

Blue Energy Limited



AGM Presentation

15 November 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 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).

Performance Scorecard

Goal

- Environment, Health and Safety
- Pilot Testing
- Add to reserves
- Expand Portfolio

Achievement

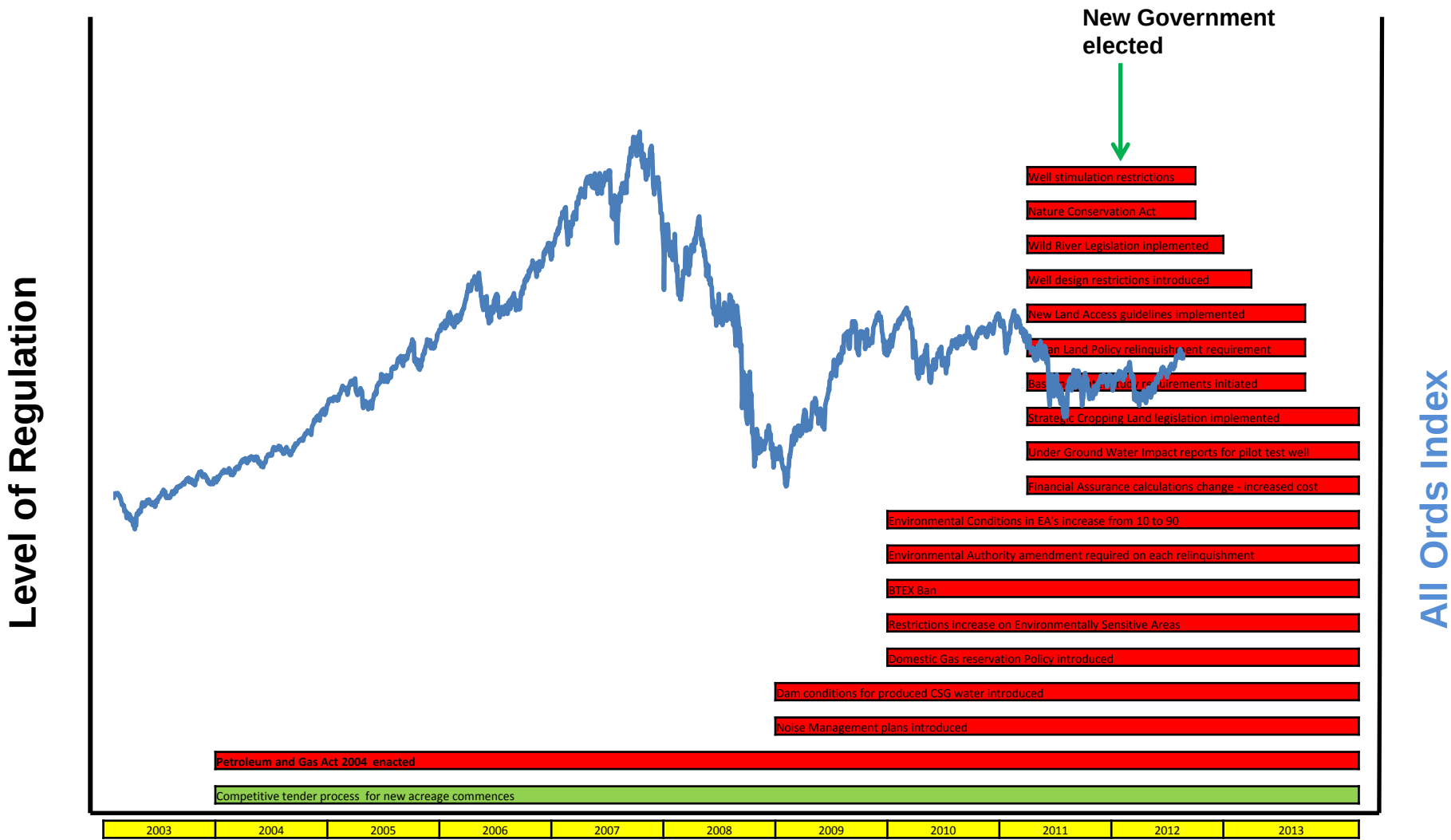
5 Year LTI milestone reached ✓
Zero significant environmental incidents ✓

4 wells completed and put on test ✓
No commercial rates as yet ✗

Increased 3P Reserves by 84% —
Increased Contingent Resources by 12% —

*Significantly expanded exploration portfolio –
material shale play exposure – increased
portfolio by 116% (29,300km²)* ✓

External Environment



2012-13 Corporate Goals

- Zero Environment and Safety issues
- Pilot production goal – commercial rate from at least two pilots
- Add reserves – 1,000PJ's 3P
- Expand and monetise the portfolio



Operational Update

- Sapphire 4 - hydraulic stimulation conducted
- Sapphire 5 new drill
- Pilot production testing - Monslatt Pilots and Sapphire 4
 - No commercial rates to report yet
- Native title agreements on Cooper Blocks executed
- Initiated Native Title discussions - South Georgina Basin

Corporate Snapshot

ASX Listed Company (BUL)

Resource Base

Reserves (3P)	75PJ
3P + 2C	749PJ
Resource Base (3P + 3C rec)	2,890PJ
Employees	13
Cash (at 30 September 2012)	\$20m
Acreage	54,377km ²

