various commercialisation pathways under consideration, including an initial leased plant and third-party operated option with expansion expected to include a potential CO₂ by-product stream and in-field 99.999% purity helium offtake gas.

Galactica/Pegasus well permitting

Final permits have previously been received for the drilling of the State 09, 16, 35 and 36 helium development wells (see BNL ASX release of 19 April 2023). The CECMC has also previously approved the Jackson #01, Jackson #02 and Jackson #03 locations (see BNL ASX release of 8 June 2023). On approval of the final drilling permits for these locations, the Company will have seven helium development wells approved for drilling at Galactica/Pegasus.

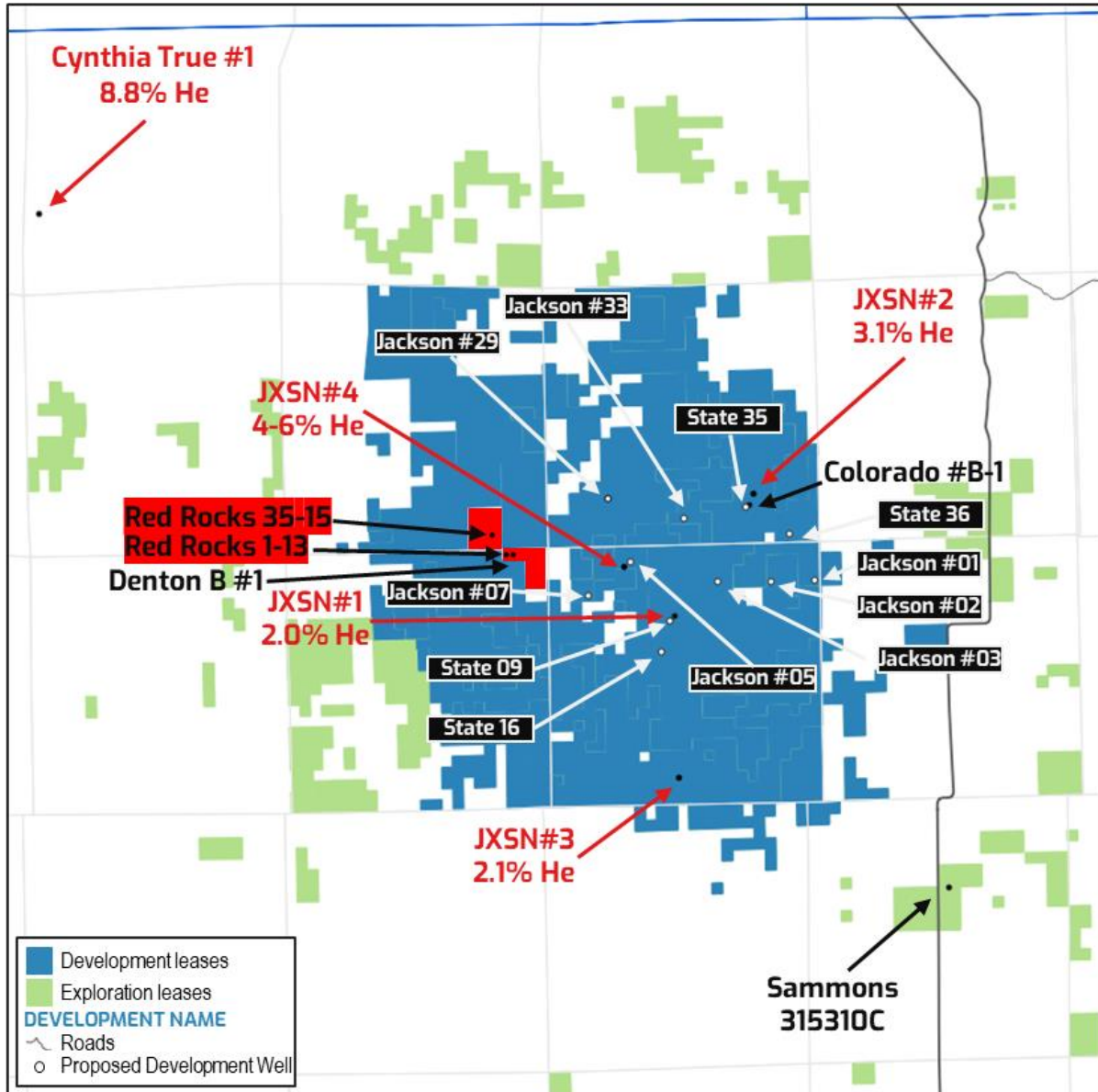


Figure 4: Planned development well locations at the Galactica/Pegasus project including the neighbouring Red Rocks Helium project

CORPORATE

Board Appointment & Reorganisation

On 11 September, Blue Star announced the appointment of Mr Gregg Peters as a non-executive director.

