

31 July 2023

Gas Reserves Review and Resources Upgrade:

Blue increases Lancewood and Central Block Contingent Gas Resources

Blue Energy Limited (ASX: BLU, 'Blue Energy', 'Blue' or 'the Company') is pleased to report that the independent reserve and resource certifier, Netherland Sewell and Associates Inc (NSAI) of Dallas, Texas, has upgraded its estimates of gas resources in Blue's 100% owned and operated Lancewood and Central Blocks both of which are located in Authority to Prospect (ATP) 814. ATP 814 is located in the North Bowen Basin, Queensland.

NSAI is currently still assessing the reserves and resource estimates for the Sapphire Block of ATP 814, following the drilling of the Sapphire 5 & 6 Pilot wells in 2022. The results of this review are expected in the next few weeks.

Summary of resource upgrades for Lancewood and Central Block (PJ of recoverable gas)

- **Lancewood:**
 - Increase in 3C Contingent Resource to 573 PJ (+32%)
- **Central**
 - Increase in 3C Contingent Resource category of to 469 PJ (+53%)
 - Reassignment of 75 PJ of 3P Reserves to Contingent Resources

Table 1: Summary of reserve and resource changes for Lancewood Block (PJ of recoverable gas))

Permit	1P (PJ)		2P (PJ)		3P (PJ)		1C (PJ)		2C (PJ)		3C (PJ)	
	new	*old	new	*old	new	*old	new	*old	new	*old	new	*old
ATP 814P, Lancewood Block, Qld	–	–	–	–	0	1	203.2	5.0	232.8	23.0	573.1	435.0
% change	–	–	–%	–	-100.0%	–	+3,964%	–	+912%	–	+317%	–

Source: NSAI, Blue Energy.

Table 2: Summary of reserve and resource changes for Central Block (PJ of recoverable gas)

Permit	1P (PJ)		2P (PJ)		3P (PJ)		1C (PJ)		2C (PJ)		3C (PJ)	
	new	*old	new	*old	new	*old	new	*old	new	*old	new	*old
ATP 814P, Central Block, Qld	–	–	0	12	0	75	39.1	50.0	111.1	99.0	469.4	306.0
% change	–	–	-100%	–	-100.0%	–	-21.8%	–	+12.2%	–	+53.4%	–

NSAI undertook these reviews as part of a broader gas reserve and resource update (including the Sapphire Block) of ATP 814. Blue has made application to the Qld Government to convert the existing Lancewood and Central Block Production Licence Applications (PLA 1038 and 1045) to Potential Commercial Area Applications, as management and the Board considered it more prudent to allocate company resources at this time to the Sapphire Production Licence Application. The NSAI review incorporates regional geological data from adjacent licences and current path to market options.

NSAI conducted the assessment, and classified the resources and reserves, using the current Society of Petroleum Engineers – Petroleum Resources Management System (SPE–PRMS) (2018 Update), together with technical geological data relating to coal seam thickness, coal seam depth, gas content data, seam continuity data and production data from the adjacent activity to the Sapphire Block.

Table 3: Summary of aggregate changes to reserves and resources in ATP 814

Permit	1P (PJ)		2P (PJ)		3P (PJ)		1C (PJ)		2C (PJ)		3C (PJ)	
	new	*old	new	*old	new	*old	new	*old	new	*old	new	*old
ATP 814P, All Blocks,	–	–	66.5	78.5	260.0.2	335.2	411	224.3	1385	1163.9	3577	3276.4
% change	–	–	-15.3%	–	-22.4%	–	+83.0%	–	+19%	–	+9%	–

