Blue Energy Limited

Investor Presentation

July 2012

Disclaimer

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 3P reserves and contingent resources for ATP814P and ATP813P 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).

Blue Energy’s Vision

3,000PJ of 3P Reserves
in Eastern Australia by Year End 2014

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Strategy

- Low cost evaluation programs in high graded permits
- Leverage information from adjacent competitor acreage
- Convert resources to reserves with pilot production wells
- Access upside in portfolio and seek new exploration opportunities

Update on Progress

- Successful Capital raising
  - Raised $23 million ($10 million placement + $13 million SPP)
  - Strong Institutional and retail support
- Mr. John Ellice-Flint joins Blue team
- Complete Asset Review undertaken – upgraded prospectivity
- 4 CSG Pilot test wells on extended production test
  - Sapphire 4 shows early signs of good gas flow
- Doubled acreage position to 54,000km^2
- Intense efforts to reduce the regulatory burden

Corporate Snapshot

ASX Listed Company (BUL)

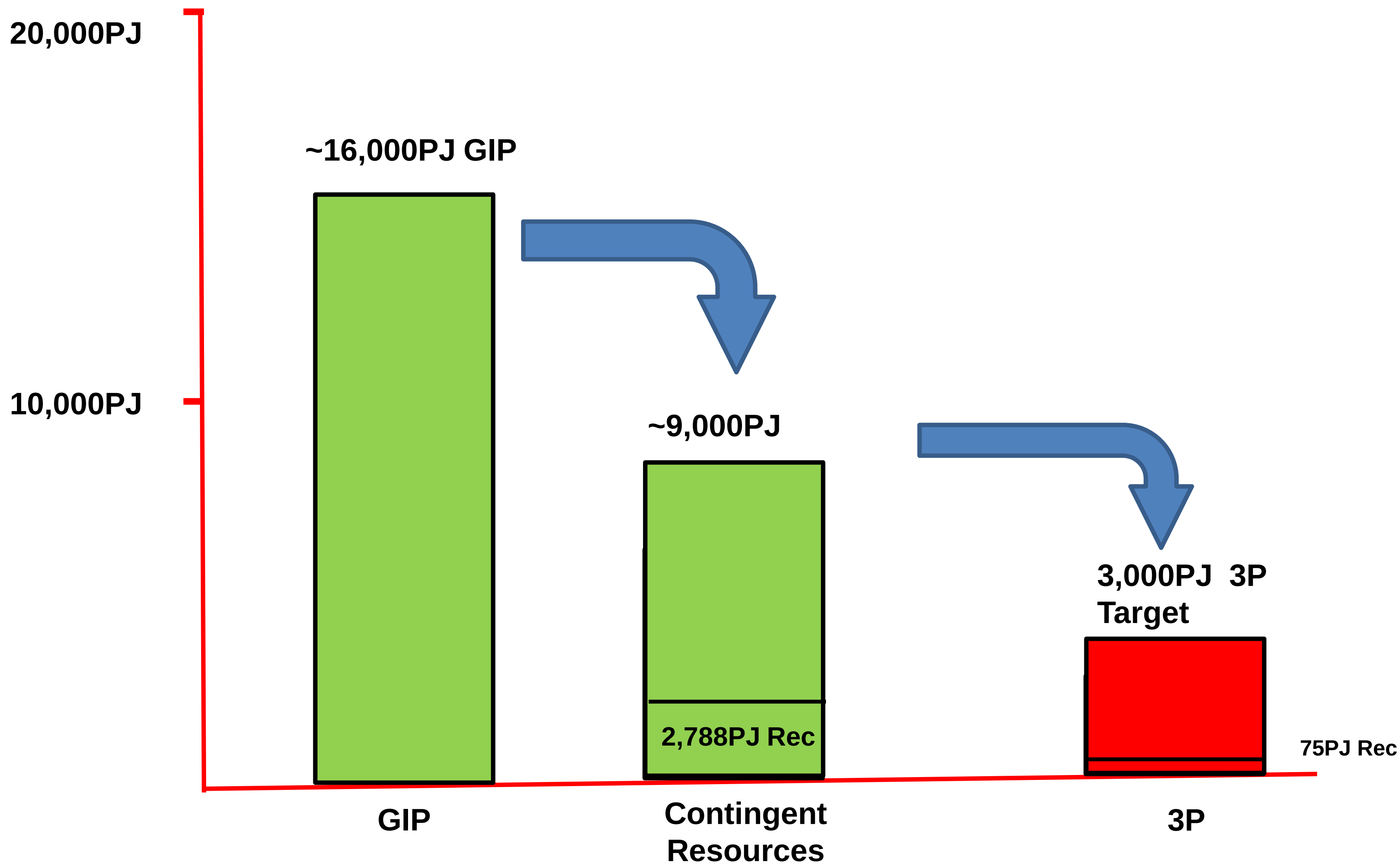
Experienced Board and Management

Employees	13
Shares on Issue	1,139.3m
Cash (at 31 March 2012)	$23.6m
Acreage	54,377km^2
Reserves (3P)	75PJ
3P + 2C	749PJ
Resource Base (3P + 3C rec)	2,788PJ