Blue Energy's Vision

**3,000PJ of 3P reserves in the eastern
Australian LNG province by 2014**



Safety and Environment

Milestone:

- 5 years 3 months of operations without a Lost Time Injury

Metrics: 39 wells drilled
 29,000 metres drilled (cumulative over the 5 years)
 307,125 man hours worked (160 man years)
 14 different rig contractors utilised

- Active participant in regional aquifer study in the Galilee Basin



Community

- Good faith negotiation on land access
- Consultation on farm operations
- No Land Court actions



- Respect for Cultural Heritage values
- Positive responses to Community Forums
- Positive contribution to community infrastructure

Forward Activity Plan

Permit	Basin	Activity	2012		2013				2014			
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ATP1114A, 1117A, 1123A	Georgina	Native Title/EA Seismic acquisition Drilling										
ATP 814P	Bowen	Pilot testing Sapphire 5 Drilling										
ATP 854P	Surat	Coreholes Pilot Well Seismic										
ATP 813P	Galilee	Coreholes Pilot?										
ATP 656A, 660A, 658A	Cooper	Native Title/EA Seismic acquisition Drilling										

Asset Portfolio

- Largest acreage holding of non export LNG explorers

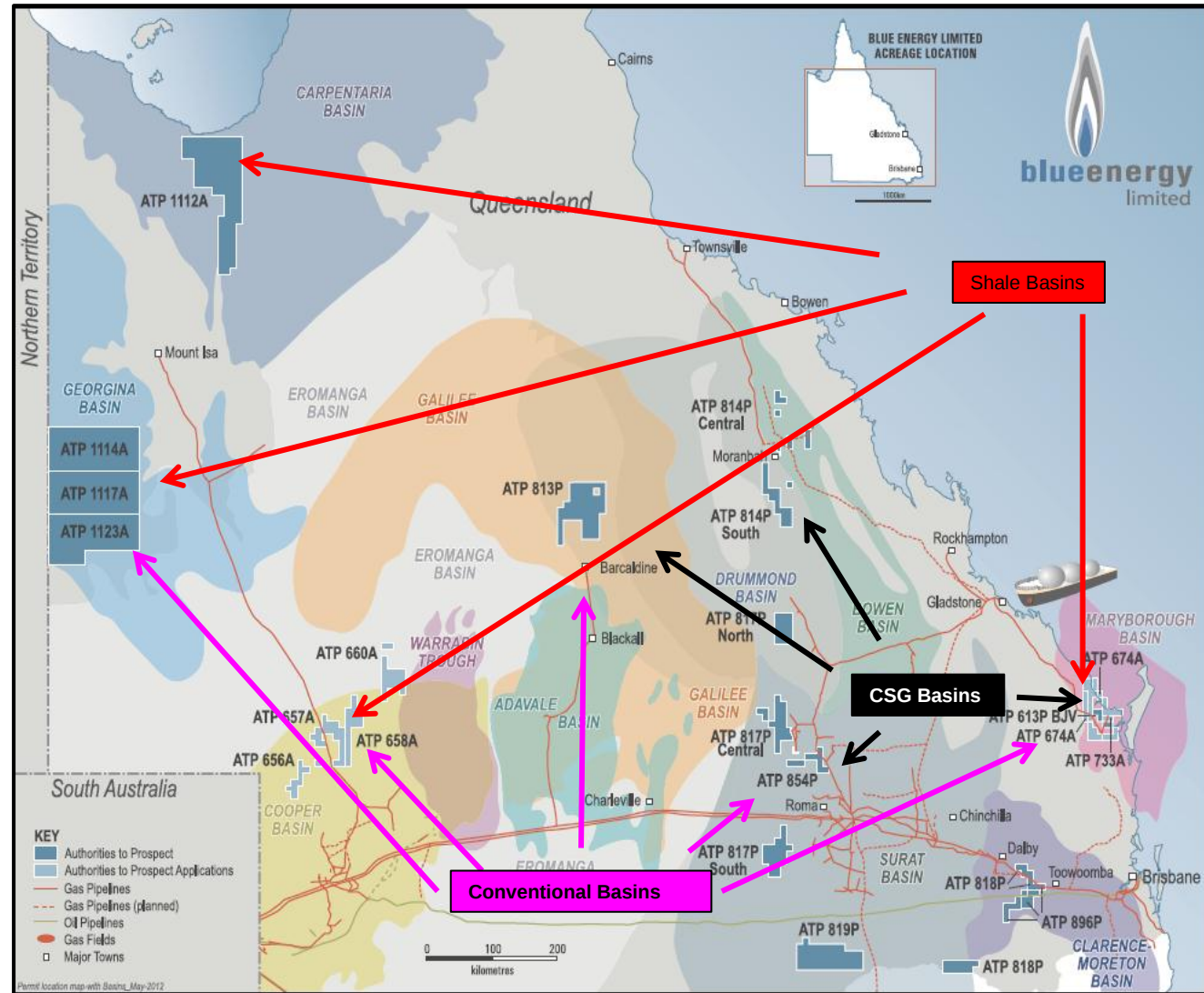
- Acreage in producing basins:

Cooper:	5,357km ²
Bowen:	6,685km ²
Surat:	5,785km ²

- Acreage in frontier basins:

Georgina:	21,351km ²
Carpentaria:	7,996km ²
Maryborough:	3,358km ²
Galilee:	<u>4,158km²</u>

Total Acreage 54,690km²
(13.433 million Ac)



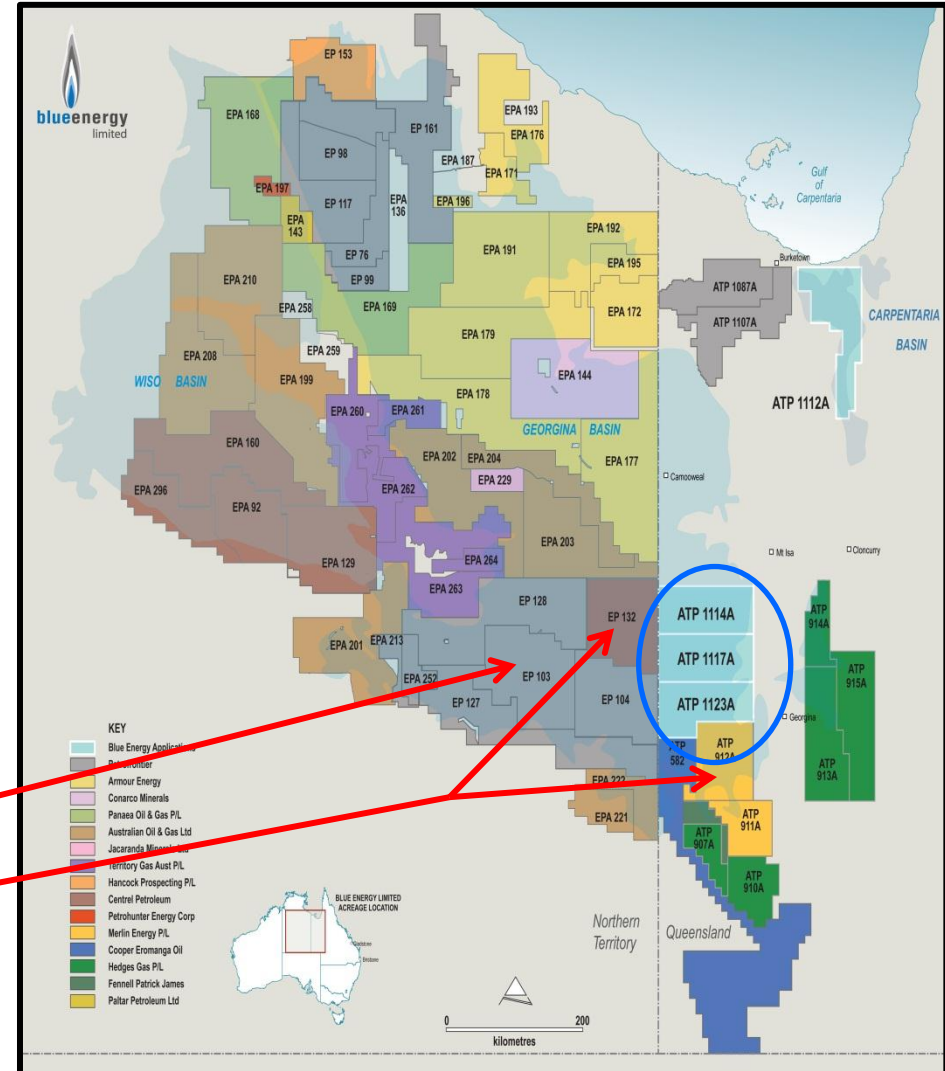
Southern Georgina Basin

ATP1112A, 1117A, 1123A

Blue Energy 100%

Georgina Basin Acreage

- Large position – 21,300km² (5.3 million net acres)
- Blue Energy is Operator and is 100% equity holder
- Basin has proven Petroleum System with conventional and non-conventional potential
- Large potential – up to 48 billion barrel oil potential in adjacent permits (EP103, 104, 127 & 128, EPA 132, ATP 909A, 911A & 912A) – Ryder Scott and Central Petroleum
- Deal Flow:
 - Statoil farms into Petrofrontier - \$210 million
 - Total Farms into Central Petroleum - \$190 Million

