

31 October 2023

QUARTERLY ACTIVITIES REPORT to 30 September 2023

Blue Energy Limited (ASX: BLU, ‘Blue Energy’, ‘Blue’ or ‘the Company’) is pleased to report on activities during the quarter ended 30 September 2023 across its exploration acreage in Queensland and the Northern Territory, in which the Company’s key gas and oil projects are located.

KEY HIGHLIGHTS

- Sapphire Status: Sapphire pilot well production test program going through a pressure build up process. Repair work on oil cooling pump scheduled to be completed by 3 November upon which production testing will re-commence.
- Second Research and Development rebate claim lodged with Austrade and the Australian Tax office.
- Blue increased Sapphire Block 2P Reserves by 36% and Contingent Resources by 19%
- Origin and Blue refresh 10 year gas supply Heads of Agreement.
- Appointment of John McCreery to the Blue Energy Board.
- Qld Government Bowen Basin Gas Pipeline Study – Phase 2 completed – Finding – an opportunity for Government to support industry.
- Geoscience Australia acquired regional 2D seismic data in the Wiso Basin area of the Northern Territory, some of which is within Blue’s tenement areas.
- Lodgement of Appeal by Environmental Advocacy in CQ against award of Environmental Authority granted to Blue. Initial Land Court directions hearing held.
- Federal Government releases Future Gas Strategy Plan consultation paper and invites submissions.

Sapphire pilot well production test program preparing to resume following maintenance.

A Pressure Build Up survey to assess the pressure connectivity between the Sapphire 5 and Sapphire 6 Pilot wells was conducted between 9 August and 26 August. Dewatering recommenced on 26 August 2023 but with all lateral gas production wells remaining shut in. This procedure was designed to repressure the coal faces and attempt to alter the relative permeability of the coal in preference to gas rather than water (flood the zone with gas and push back any in-situ water the coal formation). This enhanced relative permeability to gas should then result in optimised gas flow. Repair work on an oil cooling pump is scheduled to be completed by 3 November upon which production testing will re-commence.

Research and Development Claim

As forecast in the June 30 Quarterly report (released to the market 31 July 2023) the initial R&D claim representing Sapphire Pilot drilling planning phase expenditure incurred in the 2021-2022 financial year was accepted by the ATO and Blue has received the sum of \$275,425 from the ATO as a rebate for Research and Development eligible activity expenditure. The second (and more substantive) R&D claim covering the larger quantum of drilling activity has been lodged with Austrade and the ATO.

Sapphire Block North Bowen Basin Reserves and Resources Upgrades

Following completion of the 2022 Sapphire pilot drilling campaign, the resulting geological well data was submitted to the Company's independent reserve certifier Netherland Sewell and Associates Inc (NSAI) of Dallas Texas. NSAI has worked through the dataset and subsequently upgraded the reserves and resources allotted for the Sapphire Block (part of ATP 814).

As announced 11 October 2023 the 2P and 3P gas reserves have been increased to 91 PJ and 287 PJ respectively. The increase in Sapphire 2P reserves reflects 80% of total envisaged gas supply volume required under the non-binding MoU between Queensland Pacific Metals (QPM) and Blue (non-binding HoA for 112 PJ over 15 years) See Table 1

Importantly, the Contingent Resources for Sapphire have increase to 256 PJ. This brings the aggregate 3P+2C gas resource in Sapphire to 543 PJ of recoverable gas (Table 1)

The Sapphire Block is located 3 kilometres from the Node 3 Compressor of the Moranbah Gas Project which is owned and operated by Queensland Pacific Metals Energy (QPME).

| 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, Sapphire Block, Qld | – | – | 90.7 | 66.5 | 287.0 | 253.2 | 171.2 | 154.3 | 251.7 | 213.9 | 256.0 | 214.4 |
| % change | – | – | +36.4% | – | +13.0% | – | +11.0% | – | +17.7% | – | +19.4% | – |

