Good Oil Conference

September 2015

Legals

Disclaimer

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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.

Why Blue?

- Blue has uncontracted gas on the East Coast
- Blue is well positioned for the growing supply gap
- Blue is Operator and in control of its destiny
- Blue has reserve and resource growth potential
- Positioned in breaking plays in the NT
- Blue is a low cost Operator

Gas crisis?

Fears of squeeze on gas supply

MATT CHAMBERS
ENERGY

Royal Dutch Shell's planned $91 billion takeover of Britain's BG Group could reduce the incentive to supply eastern gas users by making exports even more financially attractive, according to Manufacturing Australia, a group warned since 2011 of a crisis. And in its submission to the Australian Competition & Consumer Commission's east coast gas inquiry, it did not change tack.

"Without a transparent and competitive east coast gas market, we run the risk that domestic customers pay even more than the so-called international price, and yet will have little opportunity for prices revert to sustainable levels — because of high costs of construction, loss of skills and supporting supply chains, and higher risk premiums."

The link to Shell's mammoth BG takeover, the biggest oil and gas merger in more than a decade, is around concerns about consolidation of suppliers.

pipelines developed at scale for export," Mr Eade said. "This financial incentive could potentially be increased should the proposed acquisition of BG by Royal Dutch Shell be approved, due to the potential for shared infrastructure."

The ACCC is also investigating the merger, which last week received clearance from Brazilian

90 per cent of east coast gas reserves to supply domestic consumers. "For example, Shell has not proceeded with investment in an LNG facility at Gladstone and is currently sitting on substantial gas reserves through the Arrow joint venture," he said.

"Despite the impending shortfall, there is no evidence or indi-

Allied Mills, Capral, Cement Australia and Rheem.

The submission said the emergence of the east coast LNG market had doubled or tripled prices to as much as $10 per gigajoule and included "dramatic consolidation" of the sector.

"As a result of these events, many gas-intensive manufactur-

THE AUSTRALIAN FINANCIAL

www.afr.com | Wednesday 18 February 2015 $3.50 INCLUDES GST

Energy crisis warning infuriates industry

'Not enough gas' for LNG projects

Angela Macdonald-Smith

Australia's emerging gas market is like a "slow train crash" because of a huge shortfall in gas needed to fulfil contracts over the next 20 years according to an analysis that has infuriated an industry that spent $75 billion building LNG plants over the past decade.

Credit Suisse energy analysts calculate that the three Queensland LNG projects are short of as much as 8800 petajoules of gas reserves to meet their 20-year LNG sales contracts, an

Industry upheaval

The falling oil price and project delays have hit the financial viability of Queensland's export industry and will flow through to the state's LNG royalties.
Mark Ludlow
Special energy report liftout

on the east coast had suffered a doubling of prices and may have difficulty

Those with gas molecules are positioned for success

Strategic Gas trends

•Fuel switching gaining momentum

- broad scale move away from coal
- gas powered vehicles
- balance of trade/energy security implications
- infrastructure development opportunities

•Big to Small

– mini LNG/CNG role

– virtual pipelines

•Gas lowers emissions – US example

•Diesel usage has health consequences – particulates

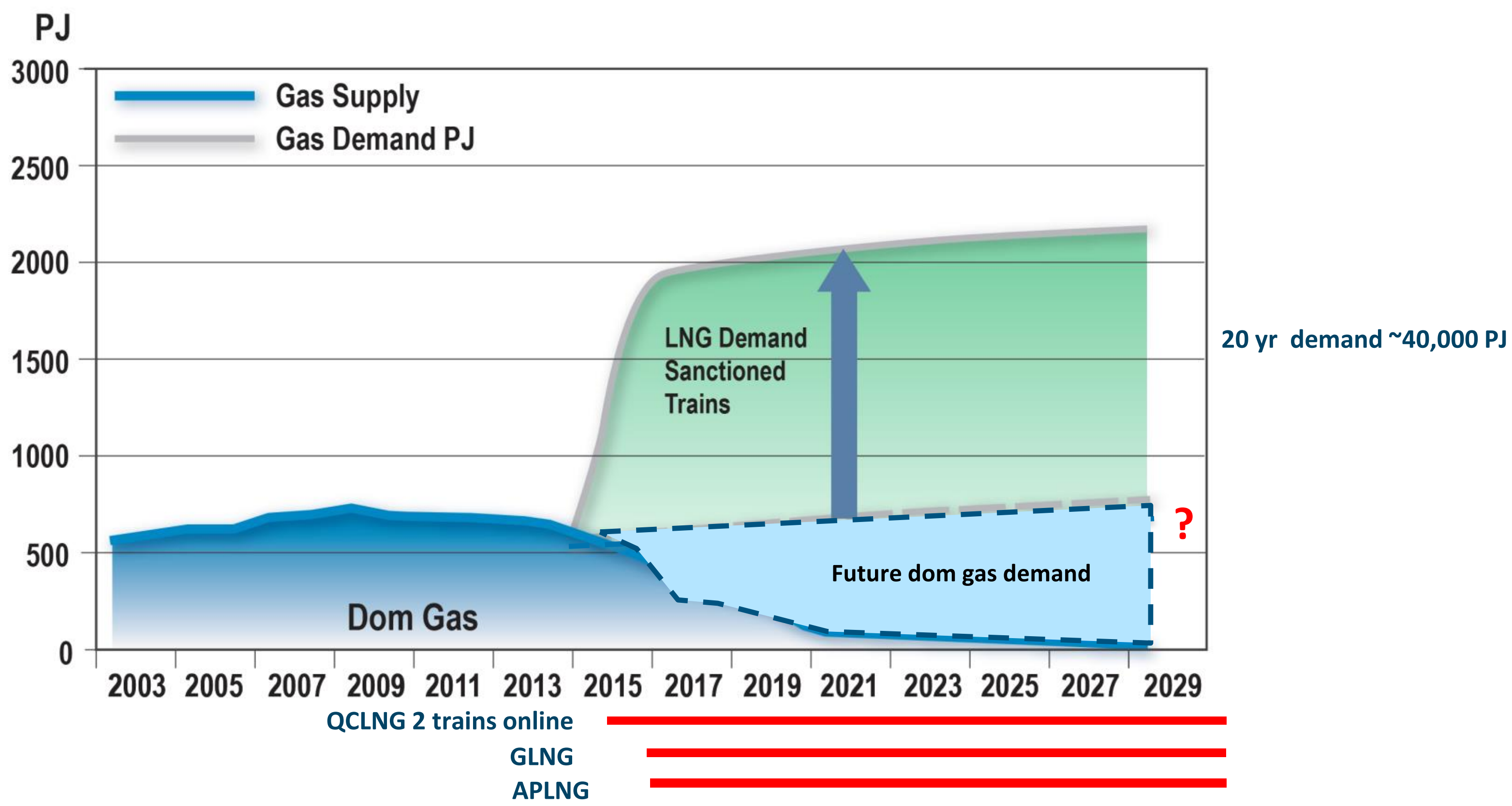
•Renewable energy - costly and requires fossil fuel backup

Blue Well Positioned

Company	Sector	2P (PJ)	Contingent Resources (PJ)	Requirement (PJ)
BLUE	LNG/Dom	55	4,392	uncontracted
APLNG	LNG	14,091	2,679	~10,800
GLNG	LNG	5,603	1,202	~9,780
QCLNG	LNG	10,326	13,700	~10,200