SIGNIFICANT SHAREHOLDERS

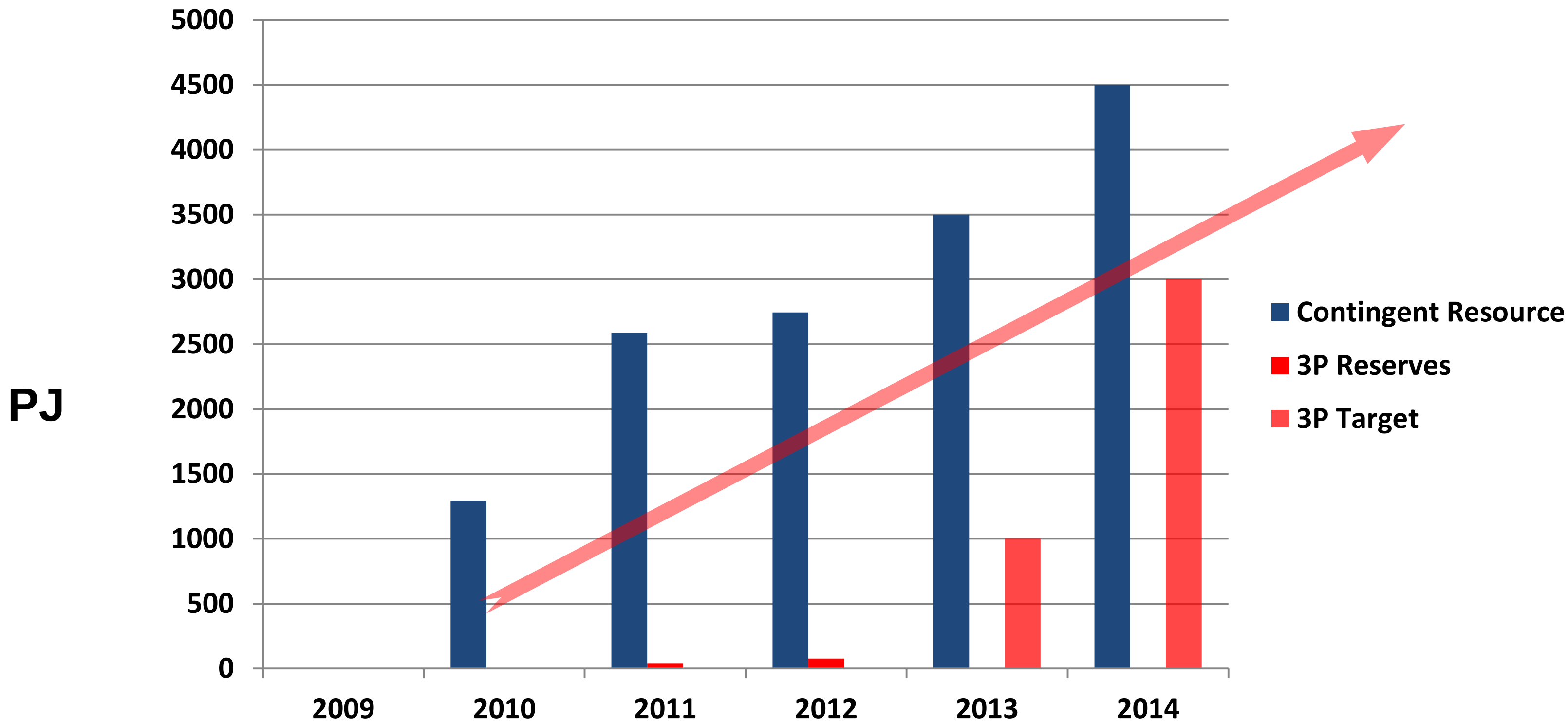
ANZ Nominees	10.3%
Mathews Capital	10.3%
Stanwell Corporation	7.7%
KOGAS	5.5%