Table 1: Sapphire Block ATP 814; NSAI Reserve and Contingent Resource assessment

These reserve and resource additions in the Sapphire block lift the ATP 814 aggregate as follows:

| Permit | Block | Date | Method | Certifier | 1P (PJ) | 1C (PJ) | 2P (PJ) | 2C (PJ) | 3P (PJ) | 3C (PJ) |
|-------------------|-----------|------------|--------------|-----------|---------|---------|---------|---------|---------|---------|
| ATP814P | Sapphire | 9/10/2023 | SPE/PRMS Det | NSAI | – | 171.2 | 90.7 | 251.7 | 287.0 | 256.0 |
| ATP814P | Central | 31/07/2023 | SPE/PRMS Det | NSAI | – | 39 | – | 111 | – | 469 |
| ATP814P | Monslatt | 8/12/2015 | SPE/PRMS Det | NSAI | – | – | – | 619 | – | 2,054 |
| ATP814P | Lancewood | 31/07/2023 | SPE/PRMS Det | NSAI | – | 203 | – | 232 | – | 573 |
| ATP814P | Hillalong | 27/02/2020 | SPE/PRMS Det | NSAI | – | – | – | 182 | – | 237 |
| ATP814P | South | 29/07/2013 | SPE/PRMS Det | NSAI | – | 15 | – | 27 | 6 | 30 |
| Total (PJ) | | | | | – | 428 | 91 | 1,423 | 293 | 3,619 |

Table 2: ATP 814 Aggregate Gas Reserves and Contingent Resources post NSAI assessment (Sapphire re-assessment still underway)

Origin and Blue refresh 10 year gas supply Heads of Agreement

Blue Energy and Origin Energy Limited have refreshed the existing non-binding Heads of Agreement (HOA) between the parties for the supply of up 300 PJ of gas at Wallumbilla over 10 years from Blue Energy's Northern Bowen Basin ATP814 coal seam gas tenure. The original agreement was executed and announced to the market on 19 March 2021.

The terms of the renewal of this agreement reflect similar supply terms to the March 2021 agreement.

Key Points

Annual Contract Quantity: 20-30 PJ per annum
Term: 10 years
Indicative Start Date: 2027

Changes to the Blue Energy Board

The Board of Blue has appointed Mr John McCreery as new non-executive director, effective from 1 December 2023.

Mr McCreery is an Engineer by profession and following an initial technical operating career in the North Sea and Middle East with Shell he entered the management consultancy sector spending the last 25 years in senior, principal and partner roles with major international consultancies based in London, Singapore, Houston and Sydney and with oversight in the areas of global M&A, Strategic Review, Board Advisory and organisational change.

Qld Government Bowen Basin Gas Pipeline Study – Phase 2 completed.

Phase two of the ongoing Bowen Basin Gas Pipeline Study funded by Government and managed by KPMG (with input from NSAI and GHD) was recently released by the Qld Department of Resources.

The key findings of this phase of the study are:

- Bowen Basin gas strengthens the resilience of the East Coast Gas Market.
- Development of Bowen Basin gas could address forecast East Coast gas shortfalls.
- Capture of mine methane, whilst currently challenging, would reduce the Basin's fugitive coal mine emissions.
- Development of Bowen Basin Gas would benefit the local Queensland economy and the national domestic and industrial gas supply as well as playing an important role in transitioning to a future low emissions energy network.
- That there is an opportunity for Government to support industry to enable the development of a pipeline that unlocks the Bowen Basin

Geoscience Australia acquired regional 2D seismic data in the Wiso Basin area of the Northern Territory and within Blue's tenement areas.

Geoscience Australia (GA) has independently acquired 2D regional scale seismic data in the Wiso Basin (overlays the Birrindudu Basin), and which in some cases overlaps Blue Energy's tenements. This seismic acquisition program is part of a national "Exploring for the Future" seismic acquisition program. The data was acquired by GA in September 2023 and is of great interest to Blue as it will assist in establishing a regional geological and structural framework in the area where there is currently very little data.

See Figures 3 & 4 following.

Environmental Authority ATP 814

As referenced in the June quarterly activities report, the Queensland Department of Environment and Science (DES) confirmed its award of an Environmental Authority (EA) with standard conditions to Blue Energy for its proposed activities in ATP 814. Upon an objection from the environmental activist group, Lock the Gate, DES reviewed its internal assessment and review processes conducted on Blue's standard condition EA application. Having completed that review in July the DES confirmed that its internal processes were sound and the basis of its original decision to award Blue Energy its EA was confirmed.

Notwithstanding that proper process and decision making was undertaken by DES and that extensive supporting materials that Blue submitted for that process were sufficient to grant a standard condition EA, the Environmental Advocacy in Central Queensland Inc lodged an appeal in the Qld Land Court regarding the decision by the Queensland Government (DES) to award the EA to Blue Energy.

