

4 May 2022

Blue Executes Drilling Contract for North Bowen appraisal program

Blue Energy Limited (ASX: BLU, 'Blue Energy', 'Blue' or 'the Company') is pleased to advise it has signed the drilling contract with Silver City Drilling securing the use of Rig #23 for the North Bowen Basin appraisal drilling program in ATP 814.

Summary

- Blue has executed the drilling contract with Silver City Drilling for the ATP814 Pilot well appraisal drilling program.
- Blue locks in ATP 814 North Bowen program of 1 vertical plus 4 laterals targeting the Moranbah, Fort Cooper and Rangal Coal Measures.
- Blue expects to commence its North Bowen drilling operations in the second week of June 2022 following completion of the preceding Operators program in the Galilee Basin.
- ATP 814 and the associated PLA 1034 (Sapphire Block) are 100% owned and Operated by Blue Energy

North Bowen Drilling Program: The aim of the North Bowen drilling program in ATP 814 is to convert existing contingent gas resources to gas reserves from the existing inventory of resources situated in the PL 1034 area (Sapphire Block) of ATP 814P.

The PL 1034 area is immediately adjacent to the Moranbah Gas Project which is currently a producing field operated by Arrow Energy (see Figure 1). The application for PL 1034 is currently with the Queensland Government for the issue of the Production Licence (PL). Blue Energy is 100% owner and operator of ATP 814P and the PL 1034 application area. Blue is targeting multiple coal seams with the drilling program and each lateral well (up to 4 laterals) will target 1000 metres in seam length for each separate coal seam before intersecting a separate vertical well (which is designed to be the water producing well for the multiple lateral wells). All equipment and services required for the drilling of both the vertical and lateral wells has now been procured in readiness for drilling operations.

Drilling Contract executed with Silver City Drilling: Blue Energy has contracted Silver City Drilling to provide it's Rig #23 to undertake the North Bowen appraisal drilling program. The rig is currently working with another Operator in the Galilee Basin and upon completion of that program, will mobilise to the PL1034 location near Moranbah Queensland. Rig #23 will drill the 5 well program (both vertical and lateral wells). Based on current estimates, and subject to ordinary contingencies, the first well in the program (Sapphire 5V) will spud in the second week of June 2022.

