BLUE STAR | HELIUM

Corporate Presentation | December 2025

AMERICA'S NEWEST HELIUM PRODUCER

First helium production from Galactica start-up Dec 2025

ASX: **BNL**
OTC: **BSNLF**

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The Board has authorised this announcement to be given to ASX. Security holders and other interested parties can contact Trent Spry, Managing Director and CEO at info@bluestarhelium.com.au.

DECEMBER 2025 UPDATE - FIRST HELIUM FLOWS AT GALACTICA HELIUM PLANT

Start-up of the Pinon Canyon processing facility completed with refined helium successfully produced

SHORT TERM SALES TARGETED FOR JANUARY 2026

- **Offtake:** Commercial work continues in two phases
  - short term contracts to generate sales in January 2026, and
  - long term partnership agreements to secure sustained stable revenue
- **Forward Plan:** Revenue growth during H1 2026 through additional well tie-ins and infill drilling. Once plant full capacity is reached it will be maintained via infill and expansion drilling with project life expected to exceed 12 years.

BLUE STAR | HELIUM

AMERICA'S NEWEST HELIUM PRODUCER

DEVELOPING HIGH GRADE HELIUM AND NATURAL CO_2 FOR CRITICAL MARKETS

Experienced Board and management team

Deep expertise in helium, CO_2 and O&G exploration, development and commercialisation with an operational edge in U.S. markets

High-quality asset base strategically located in the U.S.

Projects located proximate to established infrastructure and key North American product markets

De-risked development portfolio

Multiple helium and CO_2 discoveries. Successful development wells completed confirming high grade helium and strong flow rates for Stage 1 development project. 50% JV with Helium One Global Ltd (He1) providing funding and risk sharing

Defined pathway to near-term commercial value

Stage 1 development at Galactica with initial helium production achieved in December 2025

Unlocking additional growth potential

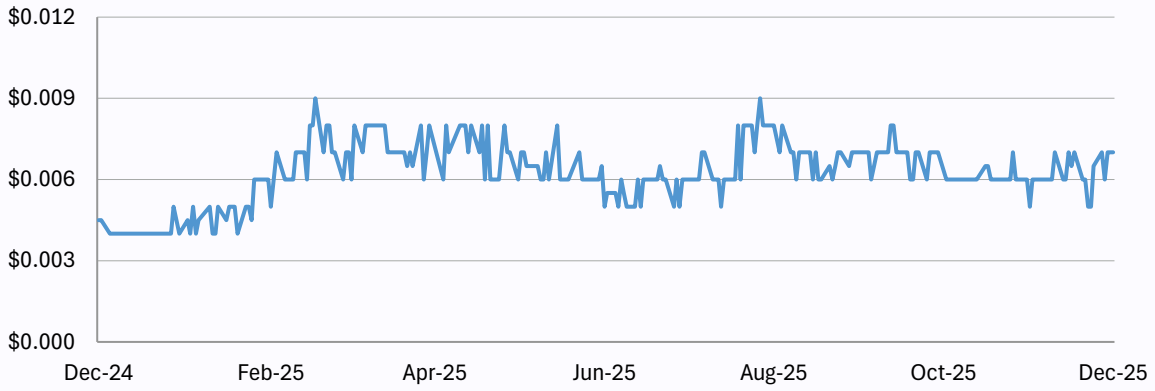
Advancing multi-stage development via expanding producing well count and unlocking CO_2 commercialisation across our discovered and exploration portfolio

CORPORATE SNAPSHOT

CLEAN CAPITAL STRUCTURE

ASX Ticker	**BNL**
OTC Ticker	**BSNLF**
Share price (ASX close, 17 December 2025)	**0.7¢**
Issued share capital	**3,603 M**
Options	**932 M**
Performance Rights	**14.2 M**
Basic market capitalisation	**A$25.2 M**
Cash per last quarterly (30 September 2025)	**A$1.9 M**

SHARE PRICE PERFORMANCE (1-YEAR)



ALIGNED SHAREHOLDER BASE

Board & Management	**1.2 %**
Top 20	**42.7 %**

As at 17 December 2025

EXPERIENCED BOARD AND MANAGEMENT

Neil Rinaldi – Non-Executive Chairman

Executive leader and finance professional with 20+ years in asset acquisitions and disposals, company structuring and growth strategy.

Trent Spry – Managing Director & CEO

Experienced geoscientist with 20+ years in oil, gas and helium, exploration, development and new ventures. Skilled executive leader with a history of delivering growth and value.

Gregg Peters – Non-Executive Director (US)

Established leader in the industrial gas sector, over 30 years' experience. Most recently managing all aspects of NA commercial operation as Helium Director for Linde PLC and previously as Director of Industrial Gases for Praxair Distribution, Inc.

Ross Warner – Executive President, Commercial & Legal

Lawyer and corporate executive with 15+ years in oil and gas, more particularly in the United States, UK and Indonesia.

Shane Gillespie – President (US)

Proven veteran with extensive experience leading acquisitions, divestitures, and asset development across the oil, gas, and helium industries. Scaled multiple companies and delivered strategic growth through disciplined leadership.

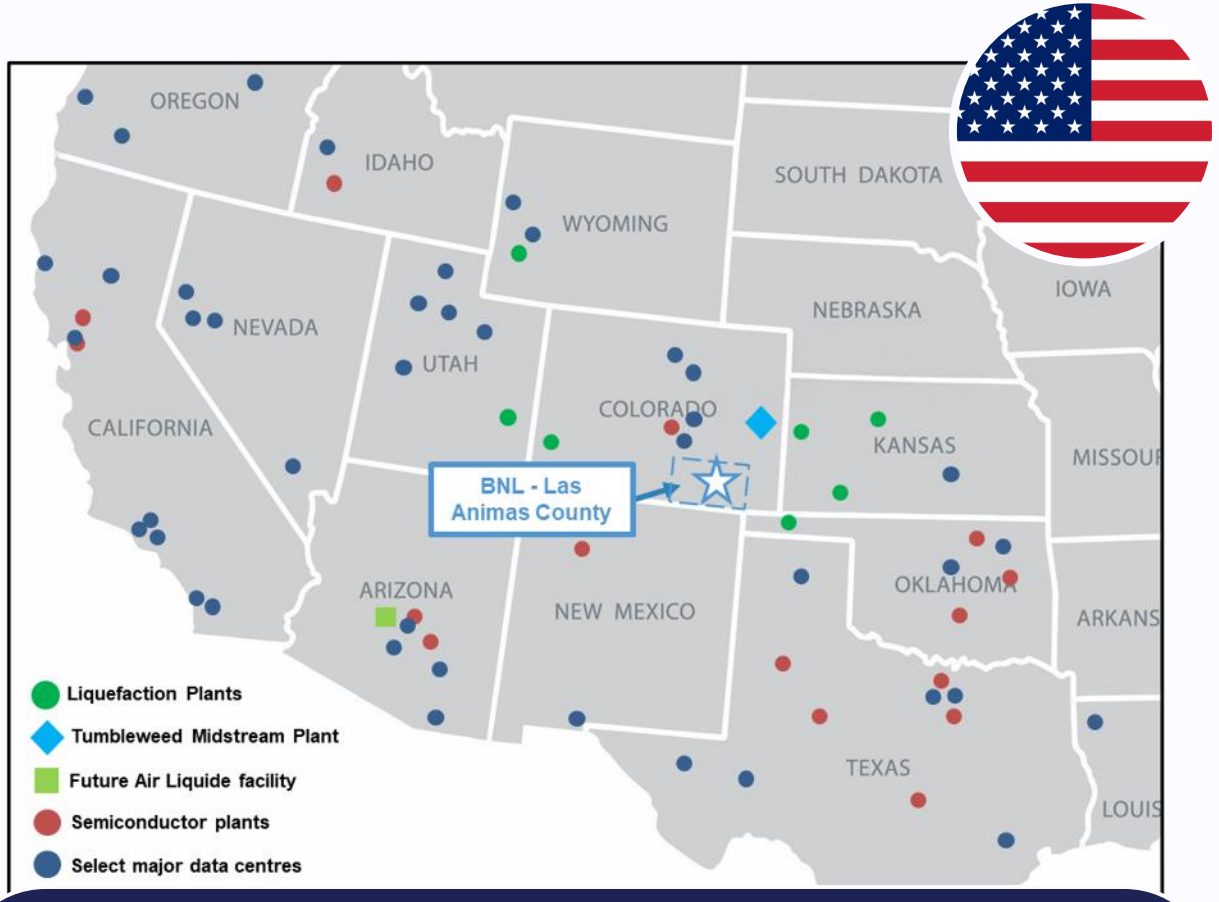
Scott Fenoglio – Chief Financial Officer (US)

Seasoned executive and industry professional with 20+ years in the oil & gas and financial services industries. Scott was previously the CFO of Ossidiana Energy

STRATEGIC ASSET PORTFOLIO IN COLORADO

Premium helium and CO_2 assets located in the heart of the largest markets in the world