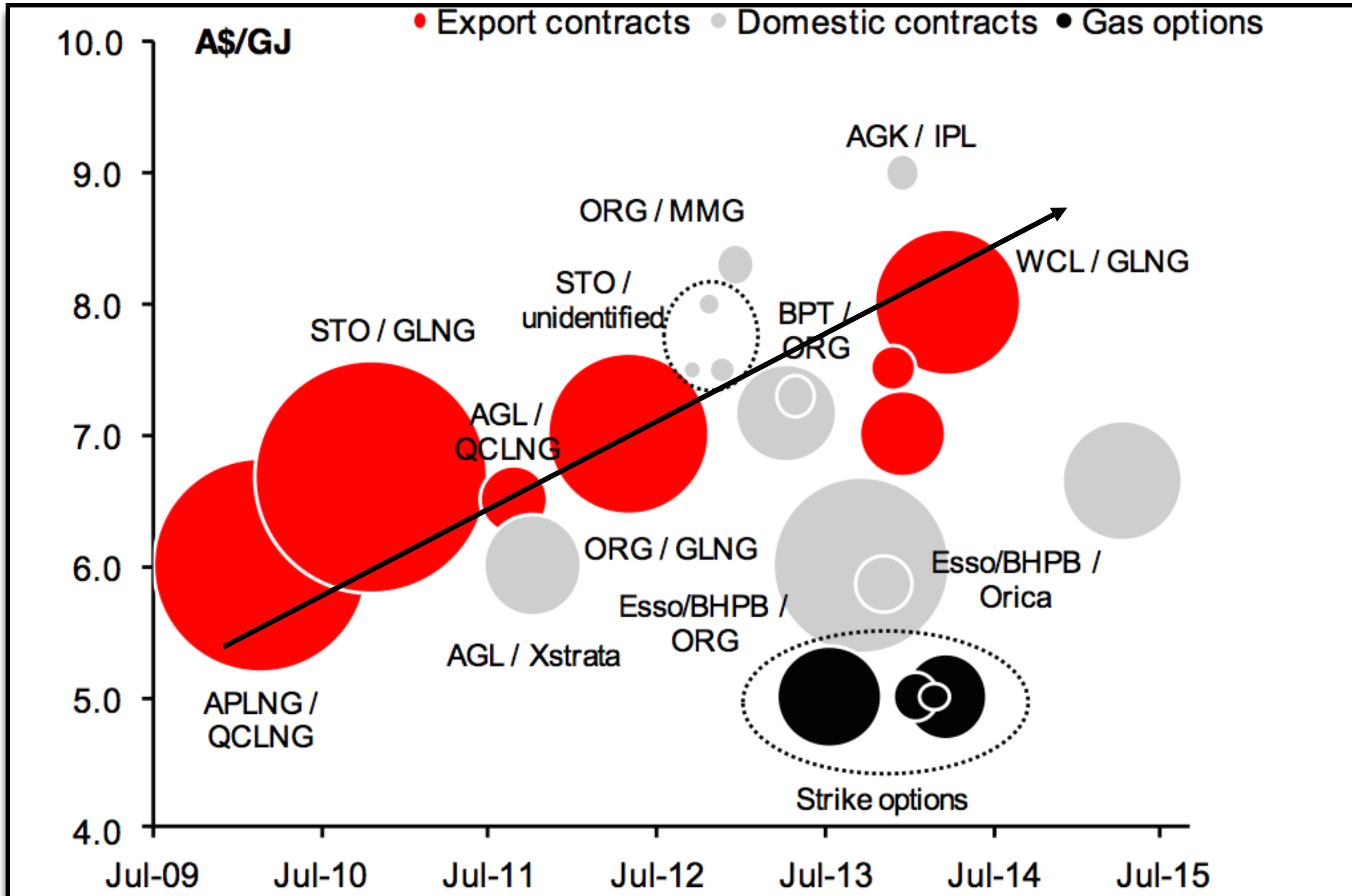
- **Blue well positioned to supply gas in the short, medium and long term**
- **~90% of east coast reserves are controlled by the LNG export proponents**
- **Domestic gas users struggle to engage big gas producers**

East Coast Australian setting



- Exporting clean gas to the world's developing economies is a positive story
- More gas supply needed to domestic market
- Delayed gas exploration will result in lower supply and higher gas prices

It's about price and volume



Source: Macquarie Research April 2015

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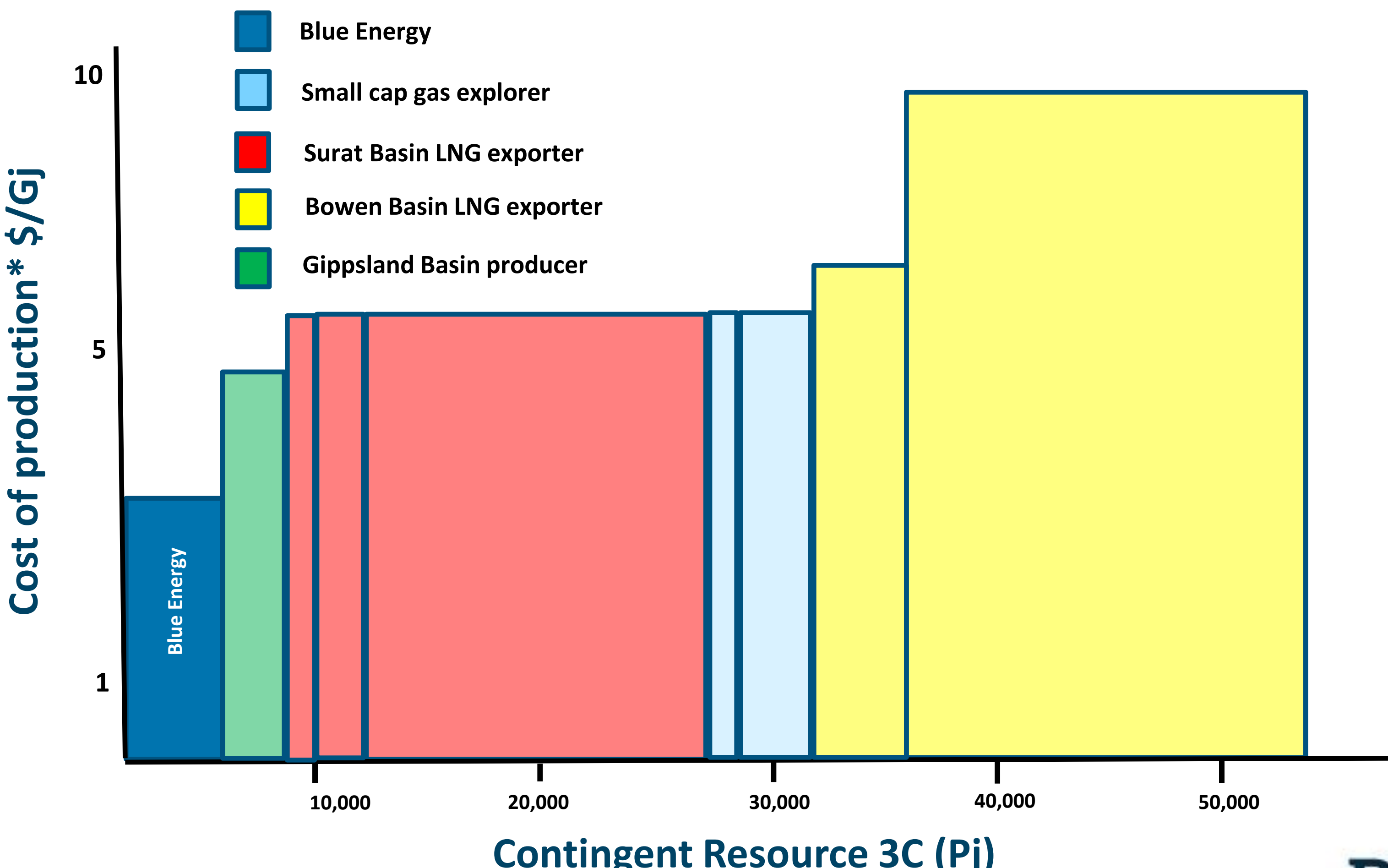
...and also cost

...what will it cost to convert contingent resources to proved reserves?



