

1 October 2013



ASX ANNOUNCEMENT

Farmout of Marburg Oil Prospect

Blue Energy Limited (ASX: BUL) is pleased to announce that it has entered into an agreement to farm-out 20% of the Company's 100%-owned Marburg oil prospect in ATP854P, Surat Basin, Central Queensland, for a carry of the cost of drilling the Marburg 1 oil exploration well.

Marburg Farm-out

- Carry of the cost of drilling the Marburg 1 oil exploration well
- \$5.0 million, two-stage farm-out of BUL's 100%-owned Marburg oil prospect
 - Stage One - Drilling and evaluation of the Marburg 1 exploration well
 - Stage Two - Works through to Production Licence grant
- BUL retains 80% working interest

The agreement will see KIB Energy Pte Ltd - a wholly owned subsidiary of a prominent and well respected private Singaporean oil trading company - fund a two-stage work program to explore and develop the Marburg oil prospect.

Stage One will see the drilling and evaluation of the Marburg 1 well, which will commence in approximately 10 days, to a planned depth of 700 meters in ATP854P within Queensland's Surat Basin.

The well is targeting the Precipice Sandstone over which mapping has delineated a structural closure with up to 55 metres of vertical relief and over an area of approximately 39km². Should the well be successful it will be cased and suspended in preparation for completion, testing and production.

Stage Two will involve the completion, testing and production of the Marburg 1 well and all works required to lodge a Production Licence Application over the potential Marburg 1 discovery area. KIB Energy Pte Ltd will provide all funding required for this Stage and up to a maximum of \$5.0m total expenditure for Stages One and Two.

The volumetric estimate of potential mean recoverable oil reserves for the Marburg Prospect is 14 million barrels (mmstb). The volumetric range of reserves is assessed (internally) to be 1.7mmstb (P90) to 35mmstb (P10). This case envisages both gas and oil fill of the structure. However, should the structure be filled with oil only, the upside potential (P10) could be in the order of 80-90mmstb.

Blue Energy's Managing Director John Phillips, said "the farm-out of the Marburg oil prospect was further confirmation of the Company's strategy to look beyond the traditional industry players as potential farm-in partners, and seek to further augment BUL's internal skill sets."

"The success achieved in gaining a farm-in partner to fund the Marburg 1 well enables Blue Energy to continue to conserve our available cash whilst still undertaking high value-add exploration activities," Mr Phillips said.

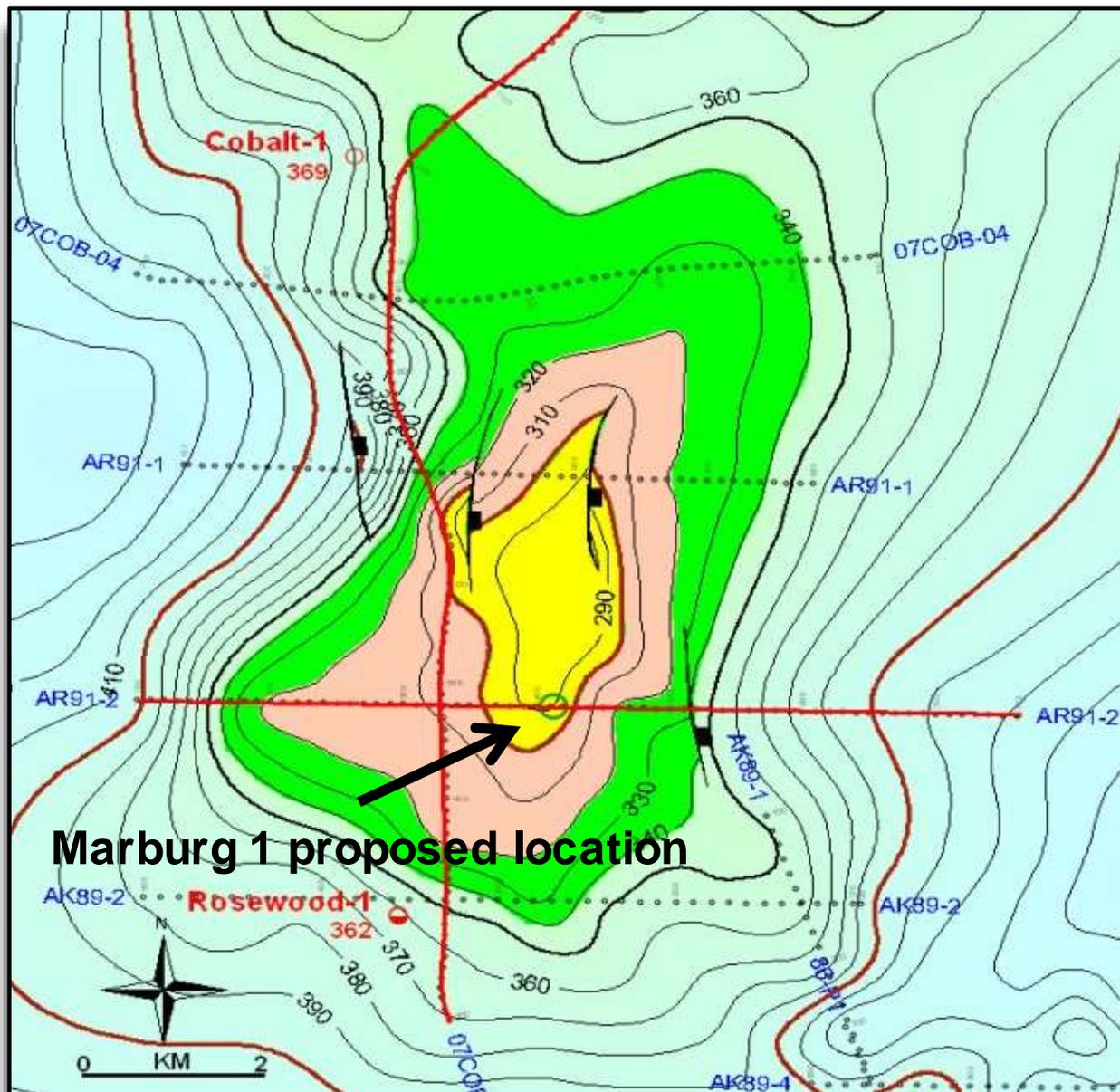
Marburg 1 exploration well timing

Blue Energy has executed a Conduct and Compensation Agreement with the Landholder on which the planned Marburg 1 well site is located, and preparatory works on lease and campsite construction have begun. All necessary contractors, including a drilling rig, have been engaged and are in the process of mobilising to site.

Assuming no weather or operation delays, it is expected that the Marburg 1 oil exploration well will commence drilling operations (spud) on 9 October 2013.

Contact:
John Phillips
Chief Executive Officer and Managing Director
Blue Energy Limited
+ 61 7 3270 8800

Marburg Prospect



Location of the Marburg Oil Prospect ATP854P