- **Our Las Animas acreage represents a high-quality, multi-commodity gas development opportunity to supply critical U.S domestic markets**
- Favourable geology with high concentration helium and CO_2 with no (trace) hydrocarbons
- Situated within 100-150 miles by truck to several purification facilities
- Central location benefits transportation to distribution centres, commercial hubs and downstream helium and CO_2 consumers
- Helium market remains characterised by growing demand and structural undersupply
- New demand for helium underpinned by significant expansion of semiconductor manufacturing and proliferation of new data-center requirements
- **Rising geopolitical tensions have created a strategic shift in the U.S. towards ensuring the sustainable manufacturing of critical and emerging technologies**

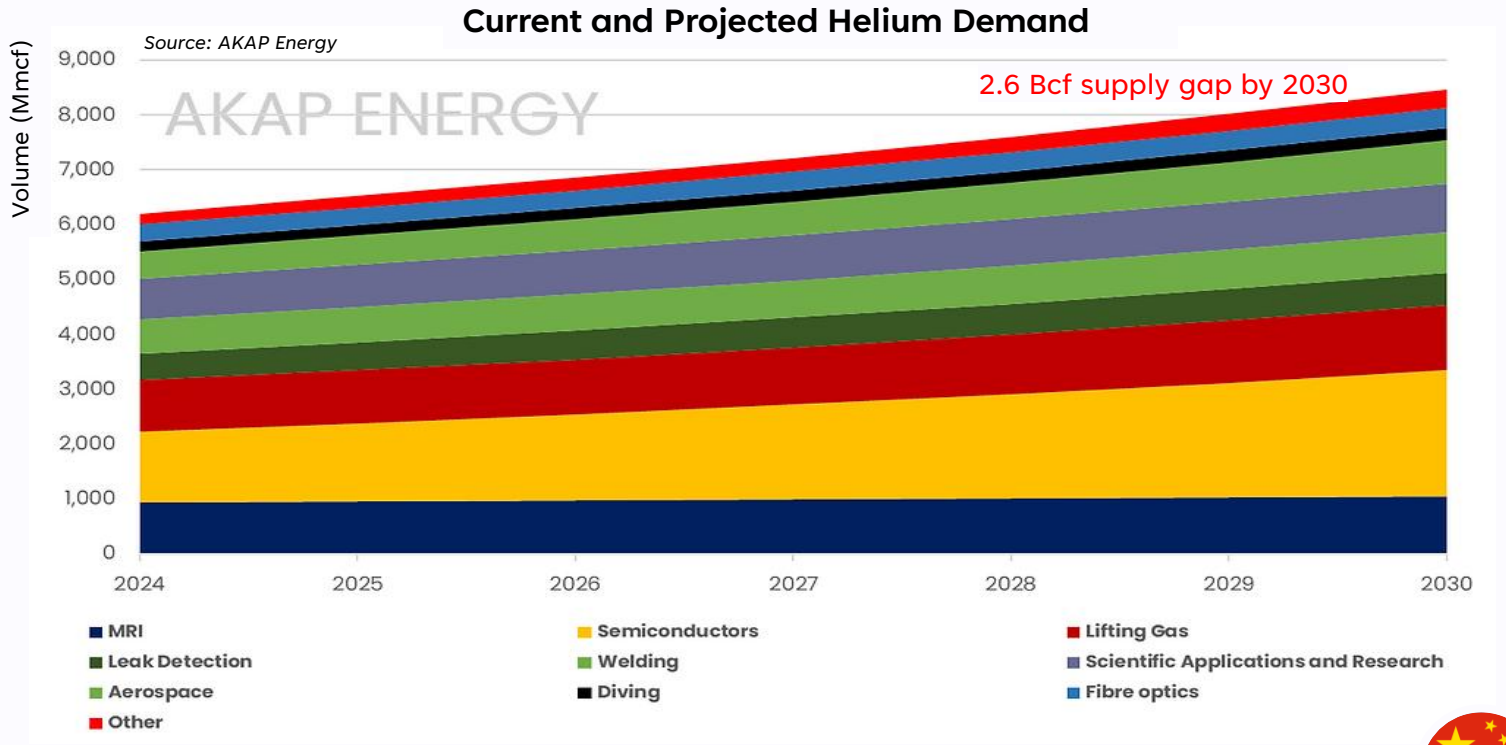


High-grade helium and natural CO_2 assets in close proximity to existing and underutilized key infrastructure

Source: https://www.datacentermap.com/

PRESSING AMERICAN DEMAND FOR NEW HELIUM SUPPLY

Growing helium supply deficit amidst increasing global demand across several strategic industries



BBC

The world keeps running out of helium. There is now a race to prepare for the next shortage

1 April 2025 Share Save

Callum Bains

China increases domestic helium reserves 4.07 billion cubic meters (145bcf)

China achieved significant breakthroughs in strategic emerging industrial minerals and noble gases. During the current 14th Five-Year Plan period (2021-25), China went from having no helium reserves to proving 4.07 billion cubic meters (145bcf) of geological helium reserves, reducing its reliance on imports, according to Xiong, according to Xiong Zili, director of the ministry's Geological Exploration Management Department.

AKAP ENERGY

Aerospace

NASA SPACEX BLUE ORIGIN

Fusion & Fission Energy

NUSCALE TerraPower LOCKHEED MARTIN

Quantum Computing

Microsoft IBM intel Honeywell

Artificial Intelligence

Alphabet Google aws ChatGPT TESLA

Semiconductors

TEXAS INSTRUMENTS tsmc NVIDIA

https://www.bbc.com/future/article/20250331-why-helium-shortages-are-worrying-the-world
https://www.akapenergy.com/post/china-increases-domestic-helium-reserves

CARBON DIOXIDE

A critical path component in several key industrial sectors

USES

Food & beverage
Agriculture
Waste-water treatment
EV battery production
E-fuel development

MARKET STATUS

- US carbon dioxide merchant demand is approximately 10.4 million tons per year
- Annual demand growth projected between 3.6% and 5.0% through 2030
- Market currently does not have sufficient, reliable new sources to support that growth
- The US merchant market is already experiencing shortage and unreliable supply

PRIMARY APPLICATIONS

- In the US, 70% of high purity CO_2 currently used in F&B production and preservation with the remaining 30% used in processes for welding, EV battery production, agriculture and oil field services (enhanced oil recovery)
- Reliable supply of CO_2 is key to municipal waste-water treatment (used to reduce pH level), displacing the high cost and hazards of sulfuric acid in processing
- Increasing applications for CO_2 via conversion into a carbon neutral jet fuel
- Medical uses during surgeries (endoscopies)
- The Company understands that the current market price for merchant CO_2 ranges from US$150 – 600 per ton (depending on final product quality, reliability and tenure of supply, regional destination, and other factors)

A DEFINED PATHWAY TO LONG-TERM VALUE

Implementing a scaled development approach

STAGE 1: GALACTICA DEVELOPMENT

- Tie-in initial 5 wells from 7 existing development wells to Pinon Canyon plant
- Processing facility completed with refined helium successfully produced in Dec. 2025

STAGE 2: GALACTICA/PEGASUS EXPANSION

- Expand Galactica production, advance Pegasus to commercial production
- Multiple-plants, additional 20+ wells (Galactica), 10+ wells (Pegasus)
- Potential for 3 additional processing plants across Galactica/Pegasus

STAGE 3: CO_2 COMMERCIALISATION

- Unlock CO_2 by-product potential at Galactica/Pegasus
- Development of ultra high-grade CO_2 Serenity discovery immediately south