Resource and Reserve Potential

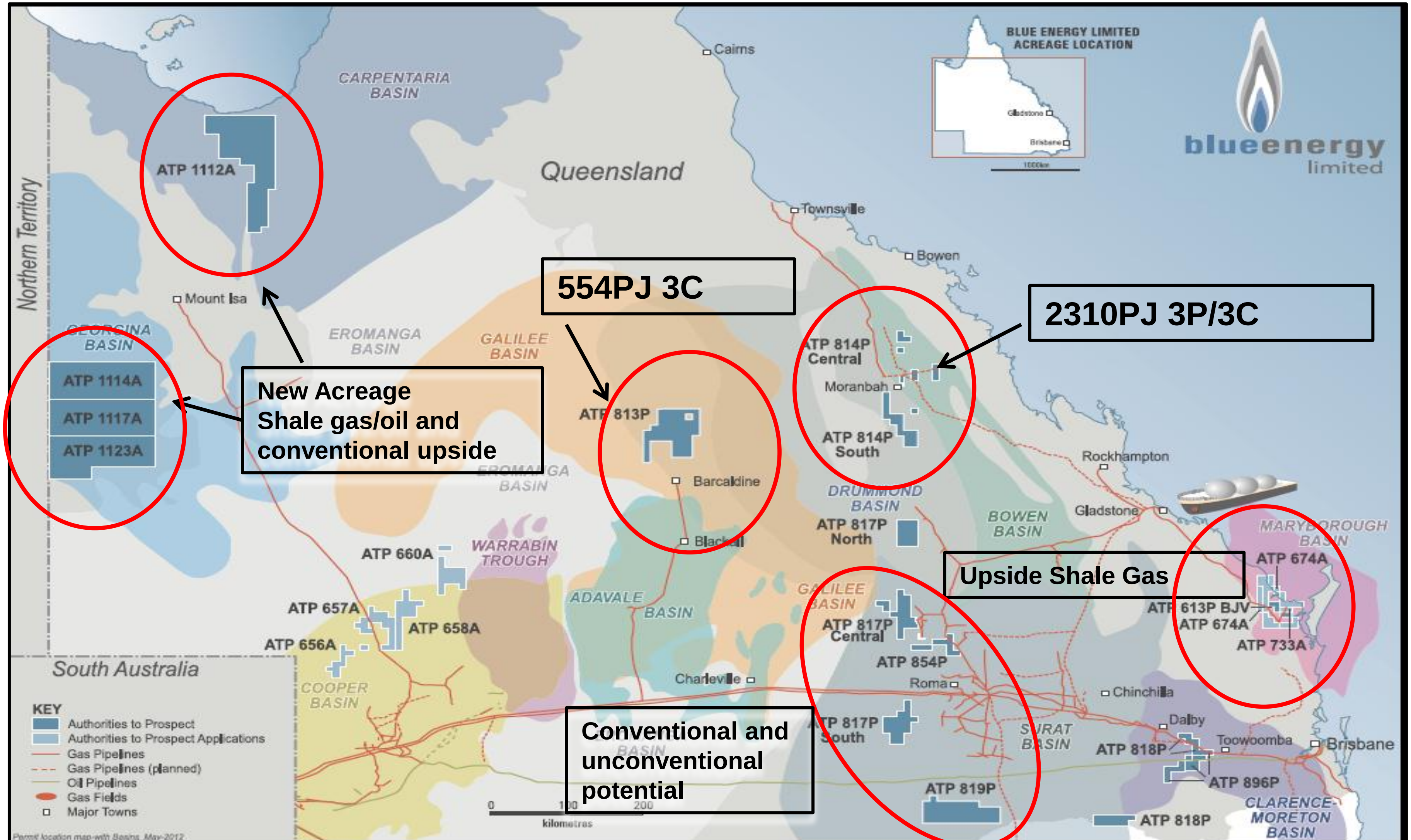


Reserves and Resources Evolution

- 3P Reserves: 75PJ (annual growth rate = 322%)
- 3P + 2C: 749PJ
- Contingent Resources: 2,788PJ 3C (annual growth rate = 1,307%)
- Upside potential in multiple new plays – Multi TCF potential



Asset Portfolio



Commodity Spread – Pre Review

Block	CSG	Oil	Gas	Shale Gas w liquids	Shale Gas
Galilee ATP813	✓				
Bowen ATP814	✓				
Bowen ATP817	✓				
Surat ATP818	✓				
Surat ATP819	✓	✓	✓		
Surat ATP854	✓				
Surat ATP896	✓				
Maryborough	✓		✓	✓	✓
Cooper	✗	✓	✓		
Carpentaria					
Georgina					

