BLUE STAR HELIUM

Blue Star Helium Limited
And Controlled Entities

ABN: 49 623 130 987

HALF YEAR REPORT

For the Half Year Ended 30 June 2024

CONTENTS

DIRECTORS

Neil Rinaldi	Non-Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer
Gregg Peters	Non-Executive Director

SECRETARY
Amanda Wilton-Heald

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Australian Securities Exchange
ASX Code: BNL

OTC Markets
OTCQB:BSNLF

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Blue Star Helium Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024 ('**H1 FY24**').

DIRECTORS

The following persons were Directors of Blue Star Helium Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name	Title
Neil Rinaldi	Non-Executive Chairman
Trent Spry	Managing Director and Chief Executive Officer
Gregg Peters	Non-Executive Director

COMPANY SECRETARY

Name	Title
Amanda Wilton-Heald	Company Secretary

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the half-year ended 30 June 2024 were helium exploration. The Company is headquartered in Australia and its strategy is to provide its shareholders with exposure to multiple high-value helium projects in North America.

REVIEW OF RESULTS

The loss after tax for the half year ended 30 June 2024 was $10,348,222 (30 June 2023: loss of $1,806,616).

The earnings of the Consolidated Entity for the past financial periods are summarised below:

	30 June 2024 (6 months) $	31 December 2023 (12 months) $	30 June 2023 (6 months) $	31 December 2022 (12 months) $
Revenue (including other income)	25,516	68,947	43,778	39,836
EBITDA	(9,681,420)	(3,115,867)	(1,833,546)	(6,040,040)
EBIT	(9,961,243)	(3,125,607)	(1,837,662)	(6,044,251)
Loss after income tax	(10,348,222)	(3,125,659)	(1,806,616)	(6,016,745)

The factors that are considered to affect total shareholders return are summarised below:

	30 June 2024 $	31 December 2023 $	30 June 2023 $	31 December 2022 $
Share price at financial period end	0.007	0.022	0.025	0.04

Operating Review

Galactica/Pegasus Project

Background

The Galactica/Pegasus helium development is a large-scale project with multiple potential product streams. Four existing Blue Star discoveries at Galactica/Pegasus via exploration wells JXSN#1 to JXSN#4 delivered gas flowing at 125 - 412 mcf/d and high air-corrected concentrations of 2.0 - 6.1% helium.

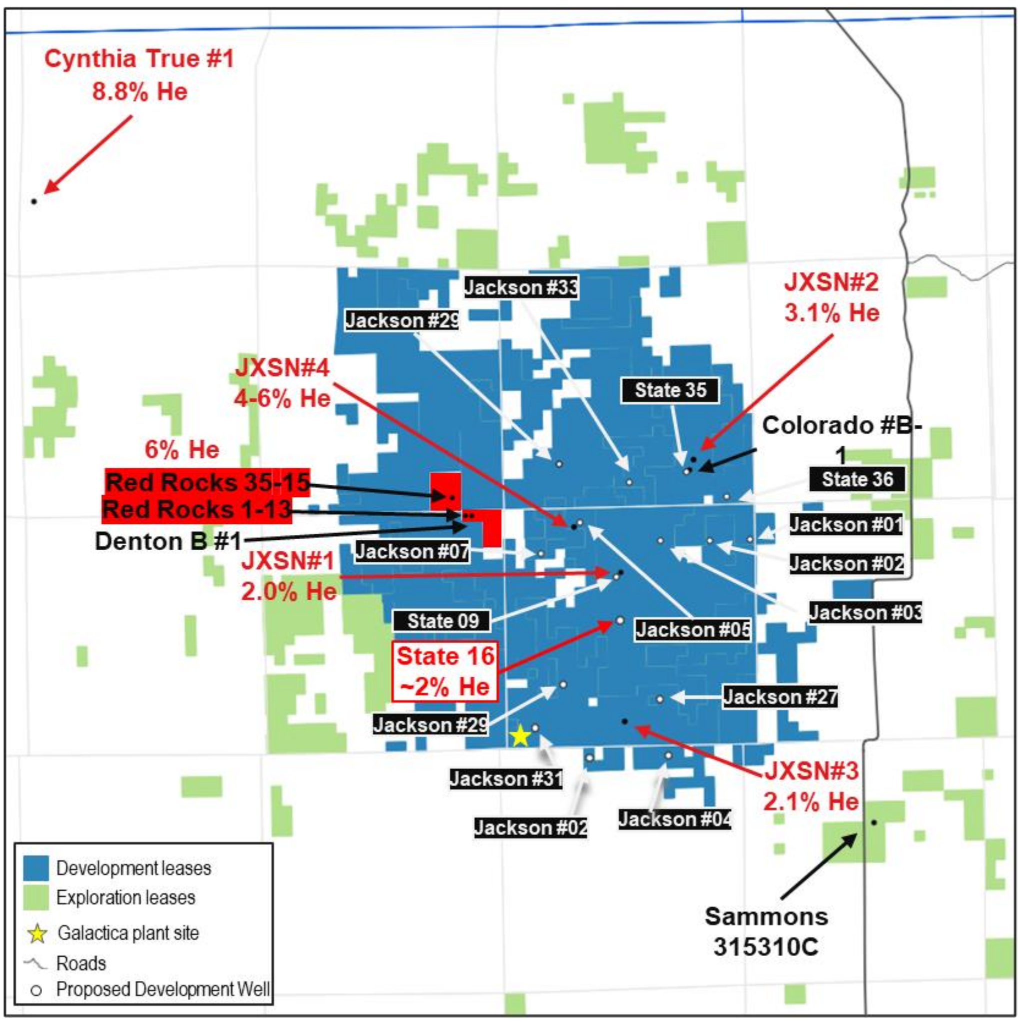

Figure 1: Planned development well locations at the Galactica/Pegasus prospect including the neighbouring Red Rocks Helium Project

The Galactica/Pegasus development is further de-risked by the successful third-party commercialisation of the adjoining Red Rocks helium project using an IACX midstream leased process facility arrangement.

There are currently a range of development and commercialisation pathways under review, including a leased plant and third party operated option. The final development is expected to include a CO_2 production stream, in addition to helium revenues.

Engineering and market work continues to refine the development configurations, forecast production and cost estimates.

State 16 well confirms significant helium discovery at Galactica/Pegasus

Blue Star's primary focus during the period was on the drilling of a maiden development well at State 16 SWSE 3054, located 3 miles southeast from the Red Rocks project, from which a third party is currently producing from the Lyons Formation.

Preparatory works were conducted to facilitate the drilling of the well. This included site access and preparation works, construction of the drilling pad and the mobilisation of the rig to site.