STAGE 4: ACREAGE-WIDE EXPANSION

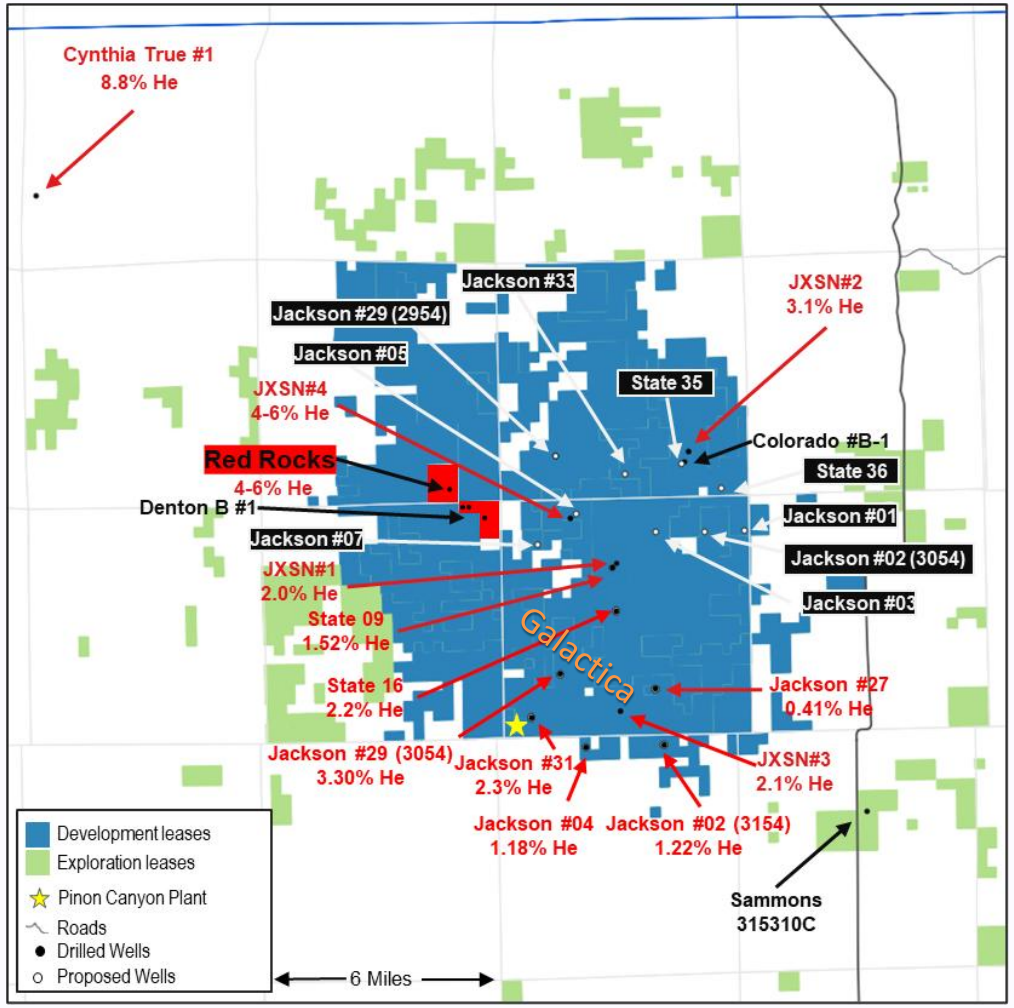
- Drilling to capture further resource upside across Las Animas portfolio
- New prospect development and installation of additional modular plants
- Advanced prospect inventory over 300,000 mineral acres under lease

STAGE 1: GALACTICA DEVELOPMENT

De-risked with validated proof of concept

- **Successful seven (7) development well drilling program completed in H1 2025** returned consistently high helium and CO_2 concentrations and demonstrable flow
- Pinon Canyon plant processing facility completed with refined helium successfully produced in December 2025
- **Strongly supported by JV partner Helium One Global (LSE: HE1)**, which holds a 50% working interest in the project
- Technical derisking and commercialisation pathway validated by adjacent Red Rocks helium processing operation

Well Name	Results Announced	Helium Con. %	CO_2 Con. %	Projected Initial Stabilised Flow Rate Mcfd	Max Projected Flow Rate Mcfd
State 16 SWSE 3054	6 Mar 25	2.17	61.56	250 – 350	441
Jackson 31 SENW 3054	14 Mar 25	2.20	69.00	300 – 400	500
Jackson 4 L4 3154	1 Apr 25	1.18	85.93	250 – 350	450
Jackson 29 SWNW 3054	22 Apr 25	3.30	48.66	350 – 450	550
Jackson 27 SESW 3054	30 Apr 25	0.41	98.31	350 – 450	550
Jackson 2 L4 3154	15 May 25	1.22	77.77	300 – 400	500
State 9 SWSE 3054	9 Jun 25	1.52	80.48	400 – 500	600



7 wells ready for tie-in to production; 5 wells for immediate tie-in and 2 for additional expansion

STAGE 1: GALACTICA DEVELOPMENT

Pinon Canyon Plant: Blue Star's first helium & CO_2 processing hub

First helium production achieved in December 2025, with full plant capacity including CO_2 set for 1H 2026

Key Milestones Achieved

- All permits in place; plant installation commenced with gas gathering system and major equipment delivery on schedule
- **Production site approved by Las Animas County** under Major Facilities Permit
- IACX helium recovery unit on standby, CO_2 purification technology selected
- **Kinder Morgan amine unit lease executed.** 300 gpm amine plant sized to process up to 4.2MMscfd of raw gas
- Final engineering design complete integrating flow data and gas analysis from 2025 drilling campaign
- 7 development wells drilled and ready for tie-in to production facilities
- **Processing facility completed with refined helium successfully produced in Dec. 2025**

Economics & Markets

- Gaseous helium pricing: US$350-US$600 per Mcf (recovering from recent market lows)
- Merchant CO_2 pricing: US$150-US$600 per ton (US$8.58-US$34.30/Mcf equivalent)
- Plant & field opex of approximately US$13/Mcf of sales gas
- Strong demand for new, reliable sources of natural CO_2 in North American markets
- Average mineral owner royalty: 17.4%
- Project life: >12 years

Nameplate Plant Metrics & Production Profile

Output at Full Nameplate Capacity (after Royalty)	Unit	Amount
Helium product gas	Mcf / month	2,200
CO_2 sales gas	Mcf / month	44,500
Total sales gas	**Mcf / month**	**46,700**

Important Information:

The figures presented are based on engineering design assumptions including, but not limited to, the nameplate capacity of the plant, the plant operating continuously at 100% of design capacity for a full calendar year and a constant raw gas input composition of 2% helium and 50% carbon dioxide. No provision has been made for scheduled or unscheduled downtime, maintenance periods, or other operational interruptions.

All figures are presented after deduction of the mineral owners' royalty share of volumes available for sale and before the deduction of any government fees or taxes, or the interests of Helium One Global Limited.

The estimate of plant & field operating costs of US$13/Mcf of sales gas comprises production taxes (19.9%), lease expenses in respect of each of the carbon dioxide recovery unit, helium recovery unit, feed compressor and other equipment leases including wellhead compression (57.4%), maintenance expenses and operations personnel (6.5%), piped natural gas fuel costs (7.7%), costs associated with financing the generator (5.2%) and lease operating expenses (3.4%). Costs are subject to change based on operational experience and market conditions.

Actual plant performance and output may differ materially from these figures if the actual operating conditions, gas composition, or plant availability deviate from these assumptions. These figures should not be construed as a guarantee of future performance or a production forecast.

STAGE 1: GALACTICA DEVELOPMENT

Economic Value Drivers:

De-risked development with attractive unit economic framework

Key Value Drivers

High-Grade, Low-Cost Production

- Low operating cost structure of ~US$13/Mcf creates strong margins across price scenarios
- Dual revenue streams (helium + CO_2) provide product diversification, revenue stability and market flexibility

Capital-Efficient Development Model

- Equipment lease strategy (IACX helium unit, Kinder Morgan amine unit, compressors) minimises upfront capital
- 7 development wells already drilled and ready for tie-in
- Leveraging proven Lyons Formation production and existing regional infrastructure

Market Timing & Demand Fundamentals

- Entering production as helium prices recover from cyclical lows
- Strong demand for reliable domestic CO_2 supply validated through recent offtake discussions
- Long project life (>12 years) supports sustained cash generation through multiple price cycles

Project Structure: 50 / 50 Joint Venture with Helium One Global

- Helium One funded first US$450,000 of six development wells under farm-in agreement
- Blue Star retains 50% economic interest in Stage 1 development while significantly reducing capital exposure
- 50/50 cost and revenue sharing significantly reduces BNL's capital requirements
- Joint venture structure de-risks Stage 1 development and accelerates path to production
- Shared operational and technical resources

Illustrative Revenue Scenarios at Full Capacity

This analysis is provided for illustrative purposes only to demonstrate the potential scale of the project. Actual revenues will vary based on production volumes, product mix, market prices, and operating conditions. These figures do not constitute earnings guidance or financial projections.

Illustrative Analysis	Low	Mid	High
Helium Price (US$/Mcf)	$350	$475	$600
CO_2 Price (US$/ton)	$150	$375	$600
Illustrative Gross Revenue*	**~US$13.8 million**	**~US$23.9 million**	**~US$34.2 million**

* US$ after royalties and before JV partner share, operating costs, taxes, and other deductions. Based on full capacity production of 560,400 Mcf of sales gas per annum (2,200 Mcf helium and 44,500 Mcf CO_2 per month).

Unit Economics Framework

Metric	Value / Description
Plant & field operating costs (cash costs)	Approximately US$13/Mcf of sales gas
Mineral owner royalty	17.4% of production
Net Revenue Interest (after royalties)	~82.6% of gross production
Dual revenue streams	Helium + CO_2

Important Information:

The revenue scenarios presented are illustrative only and based on current market price ranges and full nameplate capacity production assumptions described on slide 11. Actual financial performance will depend on numerous factors including production volumes, product quality, market prices, operating costs, gas composition, plant uptime, and other variables.

