



ENERGY Blue.

NOOSA MINING CONFERENCE

10 November 2022

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The estimates of Reserves and Contingent Resources noted throughout this ASX Announcement 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, 22 January 2022 and 14 July 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.

GAS CRISIS !

...but we've seen this movie before

Noosa Mining Conference 2014

Blue Energy presentation



EAST COAST DEMAND TO SOAR

Oil giants hog gas for export project

EXCLUSIVE

MATT CHAMBERLAIN
ENERGY

OIL giants Shell and PetroChina have refused to offer new domestic gas supply from their vast Queensland coal-seam gas reserves, warehousing all the gas for an LNG export project that is yet to be approved due to high Australian construction costs.

Amid concerns of a looming east coast gas shortage, it is understood the pair's Brisbane-based Arrow Energy joint venture has been approached by at least two domestic major east coast gas buyers but has been unwilling to take part in the tender process.

Instead, as it is allowed to do under state and federal government approvals, Arrow is warehousing the gas for a planned LNG export project, or collaboration with another plant at Gladstone in Queensland, at a later date when the economics are better.

This would better suit the scale PetroChina and Shell are chasing and justify the \$8 billion spent to date acquiring and studying the ground.

The situation where uncommitted gas reserves are unavailable for domestic use is frustrating Australian industrial east coast gas buyers, who face price increases and potential shortages next year as three other Gladstone LNG export projects, costing a combined \$70bn, start and rapidly triple Australia's east coast gas demand.

The Australian revealed in November that Arrow had been told by Shell and PetroChina that the LNG project could not compete with other global options and it needed to improve the project economics and look at potential collaboration.

It is understood that as well as high costs in Australia, Arrow's CSG wells, of which thousands

Map of Queensland, Australia, showing the location of Surat Basin and Arrow CSG reserves. The map includes labels for Moranbah, Rockhampton, Gladstone, Bundaberg, Dalby, Bowen Basin, and Surat Basin. A globe inset shows the location of Queensland within Australia.

would have to be drilled to supply an LNG plant, have not performed to expectations.

It is also understood Arrow is planning redundancies this year as it scales back, but speculation that half the company's 1000-plus employees could go is overstated.

Neither Shell nor Arrow – which already supplies some domestic gas under contracts signed before Shell and PetroChina bought the company – would comment on whether Arrow could supply more domestic gas or whether staff cuts were imminent.

According to an April 2013 release, Arrow has 9500 petajoules of proved and probable reserves which is enough gas to supply the entire east coast market for 10 years, or a single LNG production train for about 20 years.

Manufacturing Australia executive director Ben Eade said it was frustrating that Arrow was sitting on reserves that could be developed and were not committed to export markets, but would not even consider supplying the domestic market.

"Despite having among the world's largest gas resources, we don't have them available for industry and we are being asked to pay the world's highest prices," Mr Eade said.

"We have a looming transition period (where gas supply will lag LNG plant demand in the early years) that could be devastating for Australian manufacturers."

Continued on Page 10



More Gas Supply = Lower Prices



From 2019

Queensland Mines and Energy Minister Dr Anthony Lynham has written to his Federal counterpart today repeating his call in Parliament today for the Federal Government to investigate new gas pipelines from the Galilee and Northern Bowen basins.

Dr Lynham said the Australian Energy Market Operator had also backed new gas infrastructure in its latest [Gas Statement of Opportunities report](#)

“Australia needs new gas, and Queensland needs more pipelines to get that gas to market,” Dr Lynham said. “I’ve written to Canberra; I’ve made media statements; I’ve spoken in Parliament calling for them to invest in a pipeline. “I’m trying again, today, ahead of next week’s Budget, but I’m not hopeful.”

