Blue ENERGY.

Investor Presentation

17th May 2016

Legals

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.

Blue Strategy

1. Control the controllables

2. Commercialise domestic gas volumes as a stair step to larger volumes

3. Continue to build reserve and resource base at world best finding cost

Corporate snapshot

- **Uncontracted Gas Reserves**
- **Operatorship**
- **Diverse portfolio**
- **Material positions**
- **Strong and experienced Board**
- **Low overhead**
- **Low finding cost**
- **67% Reserve CAGR**

ASX Code	BUL
2P Reserves (NSAI)	71Pj/Bcf
3P Reserves (NSAI)	298 Pj/Bcf
3C Contingent Resource (NSAI)	3,942 Pj/Bcf
Cash (1 April 2016)	$4.8 million
Market Cap (16 November 2015)	~$27 million
Net Acreage	24.1 million acres

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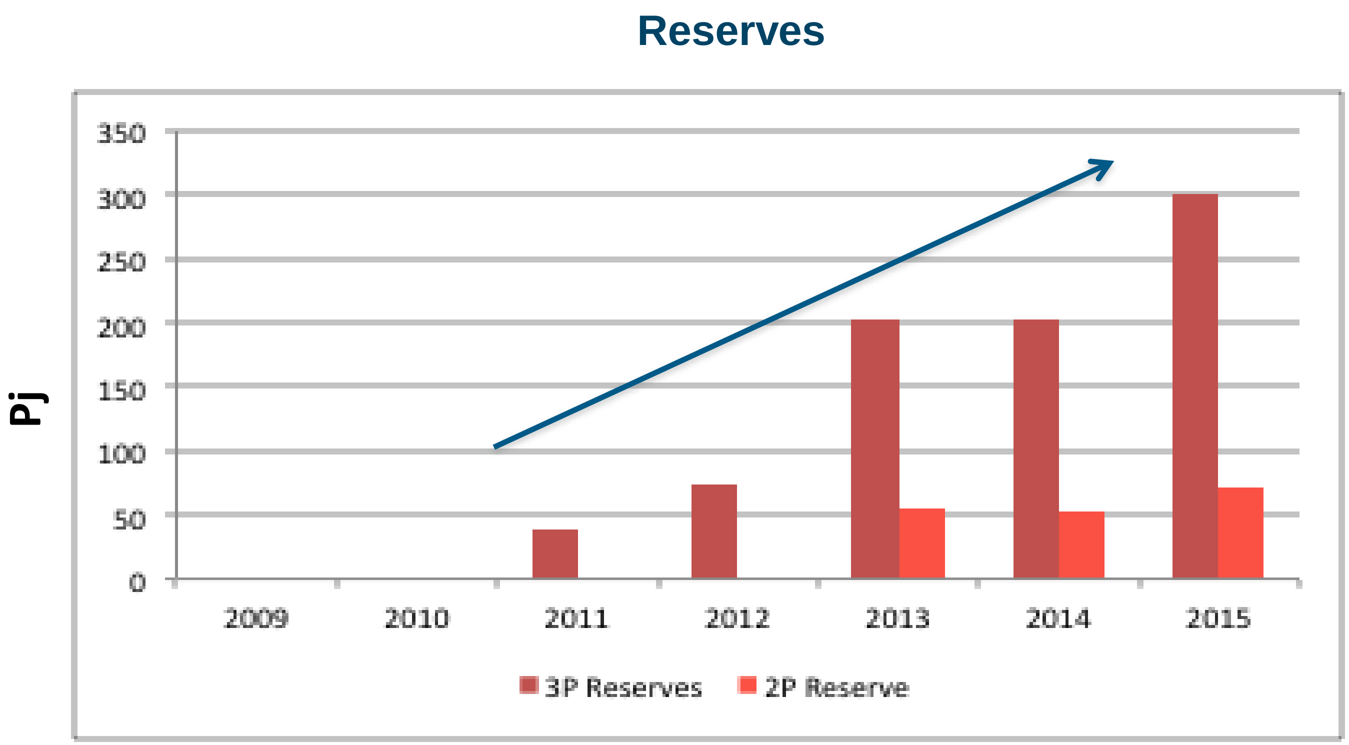
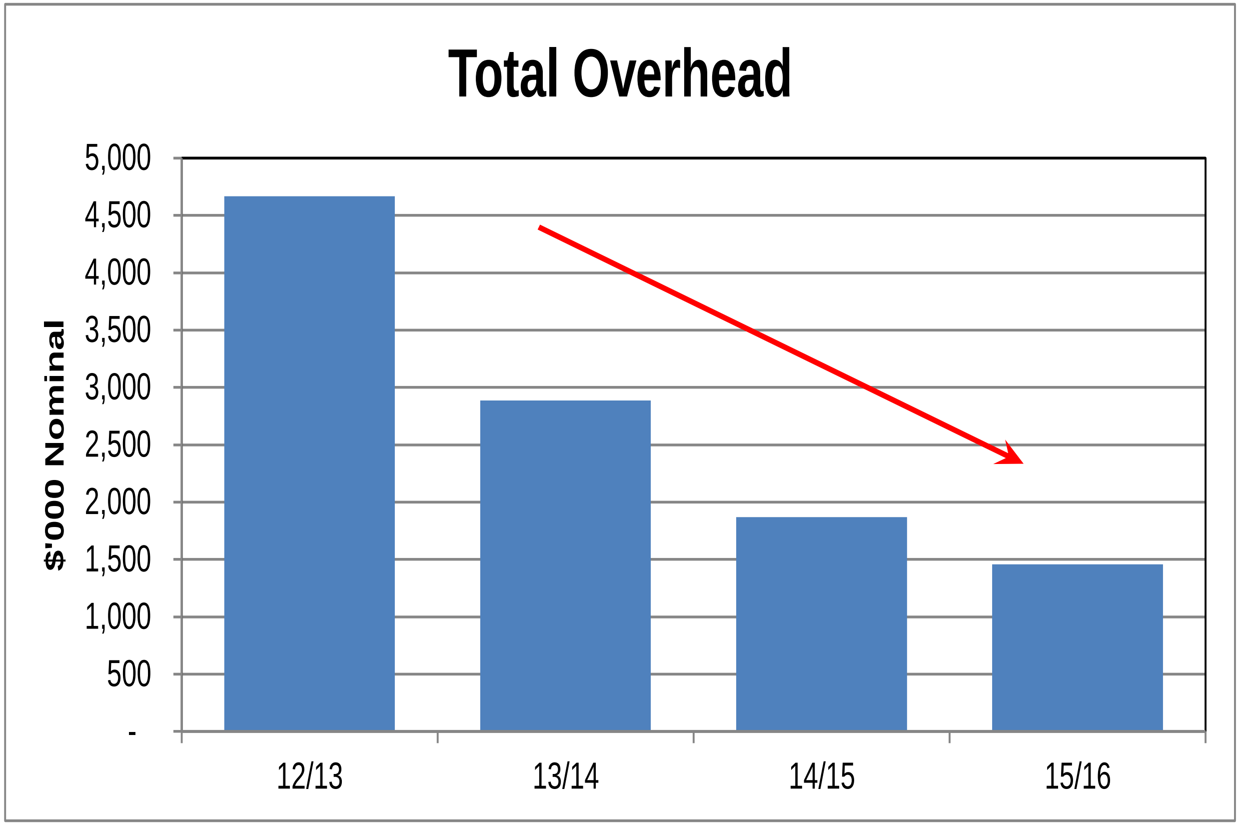
Gas Reserves & Resources