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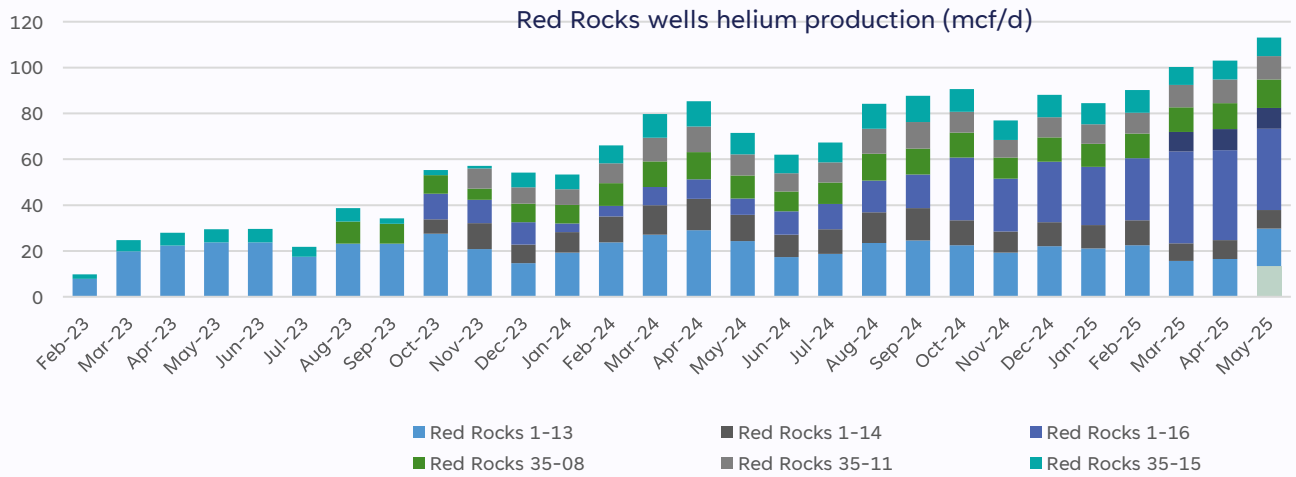
BNL does not provide earnings guidance. Investors should refer to the company's ASX filings and quarterly reports for historical financial performance and ongoing operational updates.

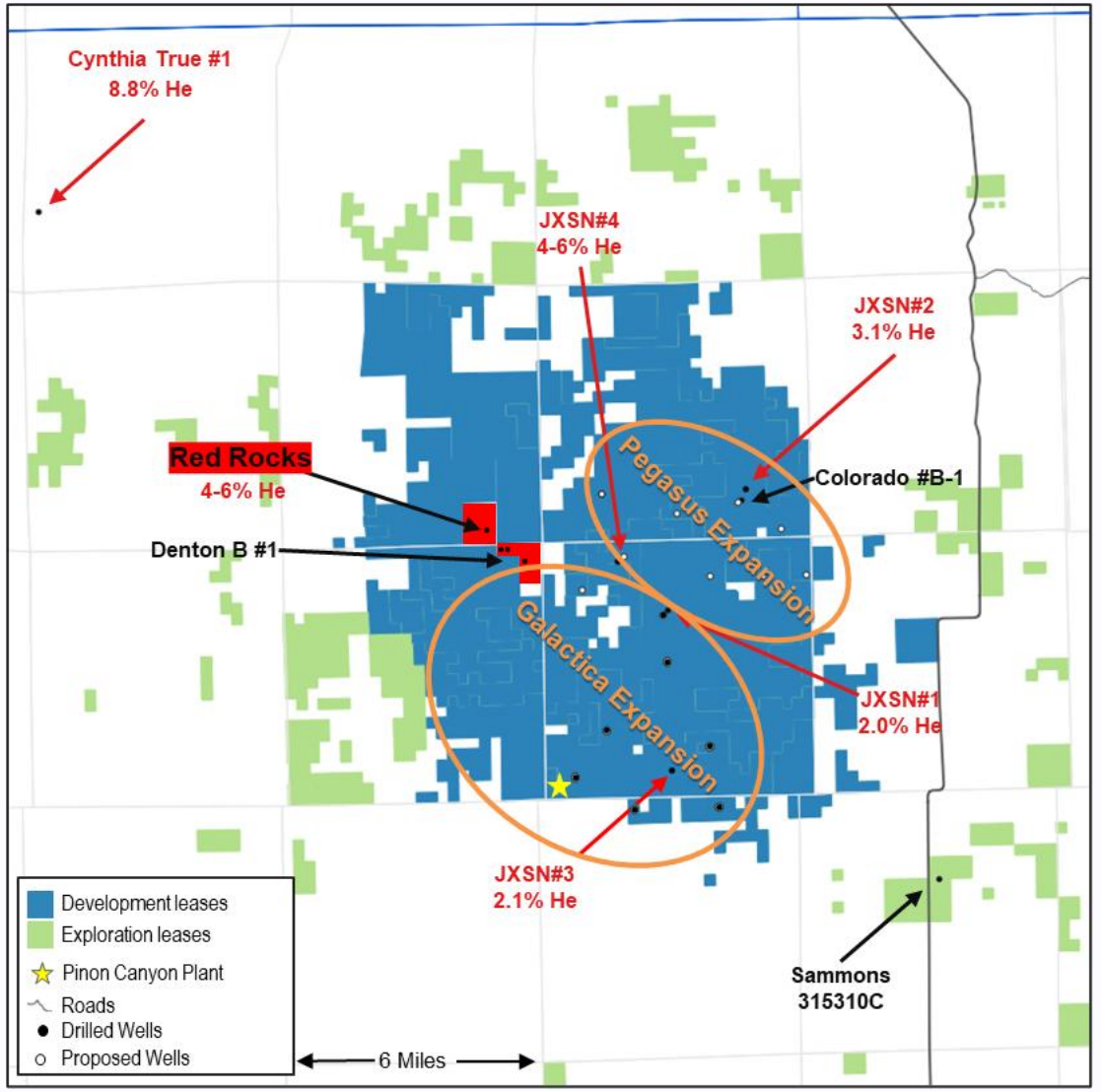
STAGE 2: GALACTICA/PEGASUS EXPANSION

Ready, scalable expansion of commercial operations

Galactica/Pegasus holds the potential to be a 30+ well development

- Previous exploration success at Pegasus with the JXSN #2 discovery (3.0% He tested at 202 Mcfd) and offset well JXSN #4 returned up to 6% He and 412 Mcfd
- Additional wells targeting infill and expansion drilling at Galactica, and Pegasus
- Up to four processing plants similar to Pinon Canyon plant required to develop all currently defined Galactica/Pegasus resources
- Scalable development pathway validated by neighbouring Red Rocks operation





STAGE 3: CO_2 COMMERCIALISATION

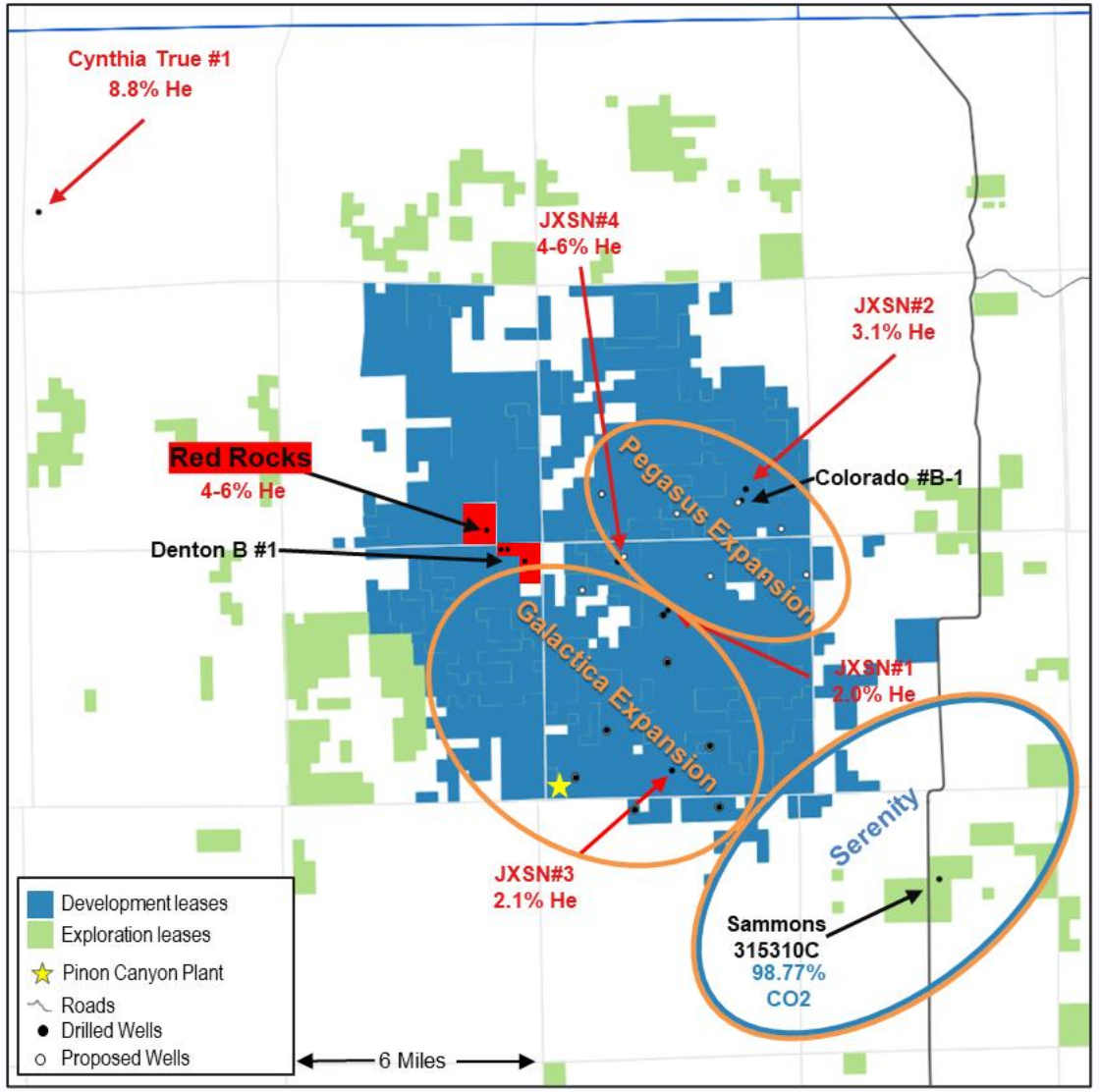
High-grade, natural CO_2 product opportunity for premium markets