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

Previously, Gregg spent six years as Director of Industrial Gas for Praxair Inc.'s packaged gas business, responsible for the financial performance and development of all gas products, including atmospheric, fuel gases, and CO₂ (responsible for both the industrial and BevCarb segments), and the rapid expansion of the MicroBulk initiative. Currently, he is COO for the Edelgas Group and Managing Director of Disruptive Resources, LLC.

With Gregg's appointment representing the addition of a second independent non-executive director to the Blue Star Board, Mr Ross Warner elected to step down from the Board effective 10 September 2023. This allows the Board to now be comprised of a majority of independent directors.

Mr Neil Rinaldi has assumed the role of Non-Executive Chairman. Neil has been a non-executive director of the Company since April 2021. Ross remains with the Company in the executive role of President, Commercial and Legal.

Balance sheet

Blue Star's cash balance at 30 September 2023 was approximately A\$2.468 million. On 16 October 2023 the Company announced that it had received commitments to raise A\$7 million in gross proceeds via an institutional placement of 333,333,334 new ordinary shares to institutional and sophisticated investors at an issue price of A\$0.021 per share. The Company has zero debt, excluding typical trade creditor balances.

TENEMENT TABLE

Tenements held at the end of the quarter and changes thereof.	Acreage held at the beginning of the Quarter	Acreage held at the end of the Quarter	Acreage acquired (disposed/lapsed)
Project Name			
Held By Production Acreage, Big Star Project, USA	-	-	-
Helium Project, Las Animas, Colorado, USA*	Circa 311,250 gross (225,920 net) acres	Circa 311,569 gross (226,450 net) acres	Circa 319 gross (530 net) acres

5B COMMENTARY

Description of Selected Items in Appendix 5B

Appendix 5B Reference		Commentary
1.2 (a)	Expensed exploration and evaluation costs	Expenditures associated with the P&A of a legacy oil well in Texas.
1.2 (c)	Payments for production	Expenditures associated with the Company's Big Star Project in Texas USA.
2.1 (b)	Payments to acquire tenements	Costs associated with the acquisition of helium leases in Colorado, USA including land manager fees.
2.1 (d)	Capitalised exploration and evaluation costs	Capitalised expenditures associated with exploration and evaluation of the Company's helium acreage in Colorado USA. Includes drilling preparation, permitting, subsurface evaluation and field costs.
6.1 and 6.2	Payments to Related Parties	Includes directors' fees and superannuation paid to directors.

The Board has authorised the release of this announcement to ASX.

For further information, please contact:

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Managing Director & CEO

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About Blue Star Helium:

Blue Star Helium Ltd (ASX:BNL) is an independent helium exploration and production company, headquartered in Australia, with operations and exploration in North America. Blue Star's strategy is to provide its shareholders with exposure to multiple high-value helium projects in North America. For further information please visit the Company's website at www.bluestarhelium.com

About Helium:

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

Cautionary Statement

This announcement contains forward-looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties that may cause Blue Star's actual results, performance, or achievements, to differ materially from those expressed or implied in any of the forward-looking statements, which are not guarantees of future performance. Actual results may differ materially from those in the statements in this announcement. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Blue Star Helium Limited

ABN

75 009 230 835

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1	5
1.2 Payments for		
(a) exploration & evaluation	(4)	(503)
(b) development	-	-
(c) production	-	-
(d) staff costs	(358)	(1,138)
(e) administration and corporate costs	(323)	(1,169)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	41
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(674)	(2,764)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements / leases	(205)	(919)
(c) property, plant and equipment	(218)	(220)
(d) exploration & evaluation	(295)	(499)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements / leases	20	20
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (return of bonds)	-	-
2.6	Net cash from / (used in) investing activities	(698)	(1,618)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,825	6,824
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(674)	(2,764)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(698)	(1,618)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	15	26
4.6	Cash and cash equivalents at end of period	2,468	2,468

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,468	3,825
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,468	3,825

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	144
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(674)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(295)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(969)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,468
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,468
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable. However, note that the Company announced on 16 October 2023 that it has received firm commitments to raise A\$7 million in gross proceeds via an institutional placement of 333,333,334 new ordinary shares to institutional and sophisticated investors.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable. However, note answer to question 8.8.1.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable. However, note answer to question 8.8.1.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 16 October 2023

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.