

**Annual General Meeting**

**22<sup>nd</sup> November 2016**



# Legals

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## **Disclaimer**

This presentation may contain forward looking statements that are subject to risk factors associated with the gas and energy industry. It is believed that the expectations reflected in the statements contained within are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to price and currency fluctuations, geotechnical factors, drilling and production results, development progress, operating results, reserve estimates, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

## **Competent Person Statement**

The estimates of Reserves and Contingent Resources have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc. Mr Hattner is a full time employee of NSAI, has over 30 years of industry experience and 20 years' experience in reserve estimation, is a licensed geologist, and has consented to the use of the information presented herein. The estimates in the report by Mr Hattner have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum and Resource Management System (PRMS) approved by the Society of Petroleum Engineers (SPE), utilising a deterministic methodology.

# Your Company

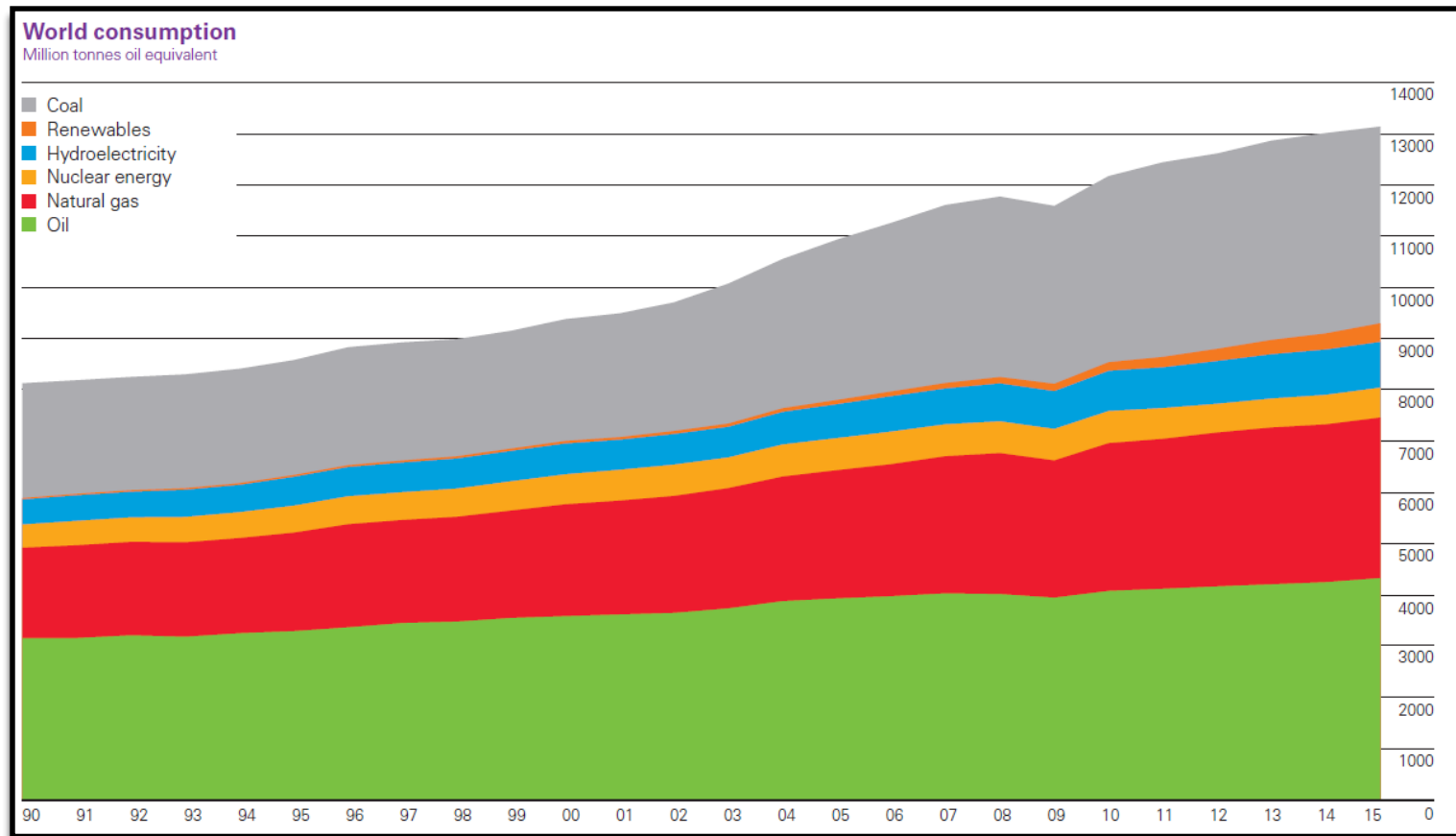
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- **Uncontracted 2P & 3P Reserves**
- **Operatorship and control**
- **Diverse portfolio – oil and gas**
- **Strong and experienced Board**
- **Low overhead**
- **Low finding cost**

| ASX Code                      | BUL                |
|-------------------------------|--------------------|
| 2P Reserves (NSAI)            | 71 Pj/Bcf          |
| 3P Reserves (NSAI)            | 298 Pj/Bcf         |
| 3C Contingent Resource (NSAI) | 3,942 Pj/Bcf       |
| Cash (1 October 2016)         | \$3.9 million      |
| Market Cap (21 November 2016) | ~\$39 million      |
| Net Acreage                   | 24.1 million acres |

# Global Energy Thematic

Increasing population = Increasing energy demand



**2.8% of world energy demand is provided by renewables**

BP Statistical Energy Review June 2016

**86% of world energy demand is provided by fossil fuel based sources**

Blue.

