

INTERIM FINANCIAL REPORT
For the half-year ended 31 December 2021

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For the half-year ended 31 December 2021

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DIRECTORS' REPORT

For the half-year ended 31 December 2021

The Directors of Blue Energy Limited ("the Company") and its controlled entities ("the Group" or "Blue") submit herewith their report on the consolidated financial statements of the Company for the half-year ended 31 December 2021.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and to the date of this report:

John Ellice-Flint (Chairman)	(Appointed 5 April 2012)
Rodney Cameron (Deputy Chairman)	(Appointed 15 November 2011)
John Phillips	(Appointed 28 June 2010)
Mark Hayward	(Appointed 16 February 2020)

REVIEW OF OPERATIONS

Blue is subject to continuous disclosure rules, and as such, anything materially affecting Blue and its exploration assets in the preceding 6-month period has been disclosed to the market.

Reserve and Resource Position

There has been no material change to the Group's Reserve or Resource position in the last 6 month period to 31 December 2021. Blue's Bowen Basin 2P and 3P Reserves are estimated (by the independent consultancy Netherland, Sewell and Associates, Inc of Dallas Texas (NSAI)) to be 71 PJ and 298 PJ respectively. Blue's current 3C Contingent Resource estimate is 4,179 PJ of technically recoverable gas, whilst the 1C and 2C Contingent Resource estimates are 158 PJ and 1,166 PJ, respectively. The Gas Reserves remain confined to ATP814P in the North Bowen Basin, whilst the Contingent Resources are established by NSAI in Blue's ATP814P, ATP813P and ATP854P tenements. The Reserve and Resource estimate by NSAI current as at 31 December 2021 with no variations from prior year is tabled below (Table 1).

These reserves are not yet developed, and there has been no production of gas by the Group to deplete the reserves. All reserves and resources stated in the table are in respect of unconventional gas (Coal Seam Gas) and are undeveloped reserves and net to Blue.

These reserves remain undeveloped due to local market conditions and limited pipeline infrastructure within the North Bowen Basin region. It is the Group's intention to develop these reserves by facilitating appropriate commercial transactions to enable the provision of appropriate infrastructure. To this end Blue has entered into a nonbinding Heads of Agreement (HoA) to supply 100 PJ of gas over 10 years to EnergyAustralia and a similar agreement for 300 PJ of gas supply over 10 years to Origin Energy with both contract delivery points at Wallumbilla. In addition to these two agreements, Blue has also executed a Memorandum of Understanding with Queensland Pacific Metals to supply up to 112 PJ of gas over 15 years to their proposed nickel refinery in Townsville. Blue continues to negotiate with other gas users to build the contracted volume and facilitate development of its North Bowen Basin gas resources. The reserves being ear-marked in this agreement are proximate to existing production but require appropriate infrastructure and commercial arrangements to be put in place for them to be brought to market.

The Group's entire reserve and resource position is independently reviewed and certified by NSAI, an independent reserve certifier, and reported by the Group directly should there be a change, as required under ASX Listing Rules for continuous disclosure. The Group continues to work with NSAI on providing any updates on the reserve and resources position.

Table 1: Reserve and Resource Inventory as at 31 December 2021

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	Hillalong	6/02/2020	7/02/2020	SPE/PRMS	NSAI	0	0	0	182	0	237
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
Total (PJ)						0	158	71	1,166	298	4,179
Total MMBOE						0	27	12	191.9	51.2	718.5

All numbers are net to Blue

DIRECTORS' REPORT

For the half-year ended 31 December 2021

Subsequent to the end of the half-year, and as described in more detail under the **Subsequent Events** heading in this Directors' Report, on 25 January 2022 Blue announced a significant increase in the Reserve and Resource Inventory for ATP854P.

Competent Person Statement

The estimates of reserves and contingent resources have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI). Mr Hattner is a full-time employee of NSAI, has over 30 years of industry experience and 20 years of 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 2018 Petroleum and Resource Management System (PRMS) approved by the Society of Petroleum Engineers (SPE), utilising a deterministic methodology.

Bowen Basin

ATP814P (Blue 100% and Operator)

The Federal Governments' National COVID Construction Commission has recommended that as part of the Prime Minister's gas lead recovery targeting new and reliable gas supply for east coast manufacturers, the north Bowen Basin (in addition to the Beetaloo and Galilee Basins) is prioritised for infrastructure to fast track new gas supply into the east coast grid. ATP 814P is within the North Bowen Basin and would benefit from Federal government support for accelerated gas infrastructure connection to the east coast gas grid.

