

6 September 2022

Operational Update

Blue achieves over 1000 metres of horizontal “in seam” section in North Bowen drilling campaign

Blue Energy Limited (ASX: BLU, ‘Blue’) is pleased to report that operations on the Sapphire 5L1 lateral well (S#5L1) have resulted in the drilling of the first 1000+ metre horizontal “in seam” section of the program and this horizontal well section in S#5L1 has now successfully intersected the Sapphire 5V vertical well, as planned.

The rig will now run a 3 ½” liner in the lateral well and suspend it for production testing following the completion of the remaining Sapphire lateral pilot wells. Following the running of the liner, the rig will move back over the Sapphire 5L2 (S#5L2) lateral well to drill a similar 1000 metre horizontal “in seam” section in S#5L2, targeting a slightly shallower and separate coal seam to S#5L1, in the multi seam geological section, and again with the objective to intersect the Sapphire 5V vertical well.

Operations summary to date

- 1,155metres of horizontal “in seam” section drilled in Sapphire 5L1 and successfully intersected the vertical well Sapphire 5V (see Figure 1)
- Sapphire 5L1, 5L2, 5L3 and 5L4 Pilot well build sections drilled have bow been drilled
- The two initial vertical wells, Sapphire 5V and Sapphire 6V, have been drilled to total depth, logged and had production casing run and cemented in place.

Up Coming activity

- The rig will skid back over the Sapphire 5L2 location to commence the horizontal in seam drilling phase in that lateral well.