In May 2024, Blue Star drilled the well to a total depth with logs confirming gas. The well encountered the Lyons formation at a depth of 1,111.5 feet and was completed at its planned TD at the base of the upper sand of the Lyons formation at 1,211 feet. Significantly, no water was encountered during drilling. Wireline logs confirmed this and show approximately 96 feet of high-quality sands in the upper Lyons production section (1,111.5 to 1,211 feet) to be gas saturated.

In June 2024, Blue Star reported a significant helium discovery which was confirmed with laboratory analysis of reservoir samples showing air corrected helium concentrations up to 1.90%. This result is consistent with the previous offset discovery wells.

State 16 Gas Composition

Lab analysis of representative reservoir samples taken during flow testing contained an average helium percentage of 1.65%, and up to 1.90% when air-corrected. The reservoir gas composition was approximately 1.65% helium, 28.05% nitrogen and 70.29% carbon dioxide from the lab analysis and 1.90% helium, 28.54% nitrogen and 69.56% carbon dioxide when air-corrected.

These results are in line with offset wells and the Company's geological model. Helium concentration is currently modelled to increase to the south-west where the Company is permitting further development wells and where the proposed initial helium processing site is to be located (Galactica).

Importantly, the CO_2 content allows for this additional product stream to be captured, purified and sold, significantly contributing to revenues. Blue Star is advancing commercial discussions with interested buyers for this purified product.

State 16 Flow Testing

A flow test was undertaken comprising a 12-hour natural flow period. This was followed by an additional 12-hour flow period under vacuum compression after which a 48-hour pressure build up was performed.

Positively, results during testing showed that the well will naturally flow at a sustained rate of 150 Mcfd with 5.5 psig flowing well head pressure, starting at a rate of 208 Mcfd and 6.5 psig flowing pressure.

During the flow test with vacuum compression, a draw down to atmospheric pressure (0 psig) at the well head was maintained with flow rates of 285 Mcfd, starting as high as 313 Mcfd with 2.5 psig flowing pressure. Immediately after testing the wellhead pressure quickly built up to 8 psig, higher than previously seen when the well was shut in post drilling.

These results indicate strong pressure and reservoir communication due to the high quality and high permeability of the Lyons formation.

These results are in-line with the Company's ongoing development planning and economic modelling and are consistent with the results from the adjacent commercialised helium development at Red Rocks.

Reservoir Engineering and Production Update

By July 2024, Blue Star had integrated the State 16 well results with the test data from the JXSN#1 – #4 discovery wells drilled by Blue Star and compared this data to the public information available from the adjacent Red Rocks development.

These results indicated that at State 16 the calculated permeability for the Lyons formation is 405 mD, meaning that with a producing wellhead pressure of 6 psia the well would be capable of 441 Mscfd.

The range of permeabilities calculated in the JXSN discovery wells and State 16 well is 300 to 750 mD, which result in initial flow rates at 6 psia wellhead pressure of between 334 and 780 Mscfd.

As part of the development planning, various vacuum compression is being considered for each well from 11 psia (-1 psig) wellhead pressure to 6 psia (-6 psig) wellhead pressure, resulting in stabilised flow rates ranging from 250 Mscfd to 615 Mscfd based on the range of permeabilities seen to date. For the State 16 well (405 mD), these rates would equate to 250 Mscfd to 350 Mscfd.

These rates represent constrained rates to maximise the initial production rate plateau which is standard practice in gas developments to maximise recovery and reservoir pressure maintenance while providing a more constant feed rate to be achieved through the plant.

The State 16 well is completed and awaiting potential tie-in to production facilities.

Additional Well Permitting

Blue Star currently has 10 helium development locations approved for drilling at Galactica/Pegasus, of which four are fully approved for drilling.

Blue Star filed a new OGDP for five additional development wells (**Galactica Pegasus OGDP I**) in April. These wells are located to the south and south-west of the State 16 well toward the proposed initial Galactica plant site (refer Figure 1) and are expected, together with State 16, to form part of the initial gas gathering into the Galactica helium production facility.

On 3 July 2024, the Colorado Energy and Carbon Management Commission (**ECMC**) advised that it will hear the application to approve this OGDP on 25 September 2024. Upon a positive hearing decision, Blue Star will apply for final permits to drill these wells.

Landmark farm-out agreement with Helium One

In late August 2024, Blue Star announced that it had reached an agreement with Helium One Global Ltd (AIM: HE1) (**Helium One**) regarding a farm-out of 50% of its interest in Galactica/Pegasus.

Under this binding Heads of Agreement, Helium One will earn a 50% interest in Galactica/Pegasus in exchange for the payment of US$1.5 million to Blue Star in consideration for past costs. Additionally, Helium One is to sole fund a six well development drilling programme. Five of these initial wells are included in the Galactica Pegasus OGDP I.

The Agreement is subject to satisfaction or waiver of certain conditions precedent, the key ones being approval by the ECMC of the Galactica / Pegasus OGDP I, and the execution of definitive governing agreements (including a farm-in agreement and a joint operating agreement). If the parties fail to agree the definitive governing documents by 31 October 2024, then the parties are bound to the Agreement becoming the final transaction document.

Blue Star, through its local operating entity, will continue to act as Operator of the Galactica / Pegasus project.

Helium One's obligation under the initial six well drilling programme is capped at US$0.45 million per well. In the event that any well exceeds that obligation ceiling, the partners will share excess costs in proportion with their respective project working interests, ie 50/50.

Both parties will fund their working interest share of the tie-back, installation, and processing and other expenditures required for the Galactica / Pegasus development.

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 Figure 1 above).

First production from the Phase 1 Galactica / Pegasus development is expected during H1 2025.

Serenity Project

Background

The Serenity prospect was drilled and tested through the Sammons 315310C well in Q3 2022. This well produced a high-grade natural carbon dioxide accumulation during testing.

Lab analysis of representative reservoir samples taken during natural flowing of the well contained a combined average composition from both the upper and lower Lyons reservoirs of 98.77% carbon dioxide, 1.15% nitrogen and 0.09% helium, with the lower Lyons reservoir consistently showing higher CO_2 up to 98.95%. Flow testing was conducted at various stages throughout the upper Lyons drilling with gas rates as high as 500 Mcfd through a 1.25-inch orifice.

During drilling, the upper Lyons sand was fully penetrated between 1,155 feet and 1,238 feet, representing an 83 feet gas column in high-quality reservoir. The upper Lyons is completely gas filled with no water being encountered during drilling or testing. Casing was set at 1,270 feet in the shale that separates the upper and lower Lyons sands.

