

## John Young

---

**From:** John Young  
**Sent:** Thursday, 24 April 2014 9:48 AM  
**Subject:** Company Alert - Blue Energy Limited (BUL - not rated) - March 2013 quarterly

**ORD MINNETT**

### Company Alert

Ord Minnett Research

**Company:** Blue Energy Limited (BUL)  
**Recommendation:** not rated  
**Last price:** \$0.0425  
**Target price:** n/a

#### Key points:

- Bowen Basin CSG (ATP 814P): an updated reserves assessment is expected in the June quarter, based on data provided by Blue and Arrow Energy, who has been active in adjoining acreage.
- Galilee Basin CSG (ATP 813P): mandatory partial relinquishment. Analysis of Stagmount-1 corehole data continues.
- Cooper Basin conventional: environmental authorities granted for ATPs 656A, 657A, 658A and 660A.
- Wiso Basin unconventional: new gravity, magnetic and seismic data has extended the underlying McArthur Basin sequences, which are prospective to the east for unconventional oil and gas, into Blue's permit areas.
- Southern Georgina Basin unconventional: Statoil has commenced drilling the first of five planned wells ~50 km SSW of Blue's tenement and Total/Central Petroleum are expected to commence drilling four wells to the south in May.
- Maryborough Basin unconventional: Blue secured 100% interest in these three tenements from Beach Energy and eliminated the original farm-in program obligations.
- Cash balance of \$9.2m, down \$4.7m on the prior quarter. Zero debt.

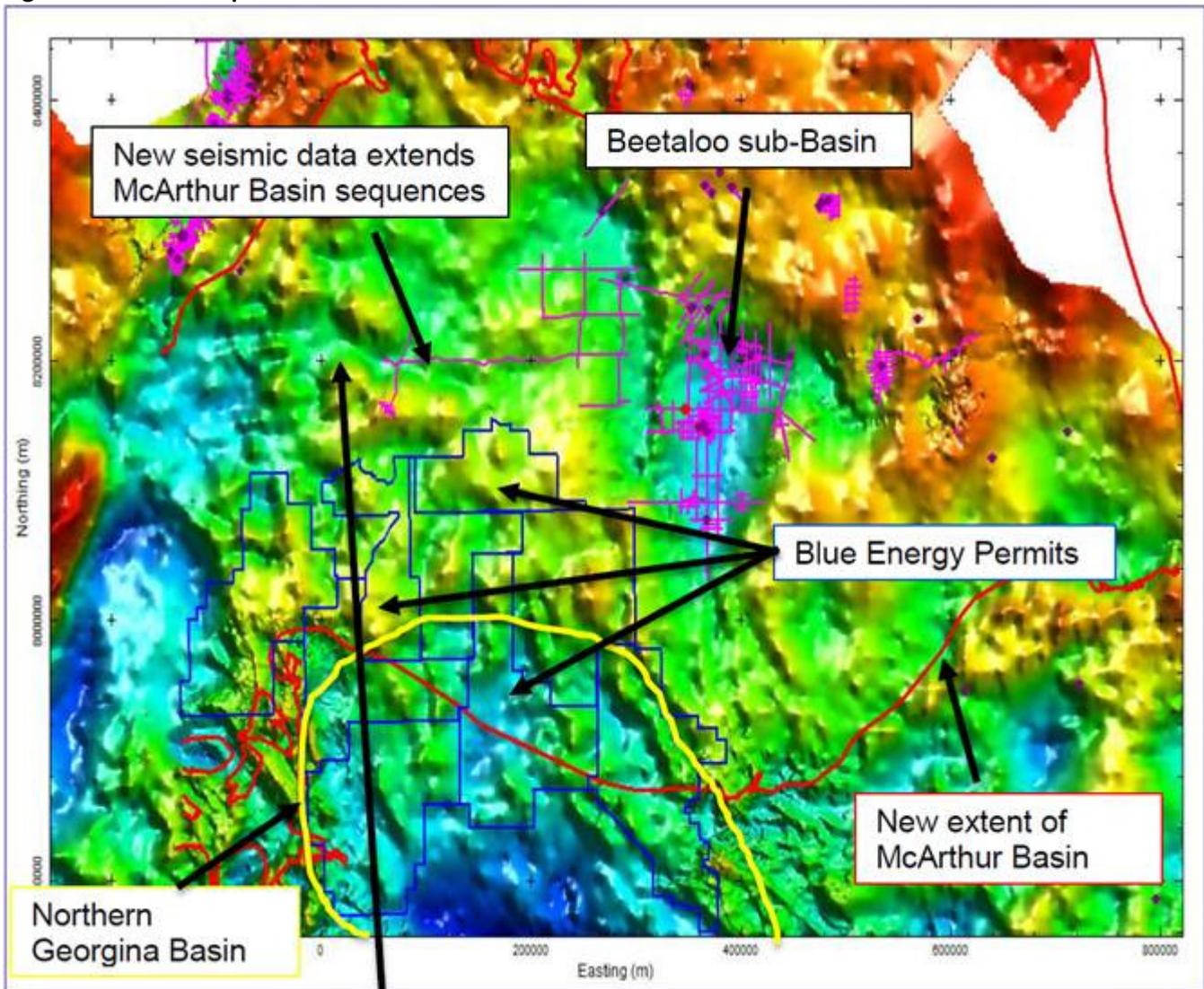
#### Outlook:

- Continued focus on conserving cash. Planned expenditure of \$1.2m for the next quarter (\$0.7m admin, \$0.5m exploration).
- Acquisition and evaluation of small 2D seismic surveys in three of the Wiso Basin permits and ATP 733P (Maryborough Basin).
- Seeking farm-out agreements for one or more of the frontier acreage permits.

#### Investment view:

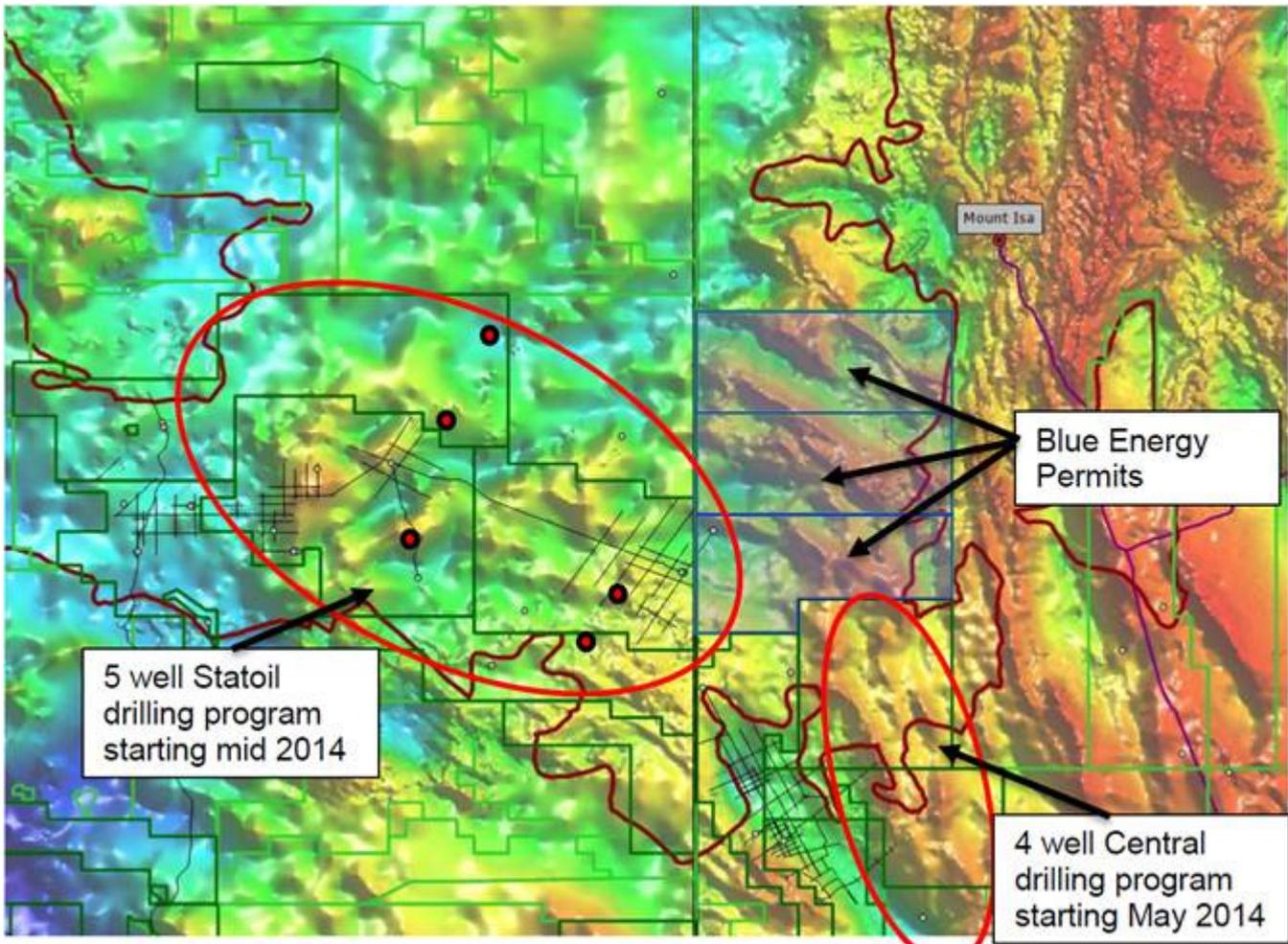
- CSG: We expect further increases in Bowen Basin 2P and 3P reserves in the next assessment. However, in the current climate this is unlikely to drive significant share price movement. Price rerating will be dependent upon progress of gas monetization, either via gas sales agreements or full or partial asset divestment. Blue currently has 55 PJ of uncontracted 2P reserves and 200 PJ of uncontracted 3P reserves, and over 800 PJ of 2C contingent resources.
- Unconventional: the significant planned drilling activity in the coming year (nine wells led by Statoil and Total) should increase industry attention on the Lower Arthur Creek shales in the Southern Georgina Basin and further derisk Blue's adjoining acreage at zero cost to Blue.
- Other: significant activity in the Cooper and Maryborough basins is still some way off, requiring award of permit applications and, in the Maryborough Basin, gaining a social licence to operate.
- Corporate: Planned farm-out of frontier acreage needs to proceed promptly given Blue's previously healthy cash position is steadily declining with ongoing working capital requirements. Admin costs have been cut to ~\$700k/quarter, but will still consume ~\$2.5-3m per year, leaving little cash for field work.

