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29 October 2020

Activities Report
Quarter Ended 30 September 2020

The Board is pleased to provide an update on activities in what was an incredibly busy and highly successful quarter to 30 September 2020.

KEY HIGHLIGHTS

Colorado Helium Project

- Enterprise well staked and planned for drilling 4Q 2020 subject to receipt of a drilling permit
  - Targeting 3BCF prospective helium resource at Enterprise/Galileo
  - Well cost estimate US$300k
- Significant new leasing over Galactica, Pegasus, Voyager and Prometheus prospects
  - Prospective resource assessments underway
  - Potential elevation of additional prospects to the drilling program
- Leased acreage in Las Animas increased to a total of 164,000 gross (108,000 net) acres

Corporate

- Cash on hand at the end of the quarter was $2.13million
- Annual General Meeting held 30 July 2020, all resolutions approved
- Successful completion of Tranche 2 capital raising of circa $1.32 million before costs
- Appointment of Amanda Wilton-Heald as Company Secretary

OPERATIONS

Enterprise Helium Prospect – Colorado, USA

During the quarter, the Company staked the Enterprise well location in preparation for drilling. Drilling of the well is planned for the December quarter subject to receipt of a drilling permit.

Rights of way agreements have been executed with relevant surface owners for access to the site.

Engineering estimates have confirmed dry hole drilling costs of US$300k with a further US$100k required to complete the well as a producer upon success.

Enterprise Background

The Company announced on 27 May 2020 its maiden prospective resource of 3 BCF P50 prospective resource (recoverable helium, net of royalties) in its Enterprise and Galileo prospects.

Net Recoverable Helium (mmcf)	1U (P90)	2U (P50)	3U (P10)
Enterprise Prospect	372	2,296	5,003
Galileo Prospect	270	725	1,389
Total Net Recoverable Helium	641	3,021	6,391

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.
Note 3: The resource estimates are reported as at an evaluation date of 30 April 2020.
Note 4: The resource estimates are presented on a net entitlements basis and represent Blue Star's net economic interest in the prospective recoverable helium volumes after deductions for the volume weighted royalty burden in accordance with the methodology described in Schedule A of the Company's announcement of 27 May 2020.
Note 5: The resource estimates referred to in this table were first announced in the Company's announcement of 27 May 2020.
Note 6: The Company is not aware of any new information or data that materially affects the information included in the announcement of 27 May 2020 and all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed except that the Company has acquired additional leases in the prospect areas and any change to the net prospective resource has not yet been assessed.

The prospects are situated in the Lyons Formation Helium Play, which is proven in the area by the historical Model Dome field. As an example, the Hoff Heirs #2 well in the Model Dome field, had a tested production rate from the Lyons Formation of 500 mcf raw gas per day. Petrophysical analysis of surrounding wells in combination with the regional soil gas sampling and geochemical analysis program conducted in 3Q 2019 have proven the play elements of helium charge, high quality reservoir and the presence of a good top seal extend across our Enterprise and Galileo prospects.

Within this proven play fairway, each of the Enterprise and Galileo prospects are subject to independent trap risk. Internal geologic modelling is based on reprocessed gravity and magnetic data, incorporated offset well data and surface and subsurface horizon and fault mapping. The geological chance of success is assessed by the Company to be moderate to high for an exploration target given the proven play elements.

The Company remains positive that, based on the work it has done to date, the chance of development, upon a discovery, is strong.

The Company has identified several development options are available and detailed discussions with service providers are underway with a view to selecting a preferred option and supplier. Skid mounted, modular surface processing equipment is readily available with six months' delivery time and may be secured under a rental contract.

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This equipment is standard-sized at 2 mmcf/d raw gas and would concentrate the helium in the raw gas stream to 98%+ gaseous helium which would then be loaded onto an offtaker's tube trailer for transport to a liquefaction plant or end-user. The Las Animas location is within trucking distance to established liquefaction plants with significant available capacity.

In the event the Company elects this type of rental option for the surface processing equipment, most of the development capital expenditure would be related to drilling and completing development wells. It is estimated that five development wells would be required to supply 2mmcf/d raw gas to fill the processing equipment.