Reserves and Resources certified by Netherland, Sewell and Associates Inc – Tier 1 certifier

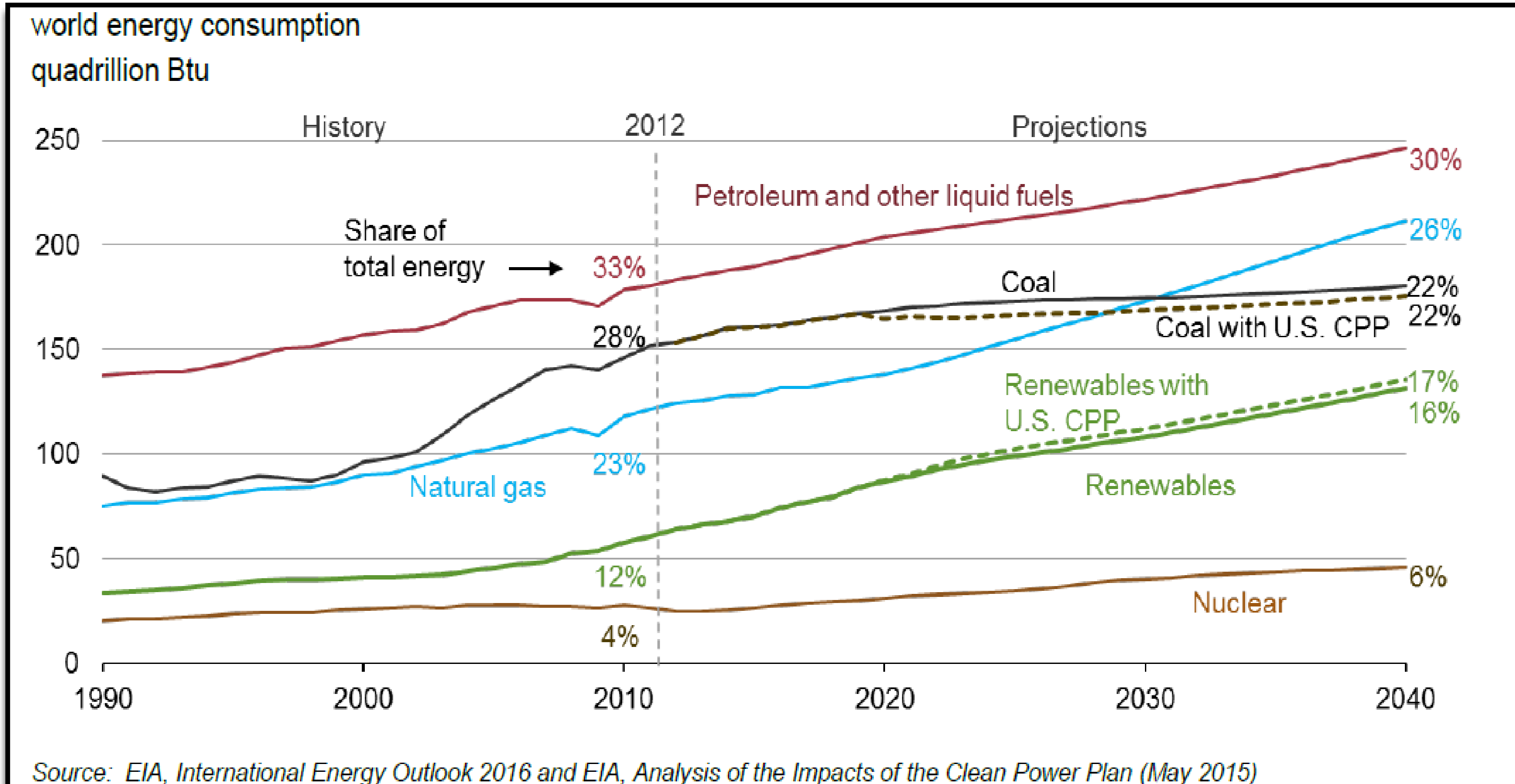
Corporate run rate

- Continual line item review
- Running costs continue to be cut
- Lowest amongst peers



Shareholders funds go toward value adding

The World needs more Energy



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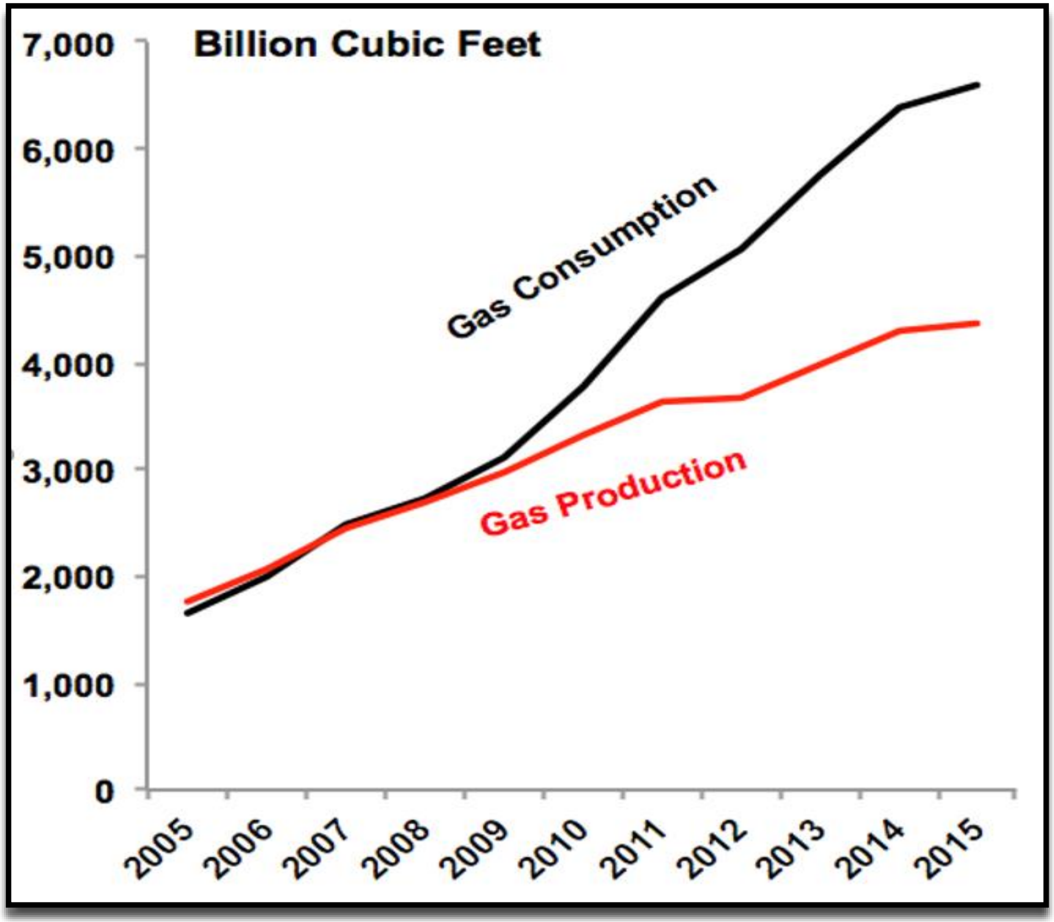
China's Gas Growth