The lower Lyons sand was penetrated at 1,308 feet and the well was TD'd at 1,323 feet as planned, penetrating 15 feet of the lower Lyons sands. The drilled lower Lyons section was also completely gas filled with no water being encountered during drilling. Initial flow testing was conducted with gas rates of around 115 Mcfd through a ¾ inch orifice. No water was encountered during testing. Based on offset wells there is approximately 40 feet of high-quality lower Lyons sand in addition to the 15 feet penetrated.

The Company has three additional approved drilling locations which require final drill Form 2 approvals in order for additional wells to be drilled. It is expected that a second well will be drilled and the existing Sammons well will be completed for production in anticipation of installation of an initial facility.

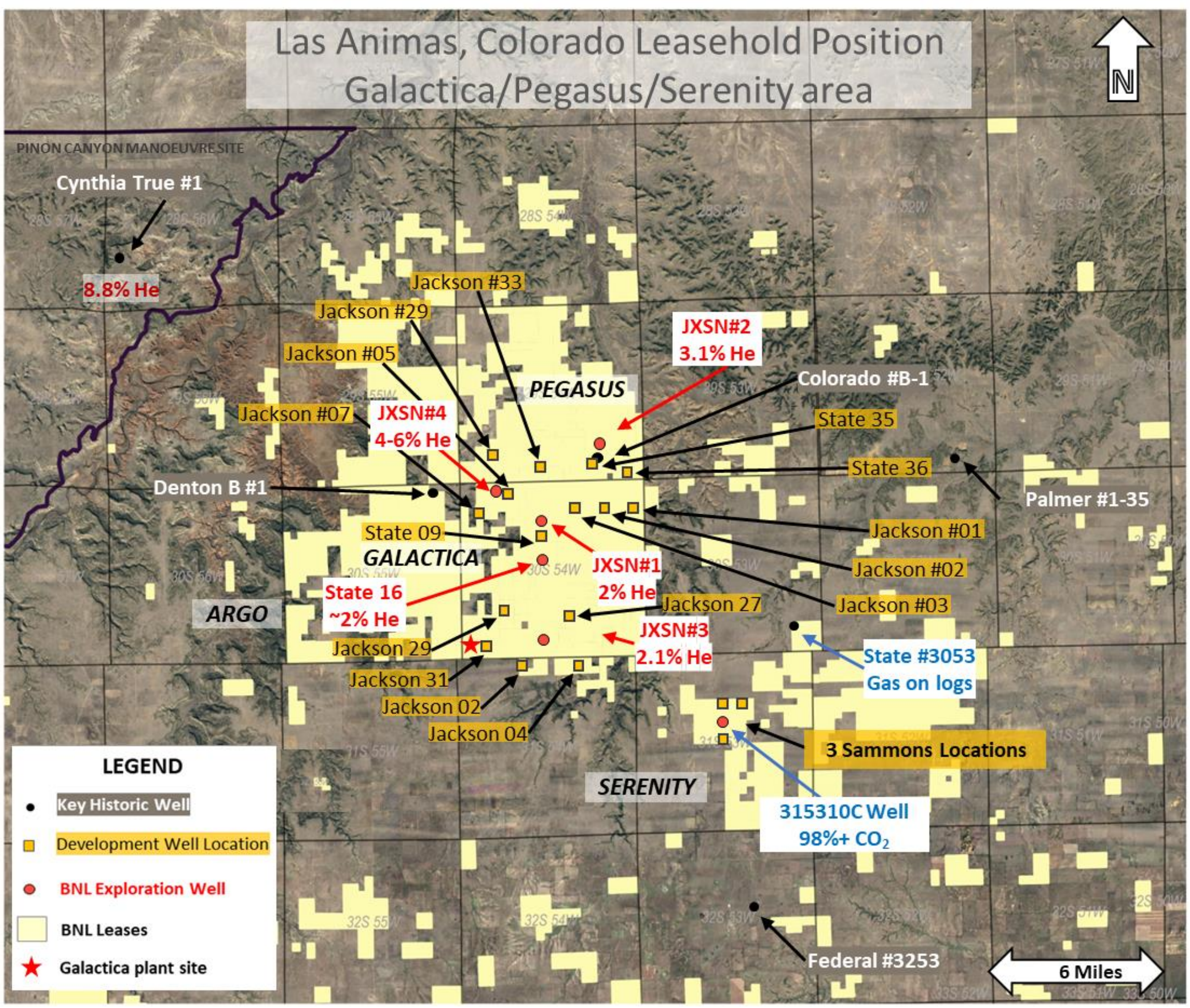

Figure 2: Location of Serenity Project adjacent to Galactica/Pegasus

Acquisition of residual Serenity interests

In June 2024, Blue Star agreed to acquire the interests of Vecta Oil & Gas Ltd (**Vecta**) and its partners for all related mineral leases pertaining to the agreement signed by Blue Star to jointly develop the Serenity Prospect (see BNL ASX release dated 22 December 2021, *Agreement to Jointly Develop Blue Star's Serenity Prospect*). This includes the Sammons 315310C well and three additional approved drilling locations. Blue Star subsequently terminated the participation agreement, joint operating agreement and other arrangements relating to the area of mutual interest which were originally entered into in December 2021.

In consideration for these leases, the Company agreed to assign mineral leases located in T28S R54W comprising 1,640 net mineral acres to Vecta and its partners. The transaction did not include any cash or scrip consideration. The completion of the transaction elevated Blue Star's interest in the Serenity leases from 50% to 100% ownership. Blue Star's landholdings at Serenity now comprise 18,141 net acres.

Development concept

Post the end of the period, Blue Star advised that it had undertaken a review of various development concepts for the Serenity CO_2 project. The Company has selected an initial small-scale, low capex development targeting first production of beverage-grade CO_2 from H1 2025. The proposed facility is a chilled distillation system producing high-purity liquid CO_2. The system concept supports processing of approximately 500 Mcf/d raw gas from an initial two-well development producing between 20 and 25 tons per day of beverage-grade CO_2.

The Company is in discussions with several process facility suppliers and expects to be in a position to let contracts for the construction of the facility shortly. The facility is expected to cost in the order of US$1.3 million.

Expected synergies with primary helium production strategy

The development of Blue Star's CO_2 resources represents a highly significant and scalable opportunity.

On successful development of the initial Serenity facility, the Company expects to be able to develop up to 18 further locations at Serenity as an expanded commercialisation of this asset. Further evaluation of this larger-scale development is in progress in consultation with key engineering consultants and end-market participants.

Blue Star is also continuing to refine its development case for Galactica-Pegasus, which envisages production of both helium and CO_2 product streams. Ongoing evaluation here is demonstrating the considerable opportunity presented by processing larger raw gas volumes through a CO_2 plant prior to feeding what is then helium-enriched feed gas into a helium processing plant.