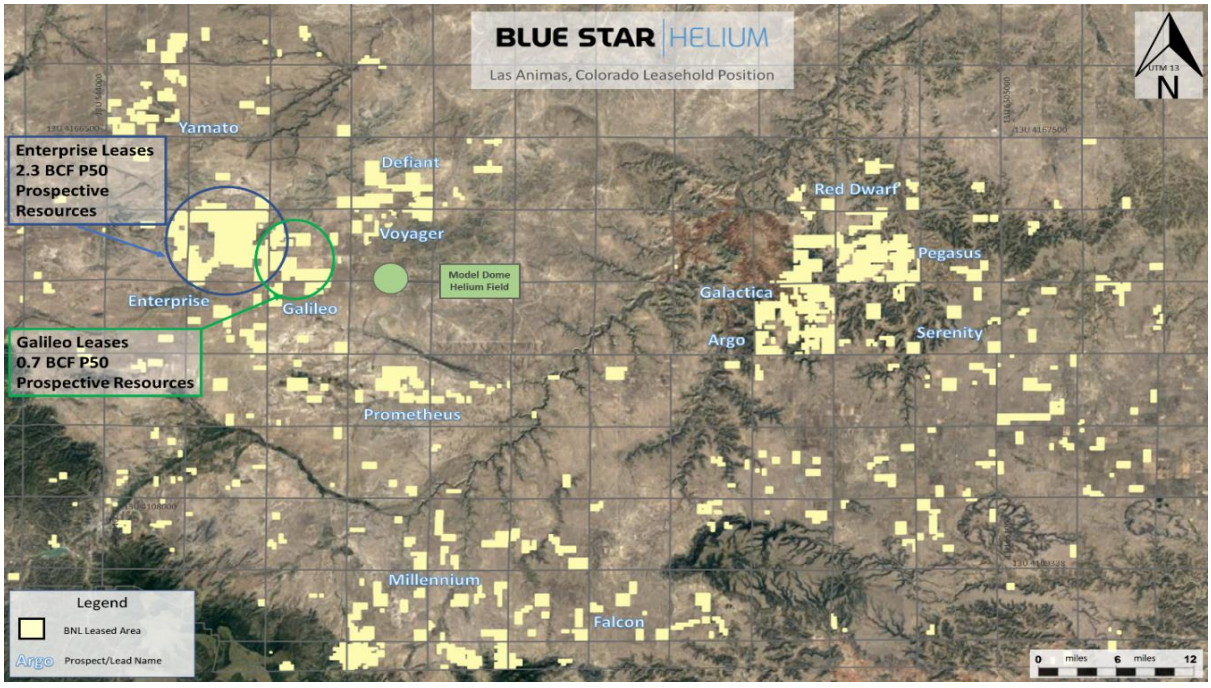
Helium Prospects and Leads – Colorado, USA

During the quarter, the Company significantly added to its acreage position in the highly prospective Las Animas region in Colorado, USA, acquiring 34,848 gross (34,848 net) acres for a total of US$849,492 at the Federal Bureau of Land Management (BLM) land auction.

More than 6,000 net acres were acquired during the September quarter from private mineral owners. The total amount of lease bonuses payable in respect of these new leases was not material to the Company.

Blue Star now has high-net contiguous leasing over four further highly ranked prospects (Galactica, Pegasus, Voyager and Prometheus) in addition to the Company's Enterprise and Galileo prospects. The Company expects it will be able to expand its maiden drilling program to include multiple wells. Results from the additional prospective resource assessments are expected shortly prior to a final decision being made on expanding the program.

The Company's total land position in Las Animas, Colorado at the end of the June quarter was 167,000 gross (109,000 net) acres.



Blue Star plans to further add to its gross and net position over preferred prospects in Las Animas County.

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A further 400 net acres were leased in the county after the end of the September quarter.

Customary due diligence continues with respect to the lease position prior to payment of the lease bonus amounts to each lessor. Approximately 1,200 net acres remain under review as at the date of this report.

Subsequent to the end of the quarter, 2,400 acres was applied for over the counter with the BLM and the Company is expecting this lease to be granted in due course.

New Ventures – Helium

The Company continues to actively pursue upstream helium opportunities in North America in accordance with its stated strategy.

Big Star Project – Texas, USA

During the quarter, production continued from the Simmons well. As at the report date, this asset is held for sale. The Stuart, Esmond and Cline wells did not produce in the quarter and remain shut-in.

Subsequent to the end of the quarter, the Company received notice from the Railroad Commission of Texas that it had approved the program to plug and abandon the Esmond well. The Company plans to plug and abandon the Esmond well during the September quarter and expects costs to be in line with the balance sheet liabilities of approximately US$50,000.

CORPORATE

Blue Star's cash at the end of the June 2020 quarter was approximately $2.13 million.

The Company held its Annual General Meeting on 30 July 2020 at which all resolutions put to the meeting were approved.

On 7 August 2020, 132,200,000 new ordinary shares were issued via Tranche 2 of the capital raising announced 22 June 2020. The shares were issued at a placement price of $0.01 and the Company received $1.32 million in Tranche 2 proceeds.