This high-grading of government support for the basin assists Blue in its commercialising activities to establish foundation domestic east coast gas offtakers, as well as local Townsville customers. Accordingly, Blue has successfully executed the first of several planned long-term gas supply agreements with major offtakers. Blue and EnergyAustralia have signed a non-binding Heads of Agreement for the supply of 100 PJ of gas over 10 years. In addition, Blue executed a similar non-binding Heads of Agreement with Origin Energy for 300 PJ of gas supply over 10 years. The gas for both of these agreements is to be delivered to the Wallumbilla hub.

The permit consists of 7 separate blocks, with the Sapphire Block holding the majority of the 2P and 3P reserves. This Block is in very close proximity to the current production from the Moranbah Gas Project Joint Venture.

Blue's 100% ATP814P currently has 71 PJ of 2P reserves, 298 PJ of 3P reserves and 3,248 PJ of Contingent Resources (as independently estimated by Netherland, Sewell and Associates Inc (NSAI)).

With respect to the local Townsville market, and as previously advised, Blue has executed two non binding Memorandums of Understanding (MoU) as follows:

- 1) MoU with North Queensland Gas Pipelines Pty Ltd to work together to establish new gas offtakers in the Townsville market.
- 2) MoU with Queensland Pacific Metals (QPM) to work to execute a binding Gas Sales Agreement for the delivery of gas from Blue's ATP814 tenement to QPM for their proposed Townsville Nickel processing facility.

As part of addressing commerciality of a portion of the Company's Bowen Basin gas resource, Blue is also investigating the viability of gas fired electricity generation in ATP814P and in particular the Hillalong and Monslatt Blocks, located near the towns of Glenden and Nebo respectively. Both these blocks are within 10 kilometres of the major 275Kv transmission line linking Gladstone and Townsville.

In pursuit of commercialisation of all the gas held in Blue's ATP814P blocks, the Company is in ongoing discussions with several other large east coast gas users, who are interested in securing long term gas supply.

The 3 separate Production Licence Applications (PLA's) lodged previously are still under consideration by the Regulator, whilst 3 Potential Commercial Area Applications have been awarded by the Regulator.

The Company has lodged the requisite environmental survey work for the upgrade to the Environmental Authorities (EA's) for the three Production Licence (PL) applications in ATP 814P. The upgraded EAs are required as part of the approval process and grant of the PLs and covers the initial development program for the PL areas. During the period, Blue successfully raised \$9,534 thousand (net of fees) to advance appraisal of the Sapphire, Central and Lancewood PL applications. The object of the drilling campaign is to build reserve 2P reserves (conversion of 3C to 2P) and establish the productivity of the coal targets in the asset.

In preparation, Blue has gone to the market seeking quotes for contract drilling, directional drilling, cementing, wireline survey, and completion services; surface testing package supply; and general drilling and completion equipment. The 2022 drilling program has been formulated in conjunction with NSAI to provide a reserve build component (converting Contingent Reserves to 2P reserves) and a productivity test to refine the development plan for the supply of gas into Blue's offtake agreements in Wallumbilla to Origin Energy and EnergyAustralia. These agreements are for the 10 year supply of up to 400 PJ of gas over 10 years. These agreements will also underpin the viability of the North Bowen Basin

DIRECTORS' REPORT

For the half-year ended 31 December 2021

Gas pipeline which, as indicated by the recent Queensland/Federal Government study is a key piece of gas infrastructure to cement the North Bowen Basin in prime position to be the east coast's new gas supply source.

Surat Basin, Queensland

ATP854P (Blue 100% and Operator)

On 25 January 2022, Blue announced an approximate 300% upgrade of the recoverable gas resources in ATP 854P from NSAI. The upgrade is in net recoverable gas resource across the 1C, 2C and 3C Contingent Resource categories, and represents an increase in the permit's total Contingent Resource base from 101 PJ to 398 PJ of 3C. Both 1C and 2C Contingent Resource categories also increased over 300% (refer Table 2).