Blue has been joined as a party to the appeal by the EDO as Blue is an interested party being the beneficiary of the EA granted to it. Blue Energy is awaiting details of the specific issues for the appeal, and time frame for the appeal and therefore the level of legal representation and expert witnesses necessary for the case. A directions hearing for the matter which should confirm the timeline and matters in dispute is set for November 16th.

Federal Government releases Future Gas Strategy Plan consultation paper

The Hon Madeleine King, Minister for Resources and Minister for Northern Australia released a consultation paper on October 3 inviting submissions from interested parties on the Future Gas Strategy Plan.

The strategy's key objectives are to:

- support decarbonisation of the Australian economy.
- promote Australia's energy security and affordability.
- enhance Australia's reputation as an attractive trade and investment destination.
- help our trade partners on their own paths to net zero.

ACTIVITY IN PROVEN BASINS

Bowen Basin, Queensland: ATP 814 (Blue Energy 100% and Operator)

The geological data acquired from the 2022 Pilot well drilling campaign in the Sapphire Block have been interpreted and incorporated by Netherland Sewell and Associates (NSAI). As described earlier, the 2P and 3P reserves for Sapphire have increased to 91PJ and 287 PJ respectively. The gas resource base (recoverable gas) for Sapphire (Contingent Resources) have increased to an aggregate of 256 PJ (3C category) as depicted in Table 1).

The Sapphire Pilot drilling program was completed late last year and the production testing phase has been underway since February. During the period, the gas rate from the Pilot reached 140,000 standard cubic feet per day and water rate was approximately 200-250 barrels per day.



Figure 1: Provisional pipeline route for tie into QPME's Moranbah Gas Project low pressure network

A Pressure Build Up survey to assess the pressure connectivity between the Sapphire 5 and Sapphire 6 Pilot wells was conducted between 9 August and 26 August. Dewatering recommenced on 26 August 2023 but with all lateral gas production wells remaining shut in. This procedure was designed to repressure the coal faces and attempt to alter the relative permeability of the coal in preference to gas rather than water (flood the zone with gas and push back any in-situ water the coal formation). This enhanced relative permeability to gas should then result in optimised gas flow.

During this latter process it was established that the surface pump unit on Sapphire 6V was tripping out due to overheating of the oil intercooler. The current situation is that the oil cooling unit on the surface Hydraulic Pump Unit on Sapphire 6V is now being changed out. This procedure should be completed and following testing of these repairs, the pumping on Sapphire 6V should be re-instated **by week ending Friday 3 November at which time production testing will re-commence.**

The Sapphire Pilot is within the PL 1034 production licence application area, which is located immediately adjacent to the Moranbah Gas Project (MGP). The MGP is a producing gas field which was recently acquired by Queensland Pacific Minerals Energy (QPME). Blue Energy has an existing non-binding MoU to supply gas to the proposed QPM (parent entity to QPME) Nickel refinery in Townsville. With the acquisition of the MGP by QPME, there is alignment between QPME and Blue Energy for the Company to utilise MGP infrastructure to fulfil the supply agreement to the proposed QPM Townsville plant. Reflecting this alignment, Blue and QPME executed a non-binding MoU to supply pilot gas to the MGP from the Sapphire Pilot via a proposed pipeline from Sapphire Pilot location to the Node 3 compressor station within the Moranbah Gas field (Figures 1).

As earlier advised Blue was granted a Site-Specific Environmental Authority (EA) for the PL 1034 application by the Queensland Department of Environment and Science. This EA will cover the proposed development of the PL 1034 gas resource and is a requirement for grant of the Production Licence.

Blue also requires a Native Title Agreement to be executed over the area of a PL, to allow the State to award the lease. Blue is presently in negotiations with the prescribed representative of the Traditional Owners for the relevant area of PL 1034. As also previously advised to the market and recently

updated, The Environmental Defender’s Office has lodged an appeal with the Land Court, of the DES decision to award the EA.

Surat Basin, Queensland: ATP 854 (Blue Energy 100% and Operator)

As reported in previous Quarterly reports Blue has lodged PCA applications over this permit area to allow this tenure to progress toward assessing and developing the potential economic gas resources identified by Blue’s exploration drilling work in the permit to date. Blue continues to work with the Queensland Government to secure grant of these PCAs.