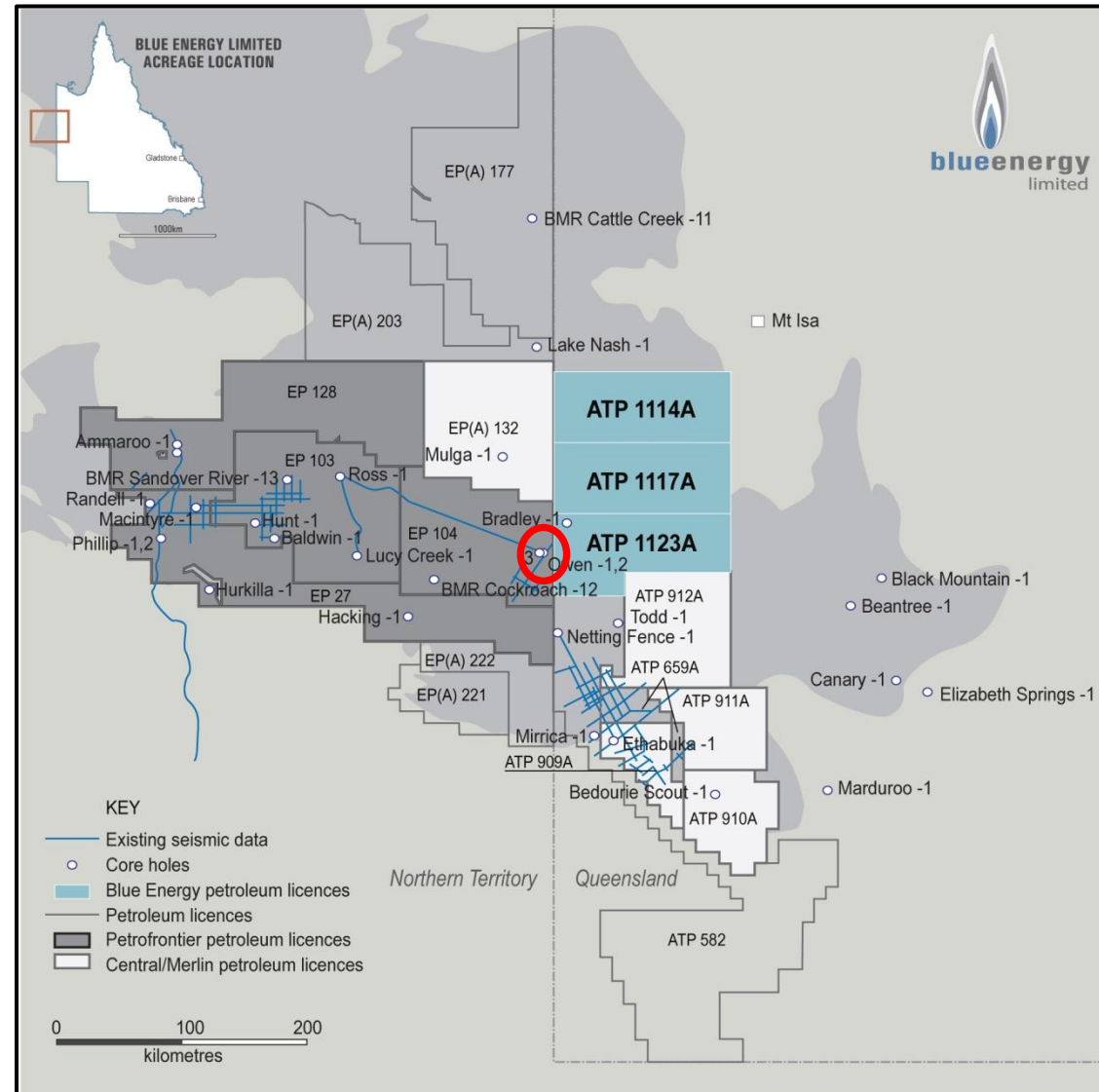


Southern Georgina Basin Activity

- Proven hydrocarbon basin
- Owen 3 well
 - Intersected oil in:
 - Lower Arthur Creek Shale
 - Thornton Limestone
 - Well is on production test.



Oil stained core
from Owen 3
(Courtesy
Petrofrontier)