On 4 September 2020, the Company changed its company secretary from Andrew Whitten to Amanda Wilton-Heald.

On 4 September 2020, the Company changed its registered office to Level 11, London House, 216 St Georges Terrace, Perth WA 6000.

During the quarter, 96,875,000 shares were issued pursuant to the exercise of options expiring 30 June 2020. A total of $968,750 was raised from the exercise of options with $80,000 of this total received during the September quarter. The balance was received in the prior quarter.

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Subsequent to the end of the quarter, 750,000 options expiring 31 December 2021 were exercised at $0.012 per share raising $9,000 for the Company. The shares were issued on 15 October 2020.

Subsequent to the end of the quarter, the Federal Court of Australia delivered its decision on proceedings relating to an action taken by the Australian Securities and Investments Commission ("ASIC") in 2017 against the Company (formerly known as Antares Energy Limited) and its former director, James Cruickshank. The proceedings relate to a period around September 2015 and do NOT relate to the Company's current board, management or business activities.

ASIC previously agreed not to seek any form of monetary relief (including pecuniary penalties, damages or an account of profit) against Blue Star and the Company took no active part in the proceedings.

TENEMENT TABLE

Tenements held at the end of the quarter and changes thereof.Project Name	Acreage held at the beginning of the Quarter	Acreage held at the end of the Quarter	Acreage acquired (disposed/lapsed)
Held By Production Acreage, Big Star Project, USA	80 acres	80 acres	-
Helium Project, Las Animas, Colorado, USA*	128,787 gross (68,130 net) acres	Circa 167,000 gross (109,000 net) acres	Circa 38,200 gross acres

5B COMMENTARY

Description of Selected Items in Appendix 5B.

Appendix 5B Reference		Commentary
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 lease bonuses and 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 (including bonuses) 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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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.






Appendix 5B

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

Name of entity

BLUE STAR HELIUM LIMITED (FORMERLY BIG STAR ENERGY LIMITED)

ABN	Quarter ended ("current quarter")
75 009 230 835	30 September 2020

Consolidated statement of cash flows		Current quarter $A	Year to date (9 months) $A
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	866	6,007
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(4,677)	(7,681)
	(b) development	-	-
	(c) production	(27,198)	(44,794)
	(d) staff costs	-	-
	(e) administration and corporate costs	(395,748)	(804,952)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	147	349
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 (used in) operating activities**	**(426,610)**	**(851,071)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	(369,479)	(1,084,289)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(132,577)	(224,082)
	(e) investments	-	-
	(f) other non-current assets	(16,632)	(16,632)

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Consolidated statement of cash flows		Current quarter $A	Year to date (9 months) $A
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	7,231	7,231
	(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 deposit	34,650	34,650
2.6	**Net cash (used in) investing activities**	**(476,807)**	**(1,283,122)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,322,001	1,223,989
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	80,000	2,210,751
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(87,252)	(151,973)
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 – Oversubscriptions refunded	-	(164,368)
3.10	**Net cash from financing activities**	**1,314,749**	**3,118,399**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,720,072	1,138,089
4.2	Net cash (used in) operating activities (item 1.9 above)	(426,610)	(851,071)
4.3	Net cash (used in) investing activities (item 2.6 above)	(476,807)	(1,283,122)
4.4	Net cash from financing activities (item 3.10 above)	1,314,749	3,118,399

Consolidated statement of cash flows		Current quarter $A	Year to date (9 months) $A
4.5	Effect of movement in exchange rates on cash held	(2,262)	6,847
4.6	**Cash and cash equivalents at end of period**	**2,129,142**	**2,129,142**

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	Previous quarter $A
5.1	Bank balances	2,129,142	1,720,072
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)**	**2,129,142**	**1,720,072**

6.	Payments to related parties of the entity and their associates	Current quarter $A
6.1	Aggregate amount of payments to related parties and their associates included in item 1	64,043
6.2	Aggregate amount of payments to related parties and their associates included in item 2	64,132

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

Note 1: 6.1 Includes expensed directors' fees (including bonuses if any), salaries and superannuation paid to directors.

Note 2: Includes capitalised directors fees and salaries for time spent on investing activities

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A**	**Amount drawn at quarter end $A**
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.	

8.	**Estimated cash available for future operating activities**	**$A**
8.1	Net cash (used in) operating activities (Item 1.9)	(426,610)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(132,577)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(559,187)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,129,142
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	2,129,142
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	3.81

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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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: 29 October 2020

Authorised by: 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.

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