# Global Energy Thematic

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## Oil Facts

Global consumption = 31.75 billion barrels per annum

Proved Oil Reserves = 1,697.6 billion barrels (50% growth over 20 years)

Reserve life = 53 years (with no growth)

## Gas Facts

Global consumption: 123 TCF per annum

Proved Reserves: 6,598 TCF (56% growth over last 20 years)

Reserve life = 59 years (no growth assumed)

Developed economies can not function without hydrocarbons  
– from power to transport to plastics to fertilisers

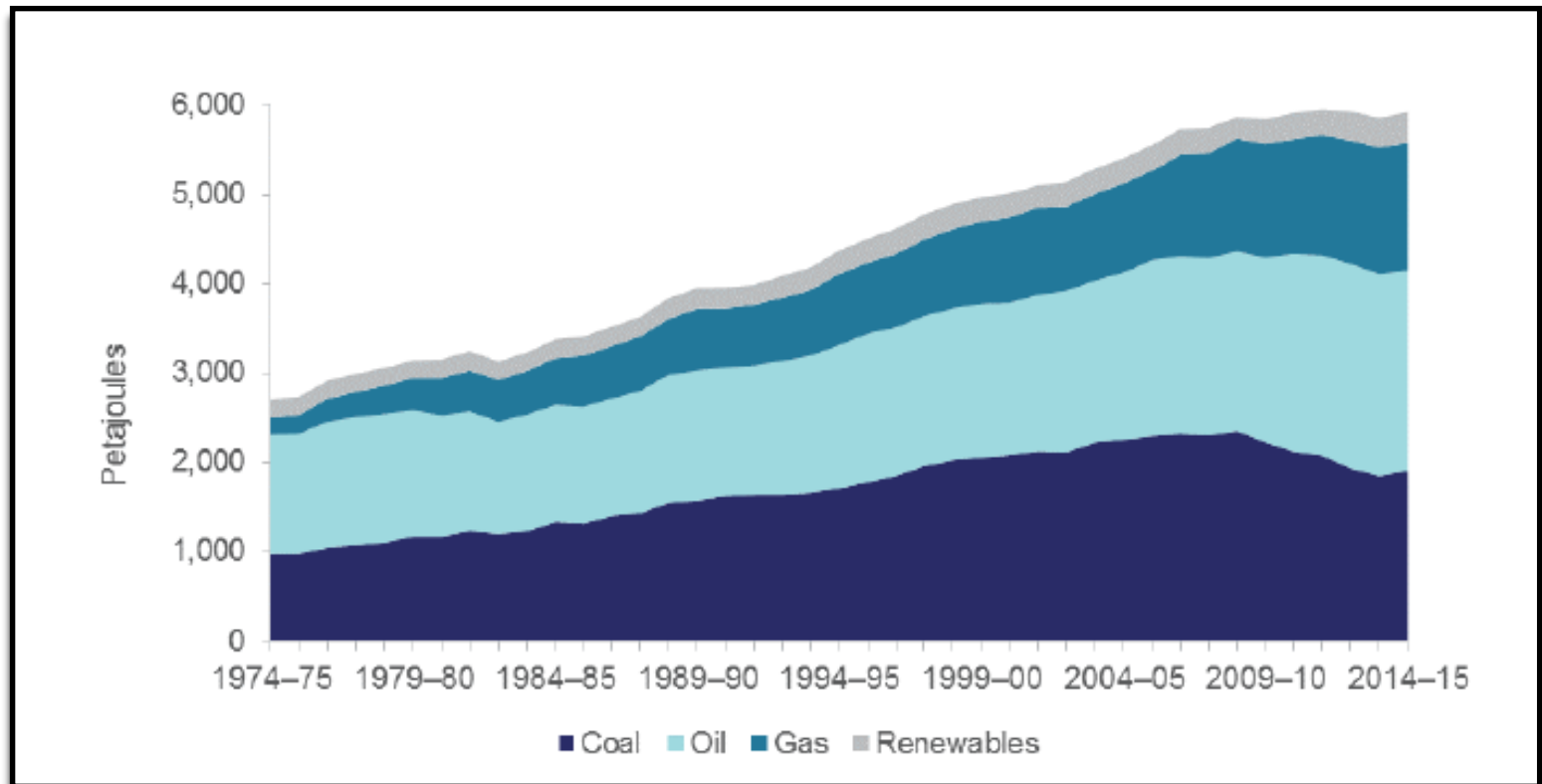
Current daily supply surplus will re balance

The lack of upstream investment will revisit us through price

Technology will continue to unlock previously uneconomic resources

# Australian Overview

## Australian Energy Consumption



data from Office of Chief Economist

**94% of energy consumed in Australia comes from fossil fuel**

**5.8% comes from Renewables**

**and 0.6% is from wind and 0.3% is from solar**

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# The Issue for Australia

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**As a nation we export our clean energy resources to the world  
...then import all our fuels to drive our transport fleets and the  
economy**

**With Vision**

**Australia could become energy independent**

# The Issue for Eastern Australia

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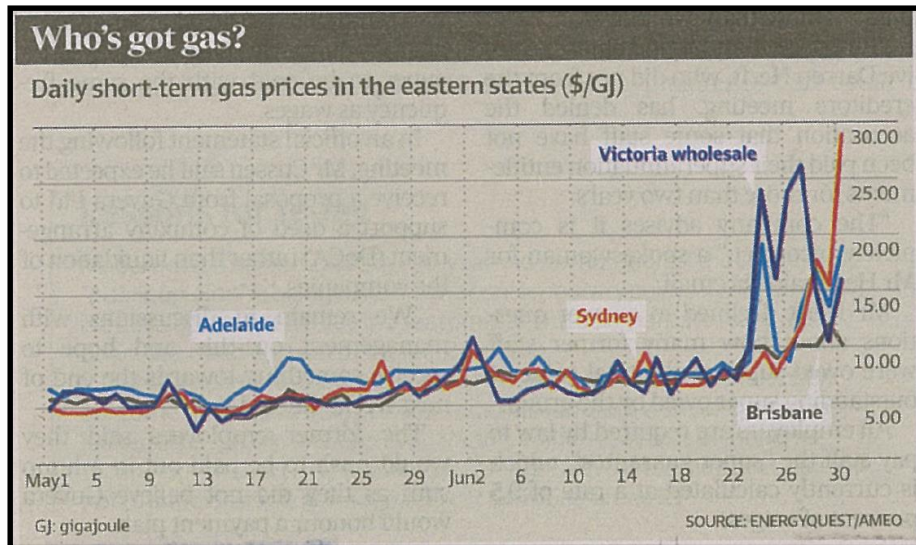
**There is a shortage of gas for the east coast market**