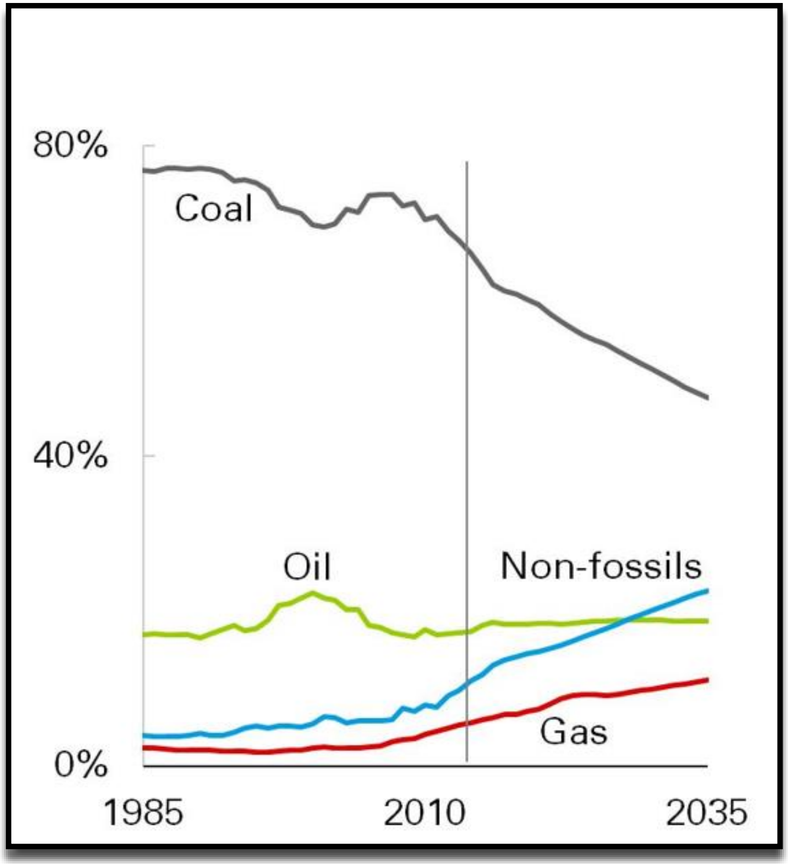
China can't meet its present gas demand

Imports 35% of current demand

- **LNG - 7% of global demand**
- **New import pipelines**

J Clemente JTC Energy Research Assoc/EIA 2016

China's fuel switch - more gas demand



Source: BP Energy review 2016

China's energy mix ~ 90% fossil fuel

Coal is roughly 65%

Gas is only 5-6%

Non-fossil fuel growth is dramatic

Policy will drive more gas use – 10% by 2020

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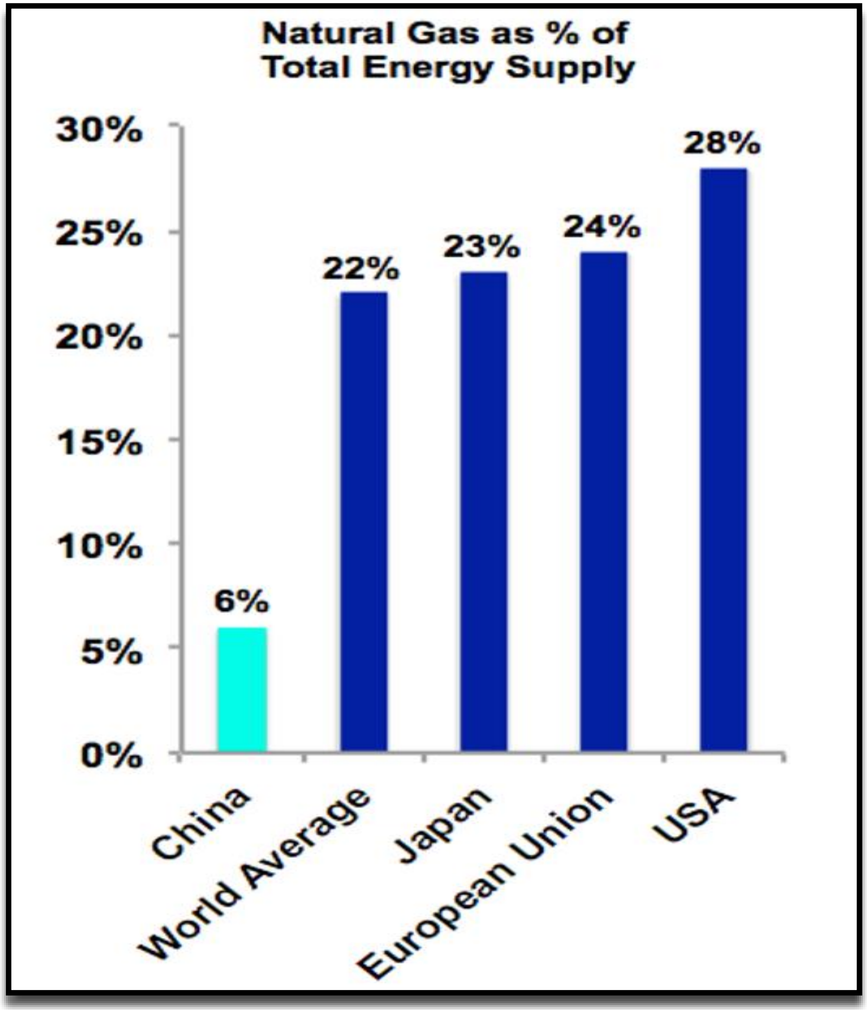
Gas growth driven by fuel switching

Switching just 1% of China's current energy consumption to gas

=

Total Gladstone LNG production capacity per annum (~ 25 mtpa LNG)

China gas use below global average



J Clemente JTC Energy Research Assoc/EIA 2016

Current total Chinese gas demand
= 6,500 PJ pa

EIA projects growth in gas demand of ~6%pa

If China's gas use equalled US gas usage %
= 34,000 PJ pa total demand

Assume 35% of gas demand is imported
= 15,400 PJ pa (230 mtpa LNG)

Where's the gas coming from?

