

Blue Energy Limited



Investor Presentation June 2014

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 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)), utilising a deterministic methodology.

Reserves and Resources Position (Net to Blue Energy)

Permit	Block	Assessment Date	Announcement Date	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		30-06-12	19-03-13	-	22	-	47	-	101
ATP813P		31-12-10	29-06-11	-	-	-	42	-	548
ATP814P	Sapphire	31-12-12	26-02-13	-	75	50	127	178	224
ATP814P	Central	31-12-12	19-03-13	-	27	-	81	-	438
ATP814P	Monslatt	31-12-12	19-03-13	-	-	-	476	-	1,693
ATP814P	Lancewood	30-09-13	30-10-13	-	7	5	11	15	421
ATP814P	South	30-06-13	29-07-13	-	15	-	27	6	30
Total (PJ)				-	146	55	811	200	3,454
Total (bcf)				-	146	55	811	200	3,454

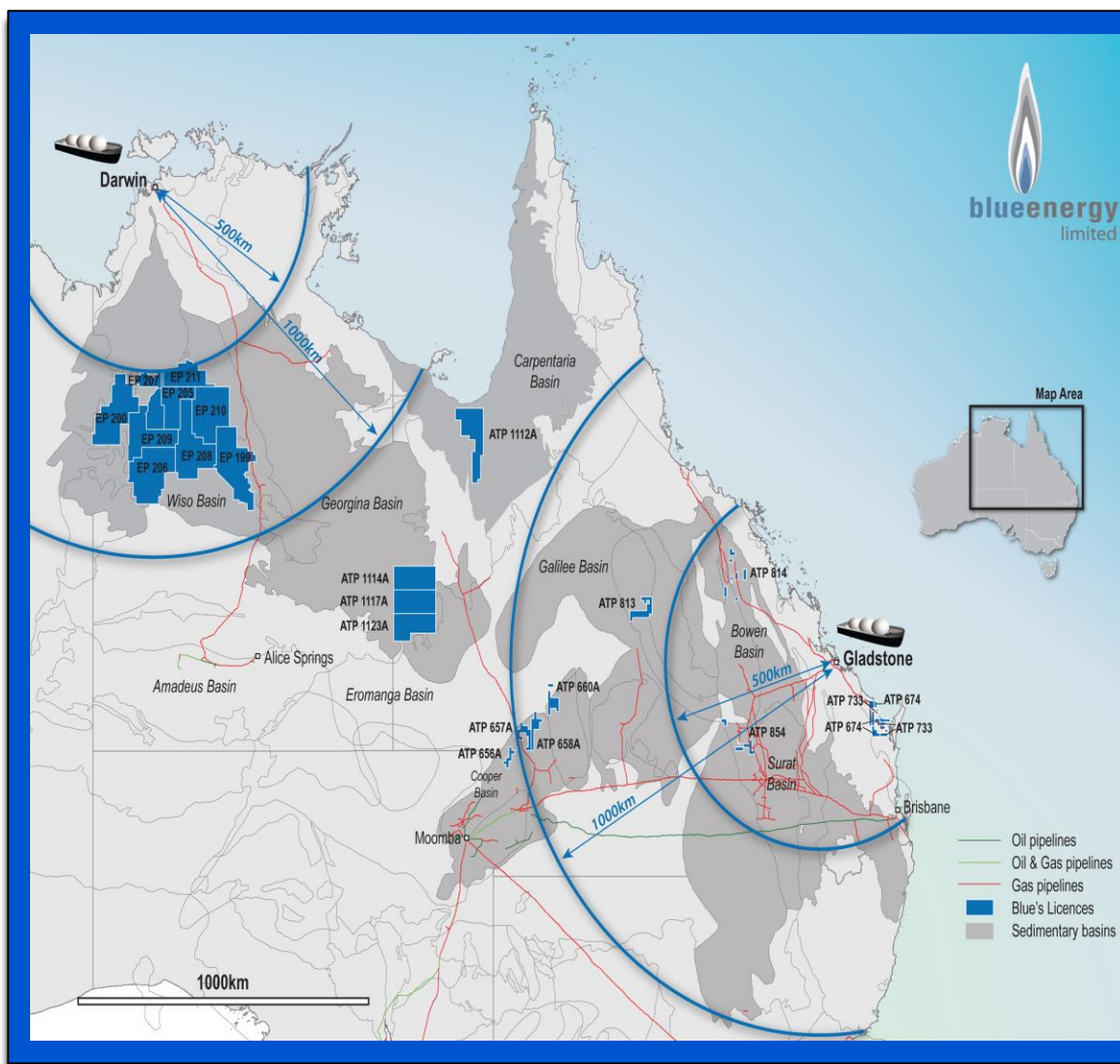
Strategic investment rationale

- **Greater McArthur and Georgina Basins – huge acreage position and potential - increasing global oil company interest and activity**
- **Cooper Basin exposure – area of obvious potential and increasing activity**
- **East Coast Gas - Blue Energy has uncontracted Gas Reserves**
- **Maryborough Basin - longer dated option – area of large gas potential for both domestic and export markets close to Brisbane and Gladstone**

Corporate Snapshot

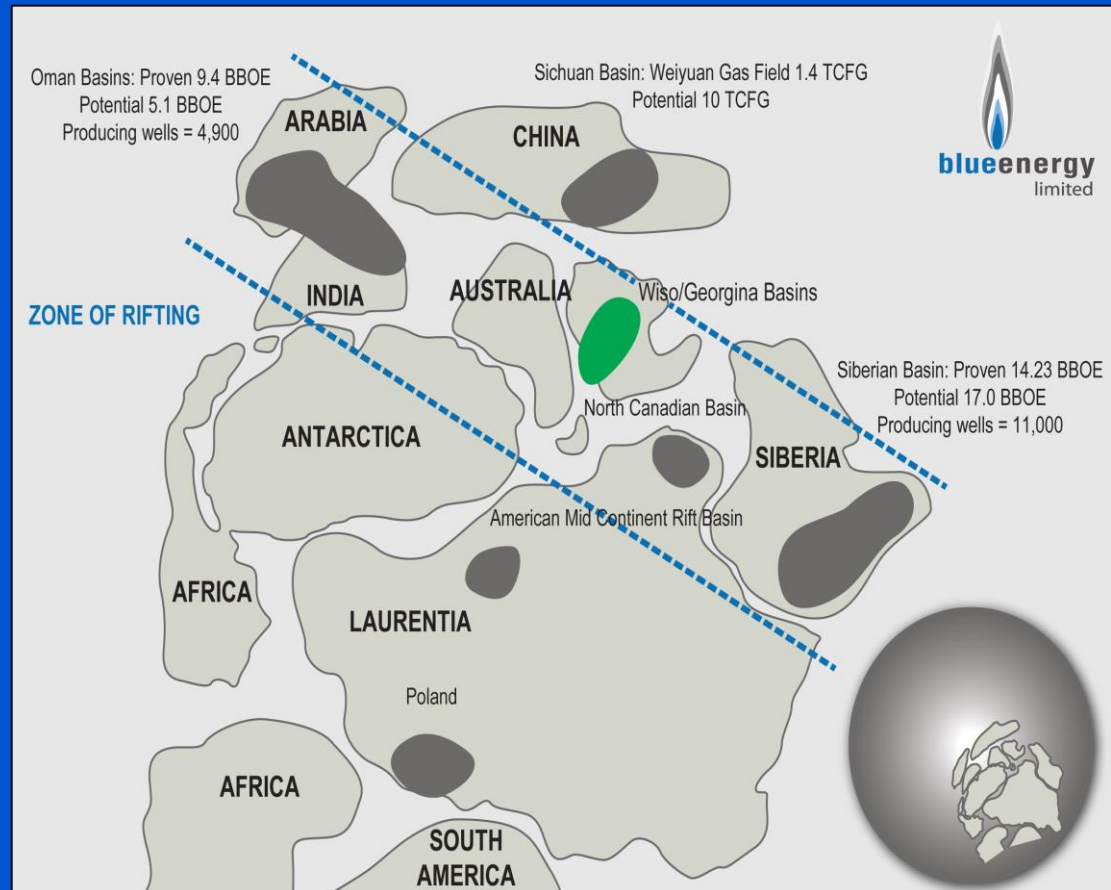
ASX	BUL
2P Reserves (NSAI)	55PJ (55 bcf)
3P Reserves (NSAI)	200PJ (200 bcf)
Contingent Resource	3,454PJ 3C (3.45 tcf)
Cash (31 March 2014)	\$9.2 million
Acreage (net)	~97,655km ² (24.1 million acres)
Employees	6