* Estimate (ex transportation)

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The high cost highway to Gladstone

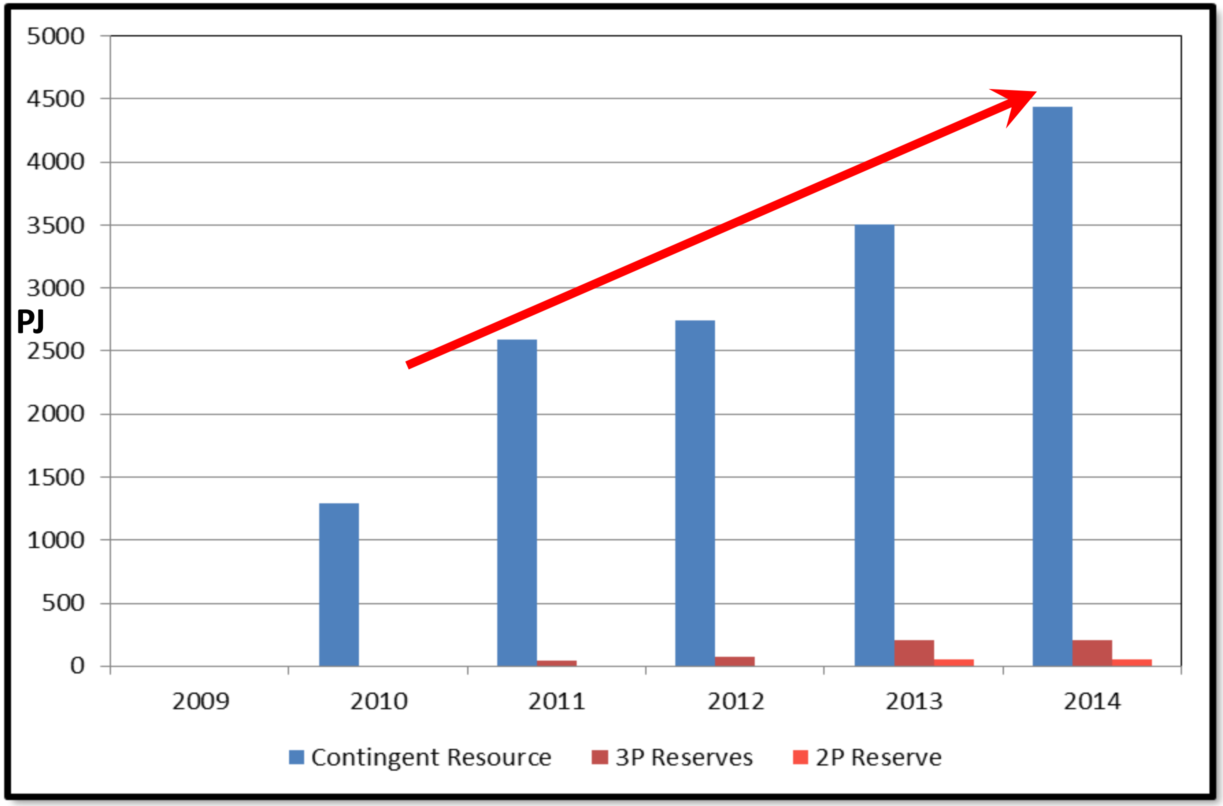
- Duplication of infrastructure – $billions of shareholder value destroyed
- Schedule driven decisions
- Competition for labour – 3 simultaneous projects
- Upstream experience substituted with non-upstream skills
- Internal well approval timeframes
- Change orders and contract variations cost $millions
- Facilities gold plated
- Regulation developed in parallel with peak activity – blind leading blind

State of Play

- **Uncontracted 2P & 3P Reserves**
- **Operatorship and majority equity**
- **Diverse portfolio – oil and gas**
- **Material acreage positions**
- **Strong and experienced Board**
- **Lean organisation – low overhead**

ASX Code	BUL
2P Reserves (NSAI)	55 Pj/Bcf
3P Reserves (NSAI)	200 Pj/Bcf
3C Contingent Resource (NSAI)	4,392 Pj/Bcf
Cash (1 August 2015)	$6.4 million
Market Cap (1st Sept 2015)	~$28 million
Net Acreage	24.1 million acres

Gas Reserves & Resources



36% CAGR for Contingent Resources

Reserves and Resources certified by Netherland, Sewell and Associates Inc

Low cost and unique reserve and resource growth mechanism

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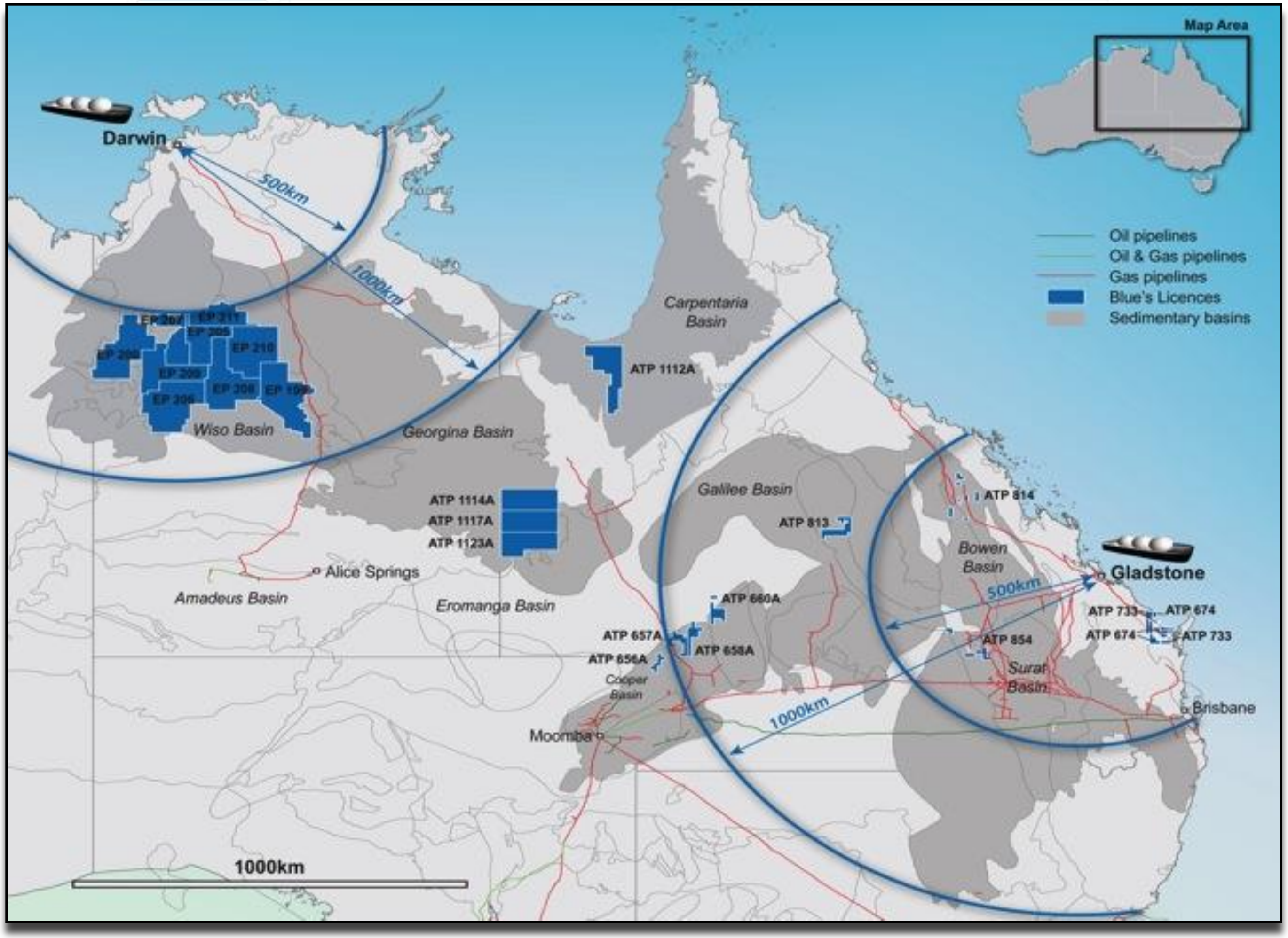
The Blue Portfolio