**both deliverable molecules and reserves  
for long term export contracts and domestic markets**

**Over a million jobs on the east coast depend on gas**

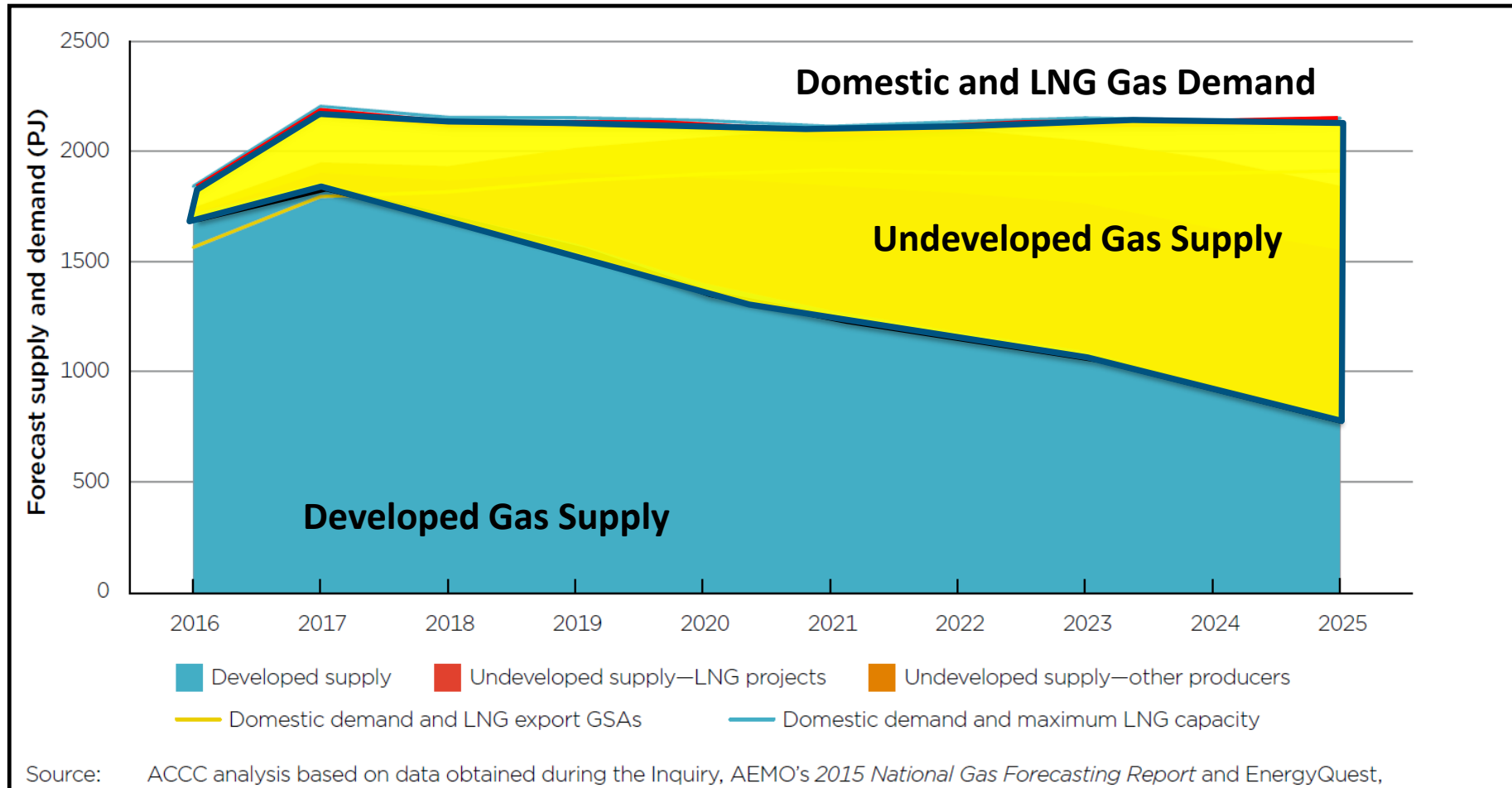
# The Evidence

- East Coast gas demand has tripled
- LNG Exports draws gas from SA, Vic & Qld
- Sydney now supplied by Gippsland
- Legacy domestic gas contracts rolling off

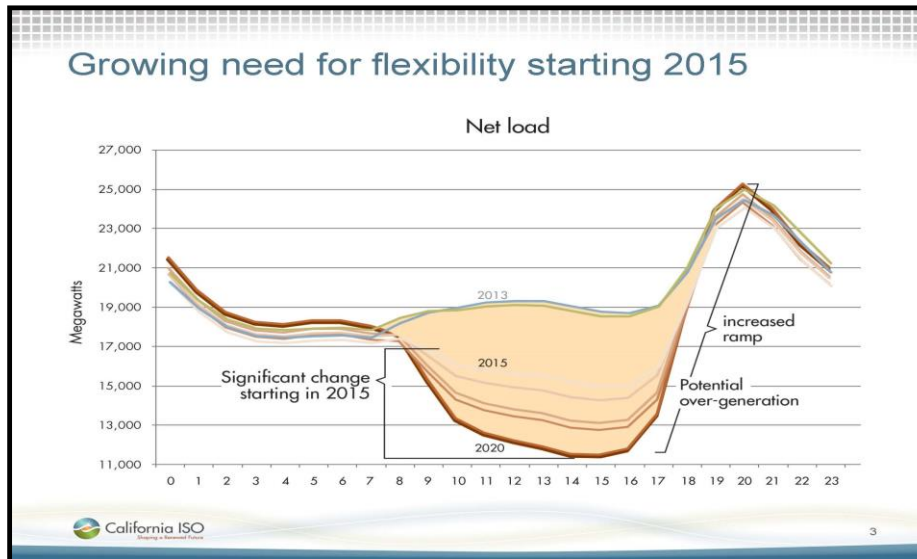


- Supply disruption caused price spikes
- Little effective storage capacity to cover swing
- ACCC says we need more gas to market

# East Coast Gas Supply and Demand



# ...compounding elements



Increasing asynchronous renewables require more variable baseload input - problematic without gas fired generation