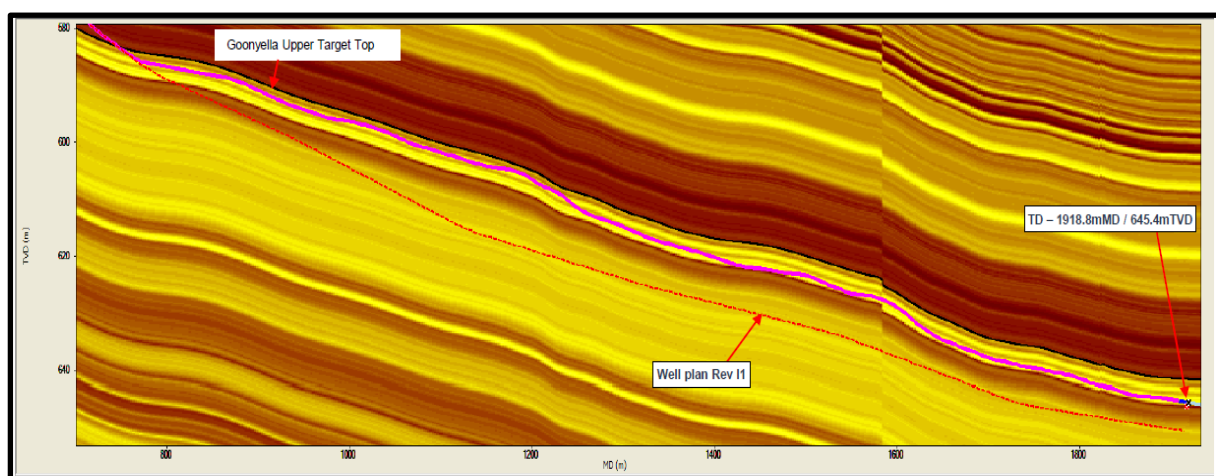


Figure 1: Well path and in-seam section drilled by Sapphire 5L1

Drilling Program Background

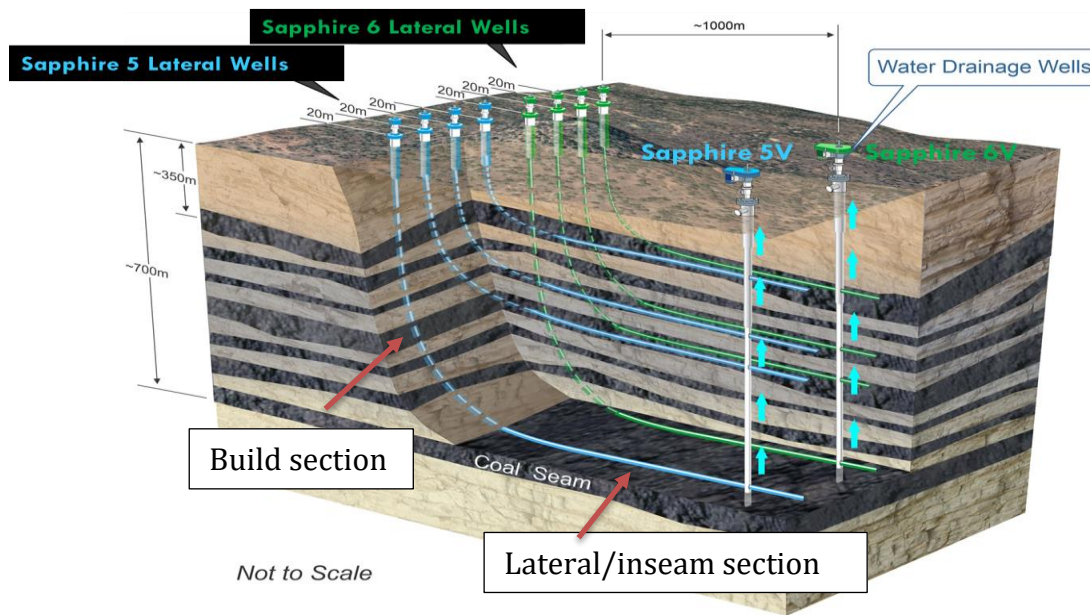


Figure 2: Schematic of Sapphire 5 and 6 pilot well configuration

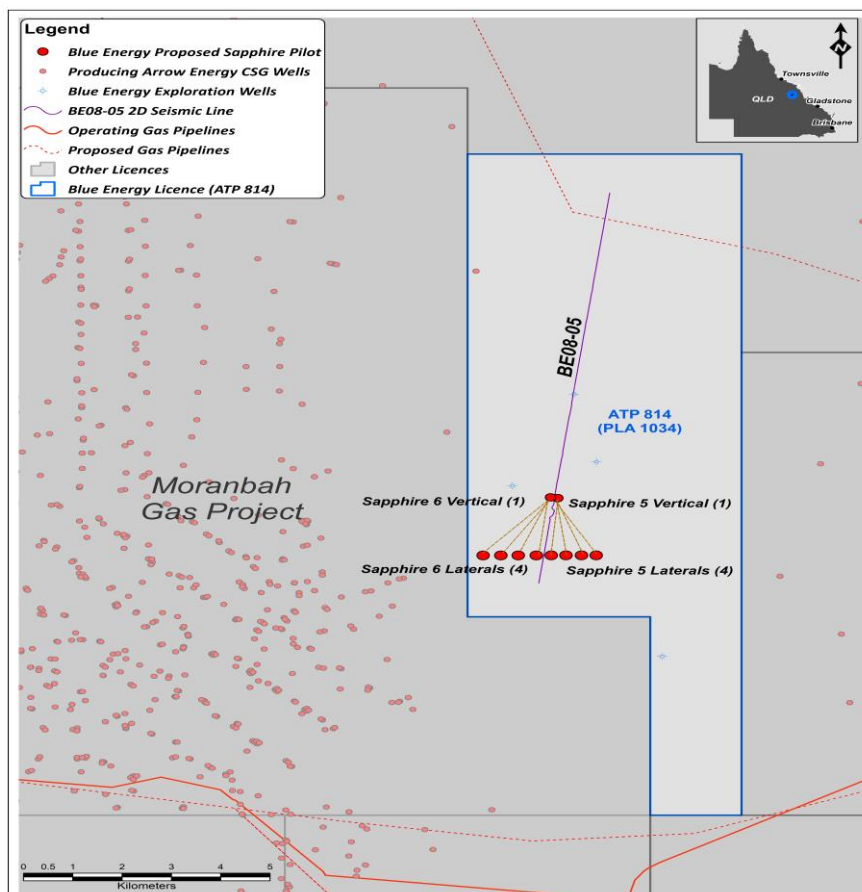


Figure 3: Plan view of Sapphire 5 and 6 Pilot well locations

The pilot well sets incorporate up to 4 separate lateral wells each accessing individual coal seams and designed to intersect a single vertical well (see figures 2 and 3). The vertical well acts as the water producer for the lateral wells, with the lateral wells able to meter and

measure the gas flow from each individual coal seam, to allow better allocation of seam specific reserves.

The planned sequence of drilling of the Sapphire 5 lateral wells (S#5 L1-L4) involves drilling the vertical and build sections of each lateral first (now almost complete) and then mobilising the specific geo-steering directional drilling crews to drill the in seam lateral sections (up to 1000 metres) for each of S#5 L1 through S#5 L4 in sequence. Utilising this method secures better efficiency of the directional drilling resources, given the laterals are each located on a common surface drill pad.

Released by Authority of the Board per:

John Phillips
Managing Director
Blue Energy Limited