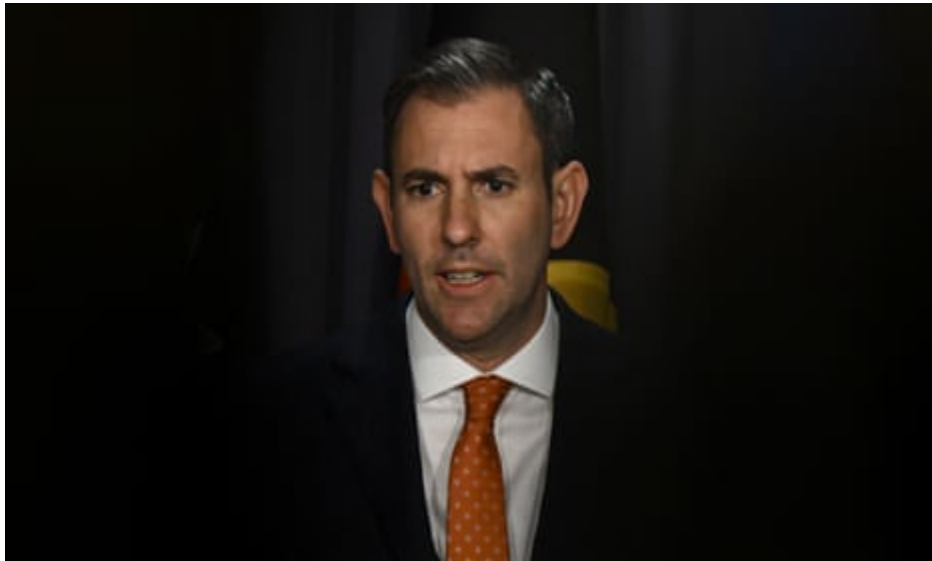
In his letter to Federal Resources Minister Senator Matt Canavan, Dr Lynham sought support for a range of actions to help address gas shortages and price issues in the eastern Australian gas market.

“It is important that we now look to the infrastructure that could bring more gas to the market,” Dr Lynham said. “The need for this work to commence is even more urgent today than when I wrote to you two years ago.”

Fast Forward to 2022

Same Problem

The
Guardian



Australia facing 'alarming' gas shortfall in 2023 as ACCC urges producers to keep supplies onshore

The treasurer Jim Chalmers says conditions in the east coast gas market are 'alarming' and the government will soon respond to the ACCC's recommendations.

Same Political Response

THE AUSTRALIAN 🇦🇺



Treasury secretary Steven Kennedy says the disruptive effects of the Ukraine war on the power market were hitting poor Australians the hardest. Picture: Gary Ramage

By PATRICK COMMINS, ROSIE LEWIS

Aa



The head of Treasury has backed direct intervention to push down coal and gas prices and redistribute the super profits earned by energy companies to poorer households, as a temporary relief measure to address soaring power bills.