China's options for more gas supply

- Domestic Chinese production (currently 4,000 PJ)
- Imports
  - Pipeline gas
    - "Power of Siberia" pipeline gas
    - Myanmar pipeline gas
    - Central Asian Pipeline – Turkmenistan gas
  - LNG Imports (currently ~ 20 mtpa)
    - Australia
    - Qatar
    - US
    - Malaysia
    - Indonesia
    - Canada

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Australia’s role in filling the demand gap

- Meet current contracts – Domgas plus LNG (20+ year volumes)
- Source more feed gas (explore for and find additional resources)
- Brownfield expansion of liquefaction capacity to meet market
- Competitive cost/tonne delivery compared with competitors

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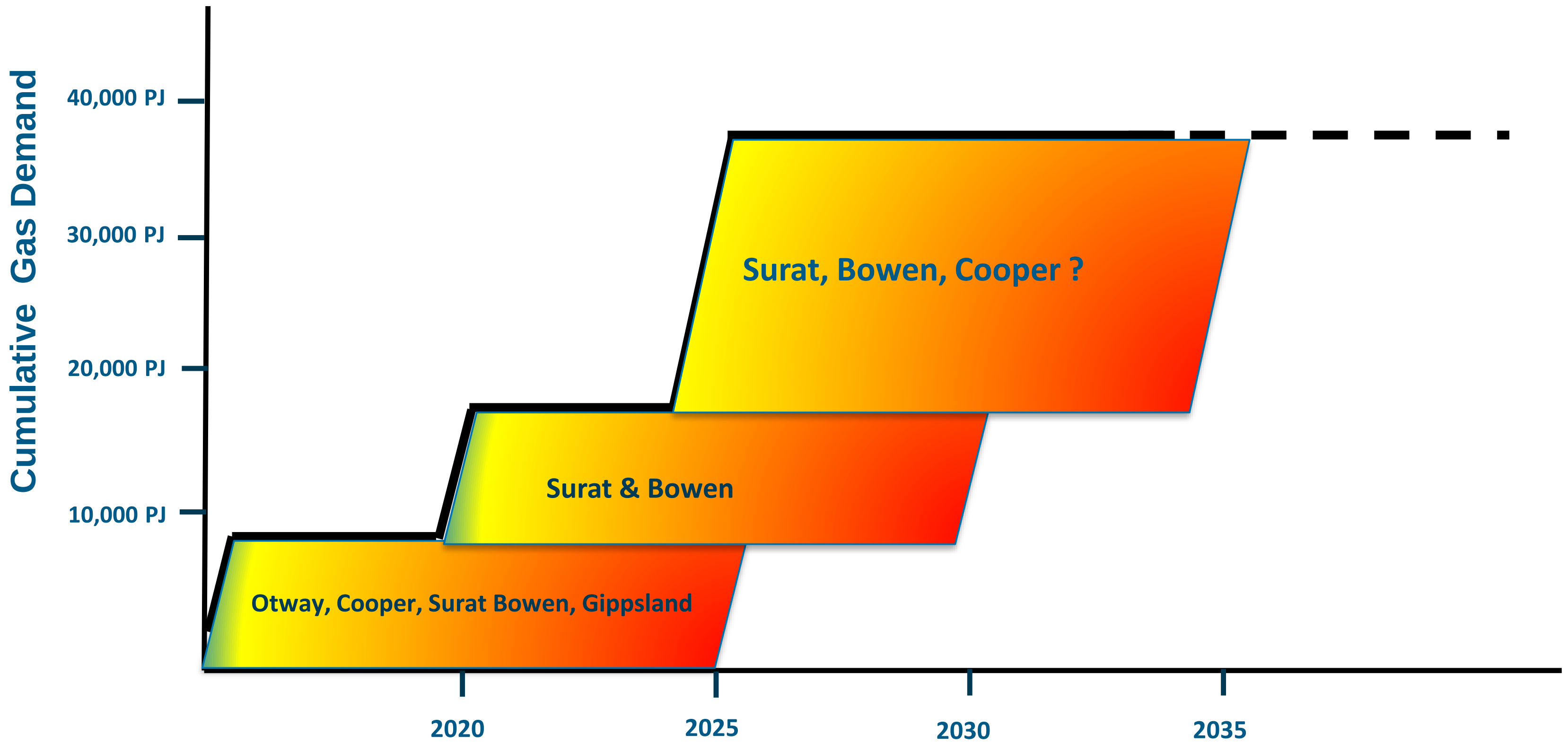
East Coast Gas Demand
where is the supply coming from?