“The Duck “

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# ...additional stresses

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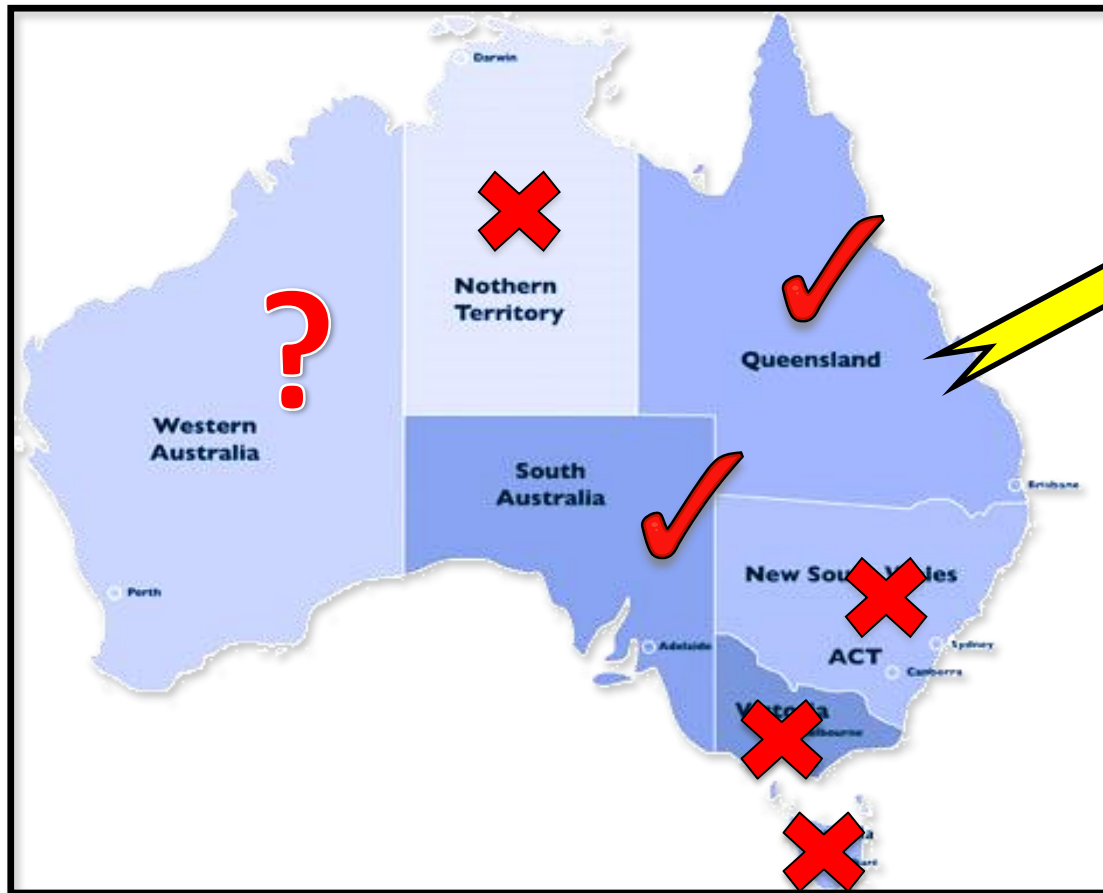


Electricity grid fragility

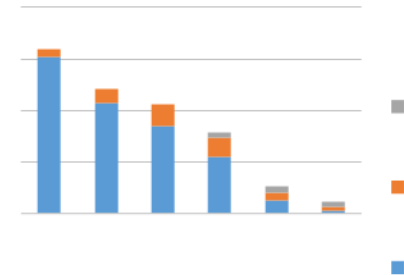
Baseload capacity degradation  
- using government policy



# ...so we just need to find more gas right?



Qld Petroleum Exploration well count  
(data from GSQ)



- Exploration bans and moratoria in Victoria, Tas and NT
- High Sovereign risk in NSW
- Election looming in WA
- Activity levels off a cliff in Qld and SA

# SO...

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**In the absence of:**

**Meaningful Regulatory reform  
Realistic environmental hurdles  
Better access to prospective acreage  
Government endorsed social licence  
Quicker regulatory approval processes**

**Near term discovery of new gas reserves is problematic**

# Solution

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**To get more gas to market**

**Exploration and Appraisal needs kick starting**

**and**

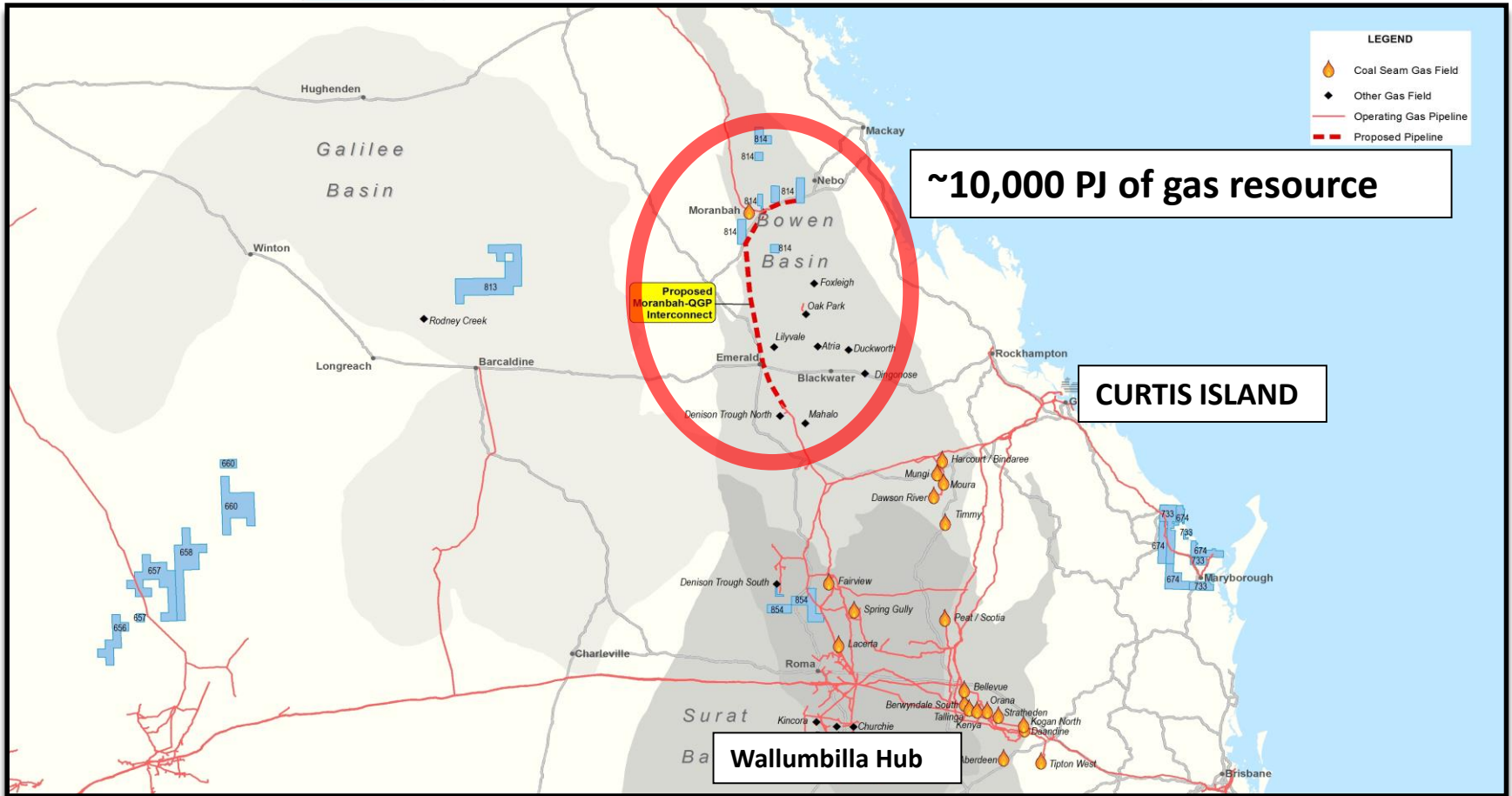
**Development of discovered reserves must be fast tracked**