Bowen Basin

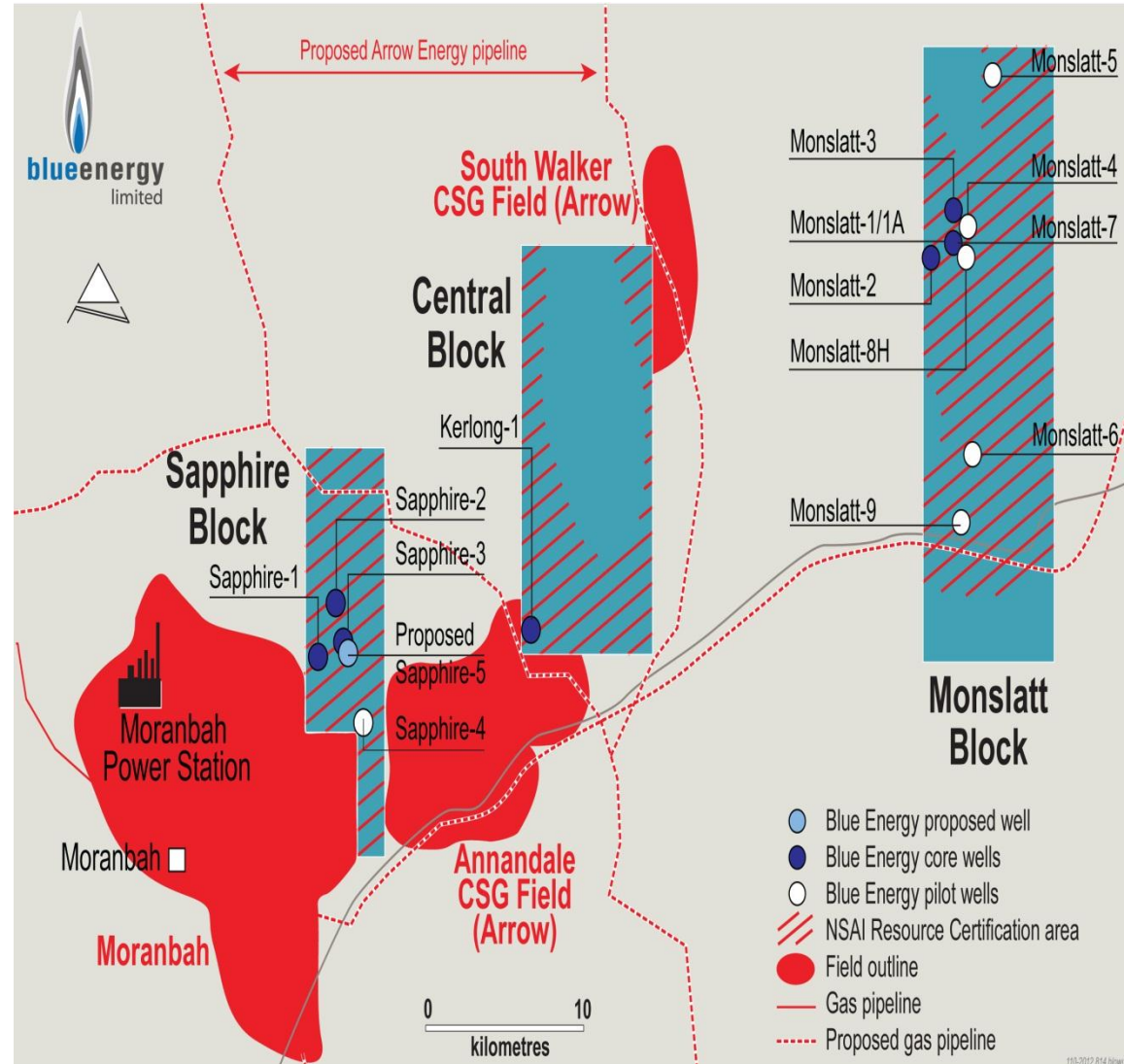
ATP814P

Blue Energy 100%

Proximity to Production – ATP814P

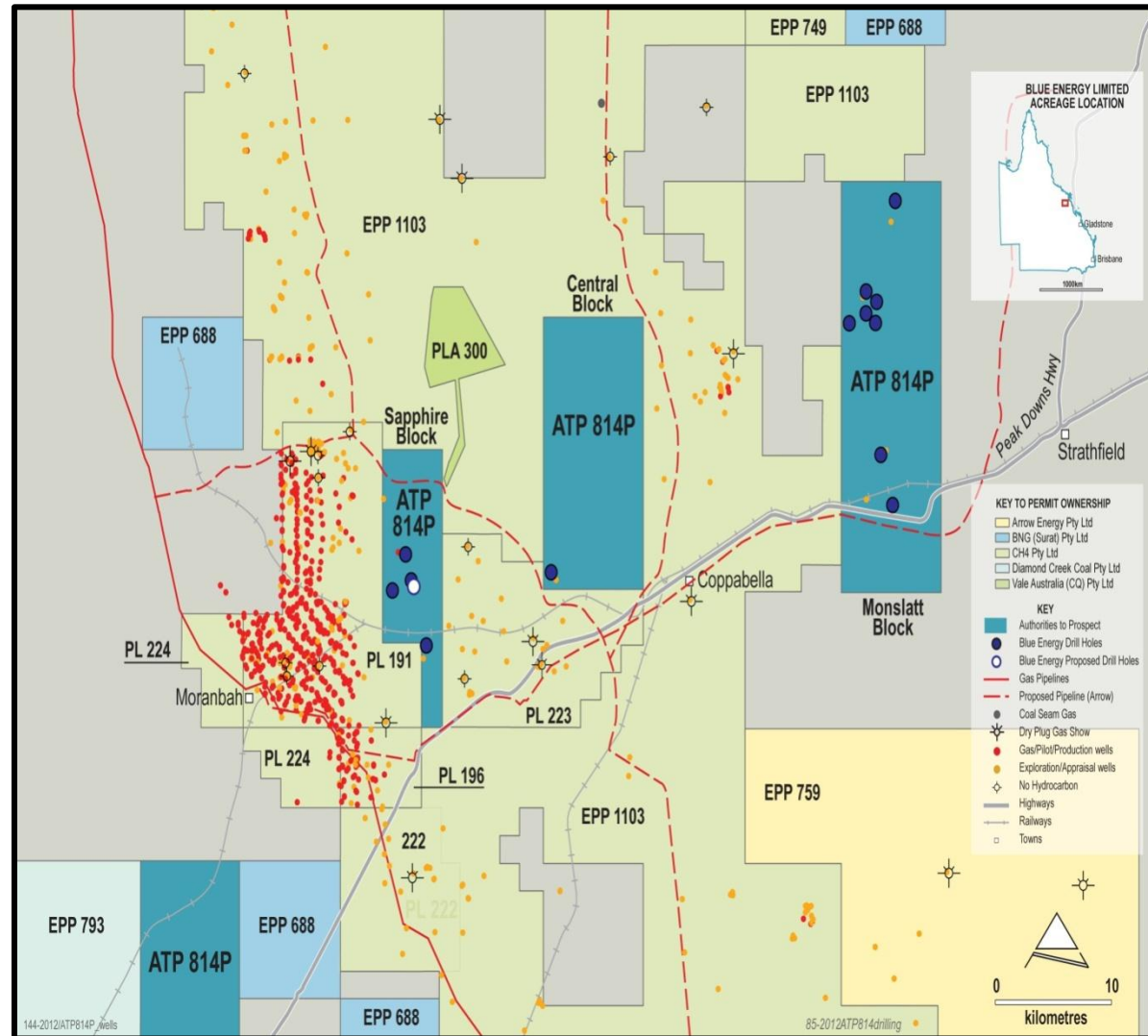
Resources and Reserves

- 3P: 75PJ
- 3C: 2,234PJ
- Pilot testing - four wells de-pressuring
- Sapphire 4 - first hydraulic fracture stimulation
- Sapphire 5 planning well advanced