- Operator of all acreage held
- Uncontracted gas reserves
- Adjacent to LNG proponents
- Diversity of basins and plays
- Natural gas and oil portfolio



New Frontiers in Old Geologic Terrains

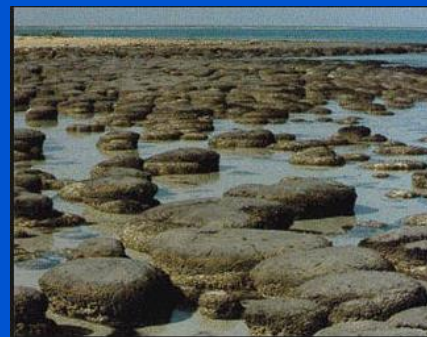
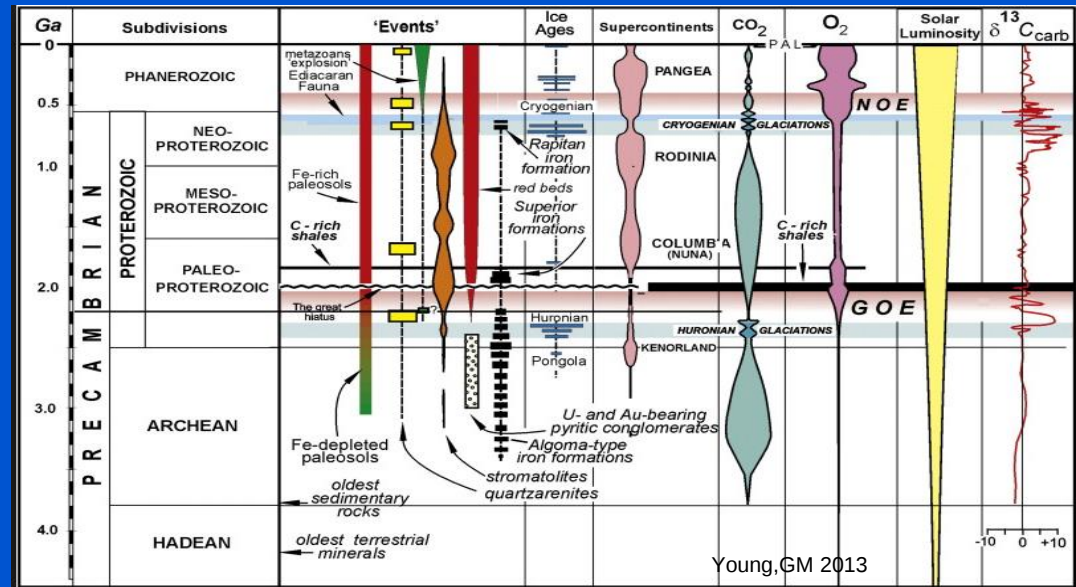
- **Old Australian Basins**
 - : Georgina - Cambrian
 - : Wiso - Cambrian
 - : McArthur - Proterozoic
 - : Officer – Prot-Devonian
 - : Amadeus – Prot-Carboniferous
- **Geologic ages range from 440 – 1,830 million years old**
- **Rodinia supercontinent affinities**
- **Production analogies with Oman and eastern Siberia**



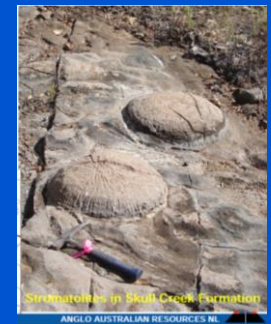
Source: Modified after USGS Bulletins 2201 C&F; 2146J & 2167.

Proterozoic Era – A Different World

- Ideal oil source conditions
- Anoxic algal/bacterial rich oceans
- Relatively high CO₂ levels
- No land plants or animals
- Shorelines dominated by Stomatolites
- Widespread carbon rich shale deposition
- Widespread carbonate accumulation