**200 km of connecting infrastructure is all that is needed**

**Blue is well positioned to be a part of the solution**

# The Obvious Solution

## “The Bowen Basin Gas Province”



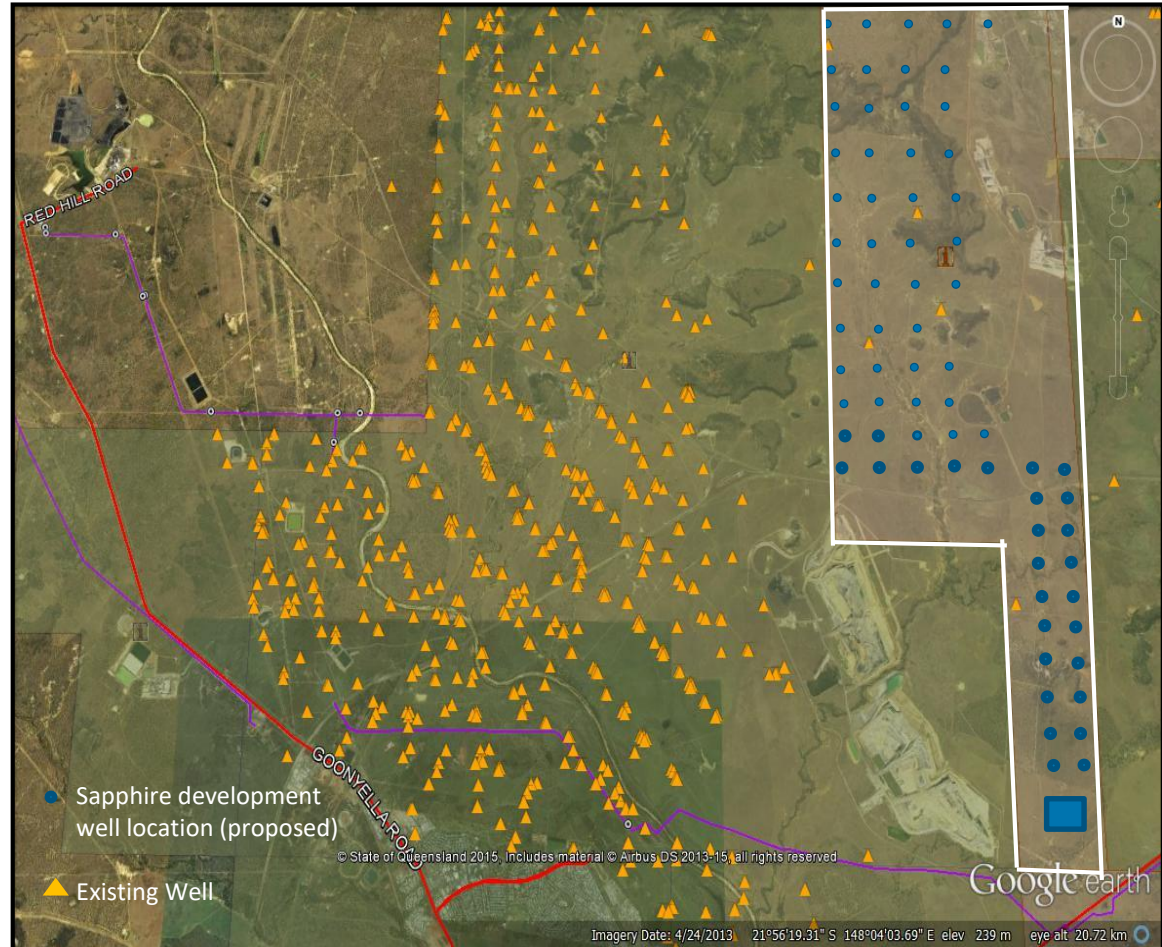
Connect the Bowen Basin to the southern market

