

13th June 2017



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New Gas Development Plan lodged to unlock

Bowen Basin resources

Brisbane-based oil and gas explorer, Blue Energy Limited (ASX: "BUL"), is pleased to announce further progress towards unlocking the potential of its large gas resources in Queensland's Bowen Basin region.

Blue advises today that an Initial Development Plan and Production Licence Application has been lodged by the Company's subsidiary, Eureka Petroleum Pty Ltd, with the Queensland Government (QDNRM) for the development of the gas reserves in the Sapphire Block of Blue's 100% owned ATP814P permit in the Bowen Basin of central Queensland (Figure 1).

Blue Energy's Managing Director, Mr John Phillips, said today that the Company's proposed development of the Sapphire resource signalled to gas buyers that there are low cost Australian operating companies with available gas reserves.

"Cooperation amongst gas buyers on the east coast to aggregate meaningful medium and long-term demand volumes will encourage explorers and small producers to seek risk capital to restart the exploration and production machinery and meet the challenges of supplying gas users in an increasingly competitive gas supply (and price) environment," Mr Phillips said.

"Government must ensure these projects are progressed with priority and without delay to ensure local industries are provided with gas in a timely manner and that jobs are not only preserved but also created," he said.

Netherland Sewell and Associates (independent Dallas based Reserve certifier) estimate Blue Energy to currently hold 2P gas reserves of 71 PJ, 298 PJ of 3P gas reserves and over 3,000 PJ of Contingent Resources in ATP814P.

Mr Phillips said that with construction of the missing gas pipeline link between Moranbah and Gladstone, Blue's reserves could be expanded from its very large contingent resource base (3,000 PJ).

"More reserves can then be developed to meet the medium-term gas shortfalls in both the Queensland and broader east coast gas markets and help alleviate the longer term gas shortages being anticipated for Sydney, Melbourne and Adelaide over the next decade," he said.

The Bowen Basin is estimated to contain up to 11,000 PJ of discovered Gas Resources, which is equivalent to 20 years of domestic east coast gas usage.

Mr Phillips said developing the Bowen Basin gas resources represents the fastest solution to countering growing east coast gas shortfalls, given the area is already a producing gas basin, with over 300 delineation wells having been drilled to date to define the resource.

“The expedited connection of this large gas resource with a pipeline to the south will contribute significantly to bolstering the energy security and gas supply to the east coast of Australia,” he said.

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John Phillips

Managing Director

Blue Energy Limited

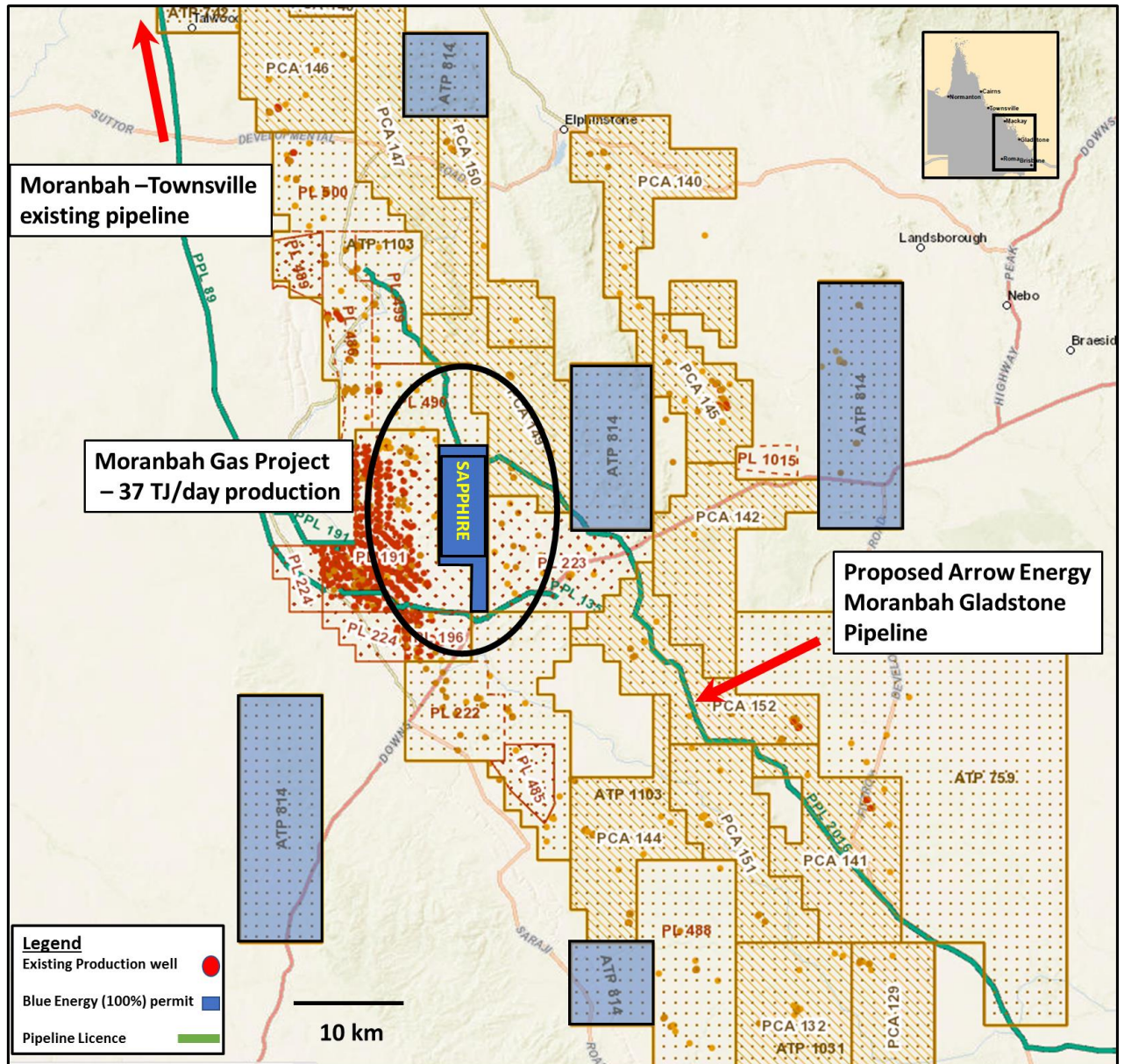


Figure 1: Sapphire Block ATP 814P Bowen Basin Queensland