4.4 TCF Resource Base

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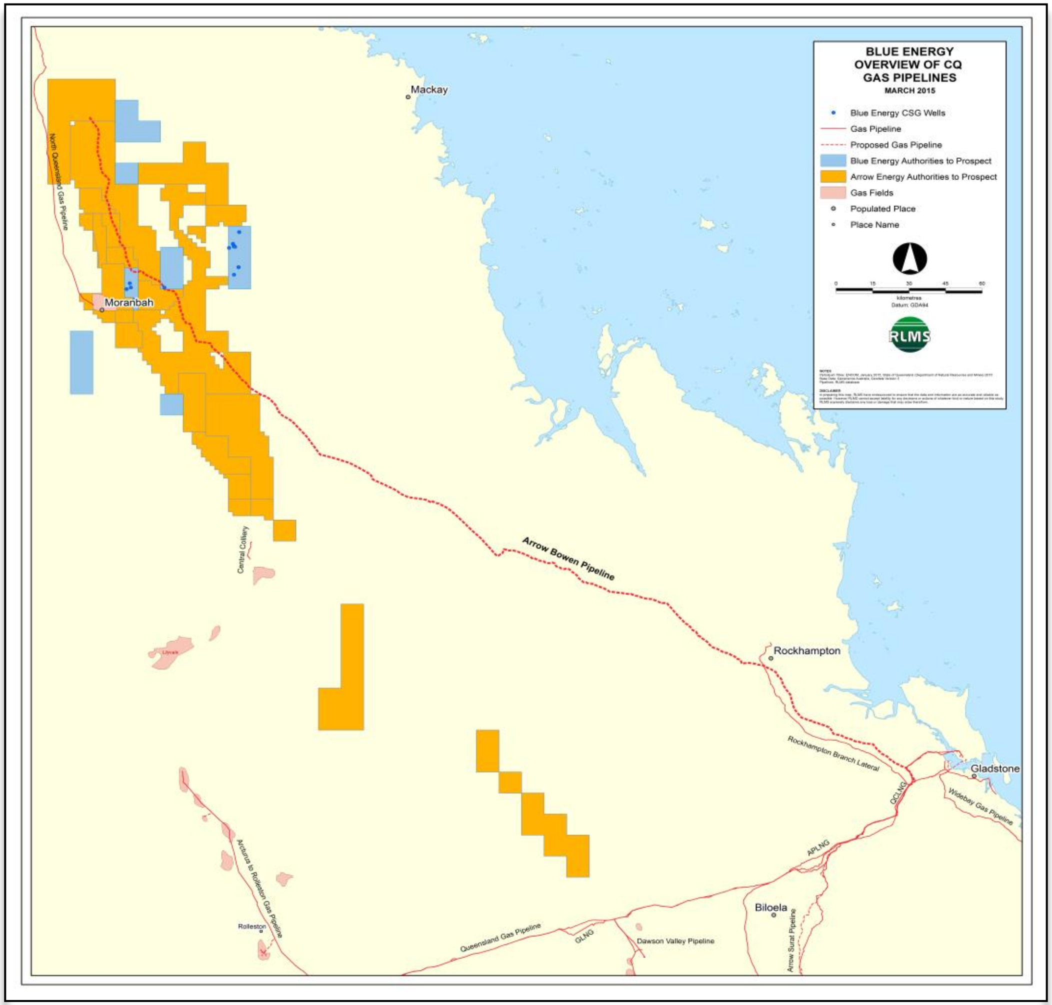
Eastern Gas Province

Bowen Basin

Blue's 3.4TCF Gas Resource

- **Producing basin**
- **Coal Seam Gas and Shale Gas Plays**
- **Shell/Petrochina Project adjacent**
- **Export infrastructure developing**
- **Industrial gas demand not being met**



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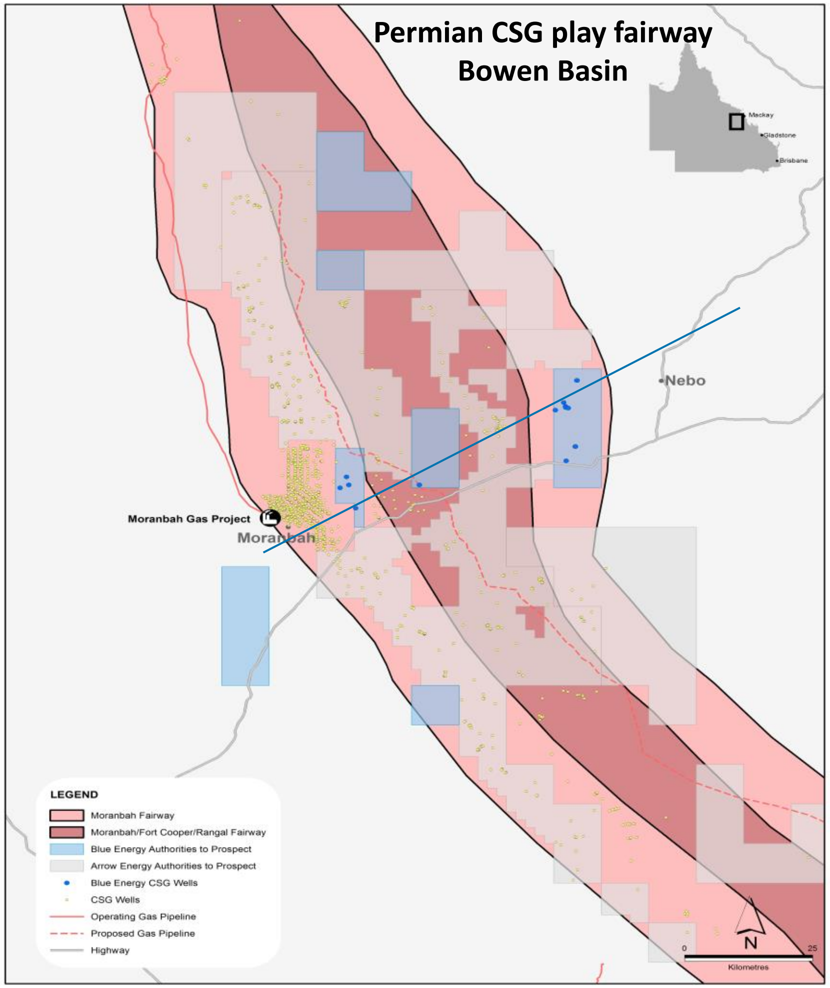
Eastern Gas Province
Bowen Basin

ATP814P

- •100% Blue - Owned and Operated
- •Uncontracted 2P and 3P Reserves
- •Large Contingent Resource base ~ 3.4 TCF
- •NSAI used by Blue and Arrow for reserves