The importance of Gas – it's not just electricity

Fertiliser



950,000 EAST COAST JOBS RELY ON GAS

FOOD

POWER to back up intermittent renewables



Domestic **COOKING** and **HEATING**



FEEDSTOCK for

Plastics
Pharmaceuticals
Methanol
Chemicals



INDUSTRIAL

Glass making
Brick making
Waste Incineration



Once again...More Gas Supply = Lower Prices

The North Bowen Basin has 30 years of Domestic gas supply

Blue is actively appraising and testing new gas supply in the
North Bowen Basin

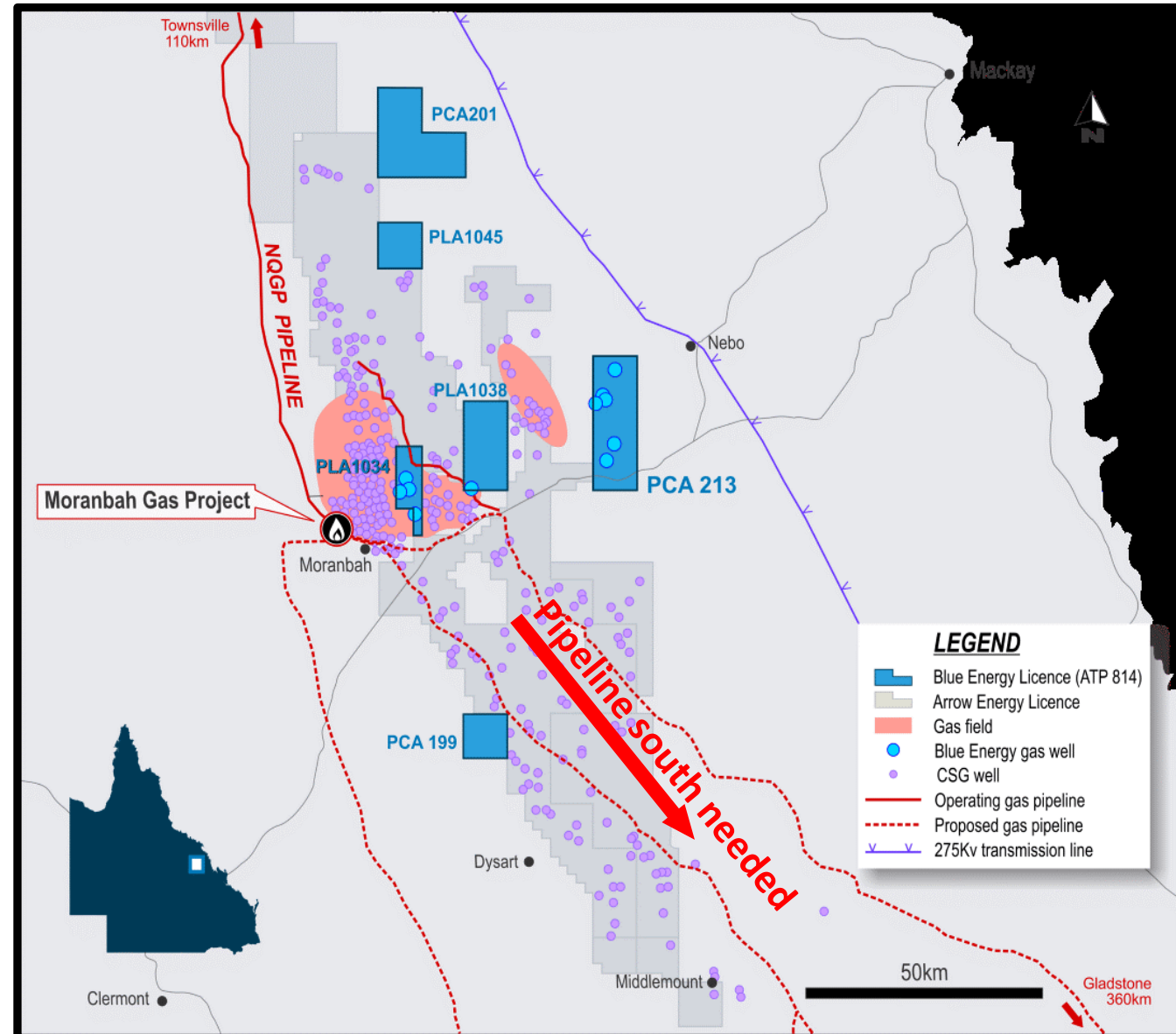
Blue raised \$20 million in July 2022 for new gas drilling