Blue has recorded 398 PJ⁺ of Contingent Resources in ATP 854 as assessed by NSAI. The gas resource is located near the heart of the CSG–LNG Surat Basin gas supply precinct and has gas pipeline infrastructure linking Wallumbilla to Gladstone running directly through the permit (Figure 4 below).

⁺ see Listing Rule 5.42 Disclosure at page 9.

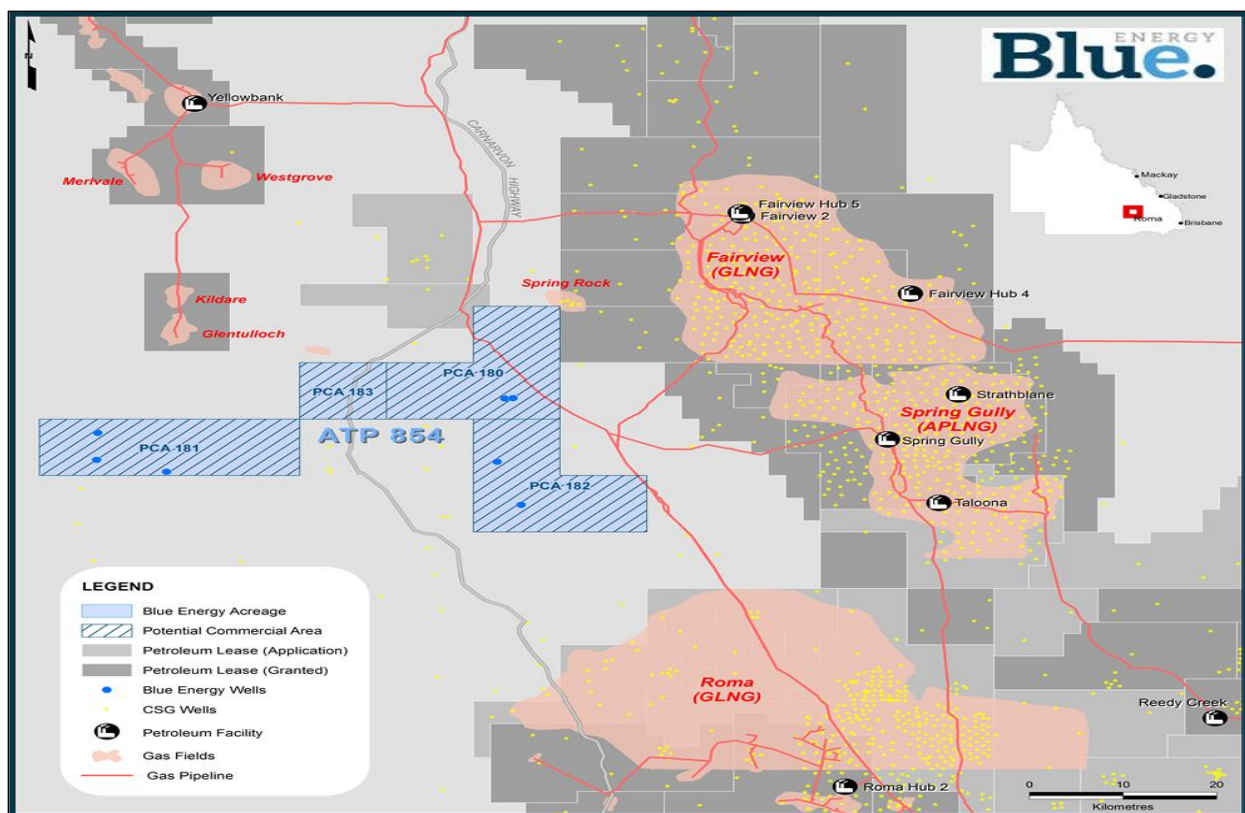


Figure 2: Location of ATP 854 in relation to existing pipeline infrastructure and major gas fields.

Source: Blue Energy.

ACTIVITY IN EMERGING BASINS

Greater McArthur Basin, Northern Territory: (Various permits and equity levels, Blue Energy Operator: see Figure 6)

Blue has lodged the Environmental Management Plan (EMP) for the acquisition of 2D regional seismic in EPs 200, 205 and 207. The EMP incorporates the results of the on ground survey work undertaken by Blue Energy which looked at the flora and fauna aspects of the survey line locations and access points of the proposed seismic line locations. Blue continues to work with the relevant Northern Territory Government departments to progress the EMP to approval.