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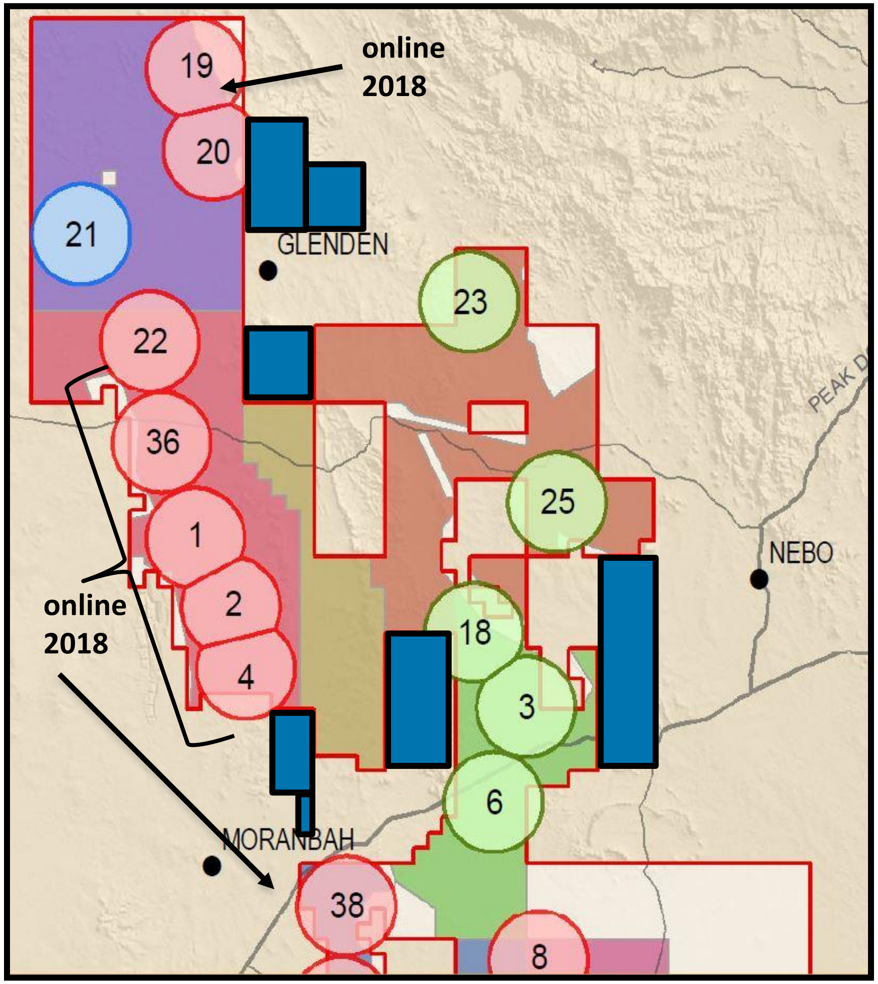
Eastern Gas Province

Bowen Basin

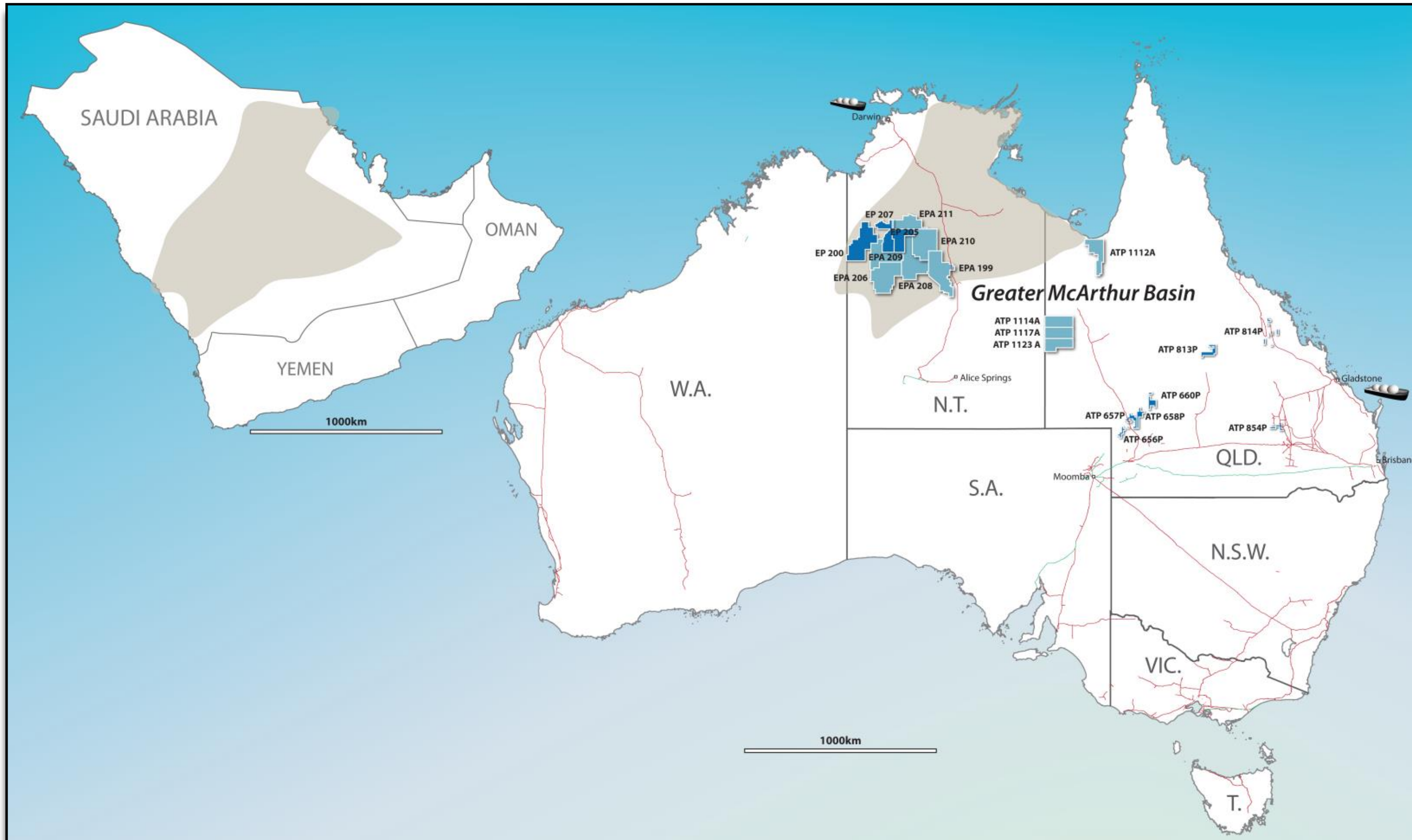
ATP814P

- Blue surrounded by Arrow development
- Potential for 4000 wells to be drilled by Arrow
- Domestic customers also require gas



Source: Arrow Energy EIS

Developing plays



Greater McArthur Basin

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De-risking the NT

Significant Farm in Deals

Imperial Oil and Gas - AEP

$75 million for 80%
non-binding LOI

Armour Energy – AEP

up $100 million work program carry for 75%
McArthur Basin sequence
Non-binding LOI