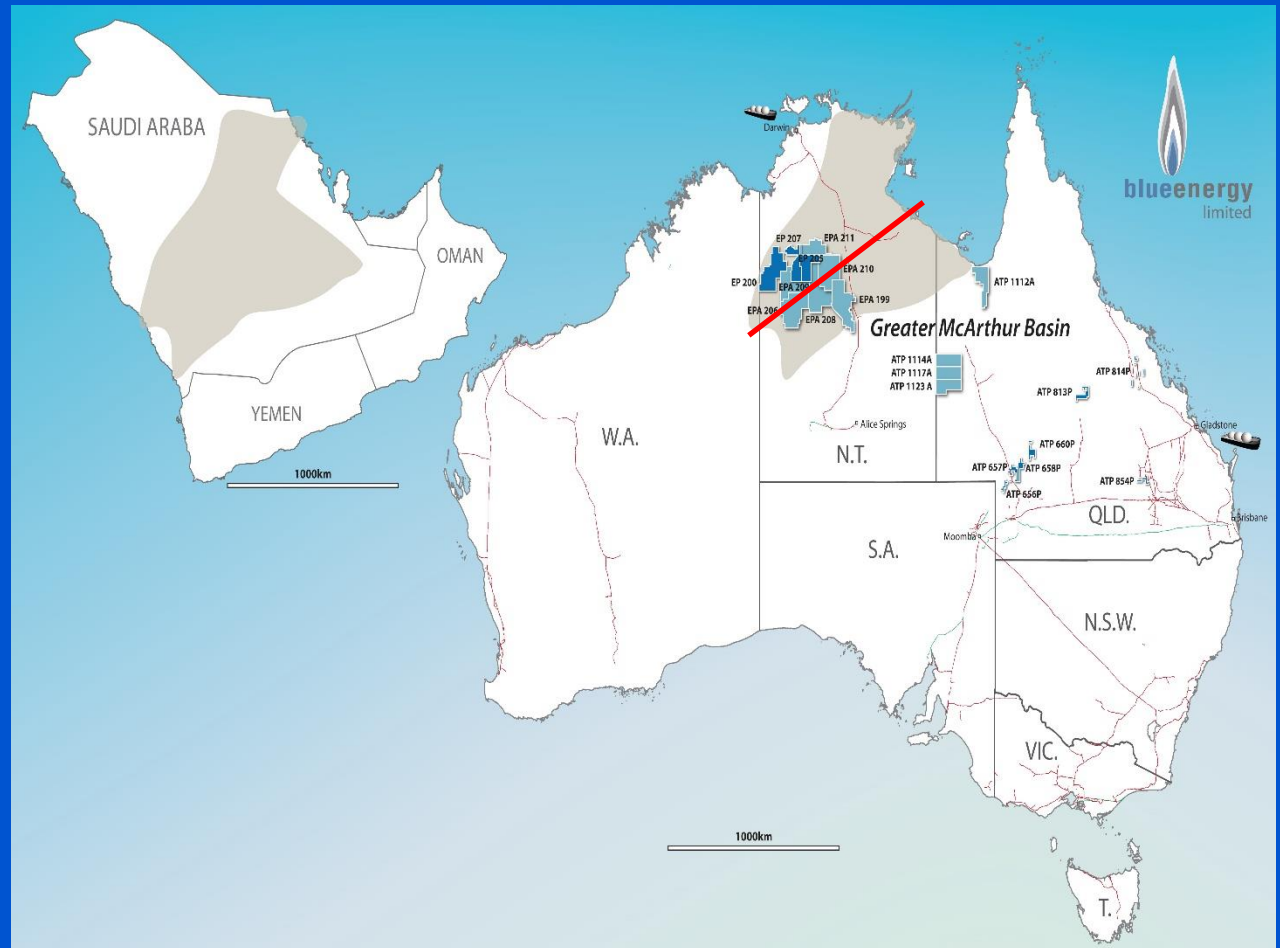
Present day Stromatolites



1.62 billion year old Stromatolites
Skull Creek Fm NT

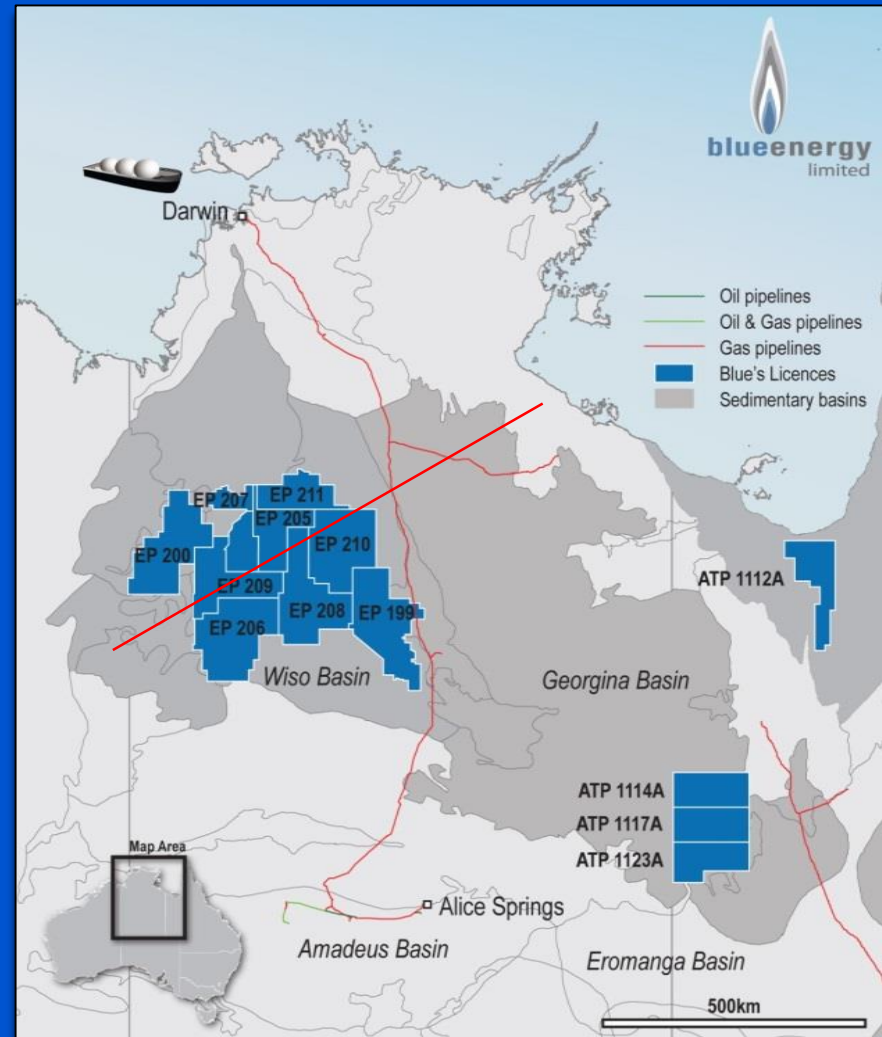
Greater McArthur Basin - Some Perspective

- Known Petroleum System now extends over 25% of Northern Territory. Areal extent is 40% the size of Saudi Arabia.
- Blue has prominent acreage position – net 13.6 million acres
- Very low well density
- Activity levels increasing (seismic and wells)



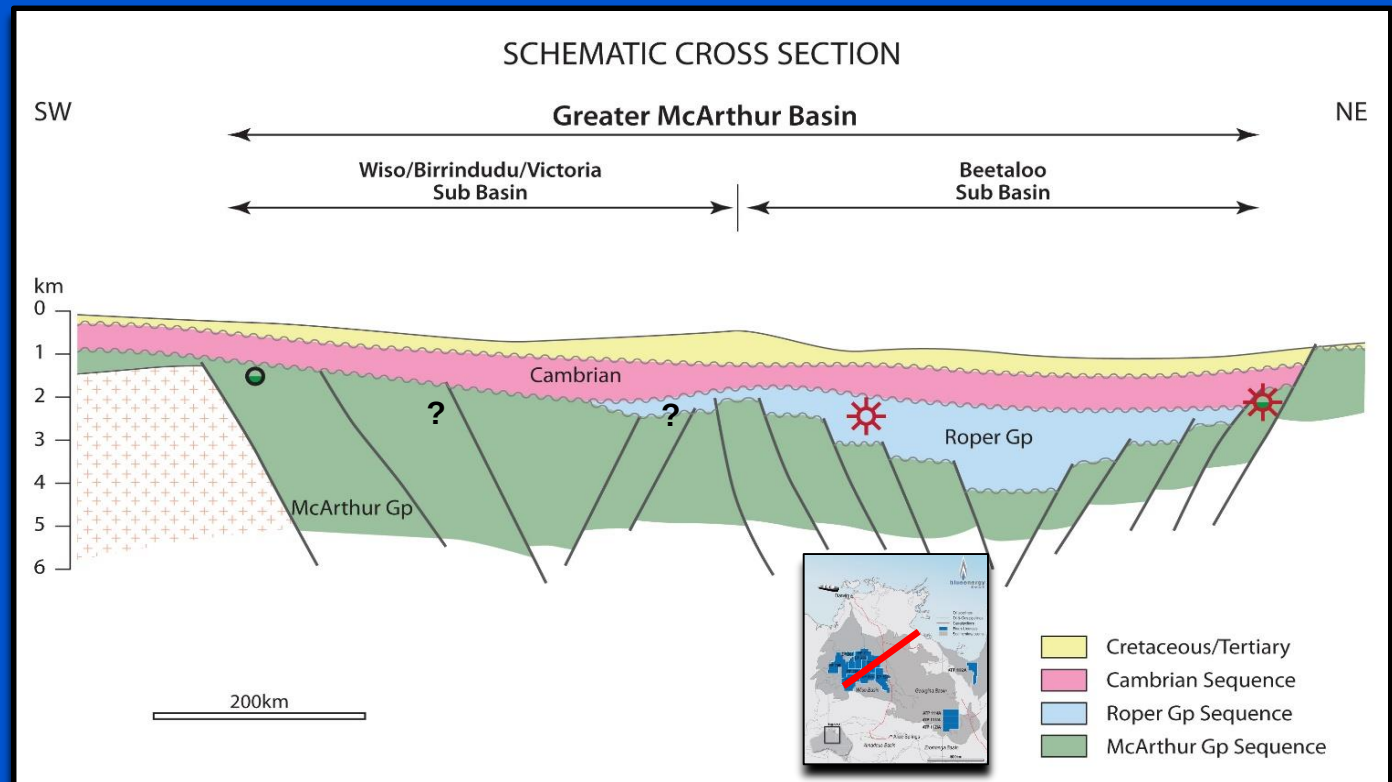
Northern Territory Basins

- Under-explored Basins
- Cambrian and Proterozoic sequences – marine source
- McArthur Basin section confirmed to extend into Wiso
- Demonstrated Petroleum System (oil shows and gas flows established)
- Blue is Operator
- Both shale and structural plays



