

17 June 2022

Blue completes civil works for pilot well gas drilling program in the North Bowenas east coast energy supply crisis continues

Blue Energy Limited (ASX: BLU, 'Blue Energy', 'Blue' or 'the Company') advises that the civil works for the Company's natural gas pilot well appraisal drilling program in ATP 814 (PL 1034 – Sapphire) have been completed in readiness for the arrival of Silver City Drilling rig #23 at the end of June. Works included well pads and cellar installations for the vertical and lateral wells.

Blue expects to mobilise the rig from its current Galilee Basin location later next week and the first well in Blue's program to spud around 1 July.

Blue notes the high spot price of gas in the east coast market, the intervention of AMEO, and with it, the turmoil created by the collapse of some gas distributors. Blue's North Bowen appraisal drilling program in ATP 814 is in Blue's view is a vital step in establishing new gas supplies for the market, which will ease pressure on both supply and price, in the medium, and long term.

Summary

- Wallumbilla daily spot gas price currently A\$33.58/GJ (equivalent to \$33 million/PJ)
- AEMO caps gas prices at \$40/GJ;
- Blue has long term (10 year) gas supply agreements with Origin Energy¹ and Energy Australia² to supply up to 400 PJ of gas at Wallumbilla for the domestic market.
- Blue's North Bowen gas appraisal drilling program is designed to build the 2P gas reserve base and establish flow capacity to underpin the EnergyAustralia and Origin Energy gas supply agreements.
- The east coast gas supply shortage highlights the need to open up under-developed gas basins, like the North Bowen Basin, together with nation building and job creating gas pipeline infrastructure like a Moranbah to Wallumbilla connection. New infrastructure and gas development will provide both direct jobs in construction and ongoing operating positions plus ensure gas dependent manufacturing businesses have access to long term, reliable and fair priced gas to not only stay in business, but to plan for a secure future and expand.
- The North Bowen Basin contains an estimated 30 years of domestic gas supply – some 15,000 PJ of gas resource, which has not yet been developed or connected to the east coast gas market for lack of a gas pipeline infrastructure.
- Blue is ready to develop its gas resources for the domestic market and together with its 400PJ of gas supply agreements in place for the domestic gas market, has a further 2,500 PJ⁺ of gas resources in the North Bowen Basin which are uncontracted.
- Blue has pending PL applications and PCA application with Government to allow development and production of its gas reserves and resources.
- In addition to the North Bowen Basin gas resources, Blue has a further 398 PJ⁺ of gas resource near Injune Queensland in ATP 854 which have direct access to Wallumbilla via either the GLNG or Jemena pipelines. This asset is now in play for further work, subject to Government approval of the PCA tenure applications.

¹ See ASX release of 19/3/21

² See ASX release of 3/12/20

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.