Pangaea – EMG

McArthur-Beetaloo Basins
Staged Farm in – initially 18% equity

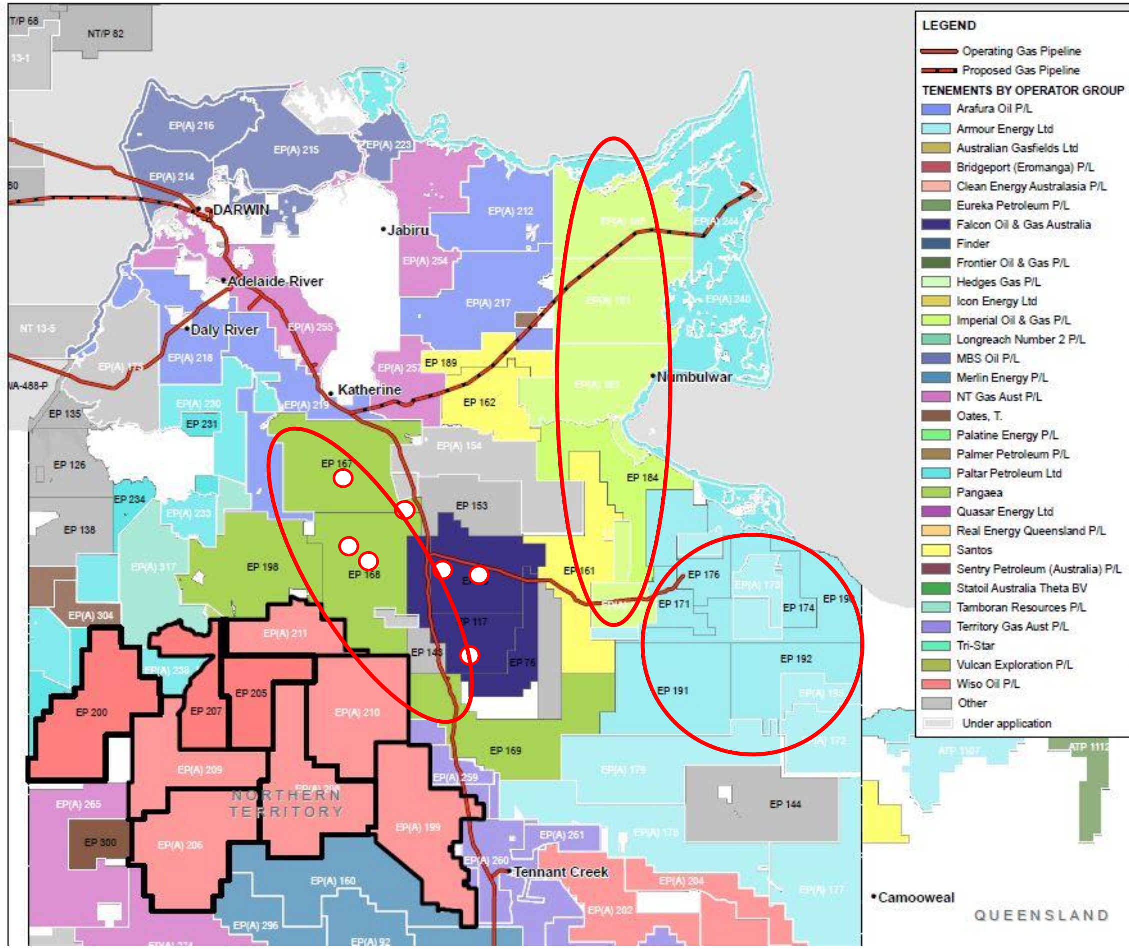
2015 drilling season activity

Origin: 3 wells in EP98 & 117

Kalala S 1 spudded 14th July
Amungee NW 1
Beetaloo W 1

Pangaea: up to 4 wells in EP 167/168

Tarlee 1 & 2
Wyworrie 1
Birdum Creek 1



Greater McArthur Basin

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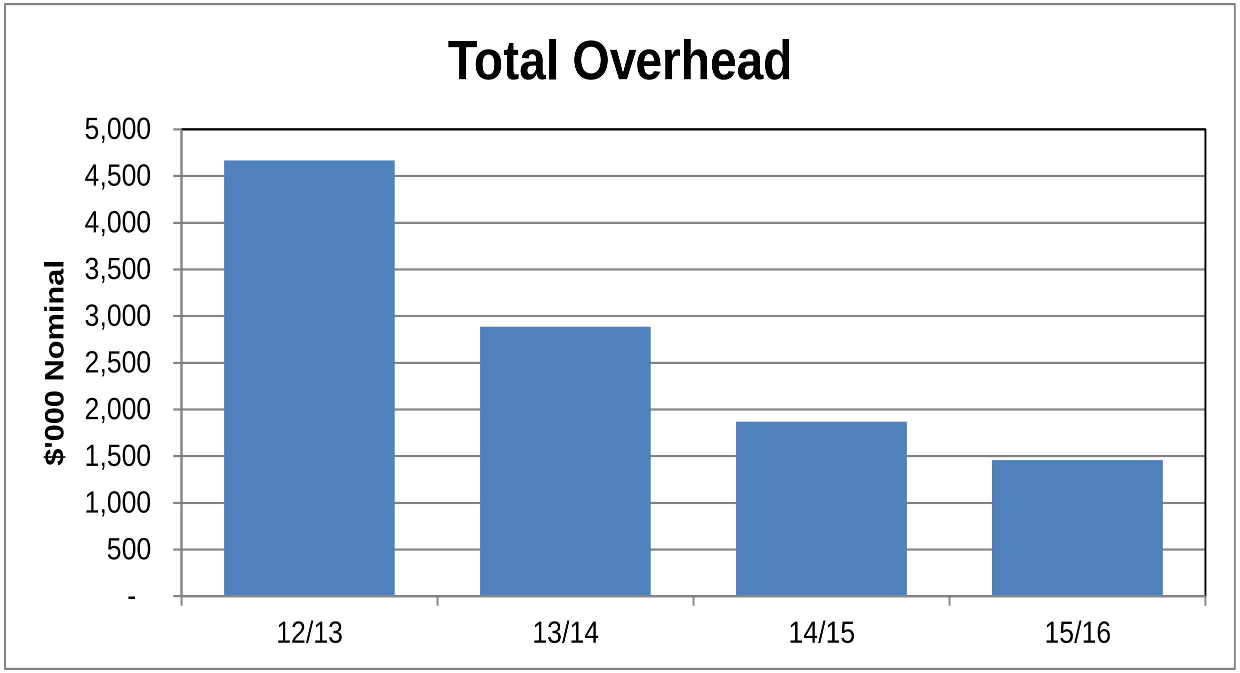
Corporate run rate

- **Continual line item review**
- **Running costs continue to be cut**
- **Lowest amongst peers**



Shareholders funds go toward value adding

Summary

- Blue is low cost
    - CSG targets are shallow and cost base reflects depth and low pressure setting
    - Main reserve/resource base is close to infrastructure
    - Low corporate run rate
- Reserve and resource growth is assured and low cost
- Positioned well for East Coast gas shortfall

Reserves and Resources

Permit	Block	Assessment Date	Announcement Date	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		30/06/2012	19/03/2013	-	22	-	47	-	101
ATP813P		29/10/2014	30/10/2014	-	-	-	61	-	830
ATP814P	Sapphire	13/01/2015	15/01/2015	-	74	50	129	178	229
ATP814P	Central	13/01/2015	15/01/2015	-	65	-	156	-	567
ATP814P	Monslatt	13/01/2015	15/01/2015	-	-	-	632	-	2,115
ATP814P	Lancewood	13/01/2015	15/01/2015	-	7	2	25	15	522
ATP814P	South	30/06/2013	29/07/2013	-	15	-	27	6	30
Total (PJ)				**-**	**184**	**52**	**1,077**	**200**	**4,392**
Total (bcf)				**-**	**184**	**52**	**1,077**	**200**	**4,392**

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Population drives Energy Demand

