



23 December 2008

Mr Peter Tranter
Senior Adviser, Issuers (Perth)
Australian Securities Exchange
Perth 6000

Dear Peter

Re: Response to Query on Share Price Movement

We refer to your letter today concerning recent movements in the price of the Company's listed securities ("price query").

In answer to the questions put to the Company in the price query, we respond as follows:

1. The Company is not aware of any information concerning it that has not been announced to the market which, if known, could be an explanation for recent trading in the securities of the Company.
2. Not applicable.
3. The Company is aware that there has been recent takeover activity announced by companies in the sector and today further rumours of a takeover transaction have arisen concerning Coal Seam Gas companies requesting trading halts. The movement in the Company's price may be speculative reaction to these transactions.
4. The Company is in compliance with the Listing Rules, and in particular rule 3.1.

Yours faithfully
Blue Energy Limited

Brian McGillivray
Director & Company Secretary



ASX Markets Supervision Pty Ltd
 ABN 26 087 780 489
 Level 8, Exchange Plaza
 2 the Esplanade
 Perth WA 6000

PO Box D187
 Perth WA 6840

Telephone 61 8 9224 0000
 Facsimile 61 8 9221 2020
www.asx.com.au

Mr Brian McGillivray
 Company/CFO
 Blue Energy Limited
 L1 34 Colin Street
 West Perth WA 6005

23 December 2008

By Facsimile: (08) 9227 8655

URGENT

Dear Brian

RE: Blue Energy Limited (the "Company") - PRICE QUERY

We have noted a change in the price of the Company's securities from \$0.093 on 19 December 2008 to \$0.15 today.

In light of the price change please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the (entity type)?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at peter.tranter@asx.com.au or by facsimile on facsimile number (08) 224 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 12.00 noon on 23 December 2008.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Australian Securities Exchange

Australian Stock Exchange
 Sydney Futures Exchange

Australian Clearing House
 SFE Clearing Corporation

ASX Settlement and Transfer Corporation
 Austraclear

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the 's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely



Peter Tranter

Senior Adviser, Issuers (Perth)