Ultimately, Blue Star's goal is the production of high-grade helium from Galactica-Pegasus and the sustainable production of food/beverage-grade CO_2 from both Serenity and Galactica/Pegasus.

Voyager Project

Development well drilling

Blue Star drilled two planned development wells at the Voyager prospect during the period, BBB #33 and Bolling #4 SESW.

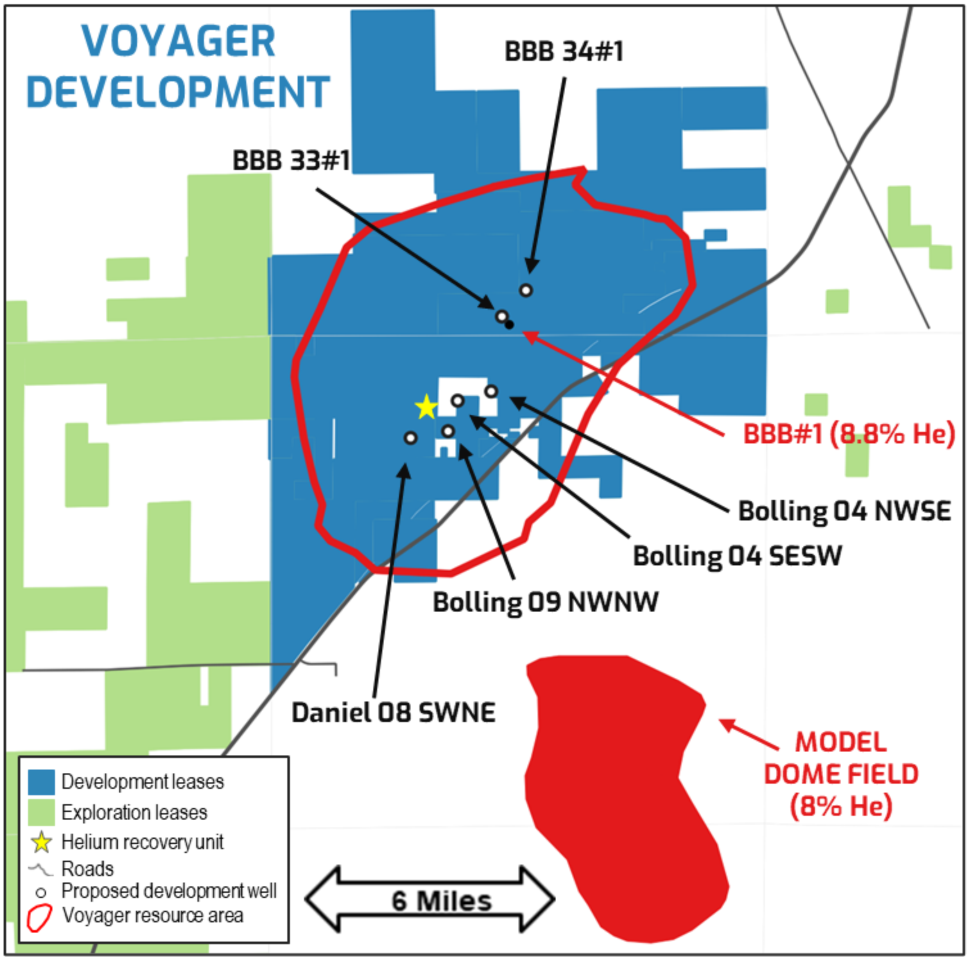

Figure 3: Planned well locations at the Voyager prospect helium development

The BBB #33 well was drilled to 935 feet, approximately 51 feet into the top of the high-quality Lyons formation. Wireline logs confirmed the high quality of the Lyons sand (average porosity of approximately 28%) and that the reservoir was gas filled to TD as expected. No movable water was observed during drilling or on the wireline logs.

Initial evaluation through the drill pipe was undertaken with limited-to-no flow observed from the reservoir. Initially, well pressures showed minimal-to-no pressure at the wellhead. Both these outcomes were considered highly anomalous given the gas saturation seen on the wireline logs in this well and offset well evaluations suggesting reservoir pressure additionally supported by flowing wells at the historic Model Dome field.

The Bolling #4 SESW was completed to 922 feet, approximately 48 feet into the top of the high-quality Lyons formation. Wireline logs once again confirmed the high quality of the Lyons sand (average porosity of approximately 27%) with the reservoir gas filled to TD.

Initial flow and pressure outcomes from Bolling #4 SESW were similar to those returned from BBB#33.

Initial post well evaluation activities subsequently commenced for both the BBB #33 and Bolling #4 SESW wells. At BBB #33, flow of gas to surface was achieved by putting the well on a small vacuum during an 8-hour test. This resulted in gas to surface containing approximately 3.0% helium (plus 92.4% nitrogen and 4.6% carbon dioxide).

At Bolling #4 SESW, a variable vacuum test was conducted over a 24-hour period. Gas to surface flow at Bolling #4 SESW contained approximately 4.1% helium, 83.1% nitrogen and 12.8% carbon dioxide.

The data collected from the testing of both BBB#33 and Bolling #4 wells was subsequently integrated and evaluated by Sproule and Blue Star's independent engineer. While post well testing on vacuum yielded success in terms of flow rates, the anticipated need for compression (vacuum) at the wells earlier in field life (than previously anticipated) had significant implications for forecast production volumes per well as well as operating cost estimates.

Field development planning

Applying the revised geological and operating parameters to the original Voyager plan of development still forecast multiple scenarios delivering a profitable all-in project. However, development of Voyager via this capital-lite route was no longer expected to be the highest-returning project in the Blue Star portfolio. As a result, Blue Star elected to pause its development of the Voyager project, including the planned mobilisation and installation of the leased IACX helium process plant.

The Company is in the process of undertaking a full review of potential commercialisation pathways for Voyager. This includes evaluating developments that incorporate connection to grid power as well as a variety of gas processing sizes and solutions.

Remapping of Voyager will also be undertaken with data gathered during the recent drilling being incorporated into future models. Consideration is being given to potential pressure leak points (faults or intrusive dykes) while also considering the top seal potential locally. It is expected that this work may result in additional prospective areas on the greater structure for future drilling consideration.

As part of the remapping exercise consideration being given to deepening BBB 33#1 and Bolling 04 SESW to assess deeper horizons down to basement.

Corporate

A$3.0 million equity placement

On 5 September 2024, Blue Star announced the receipt of firm commitments for a two-tranche equity placement to raise A$3.0 million in gross proceeds via an institutional placement of 750,000,000 new ordinary shares to institutional and sophisticated investors at an issue price of A$0.004 per share.