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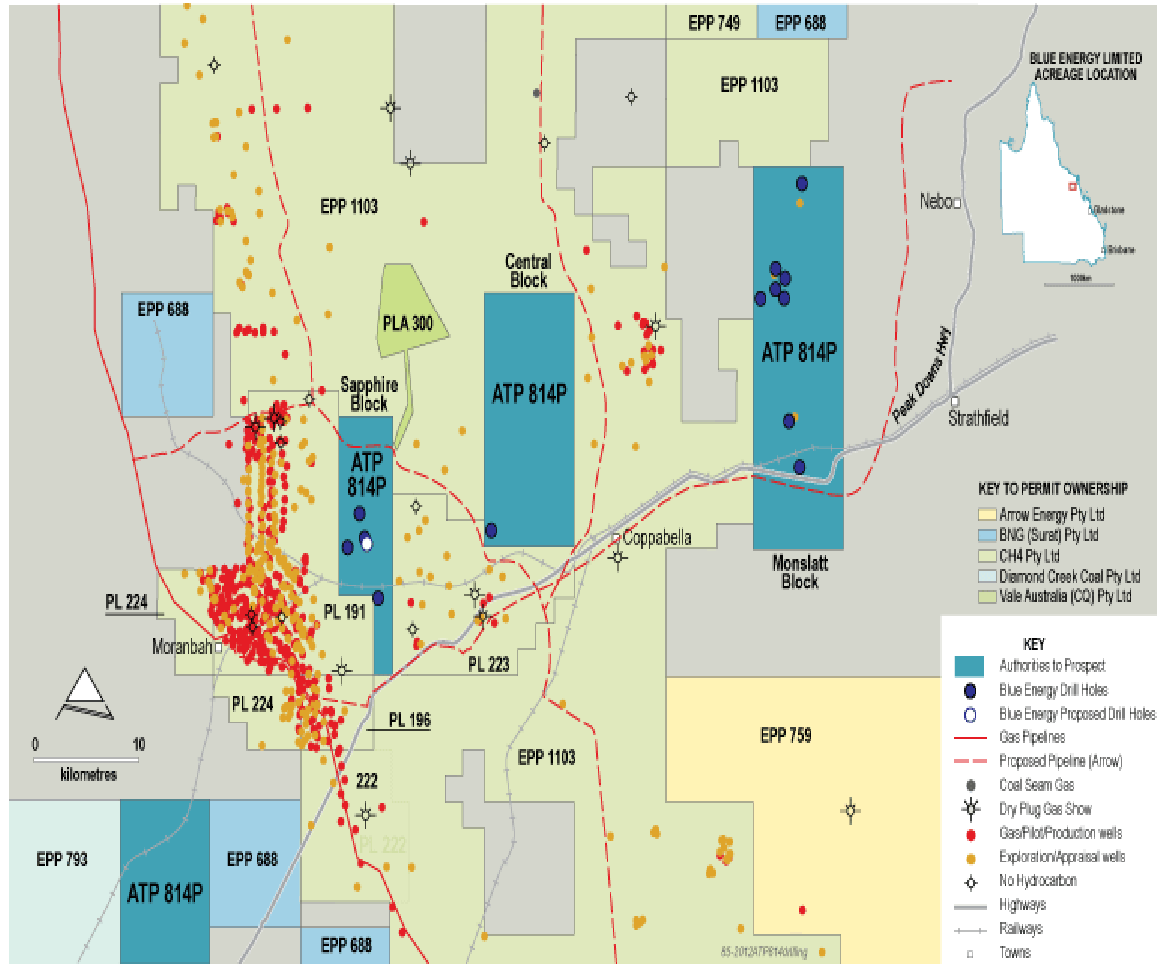
Commodity Spread – Post 2012 Review

Block	CSG	Oil	Gas	Shale Gas w liquids	Shale Gas
Galilee ATP813	✓	✓	✓	?	?
Bowen ATP814	✓	✘	✘	✘	✓
Bowen ATP817	✓	✓	✓	✓	✓
Surat ATP818	✓	✘	✘	✘	✘
Surat ATP819	✓	✓	✓	✓	✓
Surat ATP854	✓	✓	✓	✘	✘
Surat ATP896	✓	✘	✘	✘	✘
Maryborough	✓	✓	✓	✓	✓
Cooper	?	✓	✓	✓	✓
Carpentaria	?	✓	✓	✓	✓
Georgina	✘	✓	✓	✓	✓

Competitor Activity and Infrastructure

- Blue acreage has low well density
- Very active work program in Shell/Petrochina permits
- Current competitor gas production:
  - 46TJ/day
  - 16PJ pa
- Gas export infrastructure being developed



Activity to Date – Bowen

- Monslatt Block
  - Blue activity — 3 fully cored wells
    2 stratigraphic control wells
    5 Pilot production wells
    2 testing gas
    3 dewatering

Delivered - 1,451PJ 3C Contingent Resources

- Sapphire/Central Blocks
  - Blue activity — 6 fully cored wells
    1 production pilot well
    Currently flowing gas

Delivered - 75PJ 3P Reserves
783PJ 3C Contingent Resources

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Work Program 2012

Firm

- Continue production testing of multiple Monslatt and Sapphire wells
- 3 sub-regional G&G studies to high grade prospectivity
- Permit compliance