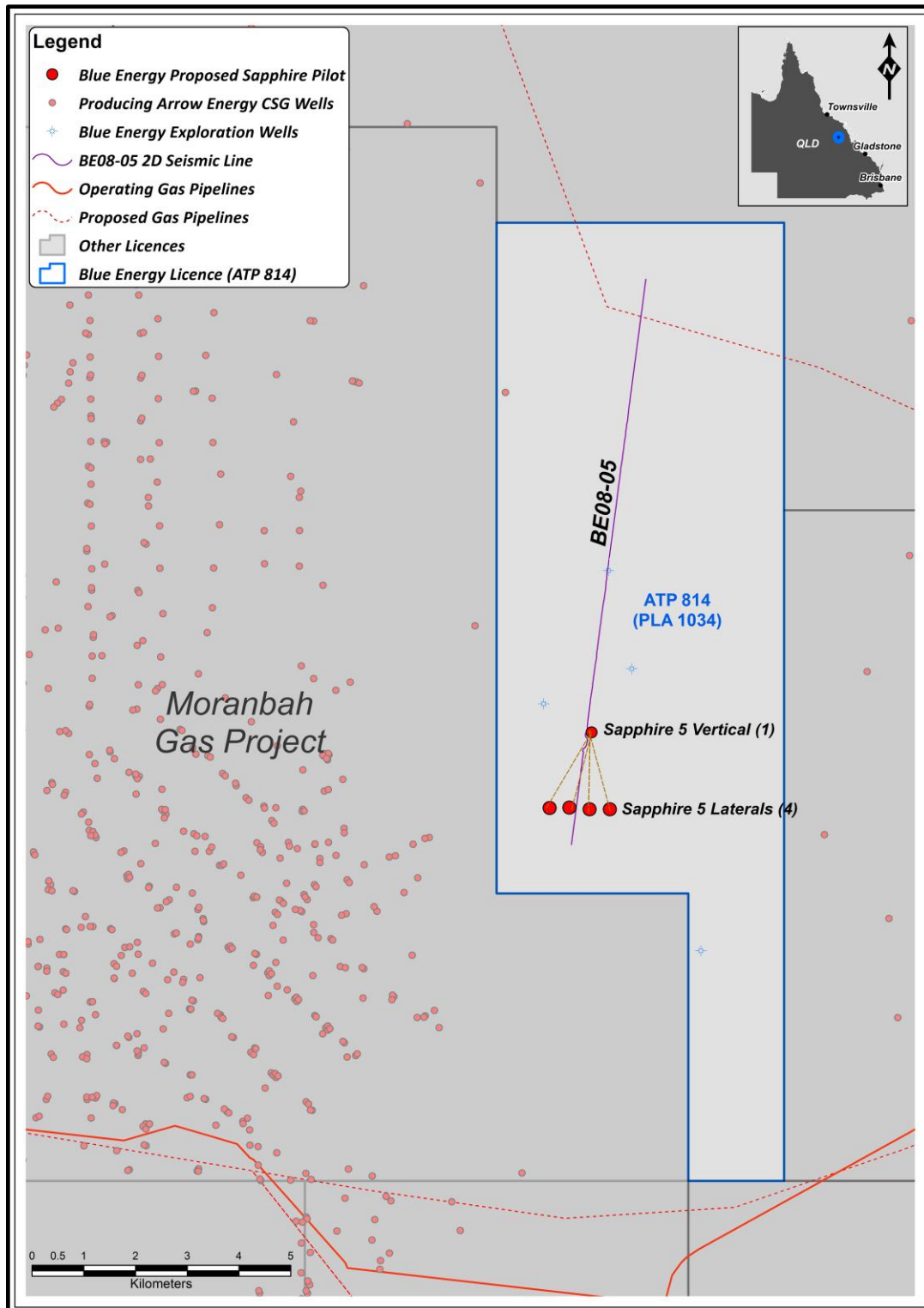


Figure 1: ATP 814, North Bowen Basin, schematic representation of Blue’s proposed well locations to be drilled by Silver City Rig#23 and the proximity of existing adjacent CSG producing wells in the Arrow Energy Operated Moranbah Gas Project

Blue has finalised the selection of the subsurface locations, settled on the surface locations, scouted these locations and conducted the cultural heritage survey work to enable site preparation to commence in May. All long lead time items for drilling and production testing of the wells making up the drilling program have been procured.

As stated, the principle object of the North Bowen drilling campaign is to build the gas reserve base (through the conversion of 3C resources to 2P reserves) and to test the productivity of the respective target Permian coal seams.

The North Bowen drilling program in PL 1034 has been formulated in conjunction with Netherland Sewell and Associates Inc of Dallas Texas (NSAI), whom Blue uses as the independent assessor and certifier for all of the Company's current oil and gas tenements. NSAI is a global top tier independent certifier and undertakes certification for all major CSG- LNG producers in the Surat and Bowen Basins of Queensland. NSAI also provides expert input to the Queensland Government on subsurface technical matters.

The aim of each lateral well in this upcoming program is to remain in seam for up to 1000 metres and intersect the vertical water drainage well which is also being drilled as one of the 5 wells in the drilling program. All wells are being drilled on or close to existing seismic control and all the laterals will be drilled from a single surface pad location (see Figure 2).