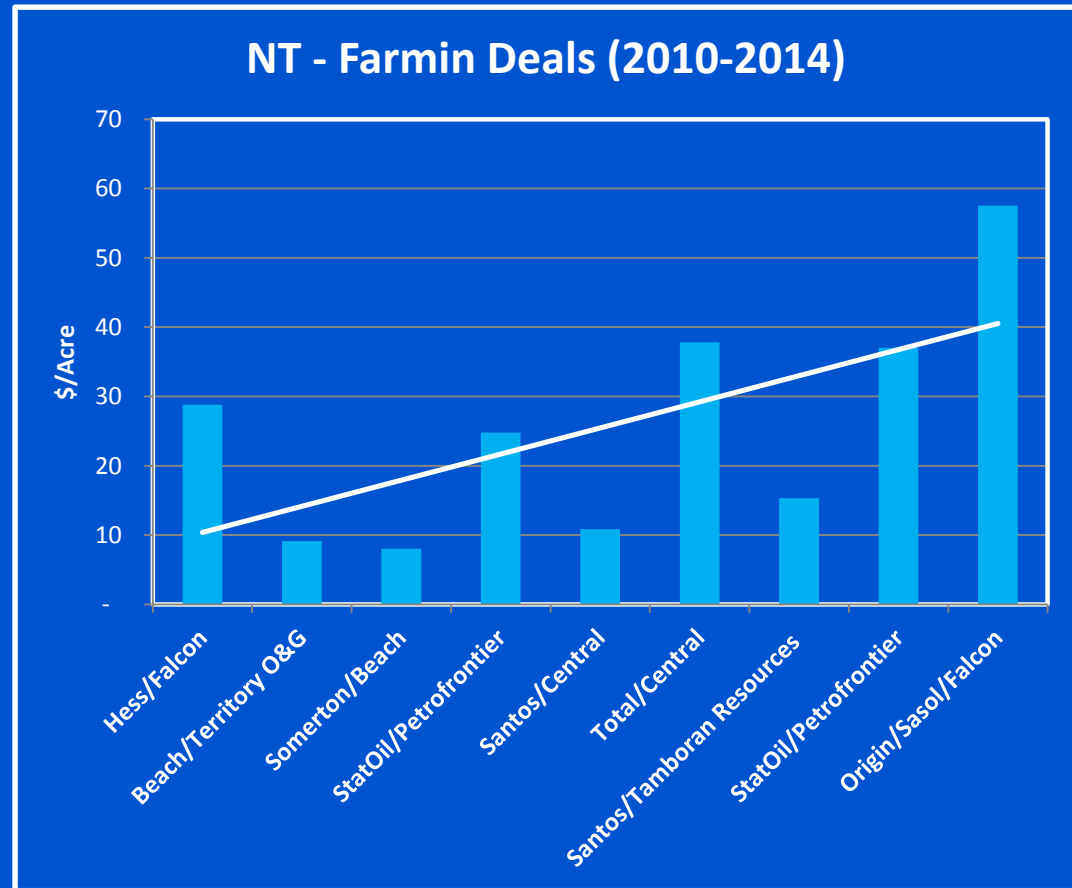
Northern Territory - Greater McArthur Basin

- Geologic age range 540 - 1,820 million years old
- Relatively undeformed rocks
- Demonstrated source sequences – Barney Creek Shale etc
- Very thick sedimentary source sequences
- Blue's area has relatively shallow McArthur section



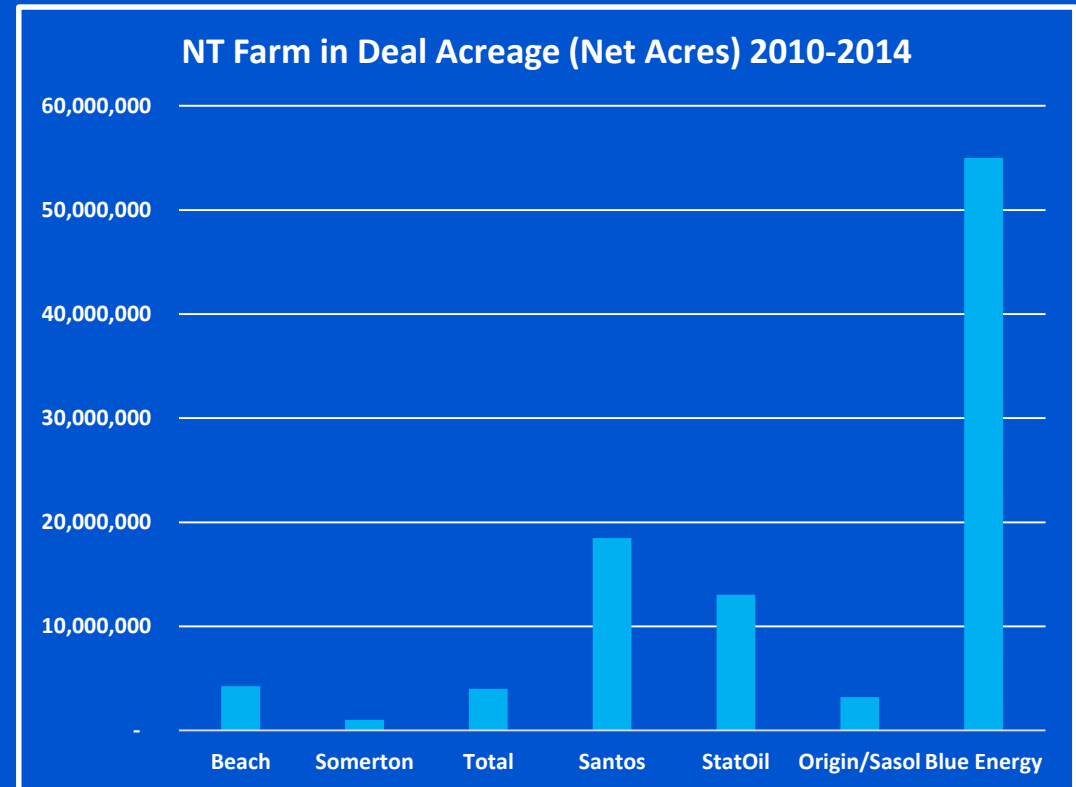
Northern Territory Deal Flow

- Deal flow in NT increasing
Large IOC interest
- Shale and structural plays
- \$/acre values increasing with time
- Large prospective availability
sparking International Shale
player interest