Participants in the placement will also receive, subject to shareholder approval, one free unlisted option for every two new shares subscribed for and issued, exercisable at $0.01 and expiring two years from the date of issue.

The placement is being undertaken in two tranches:

- Tranche 1 is in the process of being completed and sees the issue of 291,732,794 new shares under ASX Listing Rule 7.1 and 194,488,529 new shares under ASX Listing Rule 7.1A.
- Tranche 2 will consist of the issue of 263,778,677 new shares (and 375,000,000 new options), subject to shareholder approval being received at a general meeting expected to be held in October 2024.

The placement was strongly supported by existing shareholders, and includes commitments by Blue Star Managing Director and CEO, Trent Spry, for 3,500,000 new shares (and 1,750,000 new options) in Tranche 2, subject to the receipt of shareholder approval.

Net proceeds raised from the placement are to be allocated to advancing the Company's helium exploration and development activities at the Galactica/Pegasus and Serenity Projects.

Annual General Meeting

Blue Star's 2024 Annual General Meeting (AGM) was held on 17 May 2024 in Perth. All resolutions put to the meeting were passed but resolution 8 was withdrawn.

- On 7 January 2024 18,200,000 Tranche 1 and 18,200,000 Tranche 2 performance rights expired
- On 12 April 2024 2,000,000 Tranche 3, 2,000,000 Tranche 4 and 2,000,000 Tranche 5 performance rights were cancelled
- On 18 May 2024 2,000,000 Tranche 1 and 2,000,000 Tranche 2 performance rights expired

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS AND CONVERSION OF PERFORMANCE RIGHTS

- Nil shares were issued as a result of the exercise of options were issued as at the date of this report.
- 2,620,018 shares were issued as a result of the conversion of performance rights were issued as at the date of this report. 14,200,000 performance rights have vested but remain unconverted as at the date of this report.

Effective risk management is crucial to our long-term success. We regularly review our cyber security measures in relation to sensitive data. Our ongoing focus on risk management enables us to safeguard our stakeholders' interests and maintain operational resilience.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the Consolidated Entity in future financial years other than the following:

- On 28 August 2024, the Company 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 development wells. The Companies have until 31 October, 2024 to agree to the definitive governing documents at which point the US$1.5 million will be Helium One to Blue Star. Those funds have not been received as of the filing date. Blue Star, through its local operating entity, will continue to act as Operator of the Galactica / Pegasus project. The 50% interest that is the subject of the farm-out comprises mineral leases in respect of 61,151.99 gross acres (51,479.37 net acres) in the Galactica / Pegasus development only. Helium One's obligation under the initial six (6) well drilling programme is capped at US$0.45 million per well. In the event that any well exceeds that obligation ceiling, the partners will share excess costs in proportion with their respective project working interests, ie 50/50. Both parties will fund their working interest share of the tie-back, installation, and processing and other expenditures required for the Galactica / Pegasus development.
- On 5 September 2024 the Company announced that it has received firm commitments to raise A$3.0 million in gross proceeds via an institutional placement of 750,000,000 new ordinary shares (**New Shares**) to institutional and sophisticated investors at an issue price of A$0.004 per New Share (**Placement**). Participants in the Placement will receive, subject to Shareholder approval, one free option for every two New Shares subscribed for and issued, exercisable at $0.01 and expiring two years from the date of issue (**New Options**).

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporation Act 2001.

Trent Spry
Managing Director and Chief Executive Officer

13 September 2024

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13 September 2024

Board of Directors
Blue Star Helium Limited
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Dear Sirs

RE: BLUE STAR HELIUM LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Blue Star Helium Limited.

As Audit Director for the review of the financial statements of Blue Star Helium Limited for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik

Martin Michalik
Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2024

BLUE STAR HELIUM

	Note	Consolidated Entity 30 June 2024 $	Consolidated Entity 30 June 2023 $
Revenue	3	**3,895**	3,846
Cost of goods sold	4	**(36,171)**	8,886
Gross profit / (loss)		**(32,276)**	12,732
Other income	3	**21,621**	31,046
General & administrative expenses		**(972,501)**	(385,813)
Impairment of right of use assets	9	**(1,442,912)**	-
Impairment of exploration and evaluation assets	10	**(6,720,589)**	-
Write-off of exploration and evaluation assets	10	**(824,255)**	(401,382)
Rehabilitation costs		**57,137**	1,094
Depreciation, depletion & amortisation	8, 9, 10	**(279,823)**	(4,116)
Employment expenses		**(893,391)**	(858,978)
Foreign exchange		**227,065**	182,096
Share based payment expense	15	**694,400**	-
Business development expenses		**(81,591)**	(195,062)
Marketing expenses		**(83,709)**	(82,835)
Legal expenses		**(17,398)**	(105,398)
Loss before tax		**(10,348,222)**	(1,806,616)
Income tax expense		**-**	-
Net loss for the half year from operations		**(10,348,222)**	(1,806,616)
Other comprehensive income			
Exchange differences on translation of foreign entities	15	**(32,617)**	32,315
Total comprehensive loss for the half year		**(10,380,839)**	(1,774,301)
Basic and diluted loss per share (cents)		**(0.53)c**	(0.011)c

The accompanying notes form part of these financial statements.

	Note	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**1,224,934**	6,869,070
Trade and other receivables	6	**18,782**	58,799
Other assets	7	**316,008**	402,875
Total Current Assets		**1,559,724**	7,330,744
Non-Current Assets			
Other assets	7	**145,498**	142,398
Plant and equipment	8	**1,105,079**	931,718
Right of use asset	9	**9,031,405**	-
Exploration and evaluation assets	10	**10,511,690**	14,098,072
Total Non-Current Assets		**20,793,672**	15,172,188
Total Assets		**22,353,396**	22,502,932
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**341,424**	330,432
Lease liability	12	**182,675**	-
Provisions	13	**210,825**	218,107
Total Current Liabilities		**734,924**	548,539
Non-Current Liabilities			
Lease liability	12	**10,550,264**	-
Provisions	13	**193,723**	34,646
Total Non-Current Liabilities		**10,743,987**	34,646
Total Liabilities		**11,478,911**	583,185
Net Assets		**10,874,485**	21,919,747
EQUITY			
Contributed equity	14	**33,409,307**	33,411,947
Reserves	15	**2,751,361**	3,478,378
Accumulated losses		**(25,286,183)**	(14,970,578)
Total Equity		**10,874,485**	21,919,747