Since July, Blue has **drilled 16,111 total metres** – 7 laterals + 2 verticals

And **8,616 metres of net coal** in seam

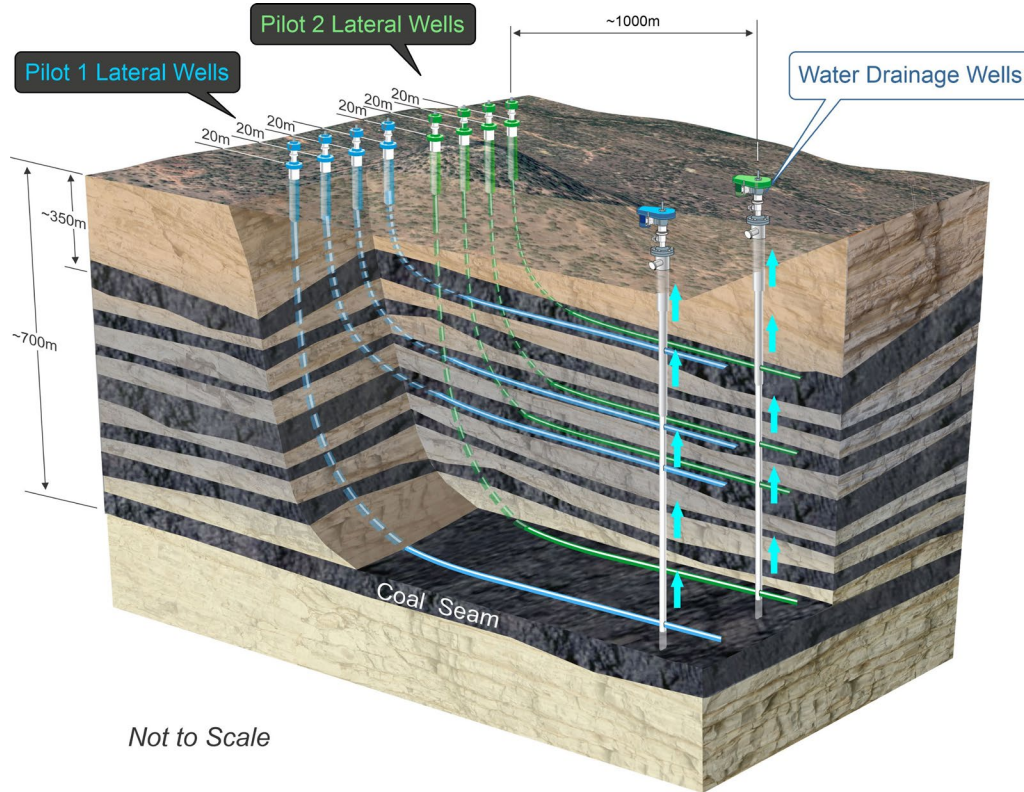
Production testing of these coals will commence in 3 weeks

North Bowen gas – long term, reliable supply



- North Bowen has ~15,000 PJ of gas resource – NSAI
- 30 years of east coast domestic gas demand
- **Blue has ~3,000 PJ of the gas resource – NSAI**
 - 8 years of east coast domestic gas demand
- Federal and State Govt doing feasibility and commercial studies for pipeline connection to east coast market
- **North Bowen Basin**
 - **Has scale** - 15,000 PJ recoverable gas resource
 - **Has been de-risked** – gas production since 2006
 - **Has low environmental impact** – cattle country with large scale open pit coal mines
 - **Has no Great Artesian Basin aquifers present**

2022 Sapphire pilot well program



The Pilot configuration is a modified chevron intercept design

- Approx 75m separation between the two vertical wells.
- Two sets of lateral wells intercepting two vertical wells.
- Gas will be produced out of the laterals, with water out of the verticals.
- Locations are optimised to straddle the seismic line and allow 1000+m of lateral per seam.
- The depth to top coal is ~ 150m at these locations with multiple seams down to 650 metres being targeted.
- Phased drilling sequence – verticals drilled first for geological control; then pilot series, with 1000+m sections to intercept with vertical wells.