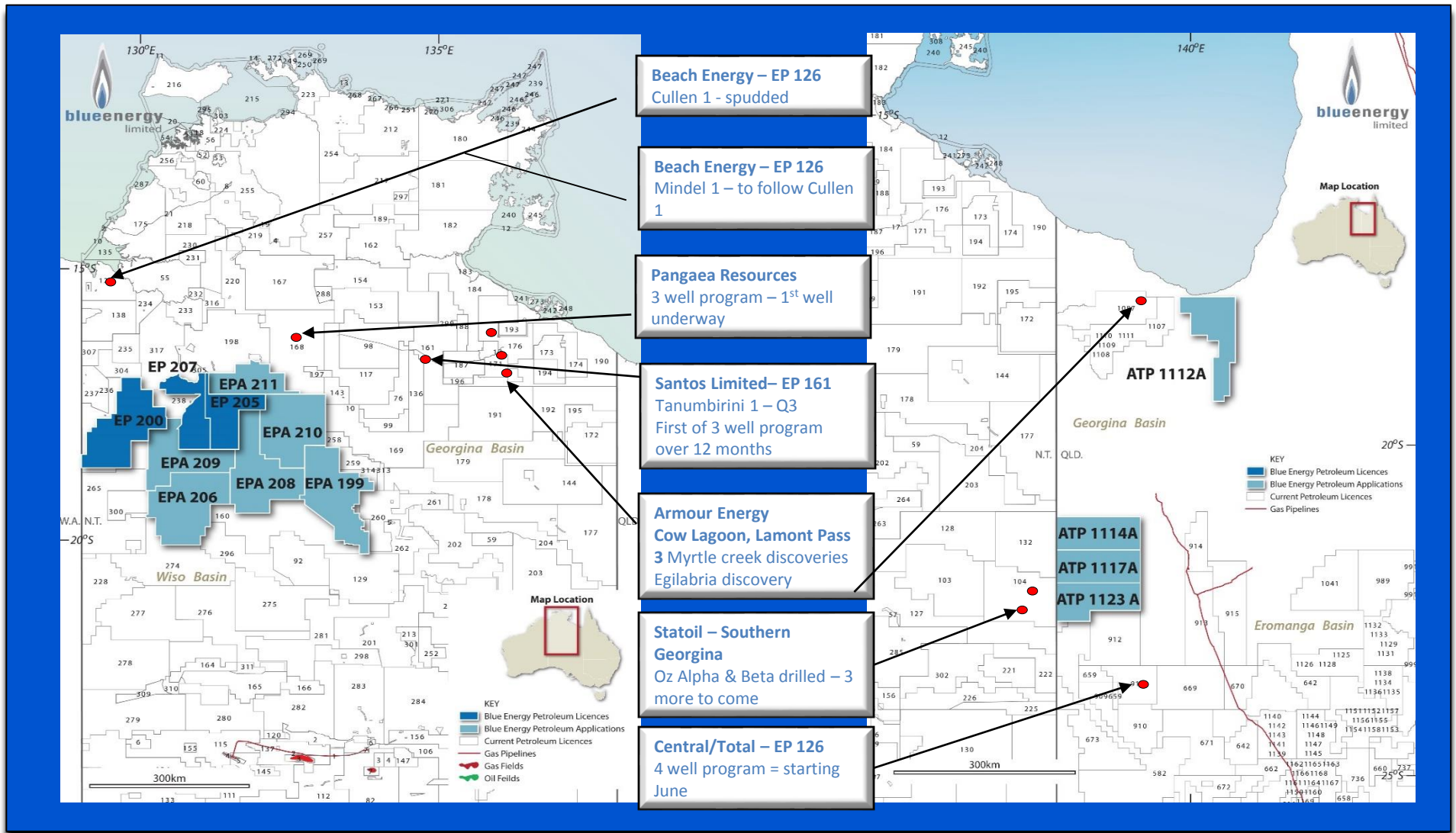


Northern Territory Deal Flow

- Blue secured very large acreage position compared to others
- Geological hypothesis underpinned Blue's acreage acquisition – ie McArthur basin was more extensive – now confirmed
- Other farm in deals now providing drilling activity (Santos; Sasol/Origin; Statoil; Total)
- NT Government very supportive of Oil and Gas exploration sector

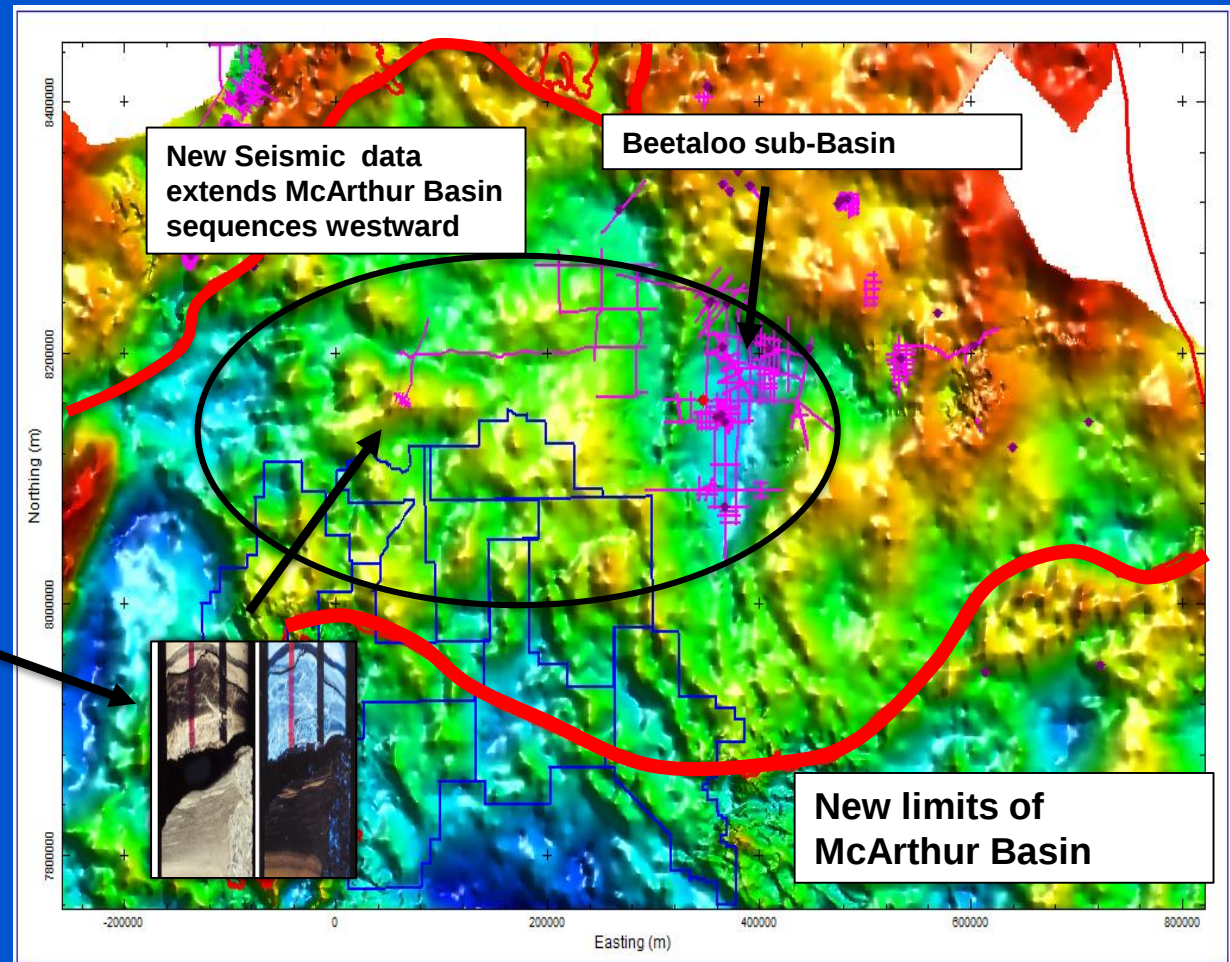


Greater McArthur/Georgina Basin Activity



McArthur Basin

- New seismic data in adjacent permits extends McArthur Basin limits into Blue Acreage
- Oil shows in old strat core
- Blue Energy Magnetic and Gravity modelling identifies depocentres