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2024

Consolidated Entity	Contributed Equity	Foreign Currency Translation Reserve	Share Option Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 January 2024	**33,411,947**	**32,617**	**1,377,561**	**2,068,200**	**(14,970,578)**	**21,919,747**
Loss for the half year	-	-	-	-	(10,348,222)	(10,348,222)
Other comprehensive income:						
Foreign exchange on translation of operations	-	(32,617)	-	-	32,617	-
Total comprehensive loss for the half year	-	(32,617)	-	-	(10,348,222)	(10,380,839)
Transactions with owners in their capacity as owners:						
Equity issues	-	-	-	-	-	-
Equity issue expenses	(2,640)	-	-	-	-	(2,640)
Share based payments	-	-	-	(694,400)	-	(694,400)
Balance at 30 June 2024	**33,409,307**	**-**	**1,377,561**	**1,373,800**	**(25,286,183)**	**10,874,485**

Consolidated Entity	Contributed Equity	Foreign Currency Translation Reserve	Share Option Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 January 2023	**26,435,332**	**54,038**	**1,377,561**	**2,707,269**	**(11,844,919)**	**18,729,281**
Loss for the half year	-	-	-	-	(1,806,616)	(1,806,616)
Other comprehensive income:						
Foreign exchange on translation of operations	-	32,315	-	-	-	32,315
Total comprehensive loss for the half year	-	32,315	-	-	(1,806,616)	(1,774,301)
Transactions with owners in their capacity as owners:						
Equity issues	-	-	-	-	-	-
Equity issue expenses	-	-	-	-	-	-
Share based payments	-	-	-	-	-	
Balance at 30 June 2023	**26,435,332**	**86,353**	**1,377,561**	**2,707,269**	**(13,651,535)**	**16,954,980**

The accompanying notes form part of these financial statements.

	Note	Consolidated Entity 30 June 2024 $	Consolidated Entity 30 June 2023 $
Cash flows from operating activities			
Receipts from customers		**3,895**	3,846
Payments to suppliers and employees		**(1,569,366)**	(1,626,644)
Interest received		**21,621**	31,046
Interest paid		**(1,109)**	(52)
Net cash (used in) operating activities		**(1,544,959)**	(1,591,804)
Cash flows from investing activities			
Payment for plant and equipment		**(233,925)**	(2,504)
Payment for helium leases		**(163,326)**	-
Exploration, evaluation and development expenditure (including license acquisition costs)		**(543,804)**	(917,259)
Exploration, evaluation and development expenditure (expensed)		**(2,728,778)**	(498,481)
Net cash (used in) investing activities		**(3,669,833)**	(1,418,244)
Cash flows from financing activities			
Payment for costs of equity issues		**(2,640)**	-
Repayment of borrowings (leases)		**(408,695)**	-
Net cash (used in) financing activities		**(411,335)**	-
Net (decrease) in cash held		**(5,626,127)**	(3,010,048)
Cash and cash equivalents at beginning of the period		**6,869,070**	6,824,205
Foreign exchange effect on cash and cash equivalents		**(18,009)**	10,970
Cash and cash equivalents at period end	5	**1,224,934**	3,825,127

The accompanying notes form part of these financial statements.

1. *Corporate information*

This half year report covers Blue Star Helium Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2024 (the "Consolidated Entity"). The presentation currency of the Consolidated Entity is Australian Dollars ("$"). A description of the Consolidated Entity's operations is included in the review and results of operations in the Directors' Report. The Directors' Report is not part of the financial statements. The Consolidated Entity is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code "BNL". The financial statements were authorised for issue on 13 September 2024 by the Directors. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. *Accounting policies*

a. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

b. Going concern

For the half year ended 30 June 2024 the consolidated entity incurred a total comprehensive loss of $10,380,839 (30 June 2023: total comprehensive loss of $1,774,303) and had working capital of $824,800 (31 December 2023: $6,782,205). The Directors considered the subsequent events, reviewed the cash flow forecasts and working capital requirements of the Consolidated Entity in view of the Consolidated Entity's existing cash resources of $1,224,934 (31 December 2023: $6,869,070). On this basis, the Directors consider there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the 30 June 2024 half year financial report. On 5 September 2024 the Company announced that it has received firm commitments to raise A$3.0 million in gross proceeds via an institutional placement of 750,000,000 new ordinary shares to institutional and sophisticated investors at an issue price of A$0.004 per New Share. Participants in the Placement will receive, subject to Shareholder approval, one free option for every two New Shares subscribed for and issued, exercisable at $0.01 and expiring two years from the date of issue.

In the event that the Consolidated Entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

2. *Accounting policies (continued)*

c. Exploration and evaluation assets

Expenditure on exploration and evaluation is accounted for in accordance with the "area of interest" method. Exploration licence acquisition costs are capitalised and subject to half-yearly impairment testing. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred except where:

- The expenditure relates to an exploration discovery where, at balance date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete and significant operations in, or in relation to, the area of interest are continuing; or
- An assessment has been made and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons or helium. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are capitalised. Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil, gas and helium properties. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If any such indication of impairment exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes a formal estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, an assessment is made as to whether the Company intends to make substantive expenditures on the asset and the carrying amount of the assets is assessed against the market capitalisation of the Company. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

2. *Accounting policies (continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit).

d. Right of use asset and lease liability
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

e. Accounting Standards that are mandatorily effective for the current reporting year
The Consolidated Entity has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

New and Amended Accounting Policies Adopted by the Consolidated Entity
AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
The Consolidated Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements

New and Amended Accounting Policies Not Yet Adopted by the Entity
The Consolidated Entity has considered the implications of new and amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material .

	Consolidated Entity 30 June 2024 $	Consolidated Entity 30 June 2023 $
3. *Revenue and other income*		
Sale of product	**3,895**	3,846
Interest income	**21,621**	31,046
	25,516	34,892
4. *Cost of goods sold*		
Cost of sales: other production (costs) / refund	**(36,171)**	8,886
	(36,171)	8,886

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
5. *Cash and cash equivalents*		
Cash at bank and on hand	**1,224,934**	6,869,070
	1,224,934	6,869,070
6. *Trade and other receivables*		
GST refunds	**18,782**	57,073
Other receivables	**-**	1,726
	18,782	58,799

There are no receivables that are past due.