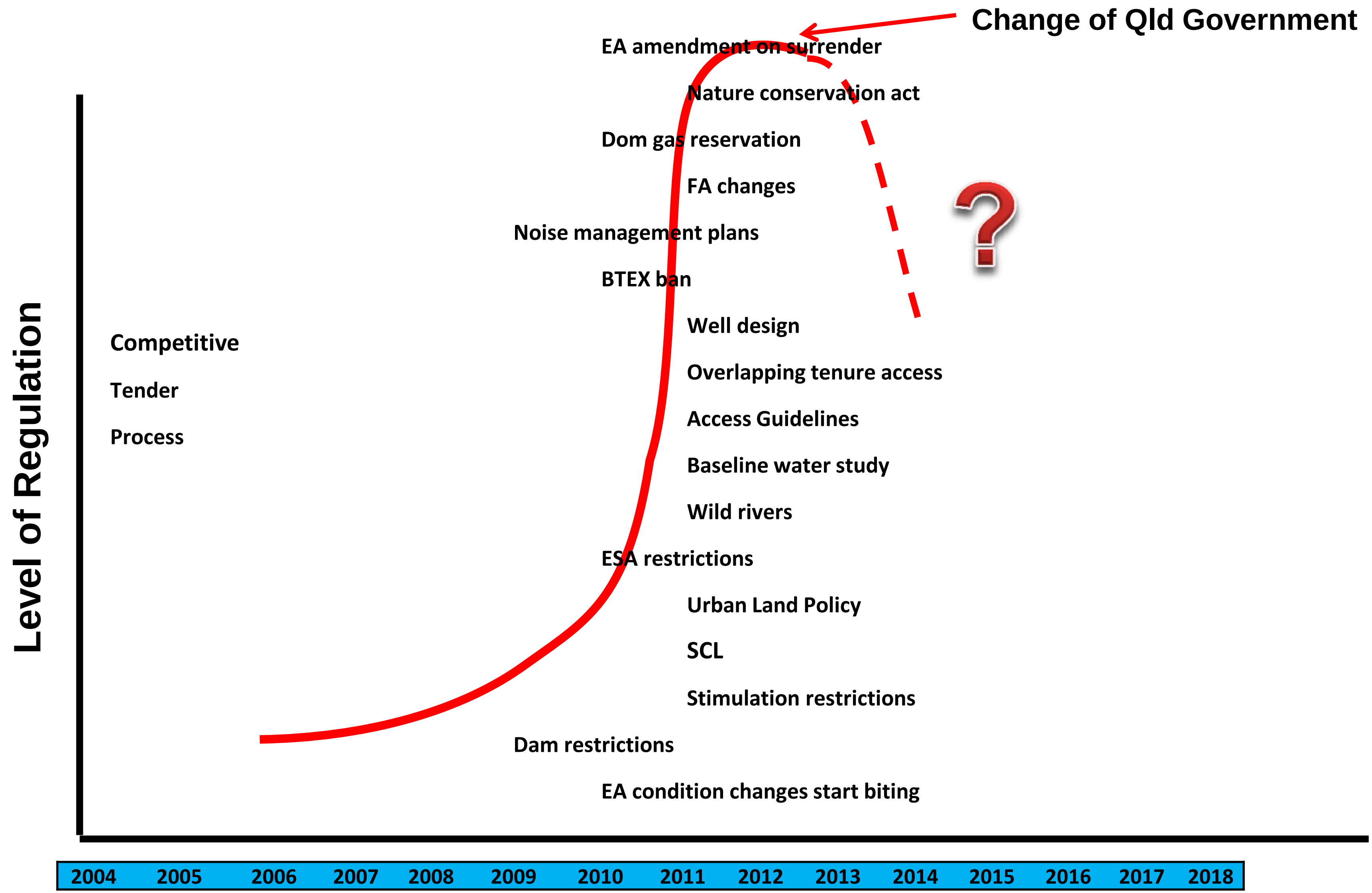
Contingent on Regulatory Approval

- Drill and test Sapphire 5 Pilot test well
- Drill and test ATP854P well
- Acquire seismic in ATP817P & ATP819P