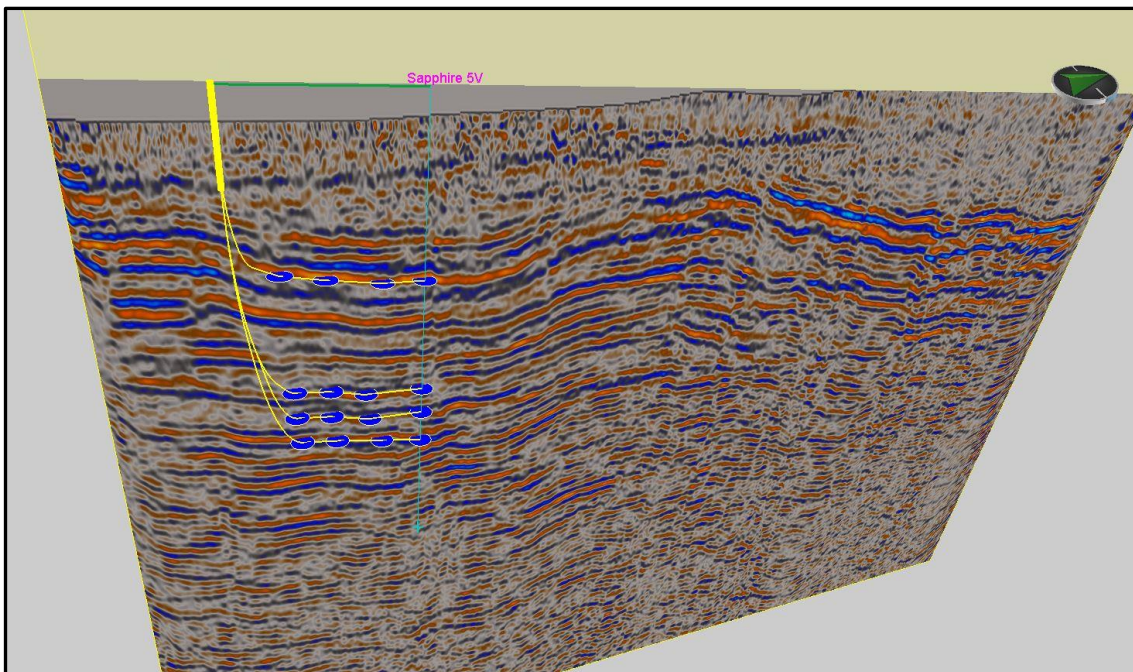


Figure 2: Blue Energy reprocessed seismic line BE08-05 Showing proposed multiple lateral well paths intersecting proposed vertical well

This well pattern is also being assessed as a potential development concept for full field development for PLA 1034, as depicted in Figures 3 & 4

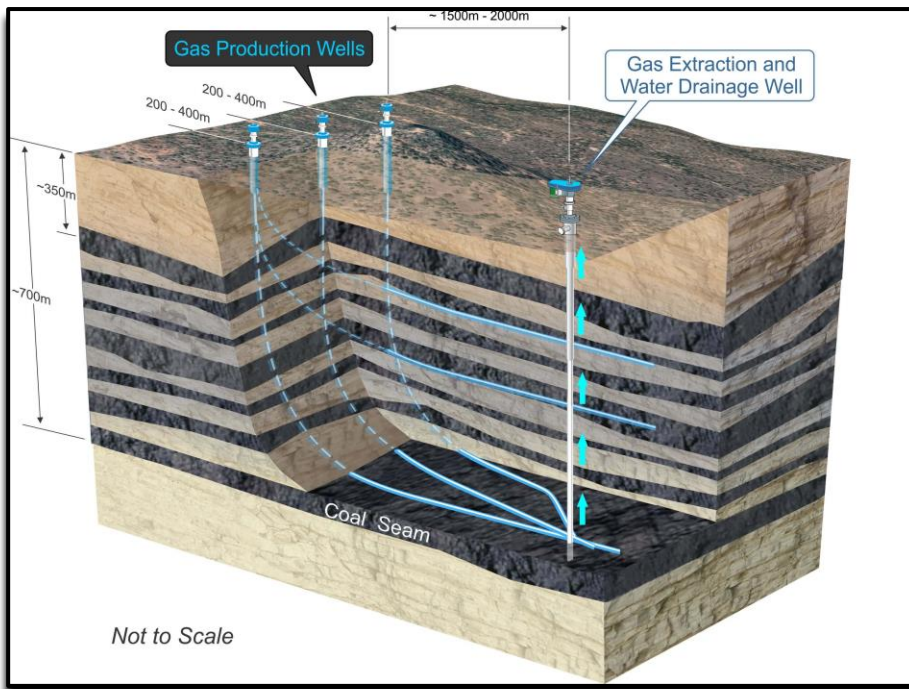
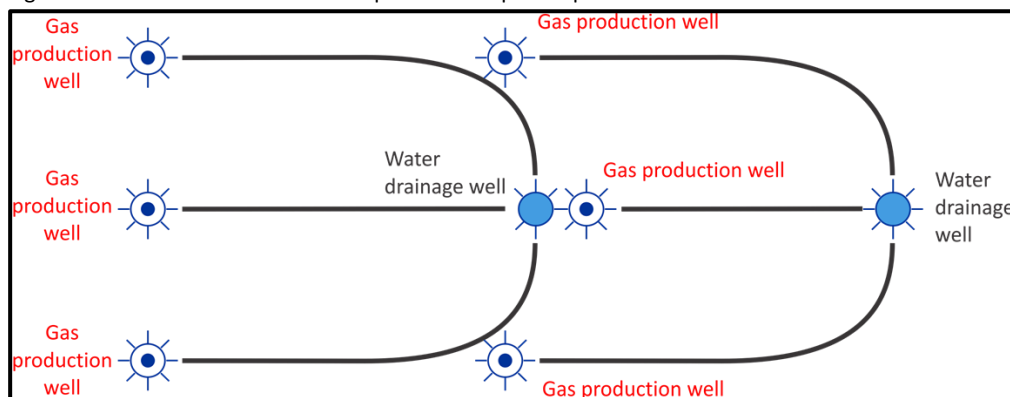