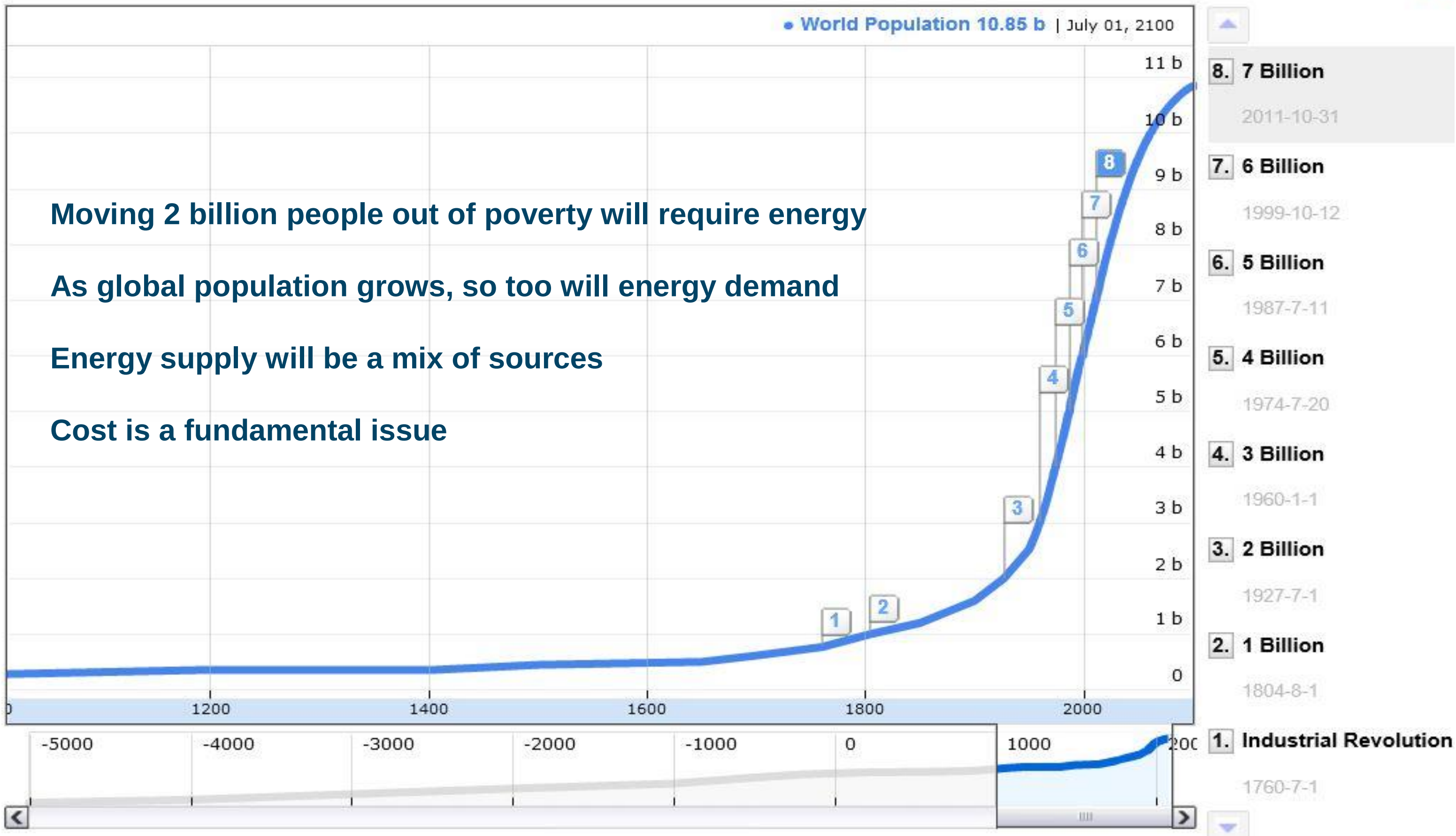
World population growth

Moving 2 billion people out of poverty will require energy

As global population grows, so too will energy demand

Energy supply will be a mix of sources

Cost is a fundamental issue



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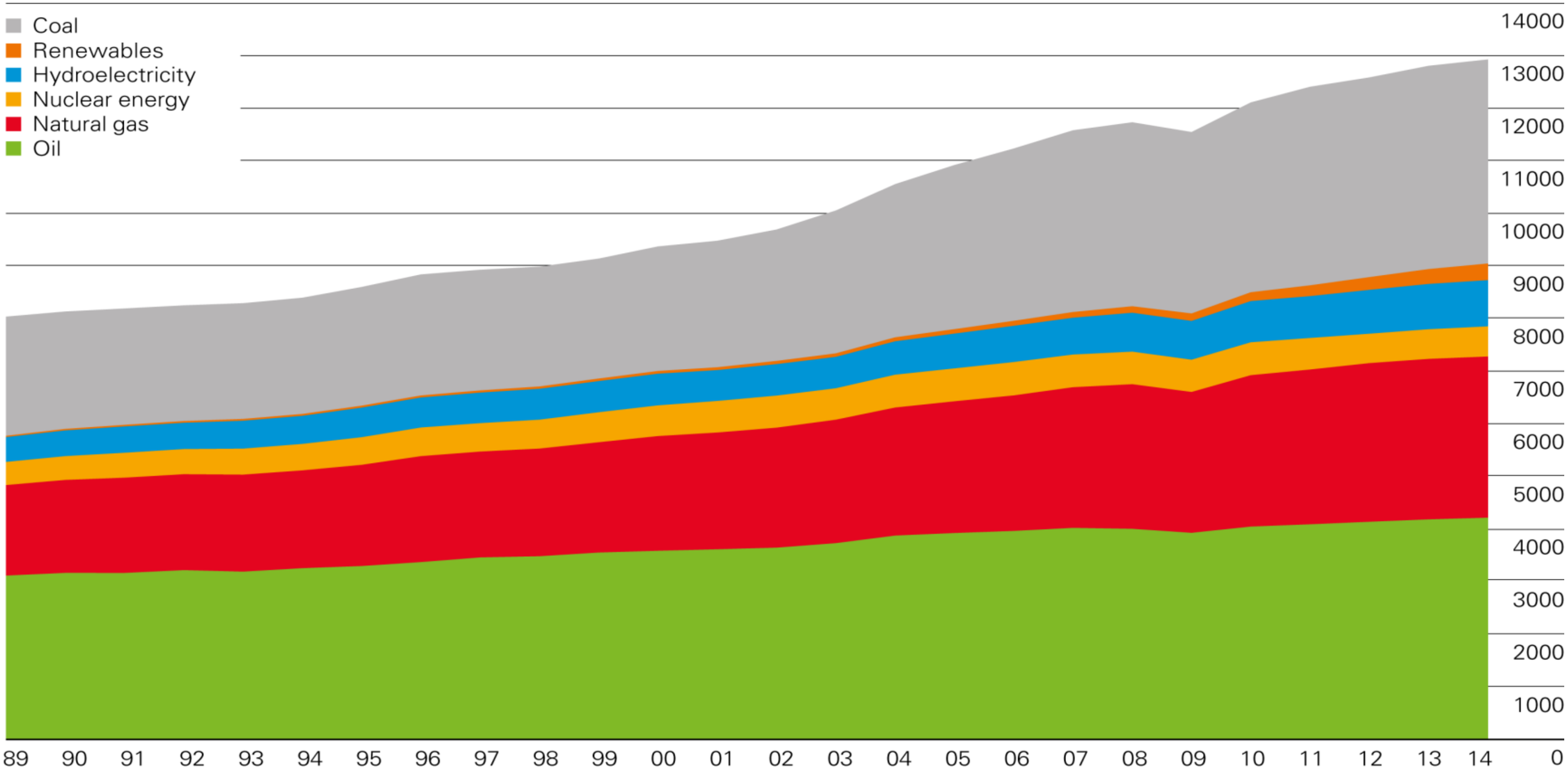
Energy consumption grows

Global Energy Consumption

(million tonnes oil equivalent)



BP Statistical Review of World Energy 2015

Fossil fuel cannot be replaced by renewable energy in the short or medium term

Renewables (excluding hydro) currently account for 2.5% of global energy consumption