Success Case

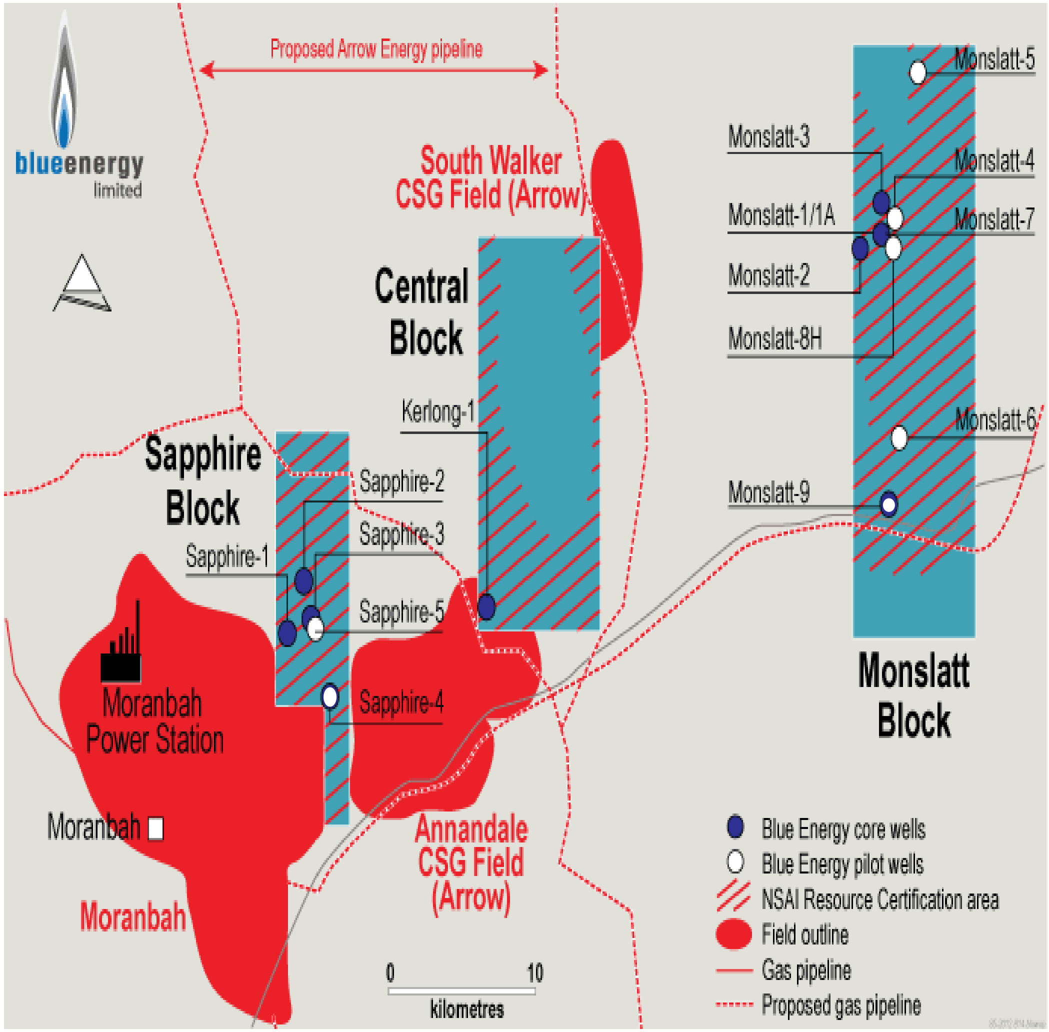
- Sapphire - up to 300PJ 2P reserves
  Monslatt - up to 500PJ 2P and 1,200PJ 3P reserves