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
7. *Other assets*		
Current		
Inventory	**47,195**	216,440
Prepaid expenses	**268,813**	186,435
	316,008	402,875
Non-Current		
Bonds	**145,498**	142,398
	145,498	142,398
8. *Plant and equipment*		
Computer equipment and asset under construction		
- At cost	**1,130,906**	953,923
- Accumulated amortisation and impairment	**(25,827)**	(22,205)
	1,105,079	931,718
Balance at beginning of period	**931,718**	13,210
Additions	**157,896**	926,477
Disposals	**(598)**	-
Depreciation	**(4,127)**	(9,740)
Exchange difference translation	**20,190**	1,771
Balance at end of period	**1,105,079**	931,718
9. *Right of use asset*		
Right of use asset		
- At cost	**10,724,497**	-
- Accumulated depreciation	**(268,112)**	-
- Provision for impairment	**(1,424,980)**	-
	9,031,405	-

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
9. *Right of use assets (continued)*		
Balance at beginning of period	**-**	-
Recognition[1]	**10,724,497**	-
Depreciation	**(268,112)**	-
Provision for impairment	**(1,424,980)**	
Balance at end of period	**9,031,405**	-
10. *Exploration and evaluation assets*		
Capitalised expenditure		
- At net cost	**10,171,460**	14,176,254
- Exchange difference translation	**340,230**	(78,182)
	10,511,690	14,098,072
Balance at beginning of period	**14,098,072**	12,459,717
Exploration and evaluation expenditure incurred during the period	**3,636,164**	2,086,298
Impairment of exploration and evaluation assets	**(6,720,589)**	-
Write-off of exploration and evaluation assets	**(824,255)**	(369,761)
Exchange difference translation	**322,298**	(78,182)
Balance at end of period	**10,511,690**	14,098,072
11. *Trade and other payables*		
Trade creditors and other accruals	**341,424**	330,432
	341,424	330,432

[1] Relates to right of use asset, being the Gas Processing Services Agreement with a third-party midstream company based in the US, IACX Energy LLC.

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
12. *Lease liability*		
Current		
Lease liability[1]	**182,675**	-
	182,675	-
Non-Current		
Lease liability[1]	**10,550,264**	-
	10,550,264	-
13. *Provisions*		
Current		
Employee benefits	**210,825**	170,856
Restoration	**-**	47,251
	210,825	218,107
Non-Current		
Employee benefits	**18,732**	9,761
Restoration	**174,991**	24,885
	193,723	34,646

	Consolidated Entity 30 June 2024 No.	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 No.	Consolidated Entity 31 December 2023 $
14. *Contributed equity*				
Balance at beginning of year	**1,942,265,281**	**33,411,947**	1,586,170,058	26,435,332
Share issue from placement: 23-Oct-23	**-**	**-**	333,333,334	7,000,000
Share issue from share purchase plan: 23-Nov-23	**-**	**-**	22,761,889	478,000
Share issue from performance rights conversion: 28-Jun-24	**2,620,018**	**-**	-	-
Share issue costs	**-**	**(2,640)**	-	(501,385)
Balance at end of period	**1,944,885,299**	**33,409,307**	1,942,265,281	33,411,947

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
15. *Reserves*		
Foreign currency translation reserve		
Balance at beginning of period	**32,617**	54,038
Foreign exchange on translation of operations	**(32,617)**	(21,421)
Balance at end of period	**-**	32,617
Options reserve		
Balance at beginning of period	**1,377,561**	1,377,561
Balance at end of period	**1,377,561**	1,377,561

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
15. *Reserves (continued)*		
Share based payments reserve		
Balance at beginning of period	**2,068,200**	2,707,269
Options granted	**-**	225,000
Performance rights granted[2]	**-**	160,000
Performance rights cancelled	**(120,000)**	-
Revaluation of performance rights	**(574,400)**	(1,024,069)
Balance at end of period	**1,373,800**	2,068,200
Total reserves	**2,751,361**	3,478,378

[2] A total of 24,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Ross Warner; a total of 39,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Trent Spry; a total of 8,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Neil Rinaldi; and a total of 10,000,000 tranche 1-5 unlisted performance rights expiring 7 January 2024 to 7 January 2025 were granted to Peter Kondrat on 7 July 2022. A total of 10,000,000 tranche 1-5 unlisted performance rights expiring 18 May 2024 to 18 May 2025 were granted to Scott Fenoglio on 18 November 2022. The performance rights granted to Ross Warner, Trent Spry and Neil Rinaldi were approved by shareholders at the 31 May 2022 annual general meeting. The performance rights granted to Peter Kondrat and Scott Fenoglio were issued using the Company's ASX LR 7.1 (15%) capacity.

15. *Reserves (continued)*

Inputs	Director Performance Rights	Employee Performance Rights	Employee Performance Rights	Employee Performance Rights
Number of performance rights	42,600,000	4,000,000	4,000,000	Nil
Exercise price	$Nil	$Nil	$Nil	$Nil
Expiry date	Varies between 7 July 2024 & 7 January 2025	Varies between 7 July 2024 & 7 January 2025	Varies between 18 November 2024 & 18 May 2025	Expires 7 January 2025, cancelled 12 April 2024
Grant date	7 July 2022	7 July 2022	18 November 2022	27 October 2023
Vesting date	Upon vesting conditions being met	Upon vesting conditions being met	Upon vesting conditions being met	Upon vesting conditions being met
Vesting conditions	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right	Tranche 1: vest and be convertible upon: the Company publicly reporting two (2) independently certified helium discoveries; and the Company's achieving a 20-day VWAP of $0.10 or more, within 18 months after issue of the performance right Tranche 2: vest and be convertible upon the Company publicly reporting: Independently certified helium reserves; and Independently certified helium reserves and resources including net recoverable helium meeting at least one of the following metrics: (i) P90 greater than 10 Bcf; or (ii) P50 greater than 20 Bcf; or (iii) P10 greater than 30 Bcf, within 18 months after issue of the performance right

	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right	Tranche 3: vest and be convertible upon the Company having drilled five (5) separate prospects within two (2) years after issue of the performance right Tranche 4: vest and be convertible upon the Company making a Final Investment Decision (FID) in relation to the development of a facility for the development of a helium project within 2 years after issue of the performance right Tranche 5: vest and be convertible upon the Company selling helium within 30 months after issue of the performance right
Share price at grant date	$0.03	$0.03	$0.03	$0.02
Risk free interest rate	2.725%	2.725%	3.053%	4.282%
Volatility	85%	85%	85%	80%
Performance rights value (total)	$Nil (Tranche 1 and 2 did not vest and Tranche 4 expired subsequent to the period end and the fair value has been adjusted to reflect updated probabilities)	$Nil (Tranche 1 and 2 did not vest and Tranche 4 expired subsequent to the period end and the fair value has been adjusted to reflect updated probabilities)	$Nil (Tranche 1 and 2 did not vest and Tranche 4 expired subsequent to the period end and the fair value has been adjusted to reflect updated probabilities)	$Nil

15. *Reserves (continued)*

Non-performance based options

Inputs	Broker Options
Number of options	17,194,726
Exercise price	$0.112
Expiry date	04-Nov-24
Grant date	04-Nov-21
Vesting date	3,000,000 – 10-Sep-24 3,000,000 – 10-Sep-25 3,000,000 – 10-Sep-26
Share price at grant date	$0.05
Risk free interest rate	0.89%
Volatility	164%
Option value	$0.039

