

ASX ANNOUNCEMENT

4 November 2024

COMPLETION OF LANDMARK FARM-IN AGREEMENT GALACTICA / PEGASUS PROJECT

Highlights

- Farm-in agreement with Helium One successfully completed, following satisfaction of all conditions precedent.
- Helium One to earn a 50% interest in the Galactica / Pegasus project in exchange for paying US\$1.5 million cash consideration and to fund the drilling of six development wells. Blue Star remains Operator of the project.
- The initial six well drilling programme funded by Helium One, together with State 16 to form part of the initial gas gathering into the Galactica helium production facility.
- Drilling of these initial six wells is expected to start during Q4 2024.
- First helium production from Galactica / Pegasus remains slated for H1 2025.

Blue Star Helium Limited (ASX:BNL, OTCQB:BSNLF) (**Blue Star** or the **Company**) is pleased to advise that it has successfully completed its agreement to farm out a 50% interest in its Galactica / Pegasus project in Colorado, USA, to Helium One Global Ltd (AIM: HE1) (**Helium One**).

Blue Star Managing Director and CEO, Trent Spry, said

“The completion of our landmark agreement with Helium One marks the first step in our strategic plan to accelerate growth across our large Las Animas asset portfolio, and to rapidly build and expand our production operations in the region.

“With the farm-in complete, we can now apply our full weight behind executing the Galactica project.

“We are excited to soon be drilling an additional six development wells, following the successful drilling of the State 16 development well earlier this year. Together these wells are expected to form the initial gas gathering system into the Galactica helium production facility, delivering exciting, high-value helium and critical CO₂ co-product streams, with first production on target for H1 2025.”

Farm-out agreement with Helium One

The Company previously entered into a binding Heads of Agreement (**Agreement**) by which Helium One earns a 50% interest in the Galactica / Pegasus project in exchange for paying US\$1.5 million to Blue Star in consideration for past costs and funding the drilling of six (6) development wells (capped at US\$450k per well) (refer ASX announcement dated 28 August 2024). Blue Star, through its local operating entity, will continue to act as Operator of the Galactica / Pegasus project.

The Agreement was subject to satisfaction or waiver of certain conditions precedent, with the key conditions being approval by the Colorado Energy and Carbon Management Commission (**ECMC**) of the Galactica / Pegasus OGD I, and the execution of definitive governing agreements, including a farm-in agreement and a joint operating agreement, which have now been completed.

The Company received approval for the OGDPI on 17 October 2024, with the ECMC approving five new proposed helium development wells (Jackson 27 SWSE, Jackson 31 SENW, Jackson 29 SWNW, Jackson 2 L4 and Jackson 4 L4). Following this approval, Blue Star has submitted the final drilling permit applications (Form 2) to drill these wells (refer ASX announcement dated 17 October 2024) and is working closely with the ECMC to facilitate timely approvals.

Subject to Form 2 approval, drilling is expected to commence during Q4 2024.

Galactica / Pegasus development

The Galactica / Pegasus field was discovered by Blue Star in 2022 via the JXSN#1, #2, #3 and #4 wells. These wells showed gas bearing columns of up to 230 feet containing gas with between approximately 2% to 6% helium and initial recorded flow rates of between 125 Mcfd and 412 Mcfd (see BNL ASX releases dated 7 June 2022, 29 September 2022, 5 October 2022 and 1 July 2024).

In June 2024, Blue Star drilled the first development well at Galactica (Phase 1 of the greater Galactica / Pegasus development). The State-16 development well flowed 1.9% helium at 285 Mcfd in addition to 70% CO₂. Subsequent independent reservoir engineering including all available well data and review of the adjacent Red Rocks helium development established likely initial production flow rate estimates between 250 to 615 Mcfd for future development wells (see BNL ASX release dated 1 July 2024).