Geoscience Australia (GA) has independently acquired 2D regional scale seismic data in Wiso Basin (Birrindudu Basin) and which in some cases overlaps Blue Energy’s tenements. This seismic acquisition program is part of a national “Exploring for the Future” acquisition program. The data was acquired by GA in September 2023 and is of great interest to Blue as it will assist in establishing a regional geological and structural framework in the area where there is currently very little data. See Figure 5

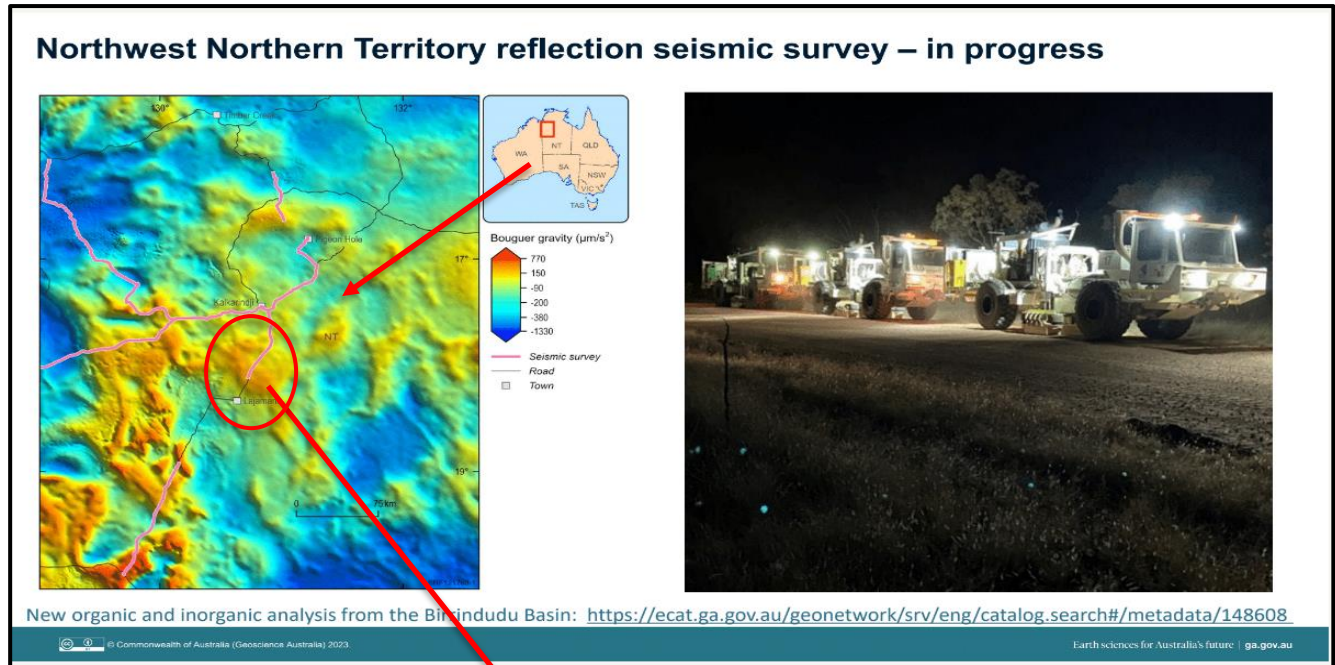


Figure 3 – location of Geoscience Australia Seismic Survey, part of the Exploring for the Future national program