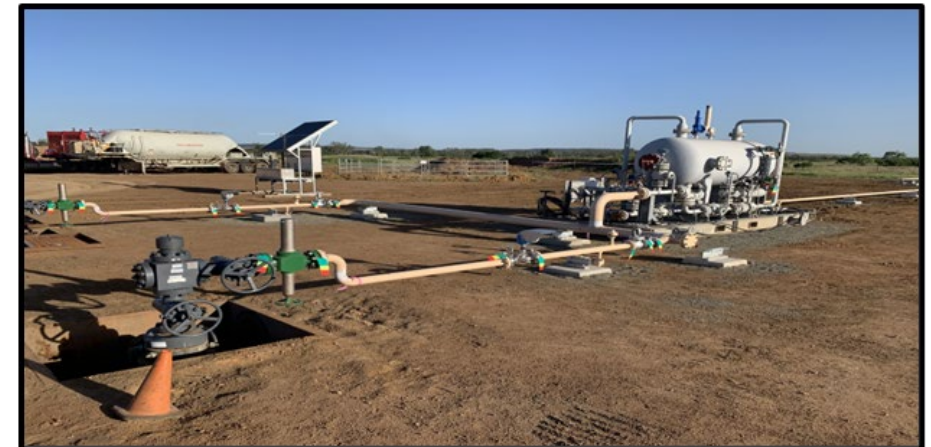
2022 Sapphire Drilling Summary

Primary Focus: technical drilling program to firm up the North Bowen Basin asset– ATP 814P (100% Blue)

- Drilled multiple Pilot wells in Sapphire
- Production testing the Pilot wells
- Establish flow rates
- Build 2P reserve base for Origin, Energy Australia and QPM gas supply agreements
- **Build the economic case for the North Bowen Gas Pipeline to Wallumbilla – New gas supply to the east coast market**

Operational Highlights

- 7 lateral wells and 2 vertical wells drilled
- **16,111 total metres drilled in Sapphire**
- **8,616 metres of net coal drilled - and ready for production testing**
- 7 lateral wells successfully intersected the vertical wells (7" target from 1.4 km away)
- Surface facilities fabricated and installed for testing of laterals
- Production testing commences in 3 weeks



Blue's Monetisation Path

Sapphire production testing will give flow rate data and upgraded 2P reserves

This bolsters Gas offtake agreements for Bowen Basin and will underpin the southern pipeline route economics

Blue's current gas supply agreements

- Origin Energy and Blue
 - ✓ Heads of Agreements for 300 PJ of gas over 10 years at Wallumbilla
- Energy Australia and Blue
 - ✓ Heads of Agreement for 100 PJ of gas over 10 years at Wallumbilla
- Queensland Pacific Metals and Blue
 - ✓ MoU for 112 PJ of gas over 15 years delivered to Townsville

Total Blue Bowen gas under supply agreement = 512 PJ (4,000 PJ Contingent Resource uncontracted)

Wallumbilla daily spot gas price (at 7/11/22) = A\$23.00/GJ (A\$23.0 million/PJ)

Blue has the reserves, the gas contracts and is low cost and agile

Corporate Reserves and Resources

Permit	Block	Date	Method	Certifier	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P	Whole Permit	22/01/2022	SPE/PRMS	NSAI	0	90	0	194	0	398
ATP813P	Whole Permit	29/10/2014	SPE/PRMS	NSAI	0	0	0	61	0	830
ATP814P	Sapphire	14/07/2022	SPE/PRMS	NSAI	0	154.3	66.5	213.9	253.2	214.1
ATP814P	Central	5/12/2015	SPE/PRMS	NSAI	0	50	12	99	75	306
ATP814P	Monslatt	5/12/2015	SPE/PRMS	NSAI	0	0	0	619	0	2,054
ATP814P	Lancewood	5/12/2015	SPE/PRMS	NSAI	0	5	0	23	1	435
ATP814P	Hillalong	27/02/2019	SPE/PRMS	NSAI	0	0	0	182	0	237
ATP814P	South	30/06/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
Total (PJ)					0	314.3	78	1,418	335	4,504

*All numbers are net to Blue Energy



Questions?