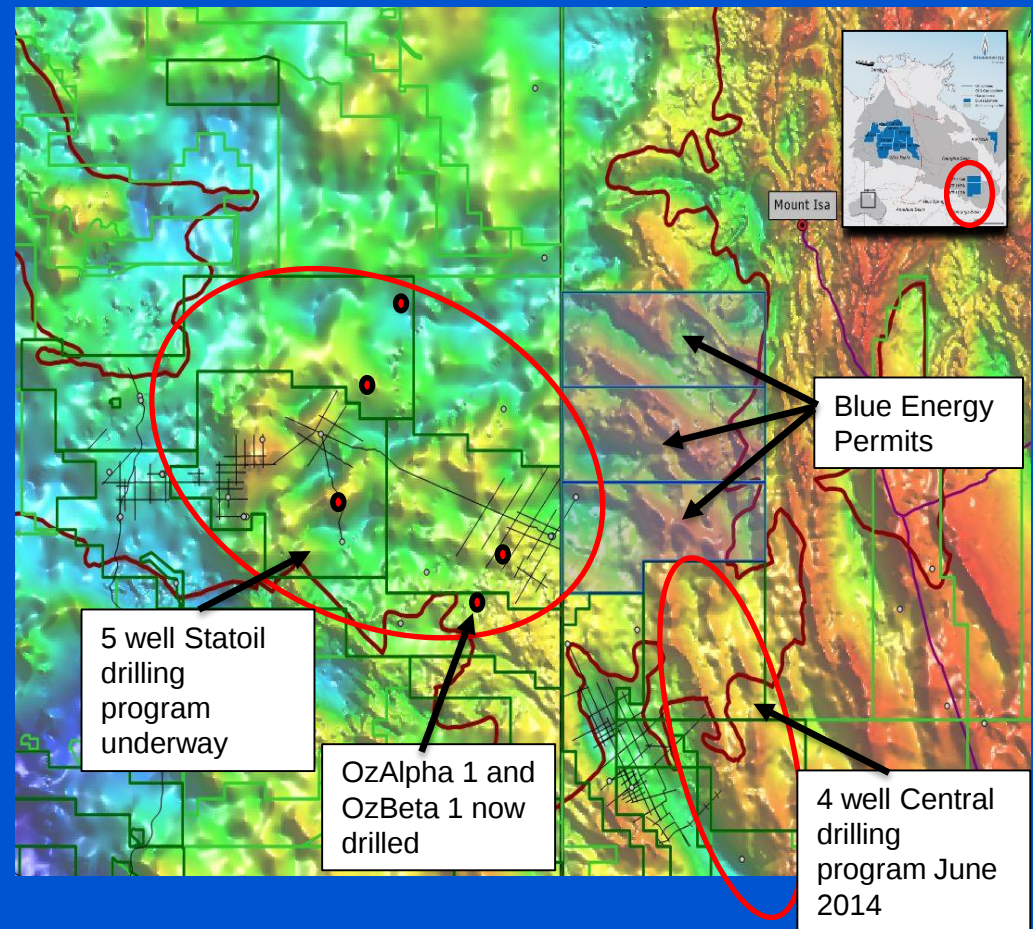


Southern Georgina Basin

- Proven Petroleum Systems
- Both structural and low perm plays
- Independent Expert reports
- Activity
 - Statoil/Petrofrontier 5 well program underway in NT sector
 - Central/Total - 4 well drilling program starting June 2014

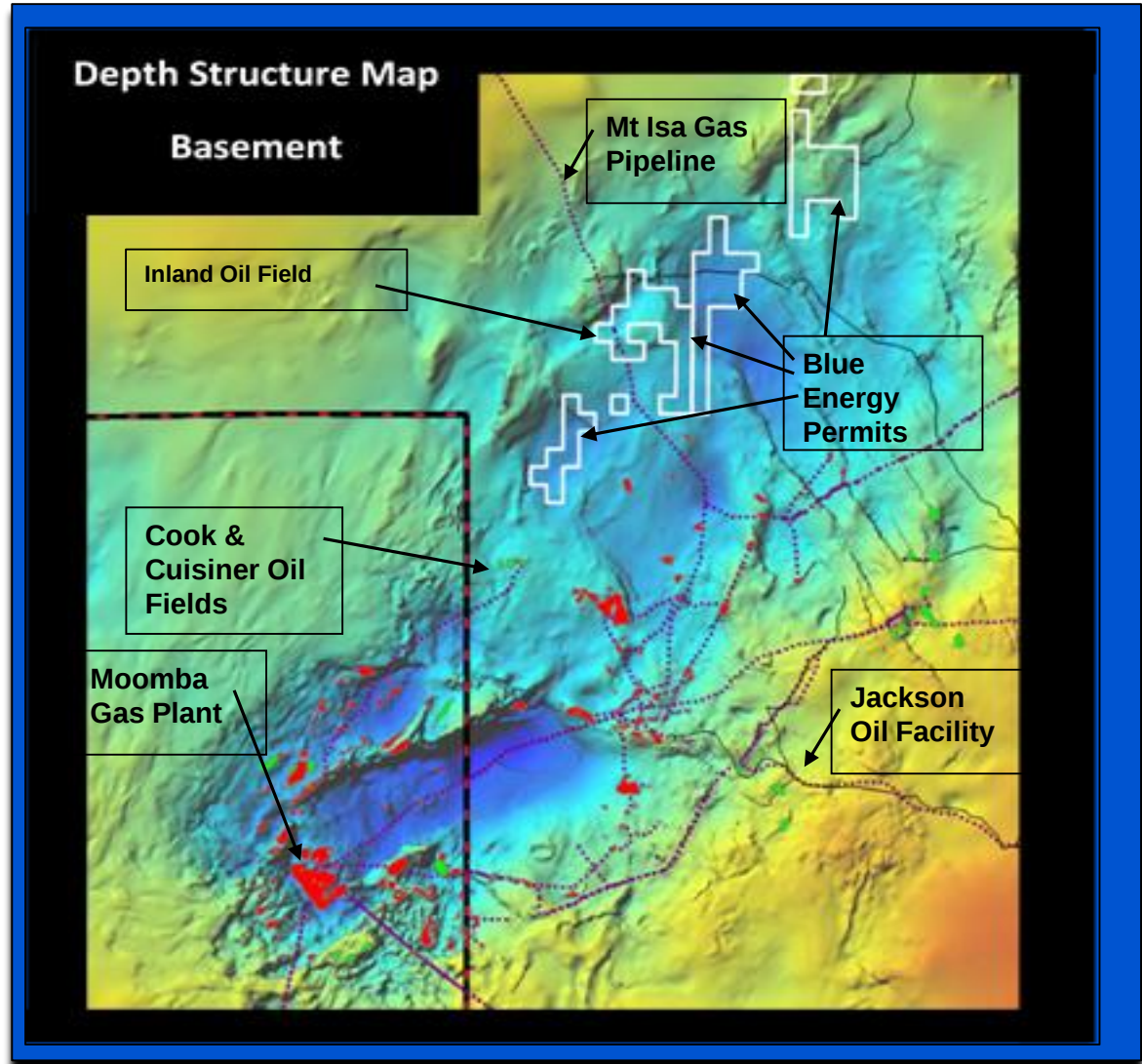


Oil stained
core
from Owen 3
(Courtesy
Petrofrontier)



Cooper Basin

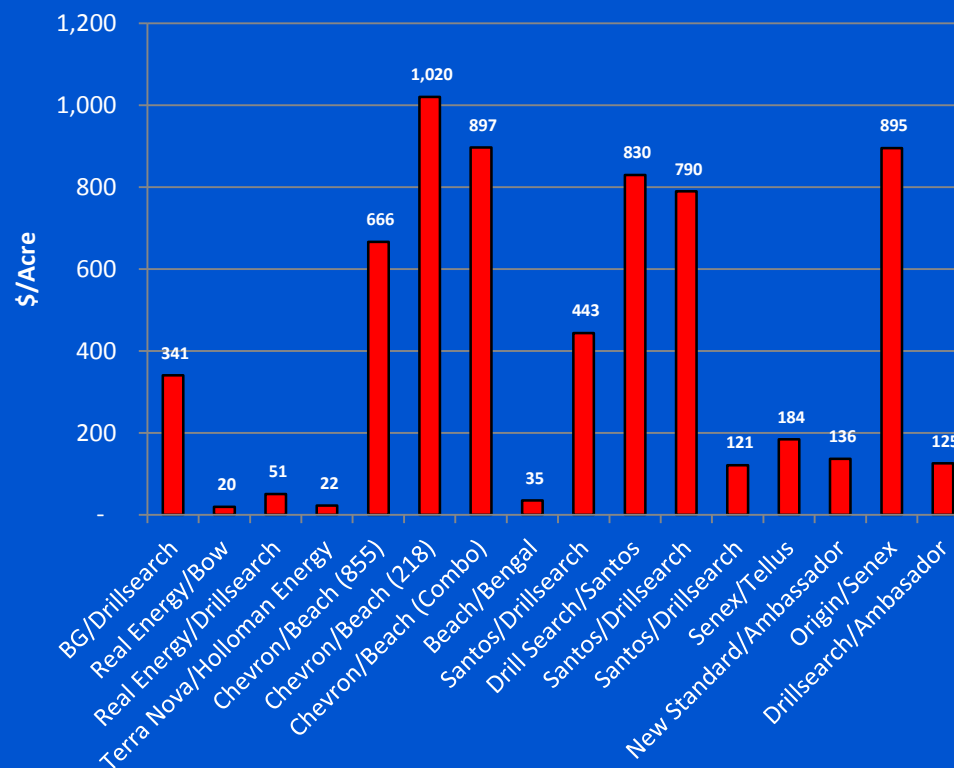
- Giant proven natural gas basin;
Proven liquids basin
- Northern flank plays mirror
western flank in SA
- Active Operators
 - STO; SXY; DLS; BPT
- Multiple Plays/targets
 - Permian Gas and Shale
plays
 - Jurassic Oil and Shale
- Deal flow gaining pace
- Blues permits in final stages pre-
award