ATP 854P is located near the heart of the CSG-LNG gas supply precinct. Gas pipeline infrastructure (PPL 30 and PL 118), linking Wallumbilla to Gladstone, runs through the permit. The ATP 854P gas resources thus have clear near-term potential for economic development using this infrastructure. ATP 854P is now a substantial gas resource which can augment Blue's Bowen Basin gas supply agreements with Origin Energy and EnergyAustralia, both in timing and volume. As previously reported, Blue has lodged PCAs over the permit, which now contain 398 PJ+ of Contingent Resources (in the latest review and estimation by NSAI). Blue continues to work with the Queensland Government to secure grant of these PCAs. Work was conducted and completed late in the reporting period on a plug and abandonment program of several legacy wells in the permit, drilled previously by Blue. The work was completed safely and under budget.

Table 2: Changes in gas resources for ATP854 effective 22 January 2022

	1C (PJ)		1P (PJ)		2C (PJ)		2P (PJ)		3C (PJ)		3P (PJ)	
	New	Old										
ATP854P Surat Basin Qld	90	22	-	-	194	47	-	-	398	101	-	-
% change	+309%				+313%				+294%			

Galilee Basin

ATP813P Blue (100% and Operator)

ATP813P is located to the north of the Aramac township in central west Queensland. Blue's exploration work on the permit to date has resulted in 830 PJ of Contingent Resource being estimated by independent reserve specialist NSAI.

Blue lodged 9 separate Potential Commercial Area Applications in 2017, and as at 31 December 2021, these were still being considered by the Queensland Government for grant.

Greater McArthur Basin, Northern Territory

EP199A, 200, 205, 206A, 207, 208A, 209A, 210A, 211A (Blue farming in and Operator)

Following the lifting on the moratorium on gas exploration activities, the Northern Territory (NT) Government has introduced many new amendments to the Petroleum, Water and Environment Acts as a result of the 135 Pepper Inquiry recommendations deemed necessary to regulate the industry to ensure it operated safely. These regulatory amendments have lengthened the approval process for all oil and gas exploration activities in the Territory. These longer approval timeframes continue to have impacts on approval of field activity in the already seasonally restricted exploration season in the NT.

Blue's granted permits had been under suspension (at Blue's request) as a result of the Post Pepper regulatory uncertainty. With the outbreak of COVID 19 in the Territory and the imposition of travel and access restrictions to remote communities, the required access to remote communities by government bodies for consultation and cultural heritage clearance of proposed seismic survey activities was severely impacted. Accordingly, Blue has only recently been granted approval for its seismic activities to be conducted. Blue is still required to obtain social and community licence for this survey work. Accordingly, and given the restricted exploration season, Blue applied for and has been granted a further suspension or work commitments until February 2023. The permit timeframes have also been extended by 12 months. Blue has also resumed engagement with the Central and Northern Land councils to undertake on country meetings with traditional owner groups for the areas currently under application.

Cooper Basin

ATP 656, 657, 658, & 660 Cooper Basin Queensland (Blue 100% - and Operator)

The Cooper Basin area, in particular the Cooper Creek Riverine system, has been subject to sustained environmental restrictions and legislative uncertainty. Environmental activism continues in an attempt to limit exploration and production activities from occurring in the Cooper Basin. As previously advised Blue entered into an agreement with an Australian energy company, whereby Blue would be reimbursed for its post-grant nominal back costs. This agreement is subject to, and conditional upon approval by the Queensland Government and the grant of 9 Production Licences (PL's) applied for

DIRECTORS' REPORT

For the half-year ended 31 December 2021

by Blue. These PL applications were lodged by Blue, and identified Origin Energy as the Australian Energy company as the new Titleholder of the subsequently awarded PL's. Completion of the transaction will occur once the transfer of the new permits from Blue to Origin has been approved by the Regulator. These Production Licences are deemed to be a Right conferred on ATP exploration tenement holders issued under the Petroleum Act 1923.

Georgina Basin and Carpentaria Basins Application Areas

ATP 1112, 1114, 1117, 1123 A (Blue 100% and Operator)

Blue continues to seek resolution of the long running Native Title negotiations that are required to facilitate grant of these areas. Blue has sought a ruling by the National Native Title Tribunal, in conjunction with the State, on the effect of the grant of some of these permits on the Native Title parties, the result of which will be used by the State to progress these applications.

CORPORATE

Financial Position

The net assets of the Group have increased by \$8,873 thousand from 30 June 2021 to 31 December 2021 to \$70,613 thousand. This is due to the \$9,967 thousand (before fees) capital raising completed during the period which was partially offset by budgeted exploration activity over the period and routine corporate and administrative costs.

The Group posted a loss after income tax for the period of \$661 thousand (31 December 2020: \$489 thousand). Cash expenditure on exploration and evaluation for the period was \$1,029 thousand (31 December 2020: \$572 thousand).