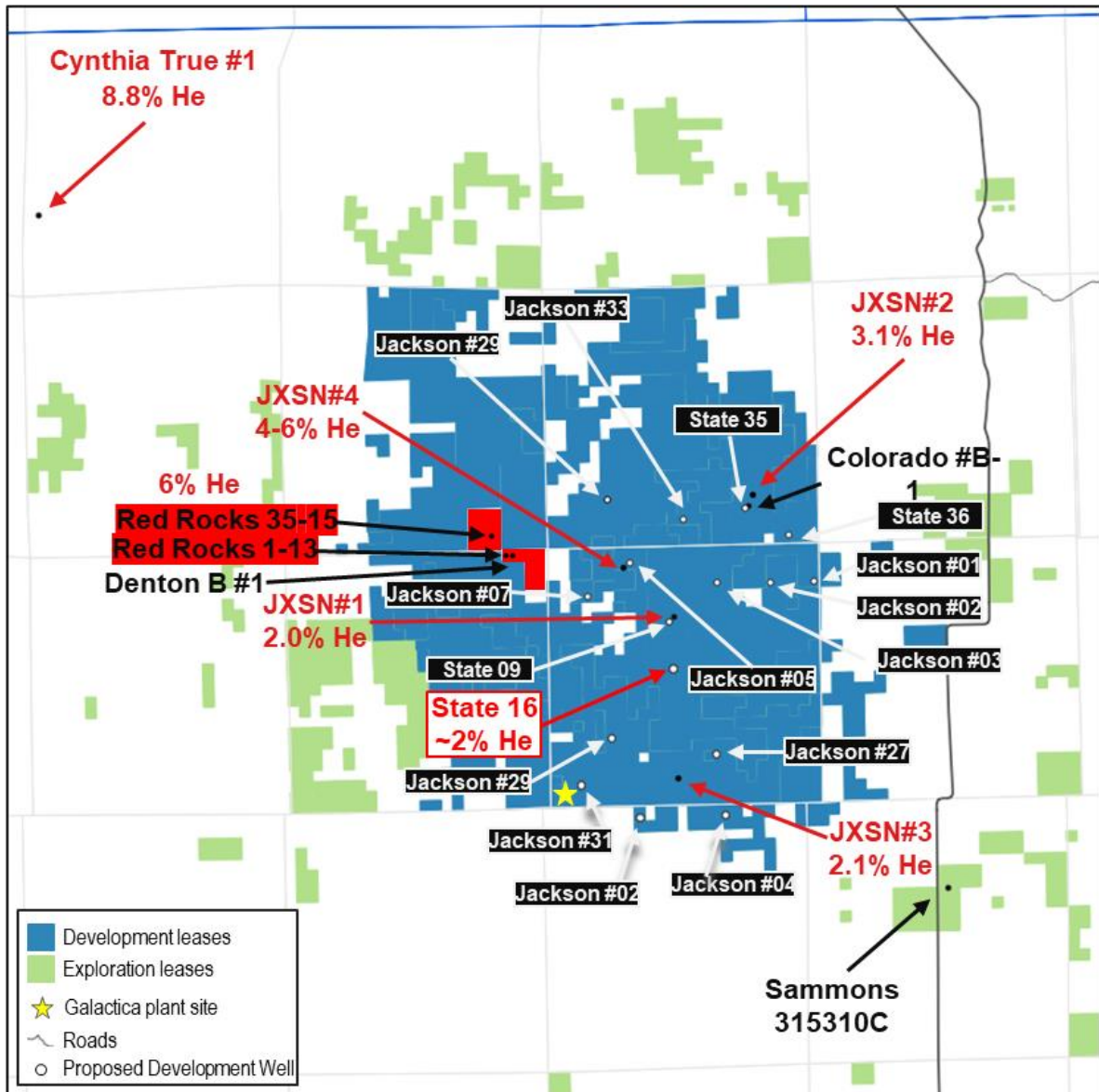
The initial six well drilling programme funded by Helium One, together with State-16, are expected to form the initial gas gathering system into the Phase 1 helium production facility (location shown on the figure below).

First production from the Phase 1 of the Galactica / Pegasus development remains slated for H1 2025.

This ASX Announcement has been authorised for release by the Board of Blue Star Helium Limited.

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About Blue Star Helium:

Blue Star Helium Ltd (ASX:BNL, OTCQB:BSNLF) is an independent helium exploration company, headquartered in Australia, with operations and exploration in North America. Blue Star’s strategy is to find and develop new supplies of low-cost, high-grade helium 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 manufacture 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.