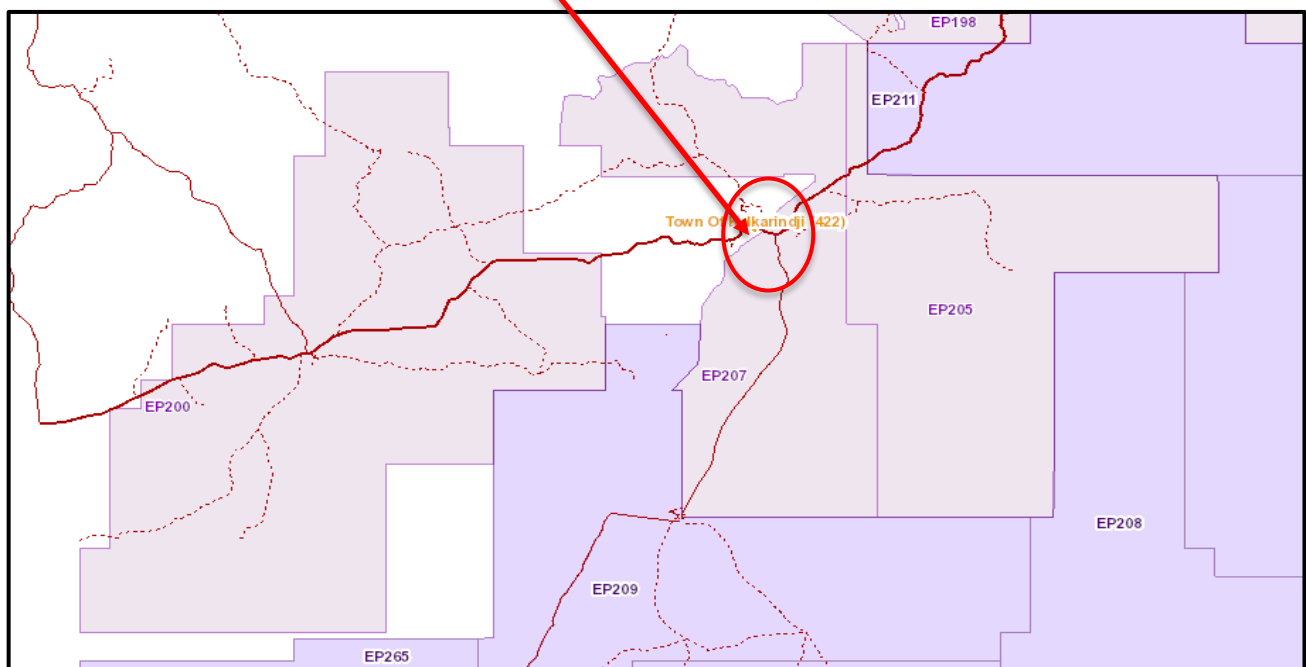


Figure 4: Map of Blue Energy’s EP 200, 205 and 207 with town of Kalkarindji identified for reference to Figure 3

As previously advised Blue has sought and been granted a Suspension and Extension of the EP 200, 205 and 207 tenures and work programs to reflect the delays in approval processes experienced on the work programs in these tenures,