Probable → Proved Developed

Possible + Contingent → Proved Developed

Contingent + Prospective Resources → Proved Developed

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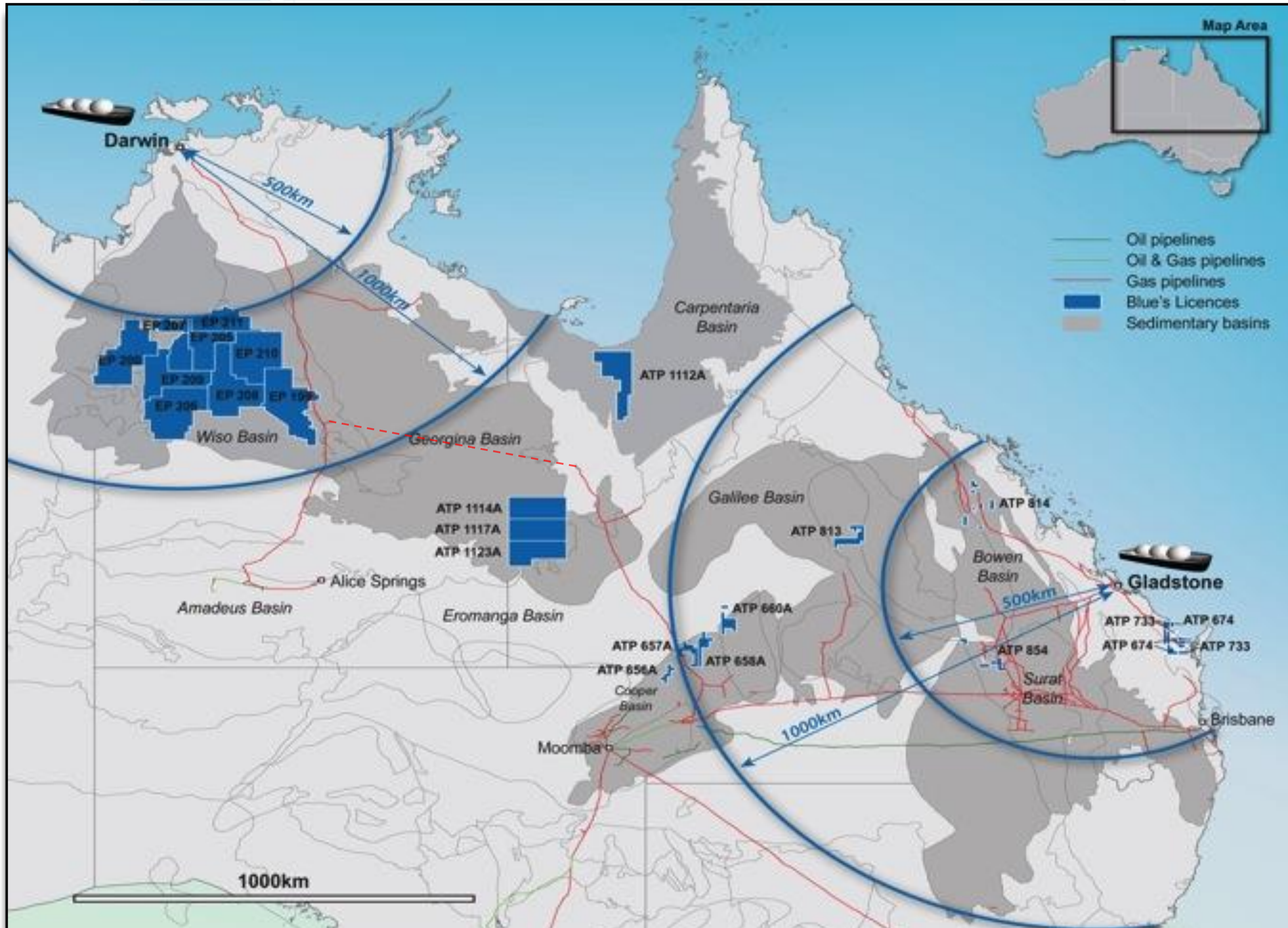
BLUE WELL POSITIONED