Cooper Basin

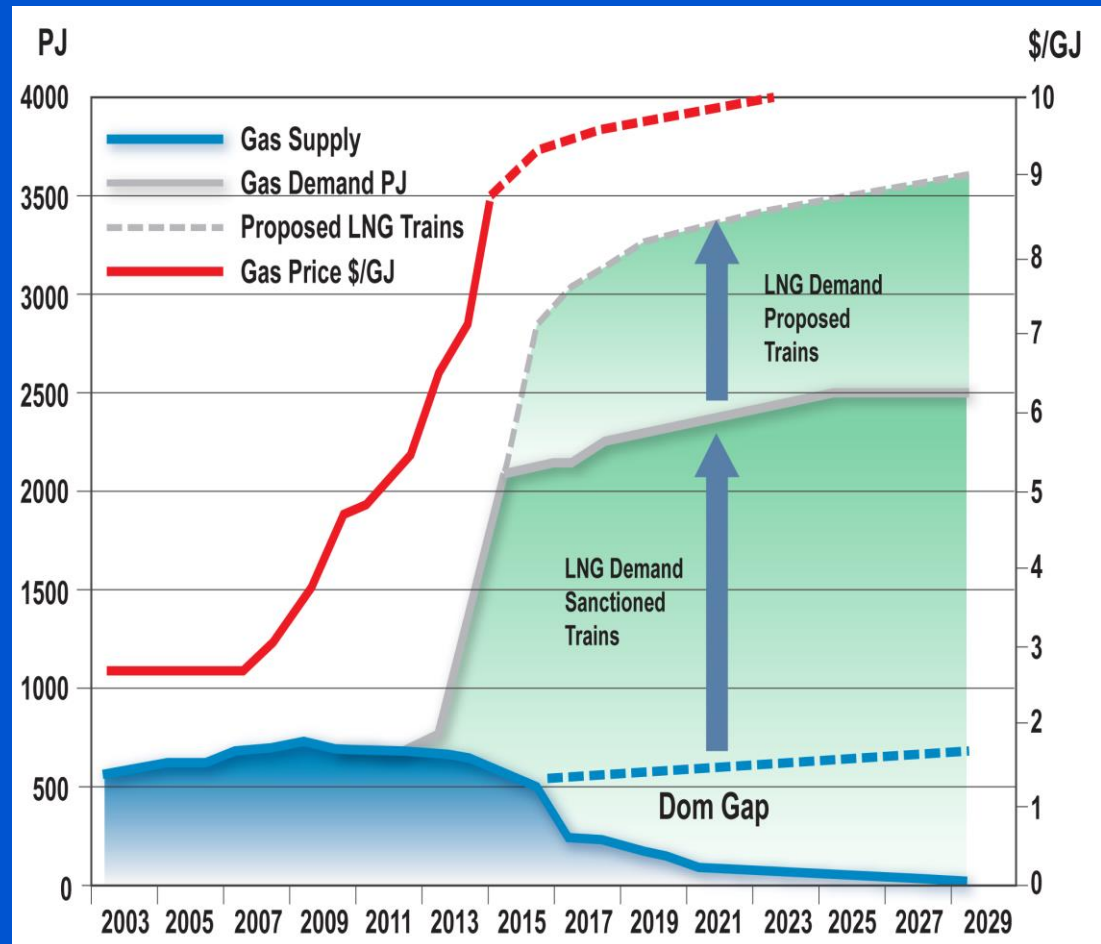
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Farmin Deals - Cooper Basin



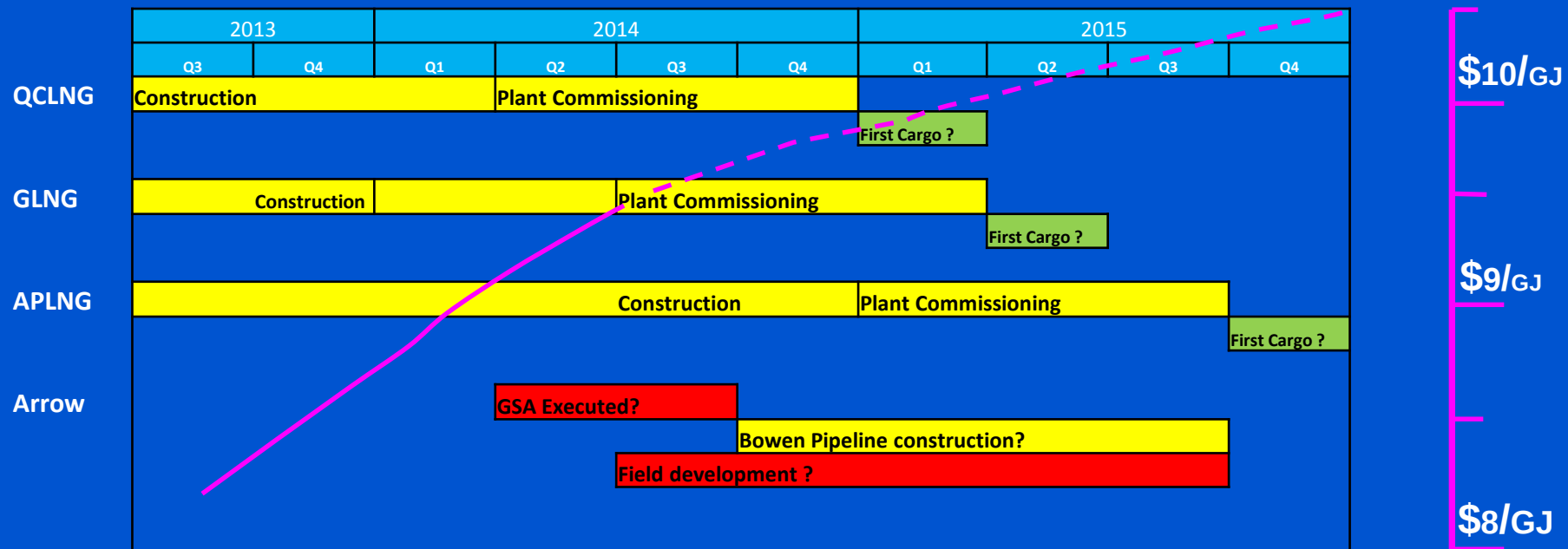
East Coast Gas Supply

- Domestic gas contracts rolling off 2015-2017
- Steep demand rise by end 2014
- QCLNG now in commissioning phase
- Dom gas competes with LNG on price and supply
- Uncontracted reserves now of greater value
- Gas end users entering upstream activity and risk