Competitor Activity and Infrastructure – ATP814P

- 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



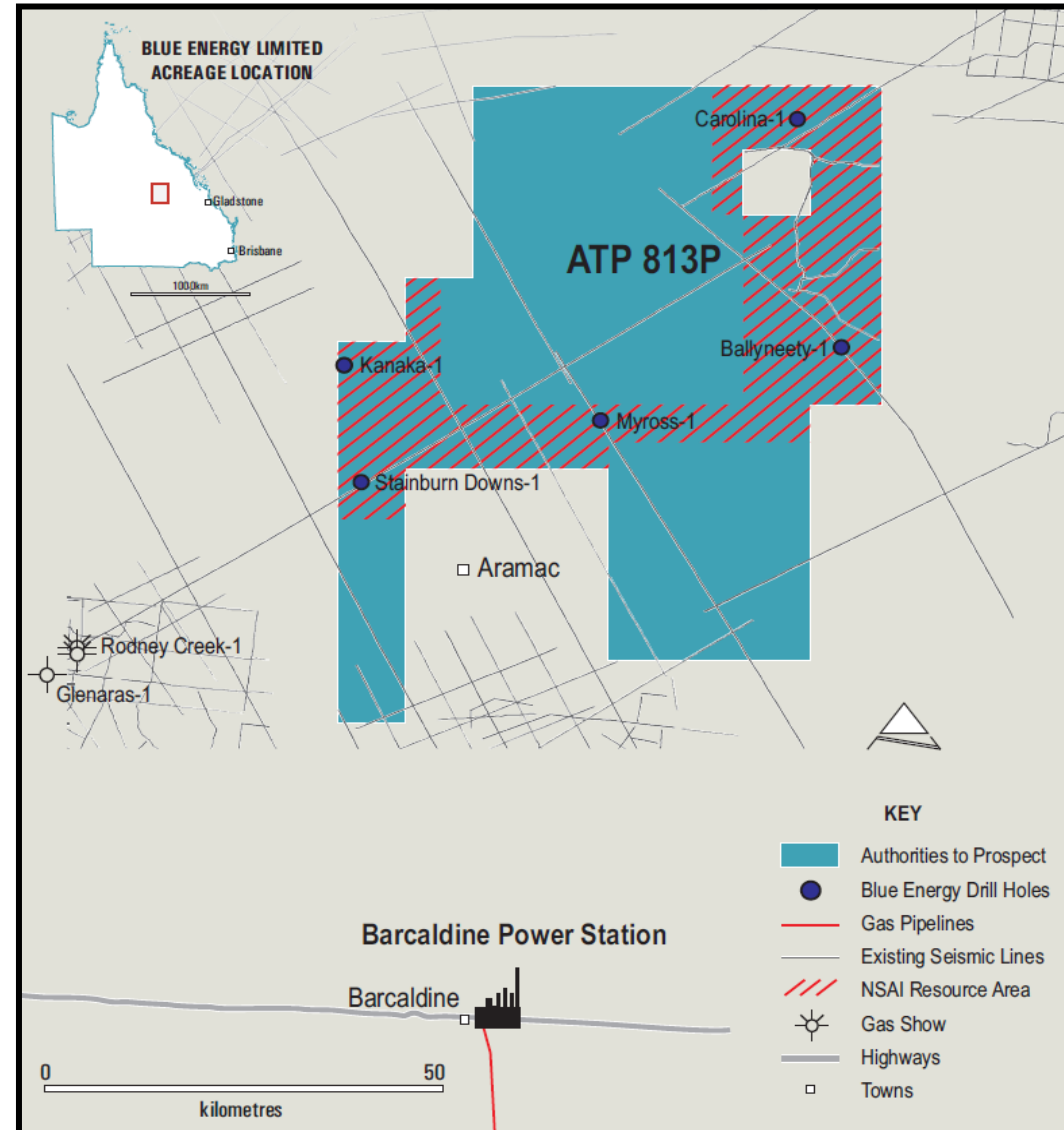
Galilee Basin

ATP813P

Blue Energy 100%

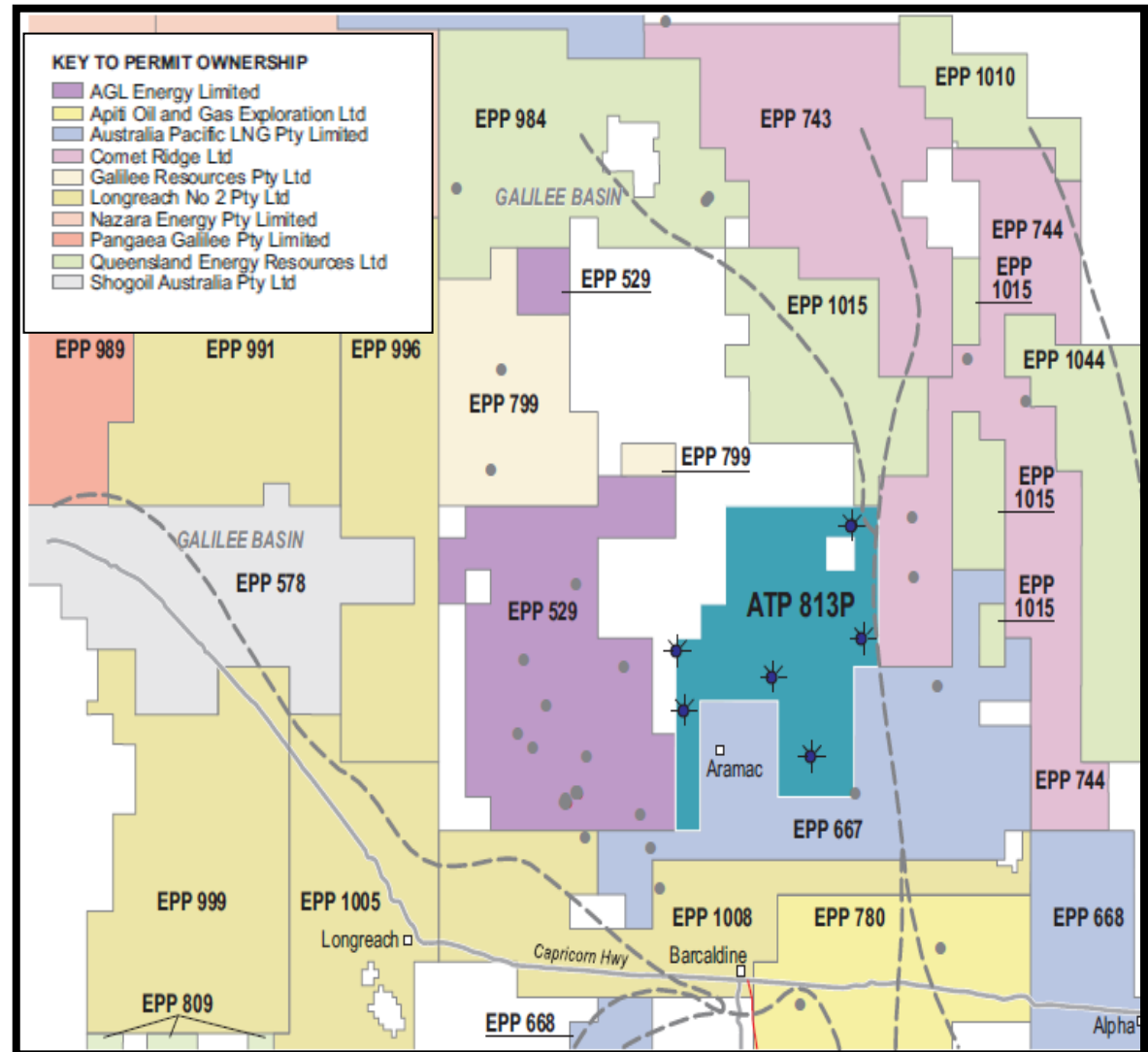
Galilee Basin - Underexplored

- 5 core wells
- Production testing adjacent
- Resource Estimate
 - 554PJ Contingent Resource
 - 1,143PJ Prospective Resource
 - Resource estimate only covers 25% of acreage
- Infrastructure and gas demand is developing - large coal projects in eastern part of basin



Adjacent Activity – Galilee Basin

- Aggressive competitor activity
- Adjacent CSG pilot flowed gas
- Deal flow
 - 2009: AGL spent \$37m to earn 50% in ATP529P
 - 2010: CNOOC farming into Exoma acreage for \$50m to earn 50% interest in 26,800km²