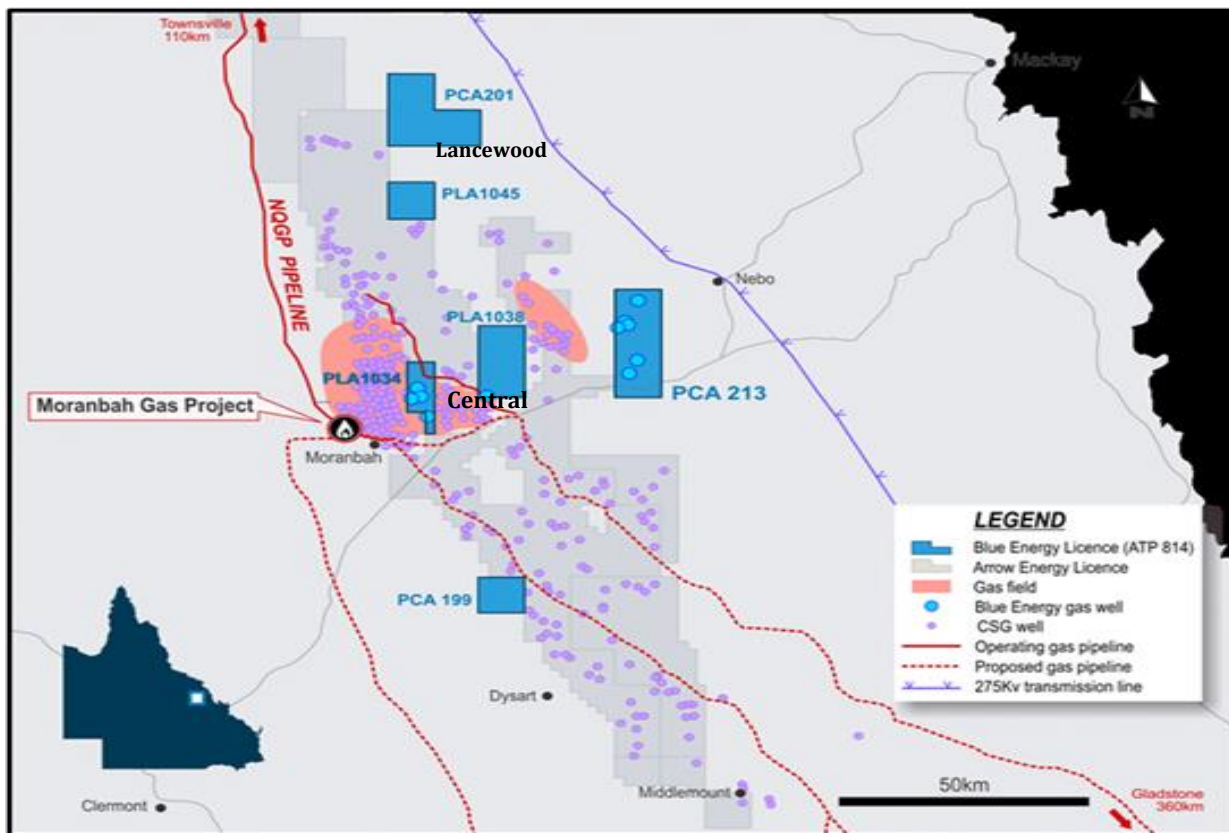


Figure 1: Blue Energy acreage position in the North Bowen and Sapphire Lancewood and Central Blocks

APPENDIX 1 – ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 5 OF THE LISTING RULES**Listing Rules 5.31 - 5.36***Listing Rules 5.32 and 5.34*

A large range of technical geological and production data has been obtained over a wide area, particularly within the proximity of the Sapphire Block, Central and Lancewood Blocks, including the results of the recent Sapphire Pilot appraisal drilling program in order to understand the technical and commercial nature of this resource.

NSAI utilised public data from adjacent producing gas fields to assess and estimate the gas reserve and resource quantities in Blue Energy's ATP 814.

The proximity to existing infrastructure consists of a large producing well field, gas gathering, gas conditioning and compression facilities and connection to the Moranbah–Townsville pipeline, which has supplied gas to the Townsville market since 2006. This information has also been utilised by NSAI in the estimation of the economic thresholds for Blue Energy's gas reserves and resources.

Since the most recent Reserves and Contingent Resources review on 11 July 2022, a series of Sapphire Pilot Appraisal wells have been drilled, the geological data from which has been incorporated in the current assessment by NSAI.

The review of Reserves and Contingent Resources have been prepared by NSAI utilising a deterministic estimation method.

LR 5.31.6: The Company is not aware of any key social or economic concerns that need to be resolved for development to proceed.

LR 5.31.7 and LR 5.33.5: The estimates reported include unconventional petroleum reserves. The details of the project area, the method of extraction and number of wells that may be required are not yet finalised.

Listing Rule 5.32

Since the reserves for the Sapphire Block were last reported the market on 14 July 2022, the following data or information has been secured, enabling an upgrade of the reserves and resources. The changes include the following:

- Coal Overburden and Coal Net Thicknesses from the new Sapphire Pilot wells have been incorporated into the estimates across the areas.
- regional geologic features have been incorporated with more clarity.
- Gas Content and Recovery Factor calculations have been adjusted for regional historical trends.

Listing Rule 5.31.5 and 5.33.2

The Reserves and Contingent Resources which are reported herein have been estimated using the deterministic method, with classification and categorisation based on incremental well spacing concepts. The estimates have not been adjusted for development risk.

Listing Rules 5.33.3 and 5.33.5

The Reserves and Contingent Resources which have been certified by NSAI for ATP 814 are based upon the incorporation of additional technical data by the independent certifier NSAI, from Blue's recent drilling and regional

geologic and production interpretations, to establish the commercial viability of project development and commitment to develop the Sapphire Block resources and revision of Central and Lancewood contingent resource estimates.

If the contingencies are successfully addressed, further parts of the Contingent Gas Resources may be reclassified as reserves in due course. The estimates of Contingent Resources have not been risked to account for the possibility that the contingencies are not successfully addressed.

The estimates reported relate to unconventional petroleum reserves. The details of the project block areas, the method of extraction and number of wells that may be required are not yet finalised. The Contingent Resources estimated have been prepared in accordance with the definitions and guidelines set forth in the SPE–PRMS 2018.

Listing Rule 5.33.4

The report does not identify that the Contingent Resources are contingent on technology that remains under development.

Listing Rule 5.32 and 5.34

The Company confirms that it is not aware of any other information or data, other than that disclosed in this announcement and which has been provided to NSAI for the purposes of preparing the estimate of the Contingent Resources, that materially affects the information included in the original announcement relating the Central Block and Lancewood Block of ATP 814 (ASX:BLU 8 December 2015) plus this announcement and that all of the material assumptions and technical parameters underpinning the estimates in the original announcements continue to apply.

Table 4: Blue Energy Updated Reserves and Resources Table at 31 July 2023

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	11/07/2022	14/07/2022	-	154.0	66.5	213.9	253.2	214.0
ATP814P	Central	11/07/2023	31/07/2023	-	39	-	111	-	469
ATP814P	Monslatt	5/12/2015	8/12/2015	-	-	-	619	-	2,054
ATP814P	Lancewood	11/07/2023	31/07/2023	-	203	-	232	-	573
ATP814P	Hillalong	27/02/2020	27/02/2020	-	-	-	182	-	237
ATP814P	South	30/06/2013	29/07/2013	-	15	-	27	6	30
Total (PJ)				-	501	67	1,640	260	4,804

Source: NSAI, Blue Energy.

*Listing Rule 5.42 Disclosure

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, 14 July 2022 and 31 July 2023. 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.

Listing Rule 5.43: 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