Figure 1: Wiso Basin permit areas



Source: Blue Energy Limited, March 2013 quarterly, 24<sup>th</sup> April 2014.

Figure 2: Southern Georgina Basin permit areas and nearby drilling activity



Source: Blue Energy Limited, March 2013 quarterly, 24th April 2014.

Figure 3: Reserves and resources position (net to Blue)

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
<b>Total (PJ)</b>				-	<b>146</b>	<b>55</b>	<b>811</b>	<b>200</b>	<b>3,454</b>
<b>Total (bcf)</b>				-	<b>146</b>	<b>55</b>	<b>811</b>	<b>200</b>	<b>3,454</b>

Source: Blue Energy Limited, March 2013 quarterly, 24<sup>th</sup> April 2014.

John Young  
Senior Oil & Gas Analyst

+61 3 9608 4184 (Direct)

+61 417 444 350 (Mobile)  
[jyoung@ords.com.au](mailto:jyoung@ords.com.au)

# ORD MINNETT

Level 23 | 120 Collins Street | Melbourne VIC 3000 | Australia  
Website: [www.ords.com.au](http://www.ords.com.au)

**Disclaimer:** Ord Minnett Limited believes that the information contained in this document has been obtained from sources that are accurate, but has not checked or verified this information. Except to the extent that liability cannot be excluded, Ord Minnett Limited and its associated entities accept no liability for any loss or damage caused by any error in, or omission from, this document. This document is intended to provide general financial product advice only, and has been prepared without taking account of your objectives, financial situation or needs, and therefore before acting on advice contained in this document, you should consider its appropriateness having regard to your objectives, financial situation and needs. If any advice in this document relates to the acquisition or possible acquisition of a particular financial product, you should obtain a copy of and consider the Product Disclosure Statement prospectus or other disclosure material for that product before making any decision. Investments can go up and down. Past performance is not necessarily indicative of future performance.