Maryborough Basin

ATP613P, ATP674A,

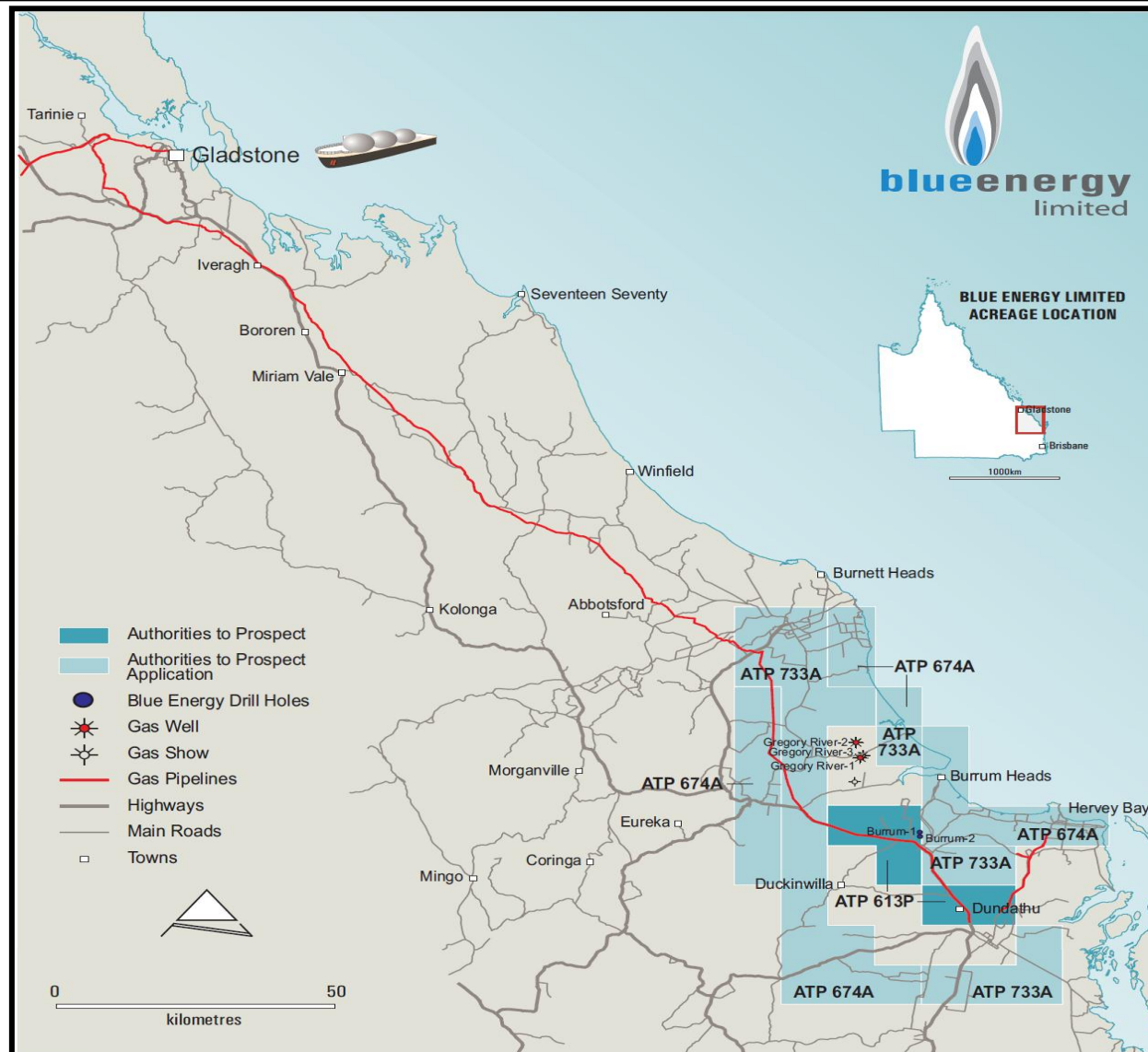
ATP733A

Blue Energy 75%

(post farm-in)

Maryborough Basin – Good Location

- Petroleum system identified
- Multiple potential hydrocarbon plays
 - Conventional
 - CSG
 - Shale gas
- Strategic location for both domestic and export gas supply.
- Petroleum exploration history from the 1950's.



Maryborough Basin – Independent Assessment

- EIA independently defines basin potential
- Potentially significant resource
- Thick marine shale
- Compares well with other Australian shale basins

Basic Data	Basin/Gross Area		Cooper Basin (46,900 mi ²)	Maryborough Basin (4,290 mi ²)	Perth Basin (12,560 mi ²)		Canning Basin (181,000 mi ²)
	Shale Formation		Roseneath-Epsilon-Murteree	Goodwood/Cherwell Mudstone	Carynginia Shale	Kockatea Fm	Goldwyer Fm
	Geologic Age		Permian	Cretaceous	Upper Permian	Lower Triassic	M. Ordovician
Physical Extent	Prospective Area (mi ²)		5,810	1,555	2,180	2,180	48,100
	Thickness (ft)	Interval	0 - 1,800	300 - 3,000	300 - 1,500	300 - 3,000	300 - 2,414
		Organically Rich	500	1,250	950	2,300	1,300
		Net	300	250	250	230	250
	Depth (ft)	Interval	6,000 - 13,000	5,000 - 16,500	4,000 - 16,500	3,300 - 16,500	3,300 - 16,500
		Average	8,500	9,500	10,700	10,000	12,000
Reservoir Properties	Reservoir Pressure		Moderately Overpressured	Slightly Overpressured	Normal	Normal	Normal
	Average TOC (wt. %)		2.5%	2.0%	4.0%	5.6%	3.0%
	Thermal Maturity (%Ro)		2.00%	1.50%	1.40%	1.30%	1.40%
	Clay Content		Low	Low	Low	Low	Low
Resource	GIP Concentration (Bcf/mi ²)		105	110	107	110	106
	Risked GIP (Tcf)		342	77	98	100	764
	Risked Recoverable (Tcf)		85	23	29	30	229

Source: EIA report April 2011

Summary

- Blue has exposure to large CSG and shale plays, the subject of current farm in activity
- Blue will leverage its equity position by farming down but retaining operatorship.
- Blue will continue the process to convert CSG resources to reserves
- Active exploration and testing program





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