Funding Arrangements

The Group continues to hold sufficient cash reserves to enable continued operations. Future capital raising activities will take place if and when the Board deem that such a raising of funds is appropriate. The Directors are mindful of the Group's full exploration expenditure commitments for its various tenements, and as such potential funding options will be considered by the Group to fund these programs. Work programs are subject to change and are at times under negotiation with the regulator.

Share & Option Issues

No Employee Incentive performance rights were granted during the period under the current Employee Incentive Rights Plan (2020: Nil).

SUBSEQUENT EVENTS

Except for the matters disclosed below, subsequent to 31 December 2021, there have not been any other matters or circumstances, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

- On 25 January 2022, the Company announced an upgrade of the recoverable gas resources in its solely owned permit ATP854 in the Surat Basin (refer Table 2). Table 3 summarises Blue's total Reserve and Resource inventory as at 22 January 2022 after the upgrade of the ATP854P Reserve and Resource.

Table 3: Reserve and Resource Inventory as at 22 January 2022

Permit	Block	Assessment Date	Announcement Date	Methodology	Certifier	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		22/01/2022	25/01/2022	SPE/PRMS	NSAI	0	90	0	194	0	398
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	Hillalong	6/02/2020	7/02/2020	SPE/PRMS	NSAI	0	0	0	182	0	237
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
Total (PJ)						0	226	71	1,313	298	4,476

All numbers are net to Blue

DIRECTORS' REPORT
For the half-year ended 31 December 2021

AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001, for the half-year ended 31 December 2021, is set out on page 6.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the financial report are presented in Australian dollars and all values are rounded to the nearest thousand (\$000 or thousand), except when otherwise indicated.

This report is signed in accordance with a resolution of the Board of Directors.



John Ellice-Flint
Executive Chairman
Blue Energy Limited

Dated this 8th day of March 2022
Brisbane, Queensland

The Directors
Blue Energy Limited
Level 10, 26 Wharf Street
Brisbane, QLD 4000

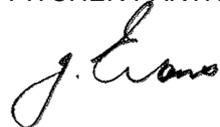
Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Blue Energy Limited and the entities it controlled during the period.

Pitcher Partners
PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland
8 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Financial income	2	5	14
Other income	2	-	25
Total income		5	39
Operating and administration expenses	3	(666)	(528)
(Loss) before income tax		(661)	(489)
Income tax benefit		-	-
(Loss) for the half-year attributable to the owners of the parent		(661)	(489)
Other comprehensive income		-	-
Total comprehensive (loss) for the half-year attributable to the owners of the parent		(661)	(489)
Earnings per share (cents per share):			
- basic		(0.05)	(0.04)
- diluted		(0.05)	(0.04)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	31 Dec 2021 \$'000	30 June 2021 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	9,684	1,955
Trade and other receivables		172	86
Total Current Assets		9,856	2,041
Non-Current Assets			
Property, plant, and equipment		12	6
Right of use assets		93	115
Trade and other receivables		169	169
Exploration and evaluation expenditure	4	61,822	60,971
Total Non-Current Assets		62,096	61,261
TOTAL ASSETS		71,952	63,302
LIABILITIES			
Current Liabilities			
Trade and other payables		459	197
Lease liability		41	43
Provisions		422	715
Total Current Liabilities		922	955
Non-Current Liabilities			
Lease liability		48	68
Provisions		369	539
Total Non-Current Liabilities		417	607
TOTAL LIABILITIES		1,339	1,562
NET ASSETS		70,613	61,740
EQUITY			
Issued capital	5	149,531	139,997
Reserves		8,823	8,823
Accumulated losses		(87,741)	(87,080)
TOTAL EQUITY		70,613	61,740

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2021

	Issued Capital \$'000	Accumulated losses \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2020	139,997	(86,085)	8,823	62,735
Total comprehensive loss				
(Loss) for the half-year		(489)		(489)
Total comprehensive loss for the half-year		(489)		(489)
Transaction with owners in their capacity as owners				
Issue of new shares	-	-	-	-
Capital raising costs	-	-	-	-
Share-based payments	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 December 2020	139,997	(86,574)	8,823	62,246
Balance at 1 July 2021	139,997	(87,080)	8,823	61,740
Total comprehensive loss				
(Loss) for the half-year		(661)		(661)
Total comprehensive loss for the half-year		(661)		(661)
Transaction with owners in their capacity as owners				
Issue of new shares	9,967	-	-	9,967
Capital raising costs	(433)	-	-	(433)
Share-based payments	-	-	-	-
Total transactions with owners	9,534	-	-	9,534
Balance at 31 December 2021	149,531	(87,741)	8,823	70,613

