

20th June 2017

APA – Blue Energy in Bowen Basin gas pipeline MoU

Blue Energy Limited (ASX: “BUL”) is pleased to announce that it has executed a Memorandum of Understanding with APA Group to negotiate a Gas Transportation Agreement for the delivery of Blue Energy’s Bowen Basin gas reserves to southern market gas buyers.

Key Points for the Bowen Basin Pipeline

- **MOU between Blue Energy and APA executed**
- **APA to undertake pipeline Feasibility Study**
- **Optimal Route selection by APA**
- **Option for APA to build, own and operate in-field gas infrastructure**
- **Developing and connecting the Bowen Gas Province assists in alleviating East Coast gas shortages**

Blue Energy Managing Director, Mr John Phillips, said it was anticipated that further successful negotiation with APA Group would yield detailed design and preferred route options, together with cost estimates, and ultimately, will result in construction of the new pipeline infrastructure needed to connect the Bowen Basin Gas Province to the southern manufacturing and residential demand centres.

“With the successful conclusion of these steps and project approval and FID, APA will become builder, owner and operator of the new infrastructure,” Mr Phillips said.

Gas production from the Bowen Basin into the Moranbah and Townsville markets commenced in 2005 and since that time the province has produced approximately 160 PJ of gas and at production rates as high as 40 Tj/day.

Blue Energy currently has approximately 3,000 PJ of gas resource (estimated independently by Netherland Sewell and Associates) together with 71 PJ of 2P reserves and 298 PJ of 3P reserves in the Bowen Basin around Moranbah.

Mr Phillips said that with the construction of this pipeline link, Bowen Basin gas resources (currently estimated at up to 11,000 PJ) could be supplied and traded between Townsville and Hobart and all points in between, using APA’s East Coast Grid.

“It will complete a national east coast gas pipeline grid,” he said.

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John Phillips
Managing Director
Blue Energy Limited

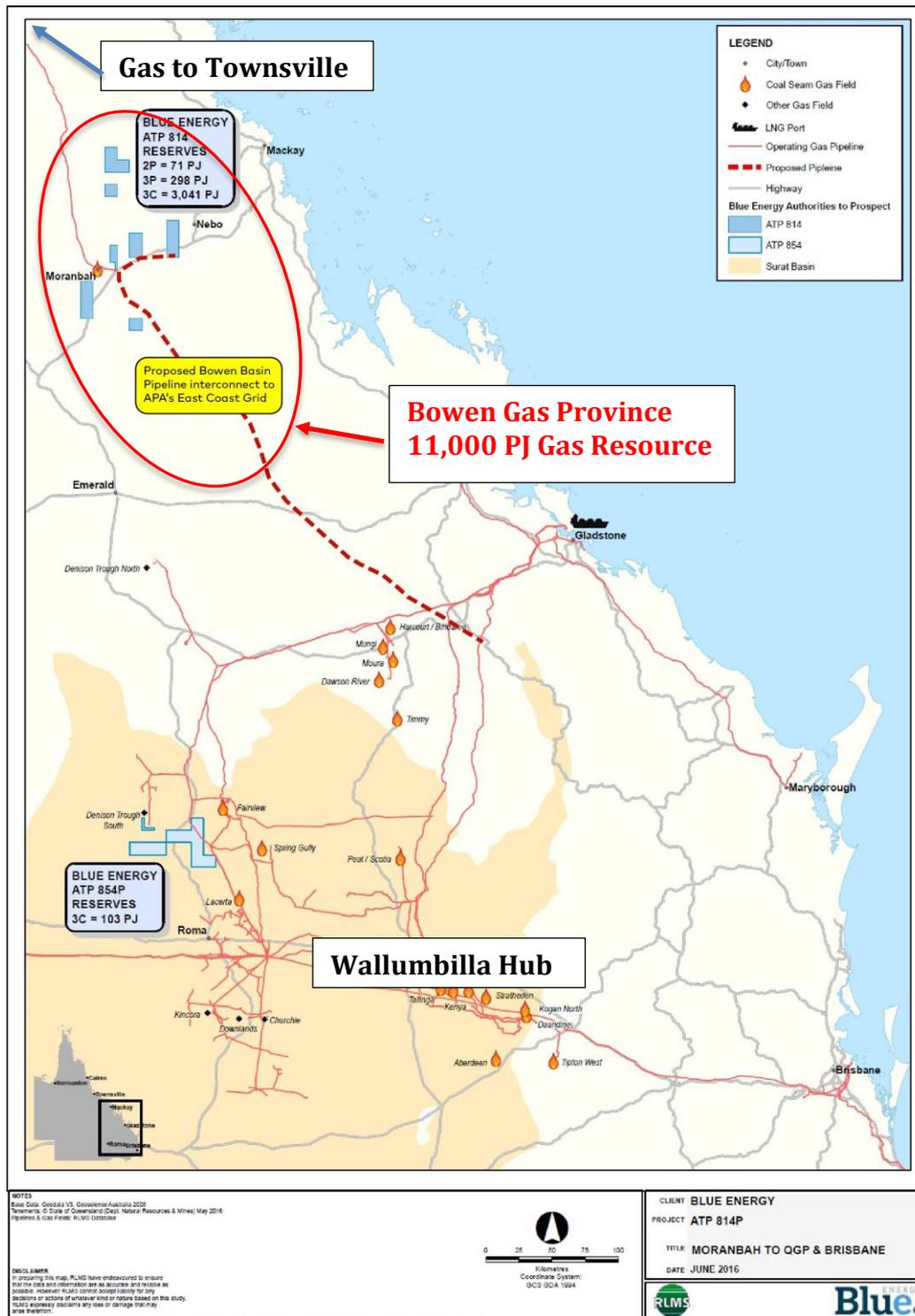


Figure 1: Proposed pipeline link between the Bowen Basin and the southern market.