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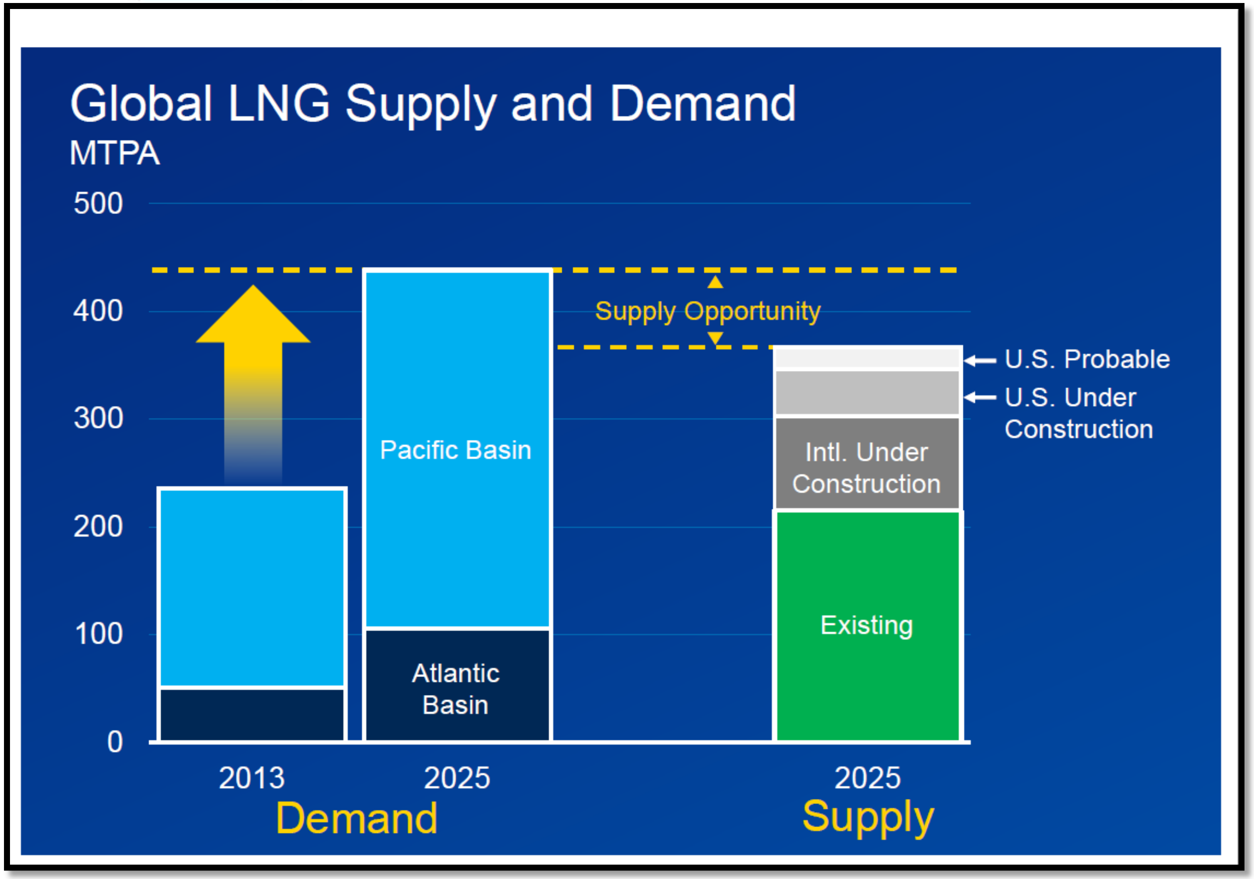
Global LNG Setting



Source: Chevron March 2015

Global LNG demand to nearly double by 2025 – dominant growth in the Pacific Basin

Excess Gladstone LNG capacity will go to the spot market over domestic

China is fuel switching away from coal – to gas

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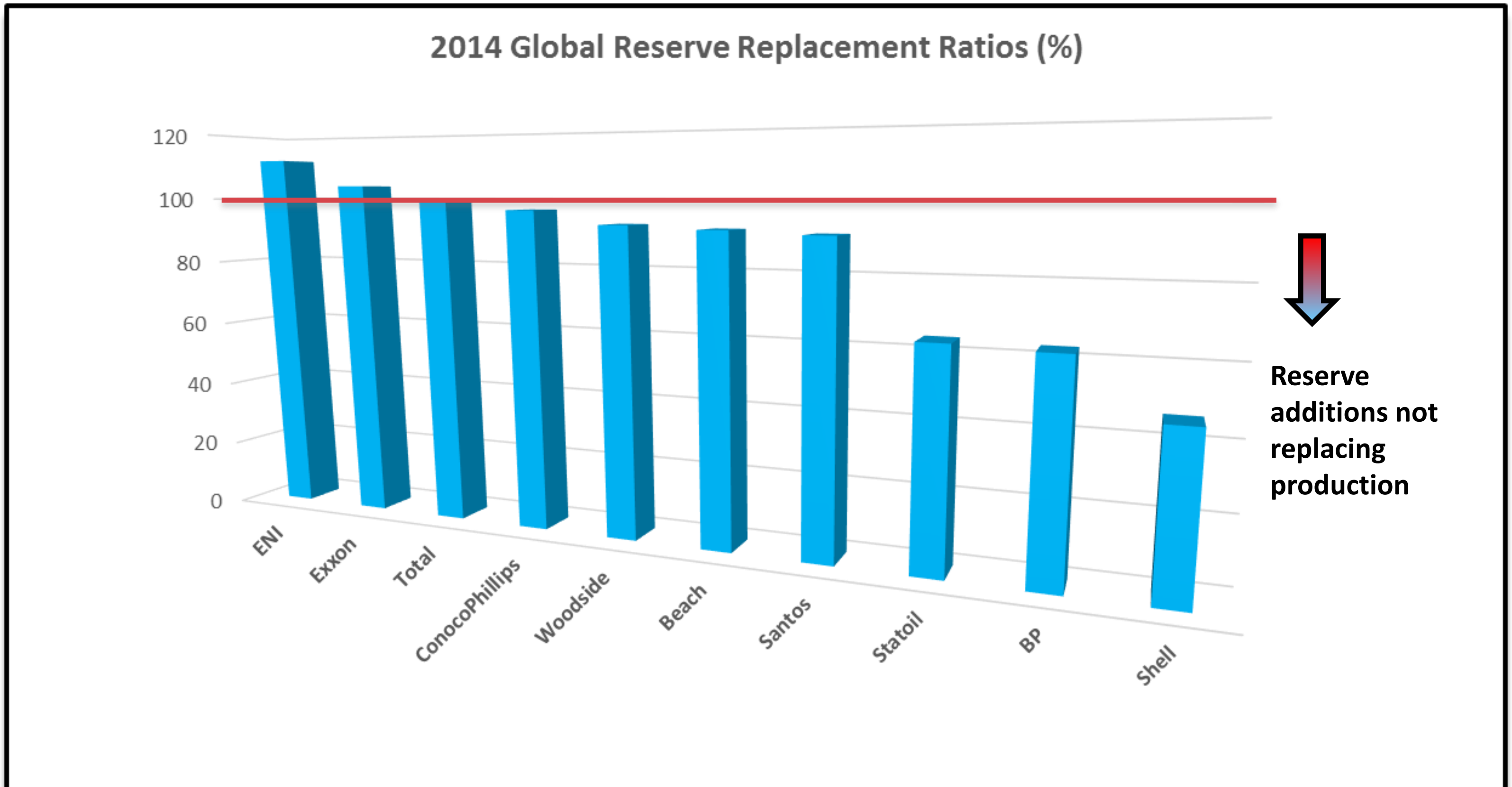
Global Reserve Replacement



Major hydrocarbon companies failing to replace production despite significant CAPEX

Material Reserve growth is a driver for M&A

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