Figure 3: Schematic block diagram of well design concept for the development of the ATP 814P gas resources Source: Blue Energy Ltd.

Figure 4: Plan view of notional development concept well patterns



Source: Blue Energy Ltd.

As previously announced to the market, ATP 814 currently has 2P reserves of 71 PJ⁺ and 3P reserves of 298 PJ⁺ (as independently certified by NSAI) allocated to it. There is also significant upside within the constituent blocks comprising the permit with a combined 3,248 PJ⁺ of Contingent Resources in all the area held by the Company's ATP814 granted Potential Commercial Area (PCAs) and PL applications, as estimated by NSAI. There is also additional upside in the Prospective Resources category in the ATP 814 permit of approximately 2,000 PJ of gas in place.

Table 1: Blue Energy Reserves and Resources Table

Permit	Block	Assessment Date	Announcement Date	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		22/01/2022	25/01/2022	-	90	-	194	-	398
ATP813P		29/10/2014	30/10/2014	-	-	-	61	-	830
ATP814P	Sapphire	31/12/2012	26/02/2013	-	66	59	108	216	186
ATP814P	Central	21/12/2012	19/03/2013	-	50	12	99	75	306
ATP814P	Monslatt	31/12/2012	19/03/2013	-	-	-	619	-	2,054
ATP814P	Lancewood	30/09/2013	30/10/2013	-	5	-	23	1	435
ATP814P	Hillalong	27/02/2020	27/02/2020	-	-	-	182	-	237
ATP814P	South	30/06/2013	29/07/2013	-	15	-	27	6	30
Total (PJ)				-	226	71	1,313	298	4,476

***Listing Rule 5.42 Disclosure**

The estimates of Reserves and Contingent Resources noted throughout this Quarterly Activities Report have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI) and were originally reported in the Company's market announcements of 25 January 2012, 26 February 2013, 19 March 2013, 8 December 2015, 28 February 2019 and 22 January 2022. NSAI independently regularly reviews the Company's Reserves and Contingent Resources. Mr Hattner is a full-time employee of NSAI, has over 30 years of industry experience and 20 years of experience in reserve estimation, is a licensed geologist and a member of the Society of Petroleum Engineers (SPE), and has consented to the use of the information presented herein. The estimates in the reports by Mr Hattner have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum and Resource Management System (PRMS) approved by the SPE, utilising a deterministic methodology.

Blue Energy confirms that it is not aware of any new information or data that materially affects the information included in any of the announcements relating to ATP 813, 814 or 854 referred to in this report and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

⁺⁺ Listing Rule 5.28.2: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

By Authority of the Board per:

John Phillips
Managing Director
Blue Energy Limited