Realisation of Galactica/Pegasus CO_2 commercialisation potential

- Blue Star will incorporate CO_2 purification solutions into its processing plant design at Galactica/Pegasus
- Potential complementary product stream with delivery of high-grade CO_2 in addition to helium
- Merchant CO_2 ranges in price from US$150-600/ton
- Steady, reliable, sustainable supply to end users in critical, under supplied markets

Unlocking super-rich CO_2 discovery at Serenity

- Serenity represents a proven source of natural, high-grade CO_2
- Substantial discovery at Sammons 315310C well with raw gas concentrations approaching 99%* CO_2
- Up to 20 further locations identified within the mapped Serenity resource for expanded commercialization

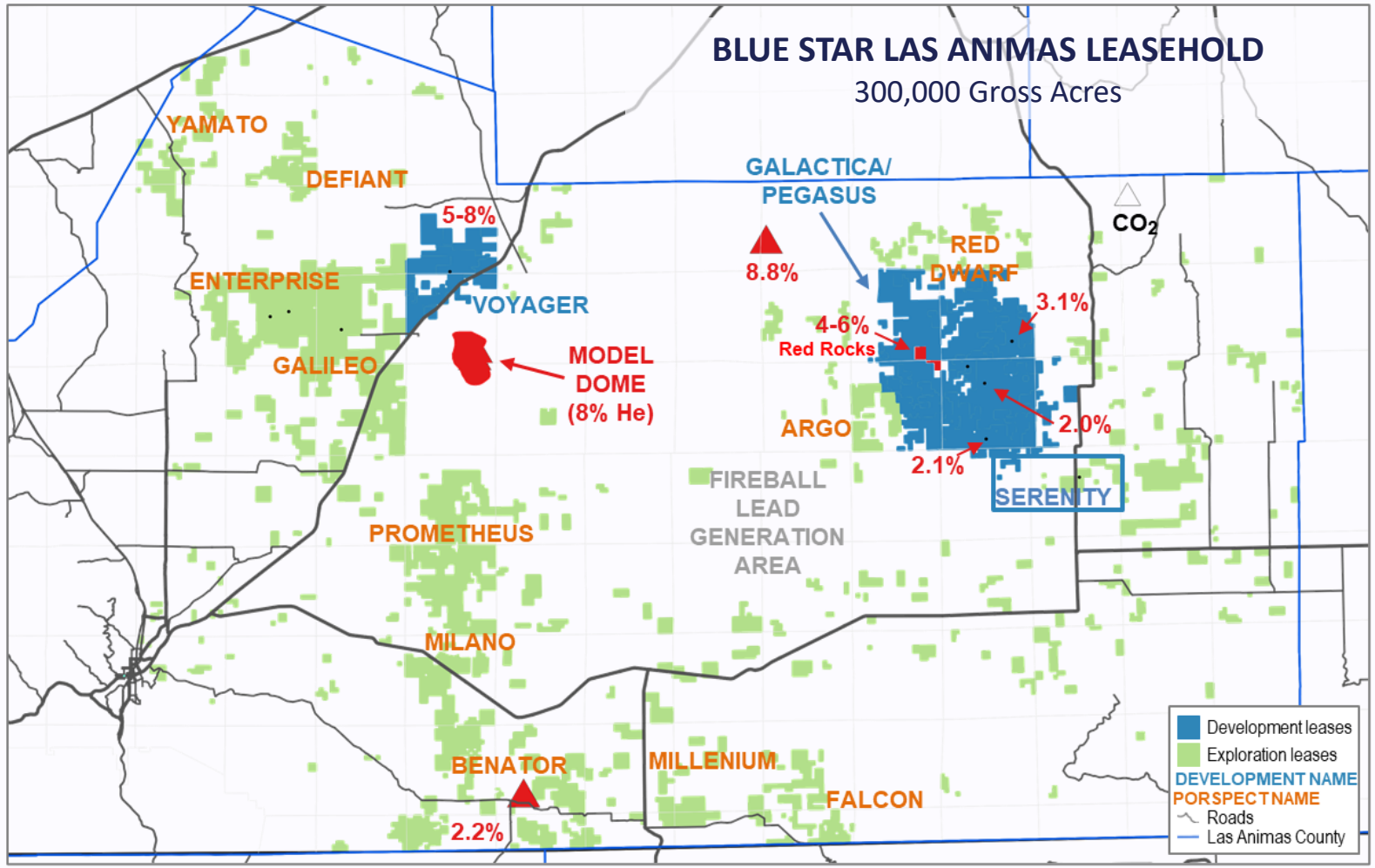


*Combined average composition from both the upper and lower Lyons reservoirs: 98.77% carbon dioxide, 1.15% nitrogen, and 0.09% helium. The lower Lyons reservoir consistently shows higher CO2 concentrations, up to 98.95%.

STAGE 4: ACREAGE-WIDE EXPANSION

Rapidly grow well inventory across Blue Star's broader existing acreage in Las Animas

- Large, existing resource portfolio in proven plays across broader Las Animas acreage (Galactica / Pegasus represents only 68,000 gross acres of 300,000 gross acres total gross Blue Star acreage)
- Highly active region with other operators drilling or in production
- Blue Star's historic regional exploration success rate is high confirming prospectivity. Area has multiple historic wells with gas on logs and flows of gas
- Blue Star has a technically advanced exploration portfolio representing a large prospective resource in proven plays covered by its extensive lease position (over 300,000 gross acres)
- Planned portfolio optimisation under a flexible business development plan
- Assessment of potential farm-in partners to accelerate exploration, share risk and conserve capital



BUILDING A PREMIUM DOMESTIC U.S. HELIUM AND CO_2 SUPPLIER

Supported by JV Partner
Helium One Global

Stage 1
GALACTICA DEVELOPMENT

Stage 2
GALACTICA/PEGASUS EXPANSION

Stage 3
CO_2 COMMERCIALISATION

Stage 4
ACREAGE-WIDE EXPANSION

GROWING HELIUM and CO_2 PRODUCTION AND TOTAL CASH FLOW GENERATION

1

Imminent tie-in of 5 production wells and commissioning of Pinon Canyon Plant

First helium production achieved in Dec 2025; full capacity in H1 2026

2

Further appraisal and development drilling at Galactica and Pegasus

Scaled expansion of Galactica/Pegasus to potential 30+ well operation with multiple processing facilities

3

Advance and secure dual-commodity production optionality through CO_2 offtake, development planning, facility design and permitting

Substantial primary CO_2 potential at Serenity with Sammons 315310C returning 98.77% CO_2

4

Discovery drilling to unlock growth potential at helium prospects across the broader Las Animas portfolio

Blue Star has a technically advanced exploration portfolio representing a large prospective resource in proven plays covered by its extensive lease position (over 300,000 gross acres)

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APPENDICES

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HELIUM RECOVERY UNIT (HRU)