# Bowen Gas Province

ATP 814P

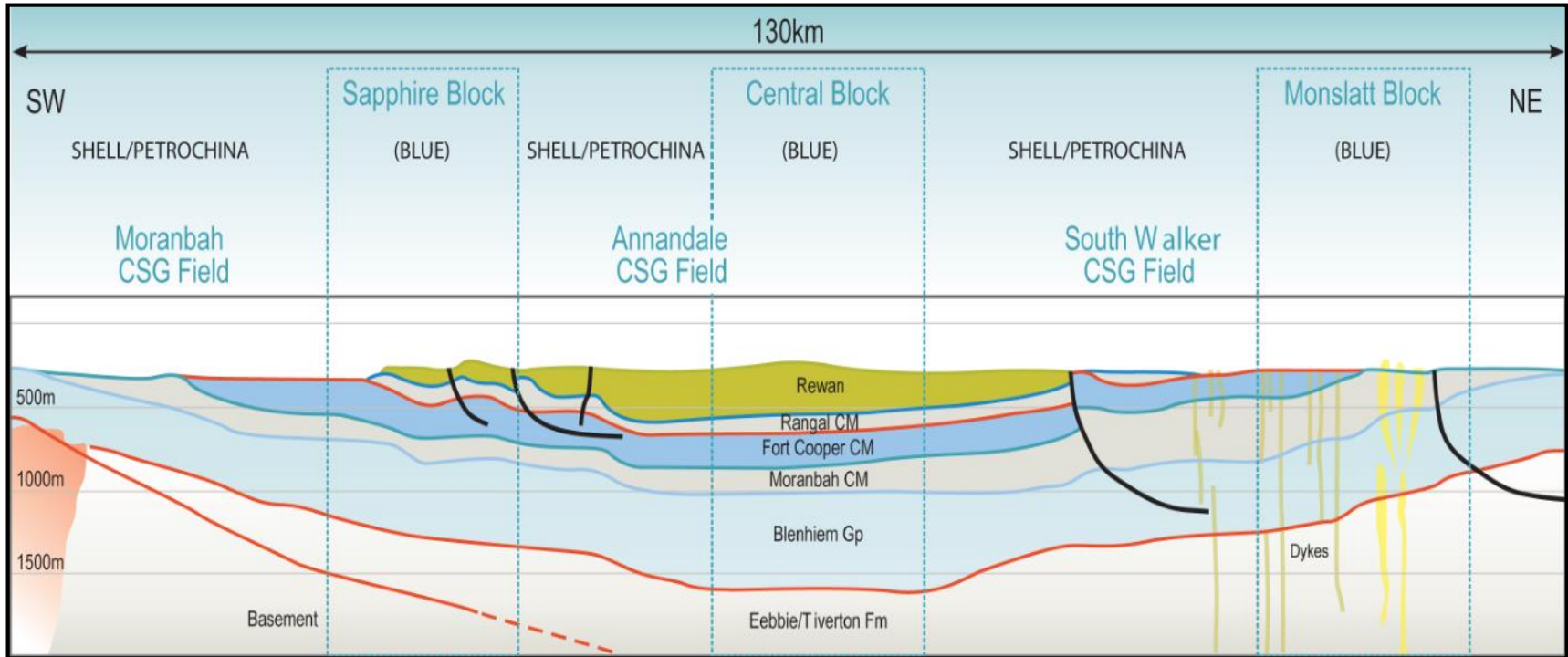
## Sapphire Conceptual Development plan

- 100% Blue
- 2P & 3P Reserves
- Big resource upside (~3,000 PJ)
- Relatively quick connect
- Conceptual Development plan and feasibility study on Sapphire in progress