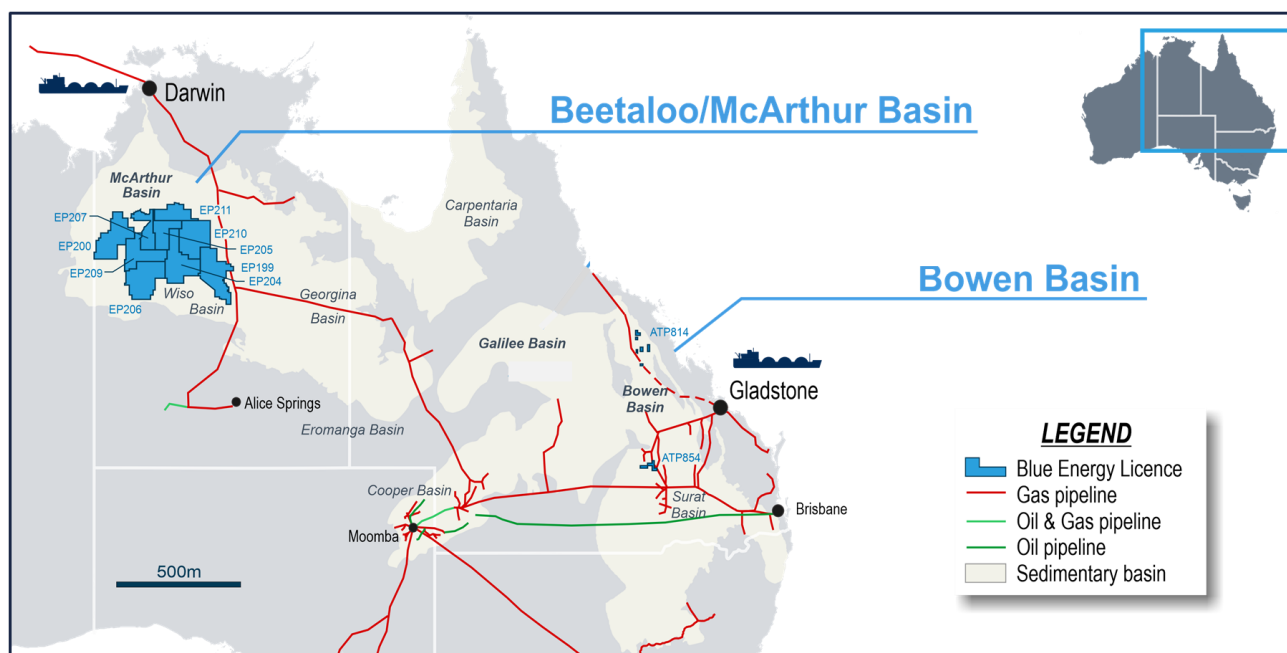


Figure 5: The Blue Energy exploration asset portfolio Source: Blue Energy.

Galilee Basin, Queensland: ATP 813 (Blue Energy 100% and Operator)

In February 2018 Blue had lodged 9 separate PCA applications with the Qld Department of Resources as a result of gas discoveries made in each of the 6 CSG core holes drilled by Blue in the exploration phase of the ATP 813 tenure.

The Department informed Blue during the quarter that it had made the decision to decline all of the PCA applications in total on the basis that it is not satisfied that petroleum production in the Galilee Basin area covered by Blue's proposed PCA applications would be likely to become commercially viable within the next 15 years.

Blue's economic assessment of the PCA areas suggested positive economic viability within the term of the PCA's based on current gas prices, aggregated infrastructure construction to connect to the east coast market and using "common user" principles for gas pipeline access.

Notwithstanding the Department's decision to decline the PCA Applications, and Blue's right to appeal that decision in the land Court, the Board has elected not to appeal the Department's decision. As a consequence, the ATP 813 tenure has lapsed.

June Quarter Exploration Expenditure Summary

During the Quarter, and as noted in Section 2.1 (d) of the Appendix 5B Form (appended to this Quarterly Activity report), the company expended \$0.975 million on exploration and evaluation activities.

This total is comprised of general exploration expenditure (Tenement access, Tenure administration and Tenure management) together with Sapphire Pilot well activities (equipment hire, fuel, consumables, labour hire), resource assessment costs plus labour and overhead costs charged to the Sapphire Project

CORPORATE

Cash position

Cash on hand (at 30 June 2023) was A\$1.17 million. The Company has nil debt.

Blue has made application to the Australian Tax Office and Austrade for the second of two Research and Development rebates This first R&D rebate claim covers the planning phase of the 2022 Sapphire Pilot program (conducted in the 2021/22 FY). A rebate amount of \$275,245 for this claim was received during the period The second R&D claim covering the execution phase of the Sapphire Pilot drilling program conducted in FY 2022/23 has been lodged with Austrade and the ATO.

Blue's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in Item 6.1 which constitutes Non-executive Directors' fees for the quarter. The aggregate amount of payments to related parties and their associates for the June quarter (shown in Items 6.1 and 6.2 of the attached Quarterly Cashflow Report) relates to cash fees paid to all Directors (including salaries paid to the Executive Chairman and Managing Director).

| Permit | Block | Date | Method | Certifier | 1P (PJ) | 1C (PJ) | 2P (PJ) | 2C (PJ) | 3P (PJ) | 3C (PJ) |
|-------------------|-----------|------------|--------------|-----------|---------|------------|-----------|--------------|------------|--------------|
| ATP854P | | 25/01/2022 | SPE/PRMS Det | NSAI | - | 90 | - | 194 | - | 398 |
| ATP814P | Sapphire | 9/10/2023 | SPE/PRMS Det | NSAI | - | 171.2 | 90.7 | 251.7 | 287.0 | 256.0 |
| ATP814P | Central | 31/07/2023 | SPE/PRMS Det | NSAI | - | 39 | | 111 | | 469 |
| ATP814P | Monslatt | 8/12/2015 | SPE/PRMS Det | NSAI | - | - | - | 619 | - | 2,054 |
| ATP814P | Lancewood | 31/07/2023 | SPE/PRMS Det | NSAI | - | 203 | - | 232 | | 573 |
| ATP814P | Hillalong | 27/02/2020 | SPE/PRMS Det | NSAI | - | - | - | 182 | - | 237 |
| ATP814P | South | 29/07/2013 | SPE/PRMS Det | NSAI | - | 15 | - | 27 | 6 | 30 |
| Total (PJ) | | | | | - | 518 | 91 | 1,617 | 293 | 4,017 |

Table 3: Blue Energy gas reserves and resources (net) as at 31 October 2023*

*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, 22 January 2022, 14 July 2022, 11 July 2023 and 11 October 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.