Regulatory Setting



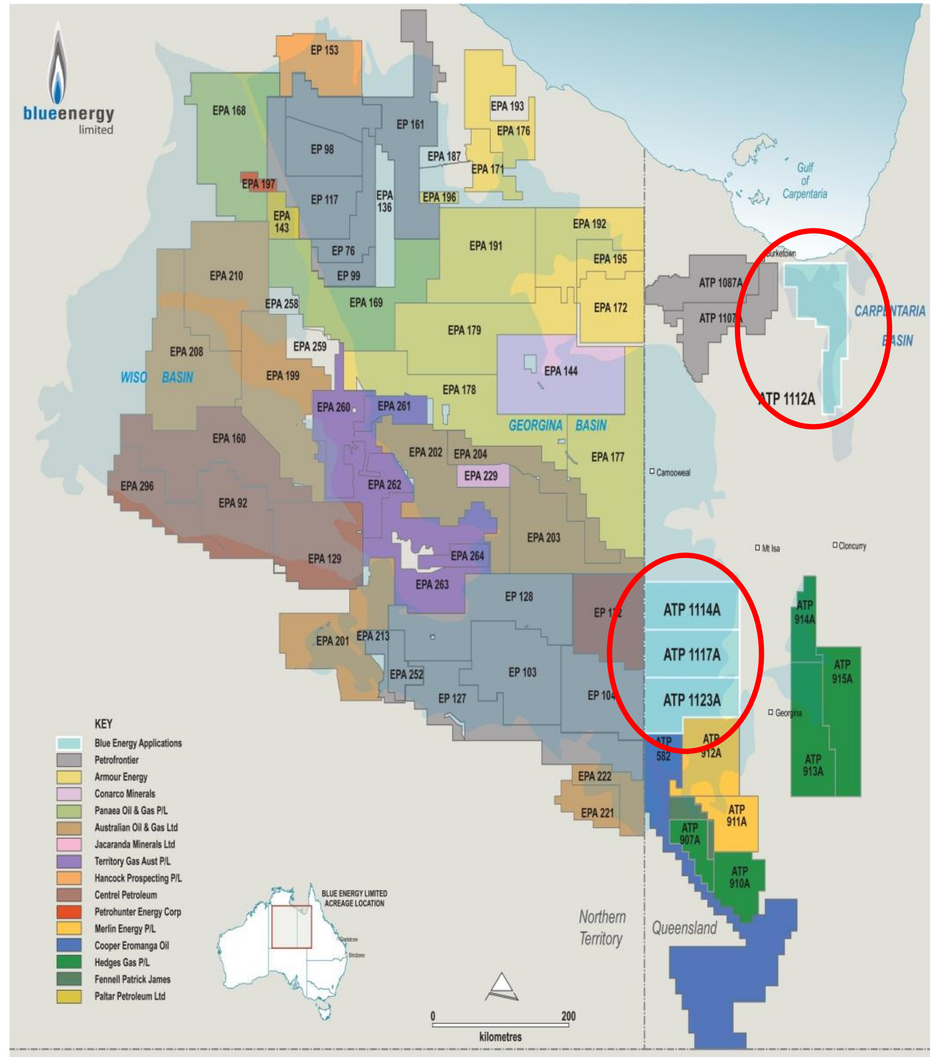
Program Overview – Bowen Basin

- Production test Sapphire 4
- Drill and test Sapphire 5
- Continue production testing of Monslatt pilot wells



Growth Exploration Acreage

- Large position – 31,280km^2 (7.7 million acres)
- 100% Blue Energy
- Petroleum system established in Georgina
- Oil and gas potential - conventional and non-conventional
- Huge potential volume – Ryder Scott report for Petrofrontier estimates up to 40 billion barrel oil potential (unrisked high side prospective resource – rec)
- Near term activity on adjacent NT side
- Statoil Farm in deal on adjoining acreage – $210m



Upside to Reserves

- Deep CSG potential in current portfolio
    - Bowen and Surat Basin acreage – deep Moranbah and Walloon sections
- Shale Gas potential in current portfolio
    - Significant potential resource in the Maryborough – close to Gladstone demand – "Company maker" – multi TCF potential
    - Shale gas potential in Moranbah sequence
    - Georgina and Carpentaria shale acreage
- Conventional prospectivity being re-evaluated
- New exploration acreage opportunities
    - Expanding portfolio into frontier areas – large upside potential

Competitor Activity

Bowen Basin

- Appraisal activity in ATP1033P and PL's - Arrow Energy
- Large frac program
- 2015 – 2017; 15-30 development wells/month

Surat Basin

- 300 new wells in Fairview and Roma by YE 2015 – GLNG
- APLNG and QGC LNG upstream programs

Galilee Basin

- Exoma – drill 22 exploration wells this year – 2 rig program
- AGL/Galillee – continue production testing of Glenaris pilot wells

Georgina Basin

- Petrofrontier/Statoil – $210 million exploration program 2012-2015
- Armour Energy – seismic and drilling post award