Cimmaron Midstream Solution

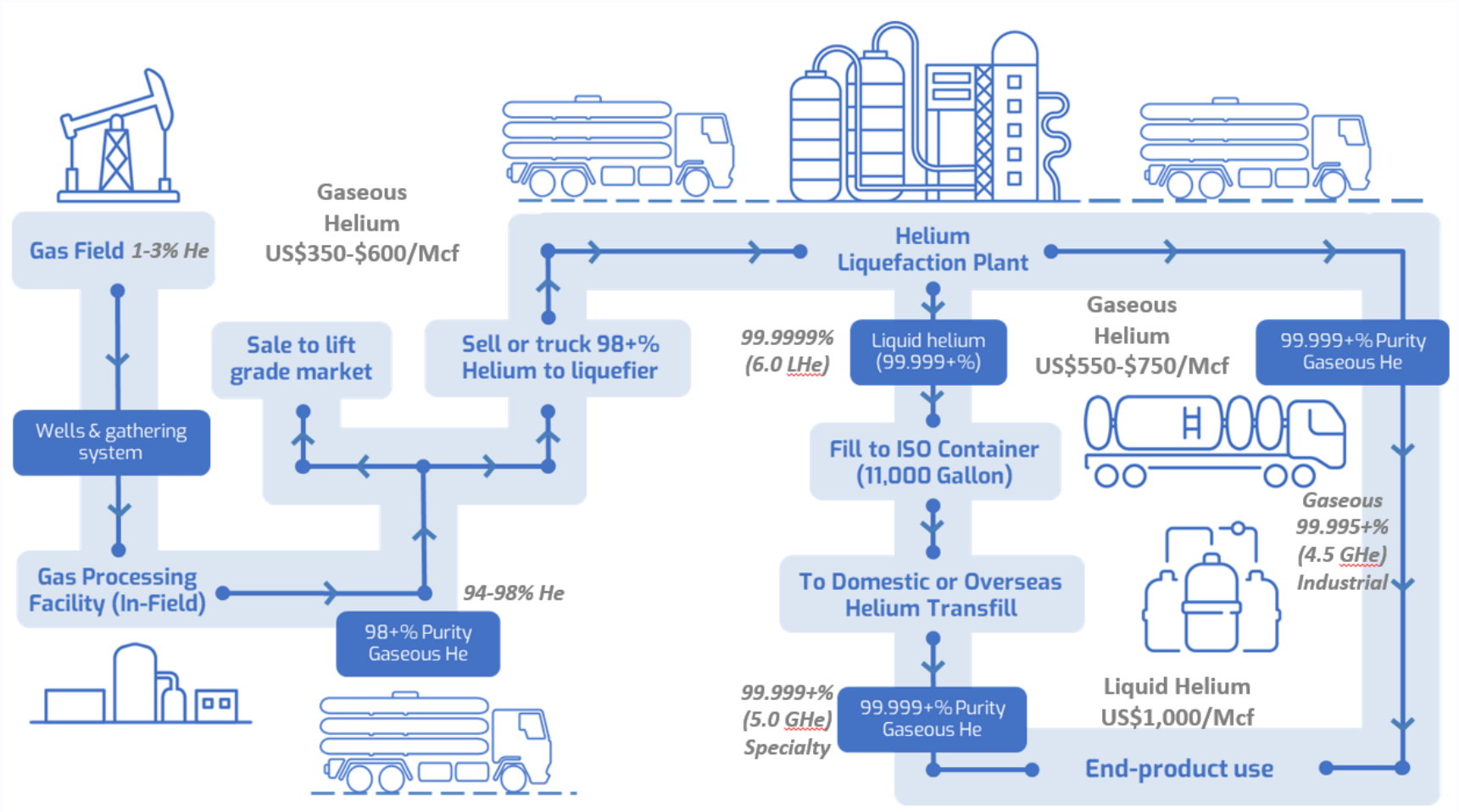
Photos taken during site visit to Boger Tx Cimarron Midstream yard in September 2025

MARKETING STRATEGY

Ongoing offtake discussions across the value chain

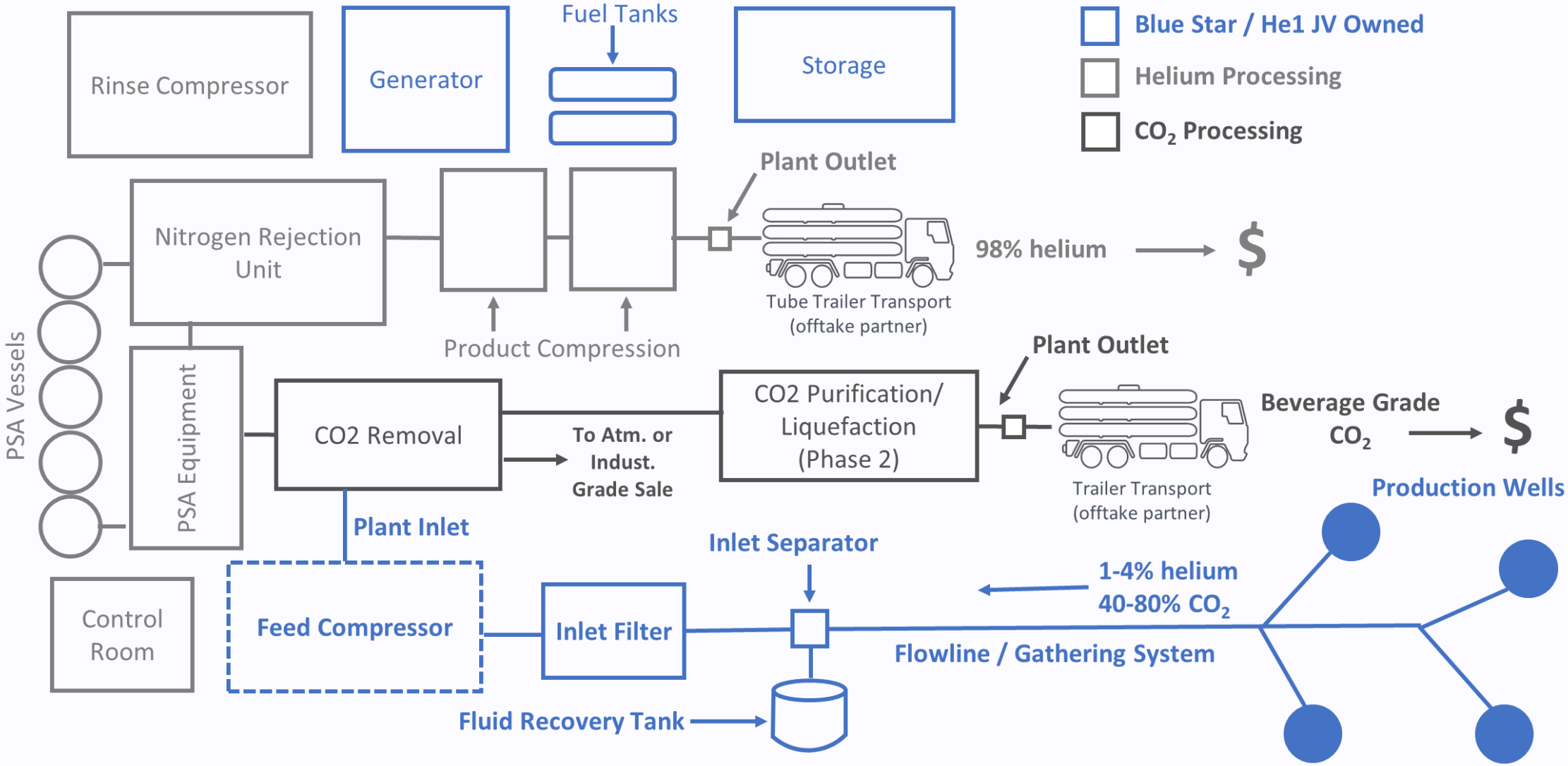
- Develop geographically diverse portfolio of high-quality projects
- Develop operating partners across the entire supply chain:
  - Strategic partners to leverage geographic supply flexibility
  - Distribution partners for Bulk LHe and GHe transportation
- Pursue direct end-user buyers who prioritise continuity and security of supply
- Market to buyers with supply continuity as a priority
- Pursue long-term agreements to navigate helium supply and price cycles effectively
- Replicate the strategy for our high-quality CO_2 assets

HELIUM REFINING AND SUPPLY CHAIN



THE GALACTICA HELIUM & CO_2 DEVELOPMENT

Plan of development schematic



USES

Healthcare
Electronics
Aerospace
Research
High-tech manufacturing

HELIUM

A modern technology enabler with a structural supply deficit

MARKET STATUS

- Existing helium production is declining at around 2-3% per annum compared to demand growth at CAGR 6% to 8.7 Bcf in 2030 (from 6.1 Bcf in 2023)
- Average term pricing US$350-$750/Mcf; short supply pushes spot prices to over US$1,000/Mcf

SUPPLY

- Global helium supply has been constrained for the past decade and highly concentrated in the LaBarge Field (USA) and the North Field (Qatar)
- US Federal Helium Reserve is near depletion and was privatised in 2024
- Rising geopolitical tensions have prohibited access to Russian helium supply sources
- US market is suffering from significant decline, reliability and sustainability of supply

DEMAND

- Used in several high-tech and high growth applications (Electronic, Aerospace/Defence, Science/Research, Medical, Industrial)
- Production of semiconductor chips, flat panel display and optical fibre manufacturing in Eastern & Southeast Asia increase helium demand
- CHIPS Act expected to significantly increase domestic demand in USA

CURRENT HELIUM USES

Helium is a modern technology enabler

AEROSPACE/AIRCRAFT

Space flight
NASA (and private space organisations) uses helium as an inert purge gas for hydrogen systems and a pressurising agent for ground and flight fluid systems. Helium is also used throughout the agency as a cryogenic agent for cooling various materials and in precision welding applications

Controlled atmosphere
Helium's use as an inert, non-toxic gas makes it ideal in controlled atmosphere environments

HEALTHCARE

Heliox breathing mixtures
Helium in breathing mixtures assists with breathing and improves oxygenation in medicine and diving. Potentially reducing inflammation for COVID-19 patients with acute respiratory distress syndrome