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 814 or 854 referred to in this report and that all of the material assumptions and technical parameters underpinning the estimates in this Quarterly Activities Report 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.

Table 4: Queensland petroleum tenements

| Permit | Location | Interest Held Previous Quarter | Interest Held Current Quarter |
|--------|-------------------|--------------------------------|-------------------------------|
| ATP814 | Bowen Basin (Qld) | 100% | 100% |
| ATP854 | Surat Basin (Qld) | 100% | 100% |

Table 5: Northern Territory tenements

| *Permit | Location | Interest Held Previous Quarter | Interest Held Current Quarter | Comment |
|---------|-----------------|--------------------------------|-------------------------------|------------|
| EP199A* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP200* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP205* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP206A* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP207* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP208A* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP209A* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP210A* | Wiso Basin (NT) | 10% | 10% | See Note 1 |
| EP211A* | Wiso Basin (NT) | 10% | 10% | See Note 1 |

*Exploration blocks where Blue is Operator and farming into.

Note 1: Subject to Farm-in Agreement which, upon completion of the seismic work program, will result in Blue becoming a 50% equity participant.

Released by Authority of the Board per:

John Phillips
Managing Director
Blue Energy Limited

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Blue Energy Limited

ABN

14 054 800 378

Quarter ended ("current quarter")

30 September 2023

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (10) | (10) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (156) | (156) |
| | (e) administration and corporate costs | (370) | (370) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 9 | 9 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 275 | 275 |
| 1.8 | Other (provide details if material) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (252) | (252) |

| | | | |
|-----------|---|-------|-------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | | |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) exploration & evaluation | (975) | (975) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other – proceeds from insurance claim against lost downhole equipment offset against exploration and evaluation expenditure | - | - |
| 2.6 | Net cash from / (used in) investing activities | (975) | (975) |

| | | | |
|-------------|---|----------|----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | -- | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | - |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,400 | 2,400 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (252) | (252) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (975) | (975) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,173 | 1,173 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|---|----------------------------|-----------------------------|
| 5.1 | Bank balances | 978 | 978 |
| 5.2 | Call deposits | 195 | 195 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,173 | 1,173 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|---|--|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 128 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 56 |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| | | |
|---|---|--|
| 7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| | |
|---|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (252) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) – excluding insurance recovery at item 2.5 | (975) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (1,227) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 1,173 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 1,173 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 1 |
| <i>Note: if the entity has reported positive relevant outgoings (i.e., a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: The Company's expenditure on exploration and evaluation activities in the short term is largely discretionary in nature. The Company anticipates that exploration and evaluation expenditure in the December 2023 and March 2024 quarters will be significantly less than in the September quarter as exploration and evaluation activity is reduced whilst the Company assesses the results of the Sapphire pilot testing program and pending receipt of the FY23 research and development tax incentive as noted in item 8.8.2. | |

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: During the September quarter the Company receive a Research and Development Tax Incentive rebate of approximately \$272k in relation to qualifying research and development expenditure on the Sapphire Drilling Program for FY22. The Company anticipates receiving a significantly larger Research and Development Tax Incentive rebate for FY23 in the December 2023 and March 2024 quarters.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects to be able to continue its operations and to meet its business objectives on the following basis:

- i. As noted in the response to item 8.8.1 the Company's expenditure on exploration and evaluation expenditure is largely discretionary and the Company anticipates a reduction in exploration and evaluation expenditure in the December 2023 and March 2024 quarters.
- ii. As noted in the response to item 8.8.2 the Company anticipates receiving a significant Research and Development Tax Incentive in relation to the FY23 year in the December and March quarters. The Company is in discussions to establish a loan facility secured against the rebate that will enable it to obtain early access to up to 80% of the anticipated rebate.
- iii. The Company is also confident, if necessary, and based on previous successful funding events that the Company will be able to raise funding through the capital markets

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023

Authorised by: The Board of Blue Energy Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

[name of board committee – eg *Audit and Risk Committee*]. If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.