Cooper Basin

- QGC/DLS and BPT shale gas work programs

Sector Consolidation Continues

CSG Sector Consolidation to Date

2007

QGC, Arrow, Santos, Origin,

Westside, Blue, Comet, Galilee, Icon

Sunshine Gas, Adelaide, Pangaea

Pure Energy, Eastern Star Gas

Bow Energy, Apollo, Sydney Gas,

Metgasco

2012

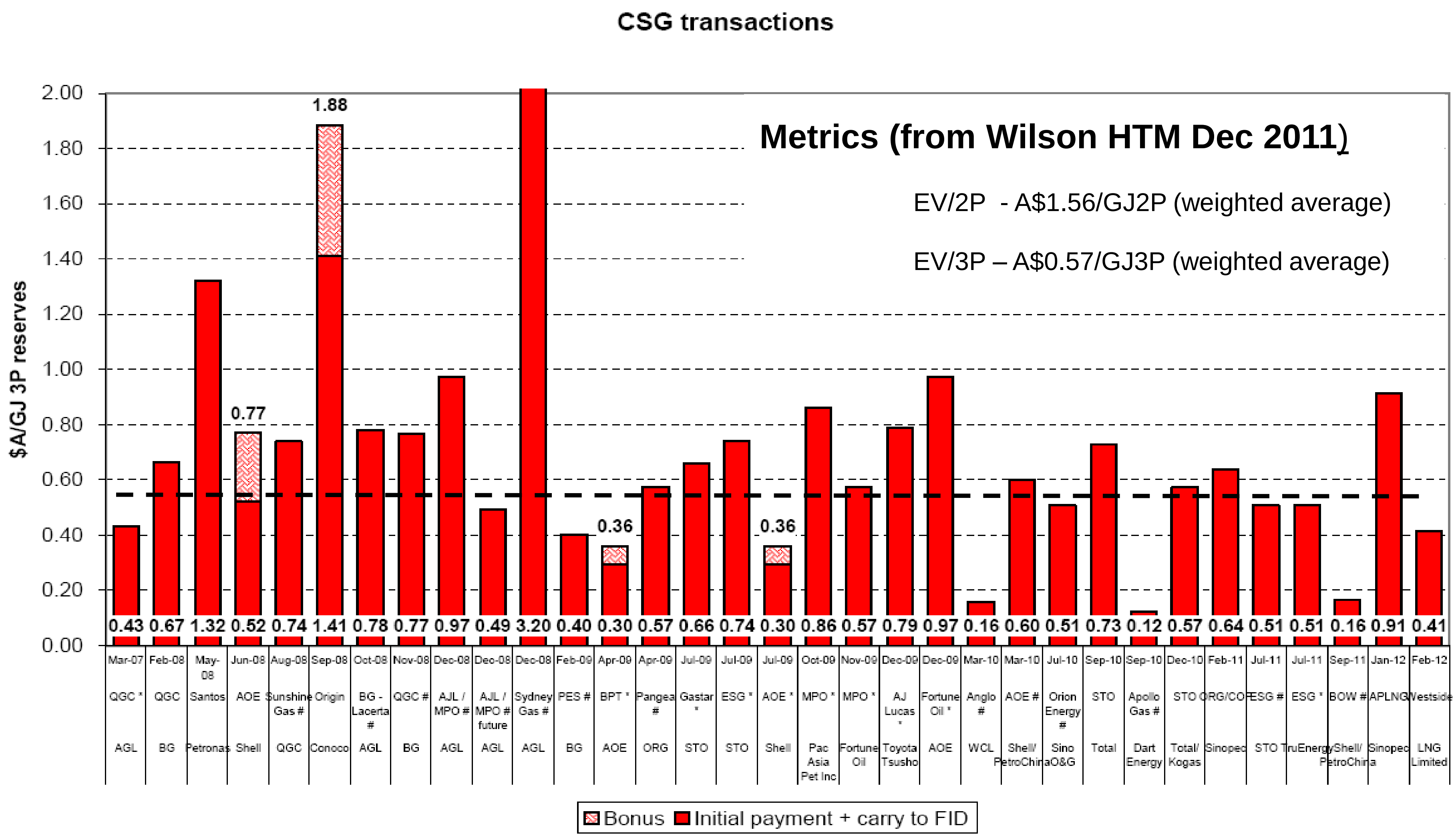
QGC/BG, Arrow (Shell/Petrochina)

Santos, Origin (APLNG), Galilee,

Westside, Blue, Comet, Exoma, Pangaea,

Metgasco, Icon

Sector Consolidation Metrics



Metrics (from Wilson HTM Dec 2011)

EV/2P - A$1.56/GJ2P (weighted average)

EV/3P – A$0.57/GJ3P (weighted average)

Value Metrics

Blue Valuation Potential

Based on Wilson's valuation metrics

Blue's current 75PJ 3P reserves has potential value of up to **$42 million**

If Blue's current 3C contingent resource is assumed to have a potential value of $0.15/GJ 3C.

ATP814P 3C Contingent Resource (2,234PJ) may be valued at up to **$335 million**

+

Exploration Acreage

Exploration Acreage Metrics

	Exoma /CNOOC (Galilee)	DLS /BG (Cooper)	New Standard /Conoco (Canning)	Falcon /Hess (Beetaloo)	Petro Frontier /Statoil (Georgina)
Farmin Value ($m)	$50	$108	$110	$112	$206
Working Interest (%)	50%	60%	75%	62.5%	65%
km^2	28,343	2,000	45,000	25,200	51,704
Acre	7m	494k	11.1m	6.2m	12.8m
$/$km^2$	$1,764	$54,000	$2,433	$4,444	$3,984
$/Acre	$7	$219	$10	$18	$16

- Value per km^2 (excluding DLS/BG) $1,750 – $4,500
- Armour IPO on shale gas assets in NT/Qld - $75 million raised

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In Summary

- Doubled our acreage position with new Georgina and Carpentaria Basin permits
- 2012 Program targets potential delivery of up to 822PJ 2P and 1,522PJ 3P
- Will drill up to 2 new CSG wells in 2012 (2 pilot wells)
- Will continue to complete, stimulate and test the 5 Monslatt pilot wells – subject to regulatory approvals
- Pursue prospectivity in ATP854P – adjacent to Fairview
- Bowen and Maryborough Basin assets adjacent to LNG gas supply province and gas export infrastructure
- Opportunity conveyor running well

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