15. *Reserves (continued)*

	Consolidated Entity 30 June 2024 No.	Consolidated Entity 31 December 2023 No.
Unlisted options		
Balance at beginning of period	**26,194,726**	34,389,452
Options granted	**-**	9,000,000
Options converted	**-**	-
Options expired	**-**	(17,194,726)
Balance at end of period	**26,194,726**	26,194,726
Unlisted performance rights		
Balance at beginning of period	**101,000,000**	91,000,000
Performance rights granted	**-**	10,000,000
Performance rights converted	**(2,620,018)**	-
Performance rights cancelled	**(6,000,000)**	-
Performance rights expired	**(41,779,982)**	-
Balance at end of period	**50,600,000**	101,000,000

16. *Operating segments*

For management purposes, the Company is organised into one main operating segment, which involves helium (including oil and gas) exploration, development and production in the USA. All the Company's activities are interrelated, and discrete financial information is reported to the Chairman and the management team as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole. The Consolidated Entity derives its revenue from the sale of gas and NGL's produced in the USA. During the interim half-year reporting periods ended 30 June 2024 and 30 June 2023 external sales of gas and NGL's were made to customers solely located in the USA.

	US	Corporate	Total
30 June 2024			
Segment revenue	3,895	21,621	**25,516**
Segment assets	21,519,249	834,147	**22,353,396**
Segment liabilities	(11,087,471)	(391,440)	**(11,478,911)**
31 December 2023			
Segment assets	15,358,306	7,144,626	**22,502,932**
Segment liabilities	(247,923)	(335,262)	**(583,185)**
30 June 2023			
Segment revenue	3,846	31,046	**34,892**

17. *Events after the end of the reporting period*

There are no matters or circumstances that have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Consolidated Entity in future financial years other than the following:

- On 28 August 2024, the Company 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 development wells. The Companies have until 31 October, 2024 to agree to the definitive governing documents at which point the US$1.5 million will be Helium One to Blue Star. Those funds have not been received as of the filing date. Blue Star, through its local operating entity, will continue to act as Operator of the Galactica / Pegasus project. The 50% interest that is the subject of the farm-out comprises mineral leases in respect of 61,151.99 gross acres (51,479.37 net acres) in the Galactica / Pegasus development only. Helium One's obligation under the initial six (6) well drilling programme is capped at US$0.45 million per well. In the event that any well exceeds that obligation ceiling, the partners will share excess costs in proportion with their respective project working interests, ie 50/50. Both parties will fund their working interest share of the tie-back, installation, and processing and other expenditures required for the Galactica / Pegasus development.

17. *Events after the end of the reporting period (continued)*

- On 5 September 2024 the Company announced that it has received firm commitments to raise A$3.0 million in gross proceeds via an institutional placement of 750,000,000 new ordinary shares to institutional and sophisticated investors at an issue price of A$0.004 per New Share. Participants in the Placement will receive, subject to Shareholder approval, one free option for every two New Shares subscribed for and issued, exercisable at $0.01 and expiring two years from the date of issue.

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $

18. *Commitments and contingencies*

The Consolidated Entity is planning to undertake a drilling programme later this year but as at 30 June 2024 it is not formally committed. The commitments relating to operating and exploration expenditure are as follows:

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
< 1 year	**309,044**	1,846,145
1 – 5 years	**1,768,903**	5,360,603
> 5 years	**546,787**	536,828
	2,624,734	7,743,576

On 30 June 2023 the Company announced that it had entered into a Gas Processing Services Agreement with a third-party midstream company based in the US, IACX Energy LLC. The Company sought out the opinion of a third-party consulting firm as to the accounting treatment for this agreement. It was advised that this agreement should be accounted for as a lease in accordance with AASB 16 requirements once services had commenced. Lease payments began in April of 2024 and the Gas Processing Services agreement is being accounted for in these financials in accordance with AASB 16. A right of use asset and lease liability have been booked to the statement of financial position and depreciation expense and interest expense are flowing through the statement of profit or loss. Commitments are as follows:

	Consolidated Entity 30 June 2024 $	Consolidated Entity 31 December 2023 $
< 1 year	**1,784,975**	-
1 – 5 years	**8,714,878**	-
> 5 years	**10,259,856**	-
	20,759,709	-

18. ***Commitments and contingencies (continued)***

a. Contingent assets

There are no contingent assets as at 30 June 2024.

b. Contingent liabilities

There are no contingent liabilities as at 30 June 2024.

19. *Interests in controlled entities*

Company Name	Entity Type	Place of Incorporation	Place of Tax Residency	30 June 2024 % Ownership	31 December 2023 % Ownership
Controlled by Blue Star Helium Limited:					
Santa Energy Pty Ltd[3]	Company	Australia	Australia	0%	100%
BNL (USA Helium) Pty Ltd	Company	Australia	Australia	100%	100%
Controlled by BNL (USA Helium) Pty Ltd:					
Blue Star USA Holdings Inc[4]	Company	USA	USA	100%	100%
BNL (Enterprise) Inc (at 31 December 2023)	Company	USA	USA	0%	100%
Las Animas Leasing Inc (at 31 December 2023)	Company	USA	USA	0%	100%
Controlled by Blue Star USA Holdings Inc:					
BNL (Enterprise) Inc (at 30 June 2024)	Company	USA	USA	100%	0%
Las Animas Leasing Inc (at 30 June 2024)	Company	USA	USA	100%	0%

Blue Star Helium Limited (the "parent entity") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime

20. *Related party transactions*

There were no transactions with related parties during the half year ended 30 June 2024 other than the compensation to key management personnel.

[3] Santa Energy Pty Ltd was de-registered on 22 May 2024.
[4] Blue Star USA Holdings Inc was incorporated 21 November 2023.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and correct view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the financial half year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Consolidated Entity Disclosure Statement prepared in accordance with subsection 295(3A) of the Corporations Act 2001(Cth) and included in the financial report is true and correct.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

____

Trent Spry
Executive Director & Chief Executive Officer

13 September 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BLUE STAR HELIUM LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Blue Star Helium Limited, which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us believe that the accompanying half-year financial report of Blue Star Helium Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Blue Star Helium Limited's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 13 September 2024.

Material Uncertainty Relating to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(b) to the financial statements, the consolidated financial statements have been prepared on a going concern basis. At 31 December 2023, the Group had cash and cash equivalents of $1,224,934 and incurred a loss after income tax of $10,348,222. Cash outflows from operating and investing activities totalled $5,214,792.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Responsibility of the Directors for the Financial Report

The directors of Blue Star Helium Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
13 September 2024