The Blue Portfolio



4 TCF Total Resource Base

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Gas Commercialisation

Three pronged strategy

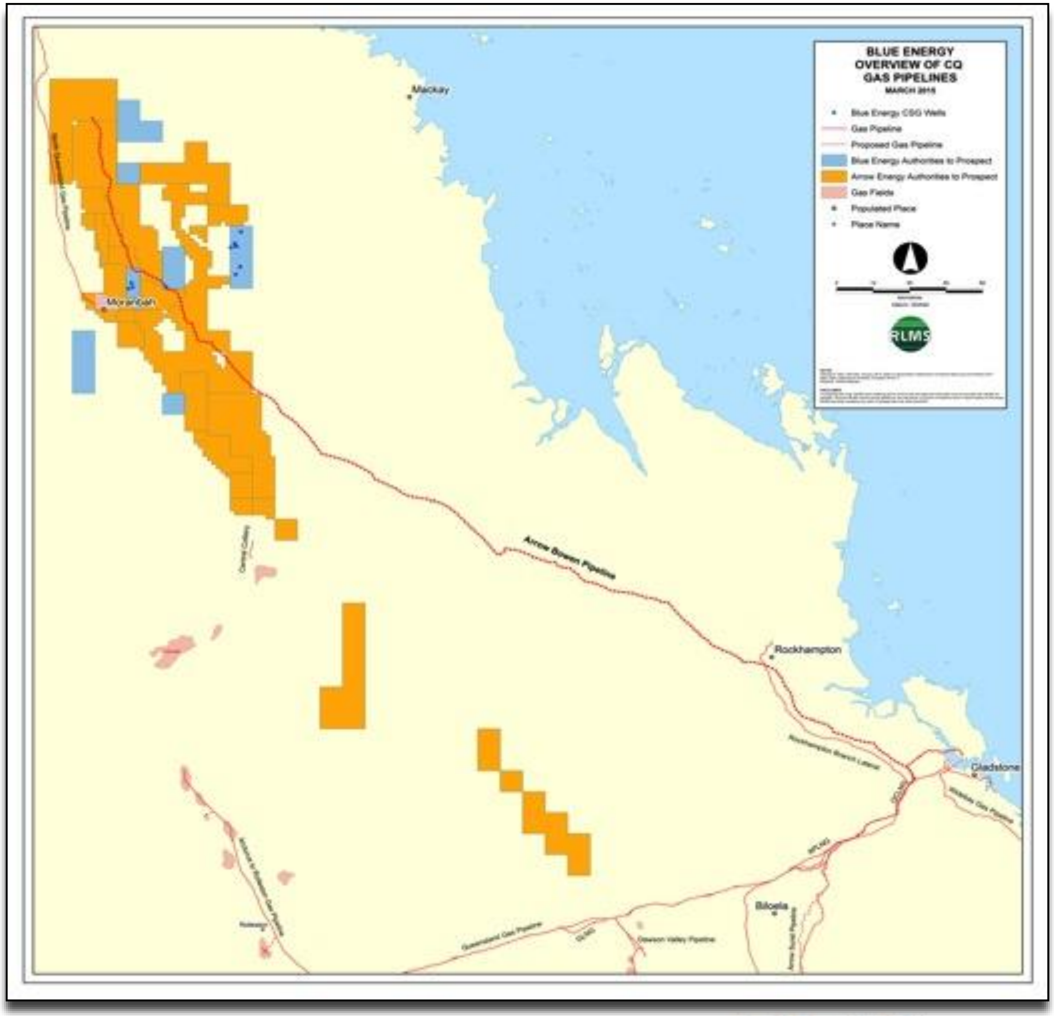
- **Industrial gas buyers**
- **Fuel switching in the nations highest diesel use areas**
- **Potential supply to LNG market as a low cost marginal producer**

Eastern Gas Province

Bowen Basin

Blue's 3TCF Gas Resource

- Energy province for Northern Australia development vision
- Producing basin
- Coal Seam Gas and Shale Gas Plays
- Shell/Petrochina export project
- Industrial gas demand not being met



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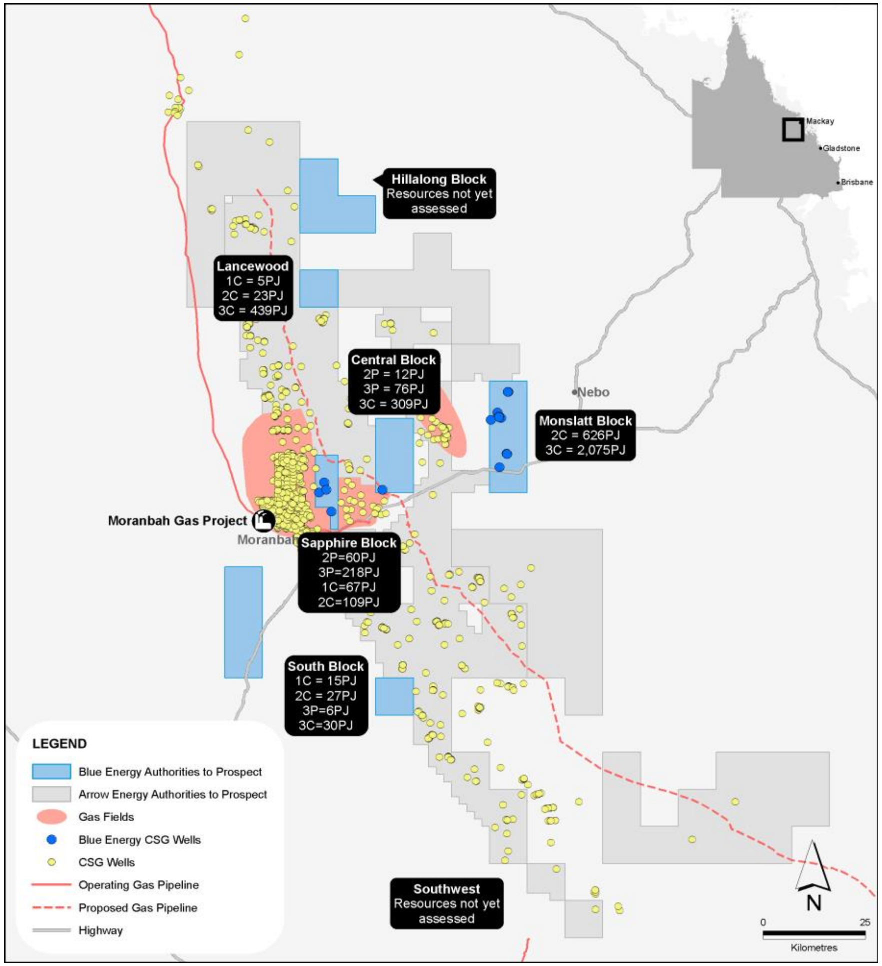
Eastern Gas Province
Bowen Basin

