blueenergy
limited

4 September 2013

Ms Fiona Murphy
ASX Market Supervision Pty Ltd
2 The Esplanade
PERTH WA 6000

BY FACSIMILE: (08) 9221 2020

Dear Fiona

RE: APPENDIX 3Y

I refer to your letter of yesterday.

The Appendix 3Y relates to Mr John Phillips and relates to the exercise of Employee Incentive Rights held by Mr Phillips. The Employee Incentive Rights and shares held by Mr Phillips have previously been disclosed.

The Appendix 3Y was immediately lodged by the Company this week once it was realised it had not been lodged within the 5 working day period required by the listing rules as a result of Mr Phillips and the Chairman being overseas on company business and management working with the Company's auditors to finalise the 30 June 2013 Financial Accounts. This lodgement by the Company was voluntary and self-regulatory, and was not prompted by any action taken by ASX.

In response to the questions in your letter:

1. The Appendix 3Y was lodged late due to an oversight when preparing all of the other notifications in relation to the exercise of Employee Incentive Rights due to Mr Phillips and the Chairman being overseas and management working with the Company's auditors to finalise the 30 June 2013 Financial Accounts.

2. To ensure compliance with its disclosure requirements the Company has in place both a Securities Trading Policy and a Market Disclosure and Communication Policy obliging director's and all staff timely to report to the Company for disclosure all information required to be disclosed to the ASX. These policies are regularly reviewed and updated and are regularly brought to the attention of directors and staff.

3. The current policies are considered adequate to ensure compliance, and it is also considered that they are being properly observed and adequately enforced. In the present case no lapse in internal reporting occurred; rather by oversight an Appendix 3Y was not lodged within the required period with the other notifications and filings relating to the exercise of Employee Incentive Rights.

I trust this adequately addresses your questions.

Yours sincerely

Stuart Owen
Company Secretary

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3 September 2013

Mr Stuart Owen
Company Secretary
Blue Energy Limited
Level 3, 410 Queen Street
BRISBANE QLD 4000

Dear Mr Owen

Blue Energy Limited (the "Company") Appendix 3Y – Change of Director's Interest Notice

We refer to the following:

1. Appendix 3Y lodged by the Company with ASX Ltd ("ASX") on 2 September 2013 regarding a change of director's interest for Mr John Phillips (the "Appendix 3Y").

2. Listing rule 3.19A which requires an entity to tell ASX the following:

   3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.

   - On the date that the entity is admitted to the official list.
   - On the date that a director is appointed.

   The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

   3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

   3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

   An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that the change in the notifiable interest of the director occurred on 20 August 2013. It appears that the Appendix 3Y should have been lodged with ASX in respect of that change by 27 August 2013. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3 If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to fiona.murphy@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to ASX Market Announcements Office.

A response is requested as soon as possible and, in any event, not later than **05:00 pm (WST) on Thursday, 5 September 2013.**

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 form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Fiona Murphy
Senior Adviser, Listings Compliance (Perth)