After SKM/MMA 2011; AEMO 2012

Project Timelines & Gas Price



Spot LNG : US\$18-\$22/GJ

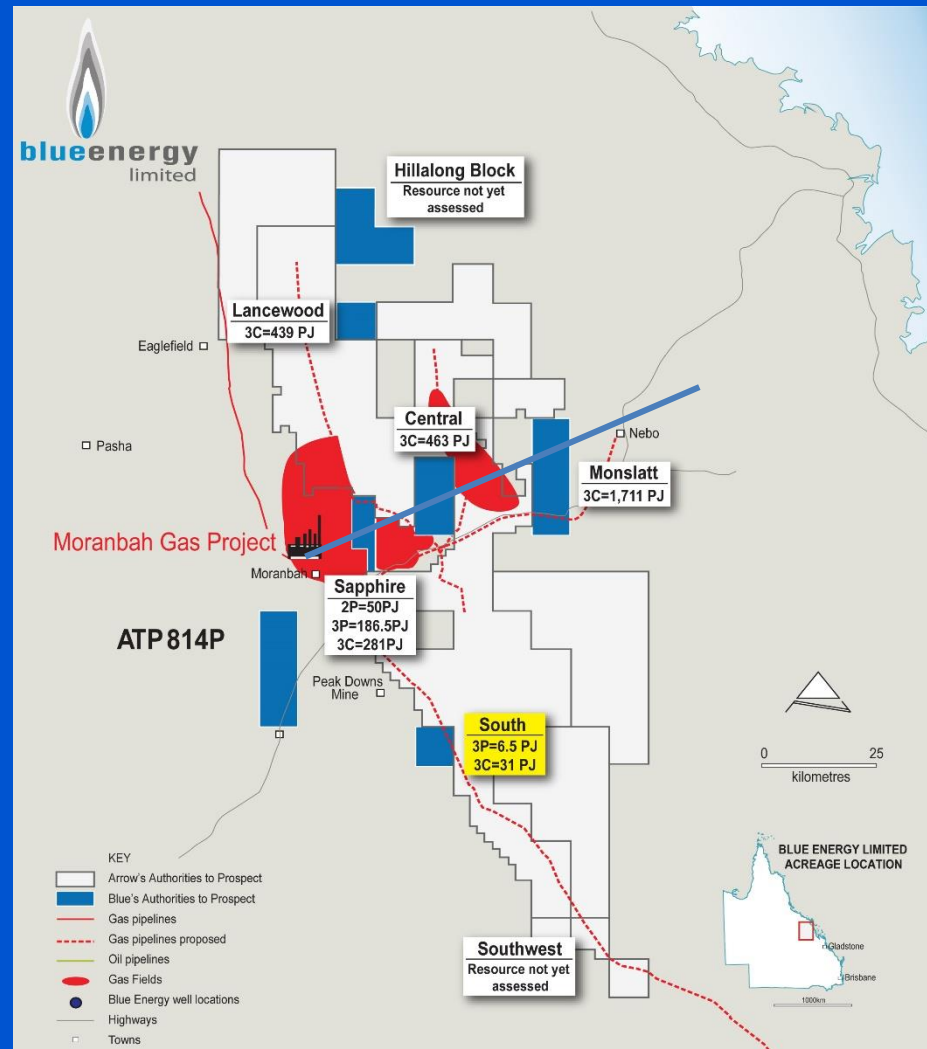
WTI: US\$104/bbl (29/5/14)

HH: US\$4.52 (29/5/14)

AUD:USD = \$0.93 (29/5/14)

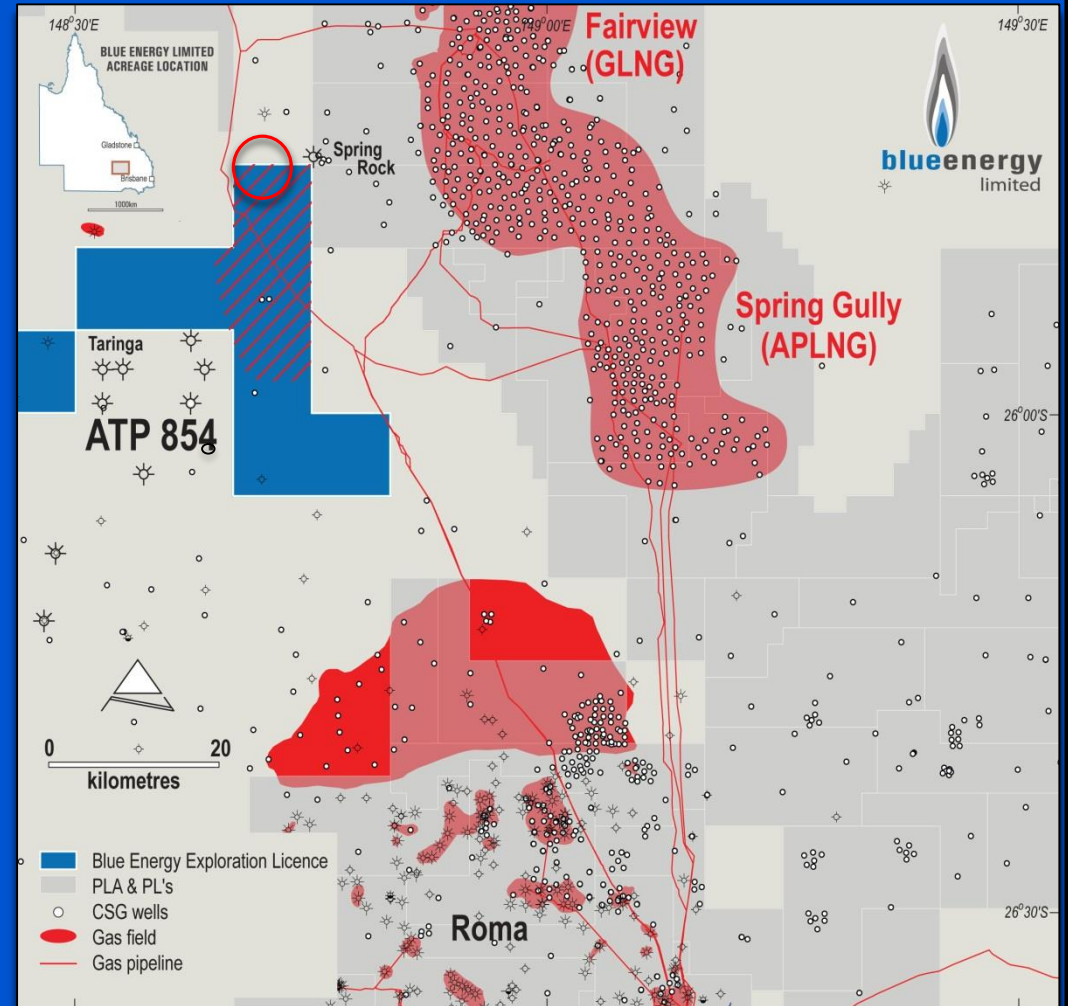
East Coast Gas Bowen Basin

- Blocks surrounded by Arrow's Project areas
- Un-contracted Gas Reserves and Resources (NSAI)
 - 2P: 55PJ (55 bcf)
 - 3P: 200PJ (200 bcf)
 - 3C: 2,776PJ (2.77 tcf)
- Adjacent activity drives Blue's gas resource growth with minimal BUL expenditure
- Awaiting resolution of Arrow's project scope



East Coast Gas Surat-Bowen

- Adjacent to major LNG feed gas supply locations - Fairview and Spring Gully
- 101PJ 3C Contingent Resource (NSAI)
- Export infrastructure passes through block
- LNG operators have exploration acreage adjacent



Why Blue?

- **Near Term Value Drivers**
 - **Competitor Activity in frontier basins – 15 wells in next 18 months**
 - **Cooper exposure and activity**
 - **Uncontracted Gas Reserves on East Coast**
- **Focussed Strategy**
- **Strategic acreage position**
- **Operatorship**
- **Low cost efficiency focus**



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