Magnetic Resonance Imaging (6% annual growth)
MRI technology is essential in modern medicine. The superconductive magnets inside MRI machines reach extreme temperatures and rely on helium for cooling. A single MRI machine uses 700 litres of helium per year

ELECTRONICS/SEMICONDUCTORS

Fibre optics
Used in the manufacturing process and for cooling systems during use. High speed networks such as internet rely on helium

LCD panels
Helium is essential in the manufacture of LCD panels to cool the glass and to etch internal components

Hard disk technology
The use of helium in hard disk drives reduces friction between disk platters, increasing speed, longevity and storage potential

Lithium batteries
Helium is used in the quality assurance process of lithium battery manufacturing, to test every battery for leakage

ADVANCED SCIENCE

Quantum computing
Helium exists in liquid form at temperatures below -269C (4K); this enables its use as the ideal coolant for quantum computing research

Research / Large Hadron Collider
Helium has been essential to numerous Nobel Laureates and their advanced research; more than 5,200 patents relying on liquid helium have been awarded since 1975 in the U.S. alone

DEFENCE

High-end thermographic cameras
Used as a coolant in thermographic quantum detectors

Missile propulsion systems
A purge gas and fuel pressurising agent

Submarine detection
Liquid helium is used to clean noisy sound signals

RENEWABLES/LOW CARBON TECH

Energy/Transport

Essential in nuclear fusion and ideal for nuclear fission cooling

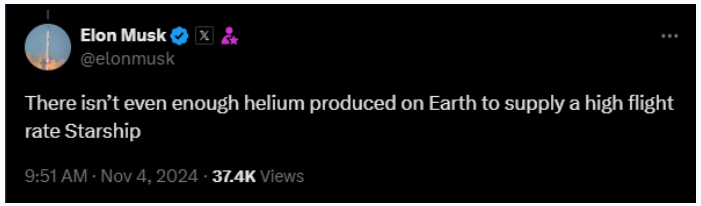
Small modular nuclear reactors (SMRs)

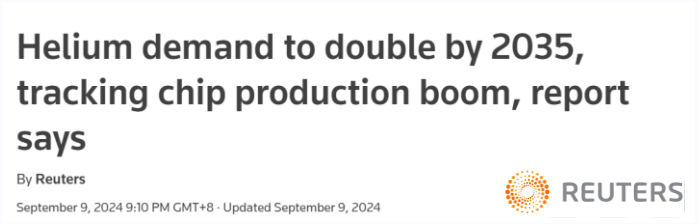
High speed Mag-Lev transport

Lithium-ion battery testing and quality assurance

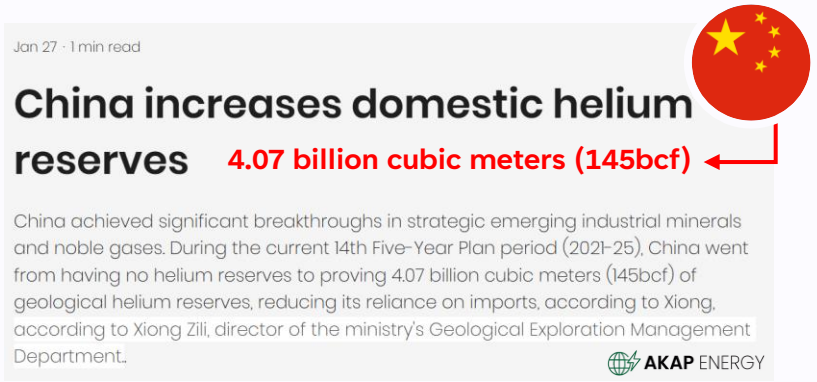
PRESSING AMERICAN DEMAND FOR NEW HELIUM SUPPLY

Current North American supply levels are not sufficient to cover growing helium requirements in key industries





GROWING SUPPLY DEFICIT AMIDST INCREASING GLOBAL DEMAND ACROSS SEVERAL STRATEGIC INDUSTRIES



Aerospace

NASA · SPACEX · BLUE ORIGIN

Fusion & Fission Energy

NUSCALE · TerraPower · LOCKHEED MARTIN

Quantum Computing

Microsoft · IBM · intel · Honeywell

Artificial Intelligence

Alphabet Google · aws · ChatGPT · TESLA

Semiconductors

Texas Instruments · tsmc · NVIDIA

https://www.bbc.com/future/article/20250331-why-helium-shortages-are-worrying-the-world
https://www.akapenergy.com/post/us-semiconductor-tax-boost-signals-rising-helium-demand
https://www.akapenergy.com/post/china-increases-domestic-helium-reserves

MINERAL RIGHTS IN THE UNITED STATES

1. The system of mineral ownership and development in the USA is substantially different to the system in Australia. The following is a general description of the system that commonly applies in the oil and gas producing states. It is important to note that local variations may apply.

2. The owner of land owns the surface and all oil, gas and other minerals beneath his/her tract, unless a severance has occurred that creates two distinct estates: the surface estate and the mineral estate. A severance of the mineral estate results from a conveyance or reservation of all, or a portion, of the oil, gas and other minerals in and to a specific tract.

3. The oil, gas and other minerals beneath a tract of land are a part of the realty until produced and become personal property when brought to the surface. Because the mineral estate is considered real property, it may be acquired, divested, encumbered, devised and inherited, thereby resulting in the possibility that an unlimited number of persons ("mineral owners") may own undivided interests in a tract's minerals.

4. Accordingly, the mineral estate in a tract may be owned by one or more distinct owners and each distinct owner may comprise one or more persons. The mineral estate may be divided amongst distinct owners by depth or geological formation. Where there is more than one distinct owner of a mineral estate, each such owner will own a percentage share of that mineral estate. The percentage shares of that mineral estate need not be equal. Therefore, each such distinct owner owns its percentage share of an undivided share in the mineral estate in that tract. In addition, private individuals may own the mineral rights directly beneath public surface owners or users, eg the mineral rights beneath a public road. This is commonly summarised by referring to the lessor's "net acreage" in a tract. This means the lessor's percentage share of the undivided total area of the tract's minerals ("gross acres") net of the percentage share of other mineral owners in the same tract. For example, assume the mineral rights in a tract of 100 acres are owned by 4 mineral owners in equal shares. If one of those mineral owners leases its mineral interests to a lessee, the lessee will have an interest in 100 gross acres and 25 net acres. If a second mineral owner leases its mineral interests to the same lessee, the lessee will then have an interest in 100 gross acres and 50 net acres.

5. If an owner of a mineral estate, whether severed or intact with the surface, chooses to pursue development of and production from the minerals beneath the ground, such owner may exercise its rights and may generate revenue through one or more of these methods: (1) the "right to develop" the mineral estate by contracting directly with a drilling and operating company and directly selling the minerals; (2) the "right to lease" the mineral estate to a third party, specifying the terms of the lease and defining the minerals that may be produced; (3) the "right to receive a bonus payment" for leasing the mineral estate, usually calculated per acre, from the lessee for leasing the mineral estate; (4) the "right to receive delay rentals" when the mineral estate is leased but not being produced; and (5) the "right to receive royalty payments" based on a percentage of minerals produced by the lessee. Given the inherent risk, cost of development and required technology to produce oil and gas, most mineral owners do not independently develop their minerals, and as a result, rely on their ability to lease to a third party.

6. The oil and gas lease serves as both a conveyance and a contract which establishes the parties' rights and obligations. There is no "standard form" of lease. The details within the lease are the contract which defines the rights and obligations of the parties.

7. An oil and gas lease creates rights in relation to the mineral estate only and does not grant surface rights to the lessee. Surface rights must be negotiated separately with the surface right owners. This process is facilitated by legislation.

8. The execution of an oil and gas lease that reserves a royalty to the lessor creates the leasehold estate and a royalty interest. The lessee acquires the working interest, or the cost bearing interest, which provides the lessee the right to develop the oil and gas the subject of the lease at its sole risk and expense ("working interest" or "WI"). The lessee may keep and sell its proportionate share of the oil and gas produced from the lease until the lease expires ("net revenue interest" or "NRI"). The NRI is the lessee's share of production derived from the lease after royalties and other burdens. The leasehold estate created by the oil and gas lease may be conveyed, assigned and encumbered similar to any other real estate, and it is common for the original lessee to assign undivided working interests to numerous parties, who share the burden of costs in developing the mineral estate. Generally, a lease will include a provision that allows the lessee to continue to produce the lease as long as it is economically producing a minimum amount of oil and gas. Such a lease is said to be "held by production" or "HBP".

9. The identity of the mineral ownership in respect of any tract may not be maintained in any single definitive register. The landman establishes the title of the mineral owner by ascertaining the chain of transfers from the original date of grant to the present day. It is customary before drilling a well on a leased property to obtain a drilling title opinion, by which the lessor(s) in question are determined to have the required authority to grant the right to explore, exploit and to assign the minerals in a specific tract of land based on a thorough examination of the chain of title. If errors are found in the course of that examination, it is customary for the lessor and lessee to conduct "Title Curative," which involves, but is not limited to, executing instruments, affidavits, conveyances and filing previously unrecorded documents to resolve any disputes, ambiguities or errors so that the operator has substantial support for its claims prior to undertaking the expense of drilling.