# Bowen Gas Province

## Geological configuration - Moranbah

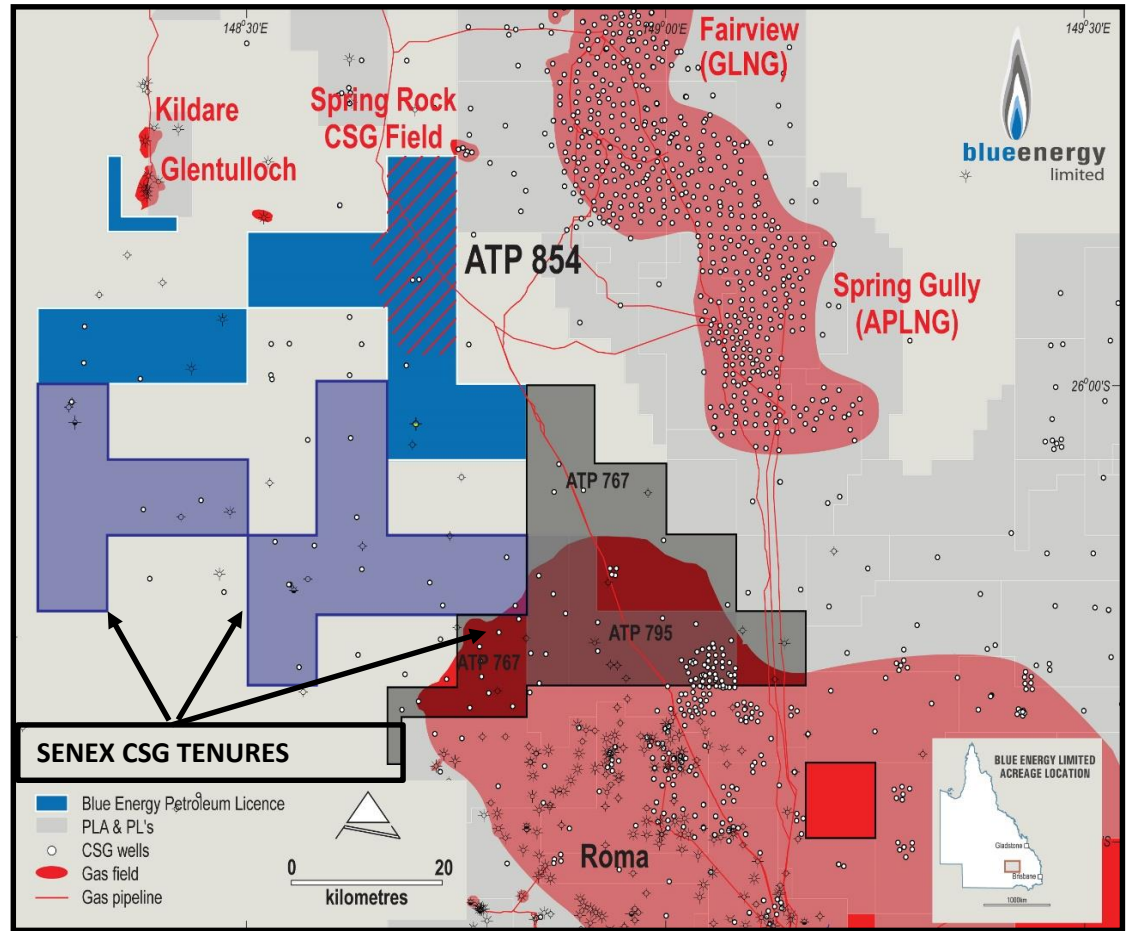


- Multiple targets
- Producing Fields adjacent

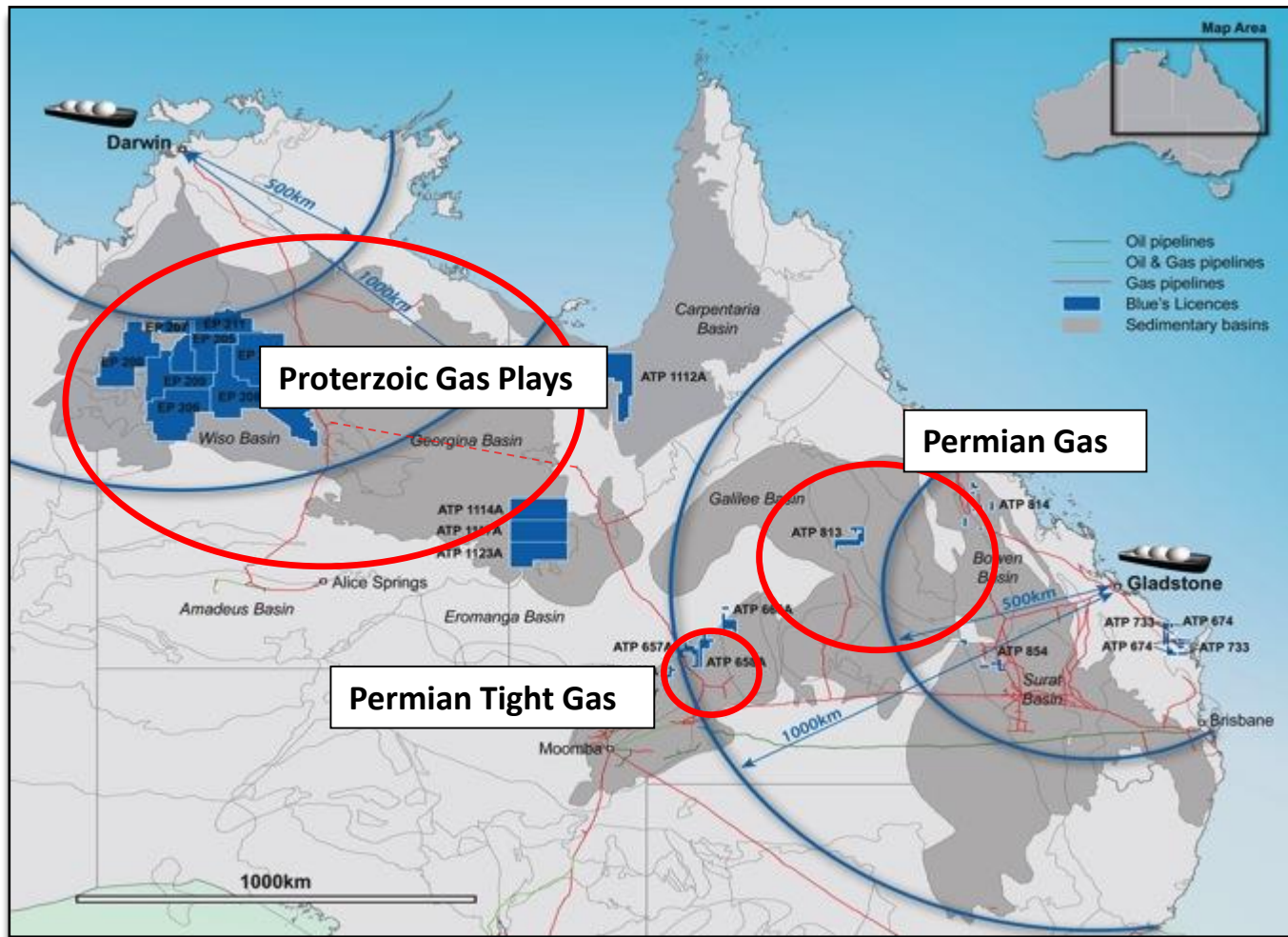
# Additional Blue Gas Acreage

## ATP 854P Bowen Basin

- Blue has uncontracted Contingent Resources (100 PJ)
- Same play as Fairview and Spring Gully plus additional Early Permian targets
- The block has infrastructure passing through – connected to Wallumbilla and Gladstone
- There is exploration upside