ATP814P

- 100% Blue - Owned and Operated
- Uncontracted 2P and 3P Reserves
- Large Contingent Resource base ~ 3.0 TCF
- NSAI used by Blue and Arrow for reserves
- In discussions with multiple potential gas buyers seeking near term supply



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Breaking play position

<u>Proterozoic source/shale play</u>

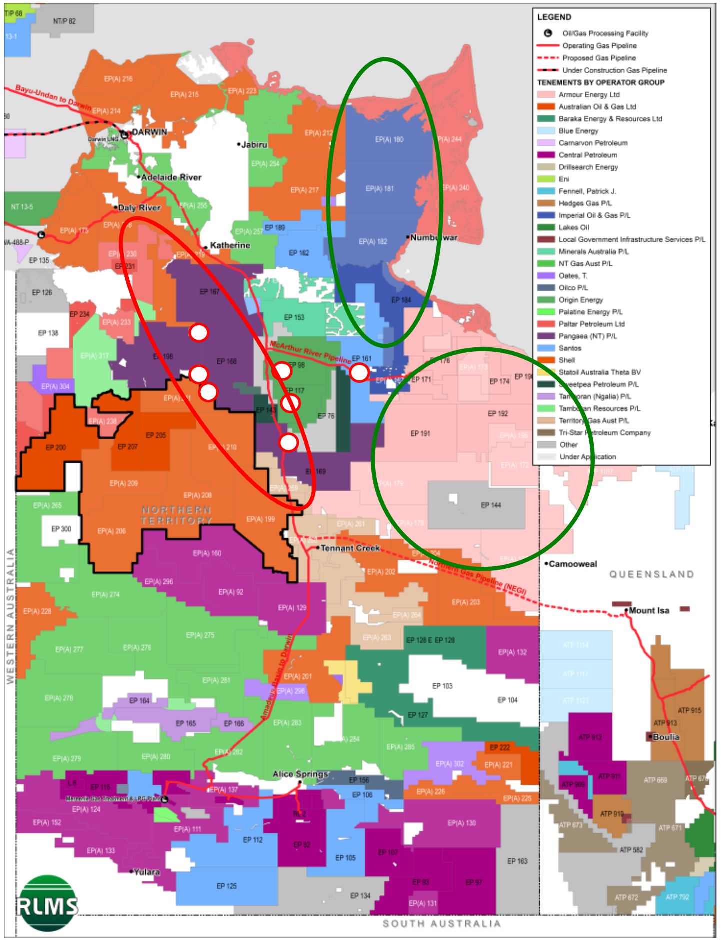
- 1.2-1.8 billion year old rocks
- World class source rocks
- Attracted Nth American players

Plays being derisked by multiple players

Infrastructure being developed

Tennant Creek – Mt Isa pipeline

Icthyus LNG plant in Darwin



Greater McArthur Basin

Summary

- Blue has a low cost operating strategy
  - Blue's CSG targets are shallow and the cost base reflects depth and low pressure setting
  - Main reserve/resource base is close to current and future infrastructure
  - Low corporate run rate
- Lowest finding cost
- Commercialising through dom gas sales and potential LNG export proponents
- Reserve and resource growth year on year
- Positioned well for East Coast gas shortfall
- Eye for growth in new geological settings

Reserves and Resources

Permit	Block	Assessment Date	Announcement Date	Methodology	Certifier	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		30/06/2012	19/03/2013	SPE/PRMS	NSAI	0	22	0	47	0	101
ATP813P		29/10/2014	30/10/2014	SPE/PRMS	NSAI	0	0	0	61	0	830
ATP814P	Sapphire	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	66	59	108	216	186
ATP814P	Central	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	50	12	99	75	306
ATP814P	Monslatt	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	0	0	619	0	2,054
ATP814P	Lancewood	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	5	0	23	1	435
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
Total (PJ)						**0**	**158**	**71**	**984**	**298**	**3,942**
Total MMBOE						**0**	**27**	**12**	**168**	**51**	**672**
All numbers are net to Blue Energy											

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