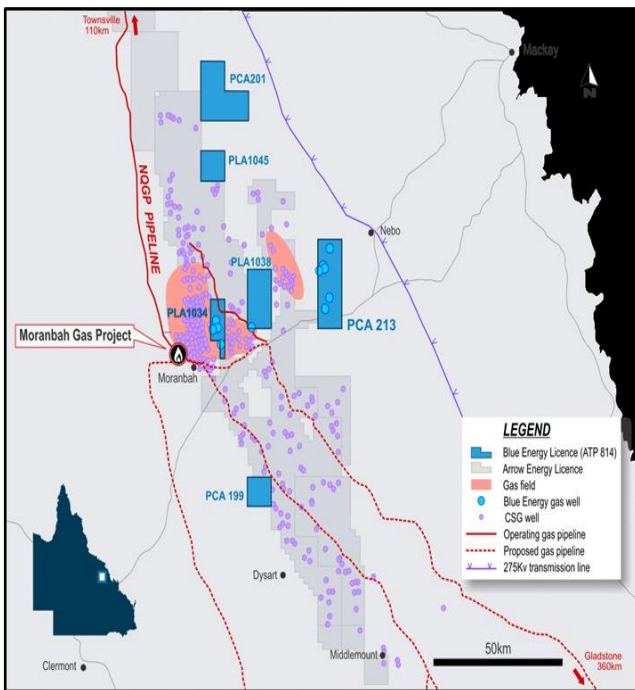


Figure 1

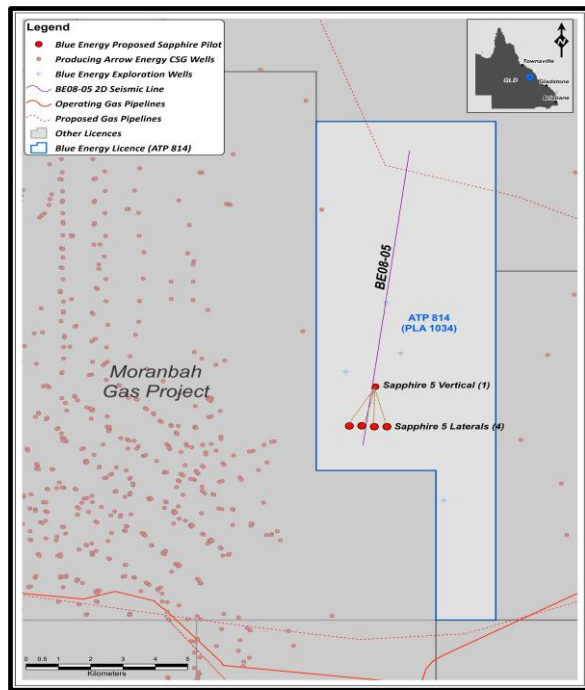


Figure 2

Figures 1&2: Blue Energy acreage position in the North Bowen (Figure 1) and the location of the PL 1034 area to existing production

ATP 854 (100% Blue Energy and Operated)

As mentioned above, Blue also has 398 PJ of Contingent gas Resource in the area near Roma in ATP 854P in Queensland. This permit is located near existing gas infrastructure which will provide convenient and rapid access to the Wallumbilla gas hub and/or Gladstone (see Figure 3)

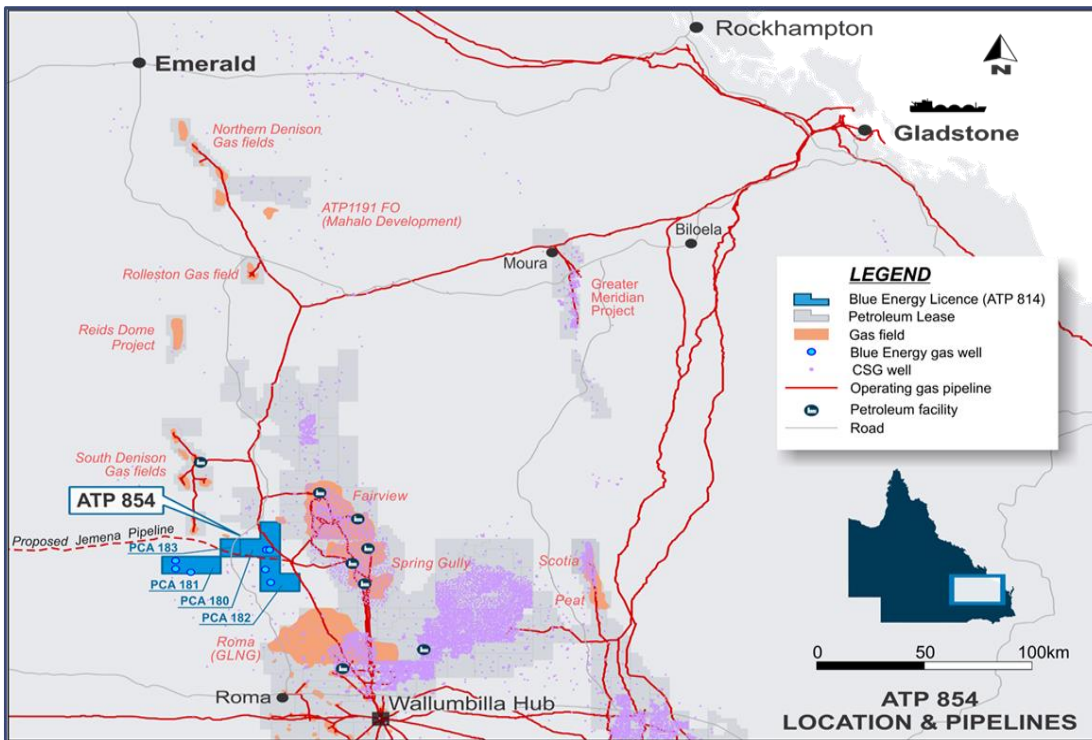


Figure 3: ATP 854 location map shows position of Blue’s 398 PJ of gas resources in close proximity to the gas market hub infrastructure

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