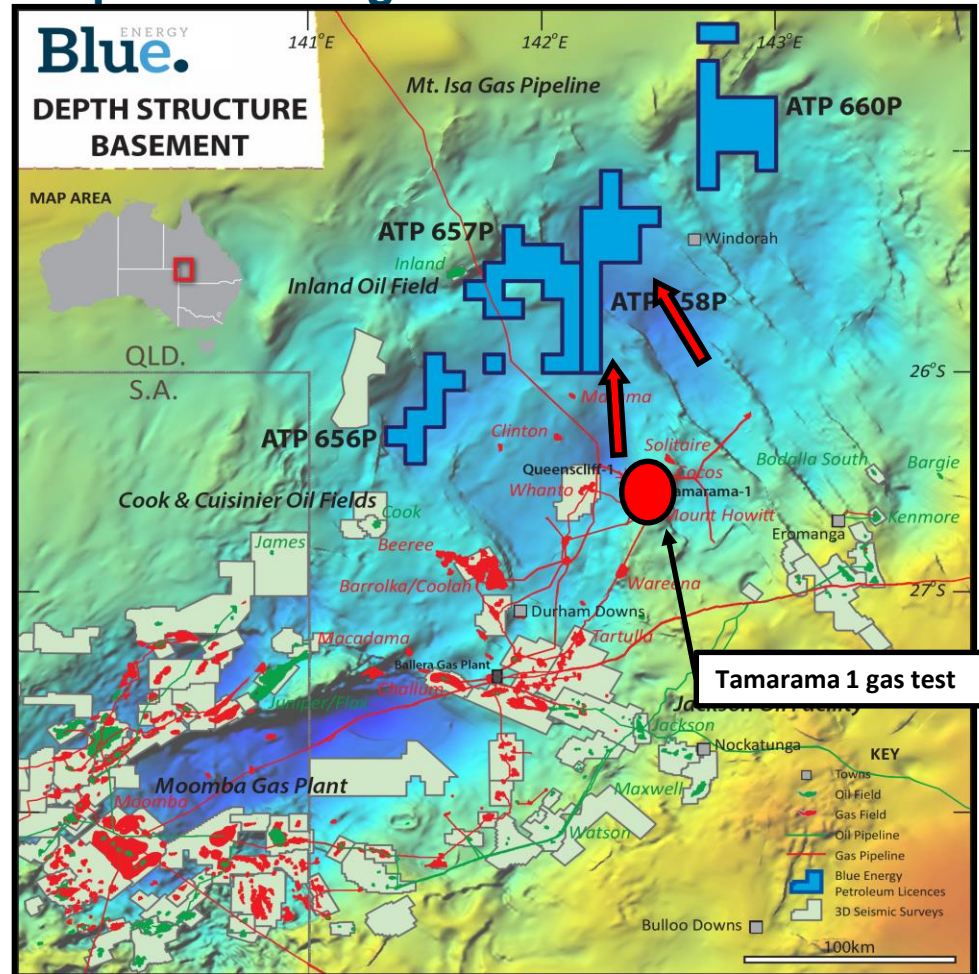
# Emerging Plays



# Emerging Plays

- Basin Centred Gas play identified - REAL Energy tests gas at Tamarama
- Permian and Triassic stratigraphic plays
- Santos JV has undeveloped structural gas fields adjacent to Blue
- Infrastructure passing through permit

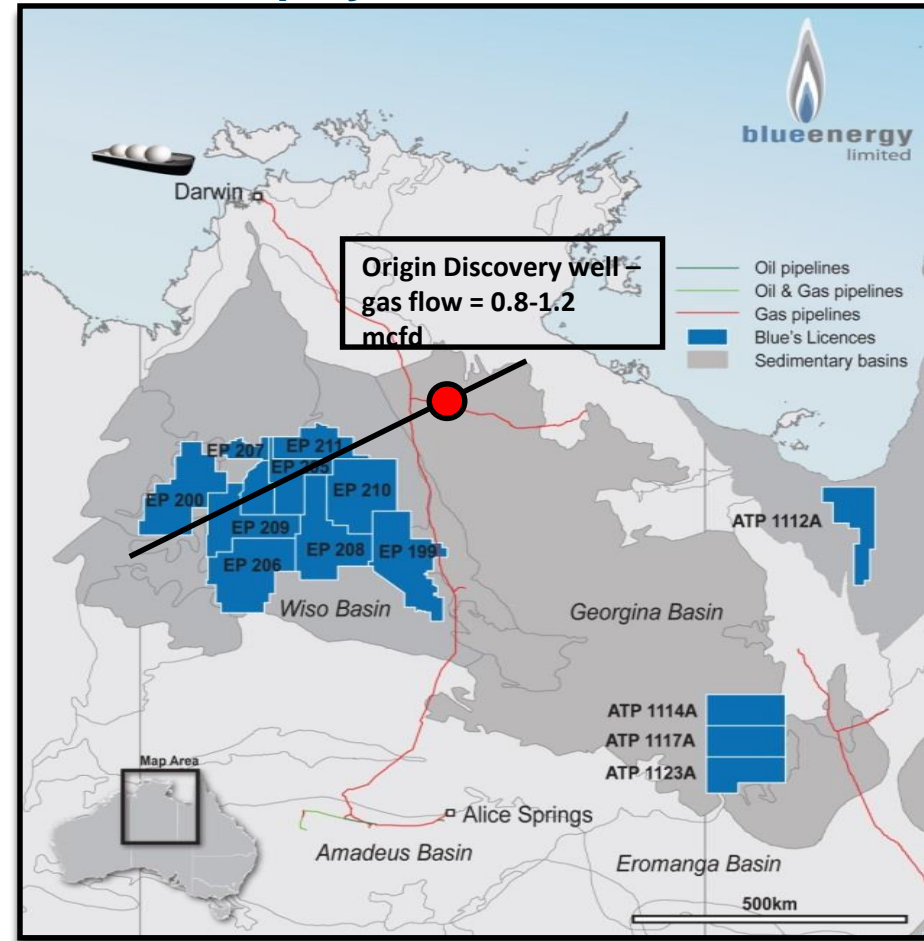
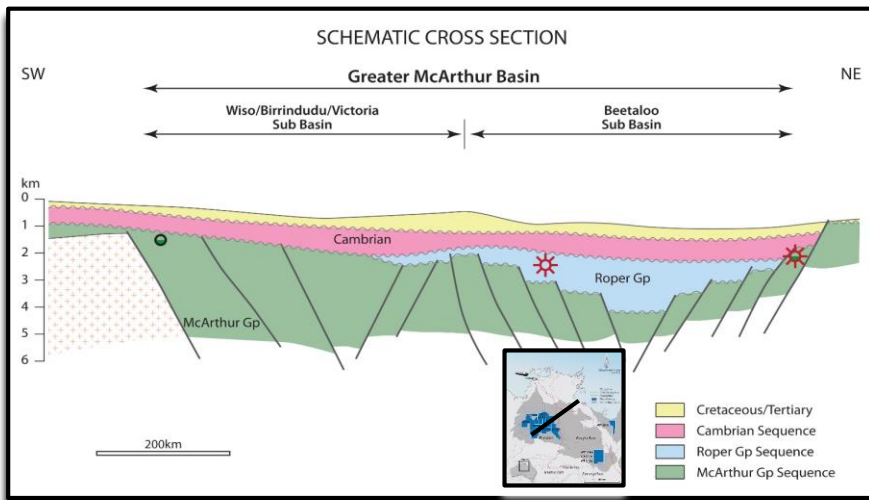
## Cooper Basin Tight Gas



# Emerging Plays

## Northern Territory Proterozoic plays

- World class source rocks
- Operators have intersected prospective sections
- Proof of concept with Origin well flow
- Blue's acreage is adjacent



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# East Coast Gas

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## Summary

- Curtis Island is short gas – at least 2 trains need third party gas
- Curtis Island is drawing gas from Cooper Basin and offshore Victoria
- Domestic Gas contracts continue to roll off
- LNG exporters will supply domestic market *when the price signal is right*
- There is limited gas storage capacity
- Increasing renewable targets = increased gas fired generation for energy continuity
- Little exploration occurring – discovered but undeveloped reserves more valuable
- Those with uncontracted gas reserves and resources are in a good position

ENERGY  
**Blue.**