10. All of the major US oil and gas producing states other than California and Kansas have adopted some kind of mandatory pooling scheme to facilitate the development of oil and gas resources owned by more than one stakeholder. These rules provide a process to compel all mineral estate owners in a drilling area to contribute or pool their mineral estate to the drilling of a well in relation to that mineral estate.

GLOSSARY AND UNITS

Term	Description
1U (P90), 2U (P50) and 3U (P10)	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
gross acres and net acres	The minerals in a tract of land may be owned by one or more owners. Each owner may lease its respective percentage share of the minerals. The gross area of the tract of land is referred to as the "gross acres" of a lease. The "net acres" refers to the lessor's percentage share of the gross acres.
lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect. A project maturity sub-class of Prospective Resources.
net revenue interest or NRI	A share of production after all burdens, such as royalty and overriding royalty, have been deducted from the working interest. It is the percentage of production that each party actually receives.
oil and gas lease	An agreement between a mineral owner (lessor) and an oil and gas company (lessee) permitting the lessee to explore, drill and produce oil and gas from the tract of property. Typically, the lease provides that lessee will pay a Royalty to the lessor. Also referred to as a "mineral lease" or a "lease".
operator	The owner of the right to drill or produce a well, or the entity contractually charged with drilling of a test well and production of subsequent wells.
overriding royalty	A percentage share of production, or the value derived from production, which is free of all costs of drilling and producing, and is created by the lessee or working interest owner and paid by the lessee or working interest owner.
PRMS	The Petroleum Resources Management System of the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers as revised in June 2018.
prospect	A project associated with an undrilled potential accumulation that is sufficiently well defined to represent a viable drilling target. A project maturity sub-class of Prospective Resources.
royalty	A percentage share of production, or the value derived from that production, paid from a producing well.
working interest or WI	A percentage of ownership in an Oil and Gas Lease. Working Interest owners are obliged to pay a corresponding percentage of the cost of leasing, drilling and producing and operating a well or unit. After payment of Royalties, the working interest also entitles its owner to a share in production revenues with other working interest owners, based on the percentage of working interest owned.

Unit	Measure
B	Prefix - billions
MM	Prefix - millions
M	Prefix - thousands
/d	Suffix - per day

Unit	Measure
Bcf	Billion cubic feet
MMcf	Million cubic feet
Mcf	Thousand cubic feet
$MM	Million dollars

RISK FACTORS

The exploration for, and development of, natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the Company's ordinary shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

In addition to the other relevant information set out in this document, the Directors consider that the following risk factors, which are not set out in any particular order of priority, magnitude or probability, are of particular relevance to Blue Star's activities and to any investment in the Company. It should be noted that additional risks and uncertainties not presently known to the Directors or which they currently believe to be immaterial may individually or cumulatively also have a material adverse effect on Blue Star's operating results, financial condition and prospects. Any one or more of these risk factors could have a materially adverse impact on the value of the Blue Star's shares and/or its business, financial condition, results of operations or prospects and should be taken into consideration when assessing the Company.

There can be no certainty that Blue Star will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of Blue Star and there can be no assurance that Blue Star will achieve its objectives. It should be noted that the factors listed below are not intended to be exhaustive and do not necessarily comprise all the risks to which Blue Star is or may be exposed or all those associated with an investment in it. In particular, Blue Star's performance is likely to be affected by changes in market and/or economic conditions, political, judicial and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates. There may be additional risks and uncertainties that the Directors do not currently consider to be material, or of which they are currently unaware, that may also have an adverse effect upon Blue Star.

If any of the risks occur, Blue Star's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

RISKS RELATING TO THE OPERATIONS OF BLUE STAR

Extraction, exploration and development risks

There can be no guarantee that any helium or carbon dioxide discovered will be developed into profitable production, or that helium or carbon dioxide will be discovered in commercial quantities or developed to profitable production. The business of exploration, development and exploitation of helium and carbon dioxide deposits is speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Helium and/or carbon dioxide deposits assessed by Blue Star may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

Historical facts, information gained from previous experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to the future. Aims, targets, plans and intentions referred to herein are no more than that and do not imply forecasts.

Licences, permits and leases

The operations of Blue Star require licences, permits and leases from various governmental authorities, as well as private land owners. There can be no assurance that Blue Star will be able to obtain (either through a new application, a renewal as a result of expiry, or conversion) all necessary licences, permits and leases that are required to carry out exploration and development at its properties. Regulations and policies relating to licences, permits and leases may change, be implemented in a way that the Company does not currently anticipate or take significantly greater time to obtain. These licences, permits and leases are subject to numerous requirements, including compliance with environmental regulations. Revocation or suspension of Blue Star's environmental and operating permits could have a material adverse effect on its business, financial condition and results of operations. In particular, the Company will need to obtain a drilling permit from the Colorado Energy & Carbon Management Commission (ECMC) ahead of its proposed drilling activities at its prospects. The Company may also need to obtain certain easements from land owners in order to gain access and undertake its proposed development activities.

Title to properties and renewal of Leases

Although Blue Star has taken steps to verify title to the properties on which it is proposing to conduct exploration activities and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee its title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, caveats on title with limited information which may encumber rights contemplated in the title / lease documents, instruments submitted for filing against the properties which remain pending for registration and therefore unavailable for review, indigenous claims, and non-compliance with regulatory and environmental requirements. Blue Star's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and currency exchange fluctuations and restrictions.

Changes in commodity prices

Blue Star's possible future revenues may be derived mainly from helium and carbon dioxide production or from royalties gained from potential joint ventures or other arrangements. Consequently, its potential future earnings will likely be closely related to the price of those commodities. The prices of these commodities fluctuate and are affected by numerous industry factors including demand for the resource, forward selling by producers, production cost levels in major producing regions and macroeconomic factors including, but not limited to, inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, them. If Blue Star is producing helium and/or carbon dioxide and the market price of the commodity were to fall below the costs of production and remain at such a level for any sustained period, Blue Star would experience losses and could have to curtail or suspend some or all of its proposed activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

Reserves and resource estimates

Estimating helium and carbon dioxide reserves and resources is subject to significant uncertainties associated with technical data and the interpretation of that data, future commodity prices, and development and operating costs. There can be no guarantee that the Company will successfully produce the volume of helium and/or carbon dioxide that it estimates as reserves or that resources will be successfully converted to reserves. Expected helium and/or carbon dioxide content may not be present or it might be too small to warrant commercial exploitation. Estimates may alter significantly or become more uncertain when new information becomes available as a result of additional drilling or production tests. As estimates change, development and production plans may also vary. Downward revision of reserves and resources estimates may adversely affect Blue Star's operational or financial performance.

Helium and/or carbon dioxide resource and reserve estimates may require revisions and/or changes (either up or down) based on actual production experience and in light of the prevailing market price of helium and carbon dioxide. A decline in the market price for these commodities could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources. There are uncertainties inherent in estimating the quantity of resources and reserves and in projecting future rates of production, including factors beyond Blue Star's control. Estimating the amount of helium and/or carbon dioxide resources and reserves is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

If the assumptions upon which the estimates of Blue Star's resources have been based prove to be incorrect, Blue Star (or the operator of an asset in which Blue Star has an interest) may be unable to recover and produce the estimated levels or quality of helium and/or carbon dioxide set out in this document and Blue Star's business, prospects, financial condition or results of operations could be materially and adversely affected.

Environmental risks

Many aspects of the helium and carbon dioxide business present environmental risks and hazards, including the risk that Blue Star may be in non-compliance with an environmental law, regulation, permit, licence, or other regulatory approval, possibly unintentionally or without knowledge. Such risks may expose the Company to fines or penalties, third party liabilities or to the requirement to remediate, which could be material.

Future Capital Requirements

The exploration, development and continued operations of Blue Star's projects (or any other project acquired by the Company in the future) may require additional financing. Failure to obtain sufficient financing may result in a delay or indefinite postponement of exploration, development or production on the Company's projects or even a loss of a property interest. There can be no guarantee that the Company will be able to access either debt or equity funds necessary to finance its future activities and successfully achieve all of the objectives of the Company's overall business strategy on terms acceptable to the Company, or at all. Further, any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Currency risks

The Company is exposed to foreign exchange risk as the Company's operating costs will be primarily in US dollars. The Company's reporting currency is Australian dollars. Hence, any fluctuation of the US dollar in relation to these currencies may affect the value of the Company's assets and liabilities. Any strengthening of other currencies against the US dollar or any other currency in which the Company transacts and where the foreign exchange risk is not hedged could have an adverse effect on the Company's business, results of operations and financial condition.

In this statement of risk factors, references to Blue Star or the Company are references to Blue Star Helium Ltd and its subsidiaries.

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BLUE STAR | HELIUM

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OTC: **BSNLF**