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities			
Receipts of refunds for GST		202	104
Payments to suppliers and employees		(974)	(596)
Interest received		2	17
Net cash used in operating activities		(770)	(475)
Cash flows from investing activities			
Funds used in exploration and evaluation		(1,029)	(572)
Funds used to acquire property, plant, and equipment		(6)	-
Net cash used in investing activities		(1,035)	(572)
Cash flows from financing activities			
Proceeds from share issue		9,967	-
Capital raising costs		(433)	(8)
Net cash flows provided by financing activities		9,534	(8)
Net increase / (decrease) in cash and cash equivalents held		7,729	(1,055)
Cash and cash equivalents at beginning of half-year		1,955	4,306
Cash and cash equivalents at end of half-year	10	9,684	3,251

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

1. BASIS OF PREPARATION

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Company and its controlled entities, during the half-year, in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The Company and its controlled entities are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/91, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts are rounded off to the nearest thousand dollars unless otherwise stated

The half-year report does not include full disclosures of the type normally included in annual condensed financial statements.

The half-year consolidated financial report was authorised for issue by the Board of Directors on 8 March 2022.

Reporting Basis and Conventions

The interim financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets, and financial liabilities for which the fair value basis of accounting has been applied.

New standards, interpretations, and amendments thereof, adopted by Blue

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the financial report for the financial year ended 30 June 2021.

Going concern

As the Group's assets are in the exploration and evaluation phase, Blue Energy Limited is currently non-revenue generating. As such, a major focus of the Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Group has sufficient funds to cover its planned activities and any ongoing obligations.

At 31 December 2021, the Group had \$9,684 thousand in cash and cash equivalents, which includes \$324 thousand of restricted cash.

The Board is satisfied that the Group will successfully meet its minimum expenditure commitment (including through negotiating deferral of minimum expenditure commitments until access and activity approvals are received). Furthermore, it is recognised that the Group's cash and cash equivalents at 31 December 2021 are not sufficient for it to meet its full exploration expenditure commitments for its various tenements over the full terms of all its exploration tenures or facilitate an expanded exploration program should the Group elect to do so. In addition, the Group's ability to realise the carrying amount of its capitalised exploration and evaluation expenditure asset in the ordinary course of business, is contingent on it maintaining tenure for various areas of interest and being able to access tenements to be able to advance exploration and evaluation efforts.

This being the case, the Group is:

- Managing all tenures, and their respective work programs to ensure all renewals and/or grant of higher tenure types (PLAs and PCAs) are completed; and
- Considering all funding options including capital raising and the establishment of Joint Venture partnerships.

On the basis of the above, the Directors are of the opinion the Group will be able to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. Should the Directors not be able to manage these inherent uncertainties and successfully secure funding, there would be significant uncertainty as to whether the Group would be able to meet its debts as and when they fall due and therefore continue as a going concern. Accordingly, the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities may be necessary should the Group be unsuccessful in renegotiating or deferring its exploration expenditure commitments, attracting joint venture partners for the Group's exploration expenditure commitments and/or raising additional capital.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

2. INCOME

	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Financial income		
Interest received	5	17
	5	17
Other income		
Other income (Government COVID19 cash bonus)	-	25
	-	25
Total Income	5	42

3. PROFIT/(LOSS) FOR THE HALF YEAR

	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Operating and administration expenses include		
Employee benefit expenses	146	152
Superannuation	38	32
Depreciation and amortisation expense	28	26
Directors' fees	65	60
Net foreign exchange gain	2	2

4. EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2021	30 June 2021
	\$'000	\$'000
Exploration and evaluation expenditure acquired and recognised on consolidation	13,648	13,648
Other exploration and evaluation expenditure	78,483	77,327
Restoration asset	559	864
Impairment and write off of exploration and evaluation expenditure asset	(30,868)	(30,868)
Total exploration and evaluation expenditure brought to account	61,822	60,971

The ultimate recoupment of capitalised exploration and development expenditure is dependent on the successful development and commercial exploitation, or alternatively sale, of the respective areas of interest.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

5. ISSUED CAPITAL

	31 Dec 2021		30 June 2021	
	Shares	\$'000	Shares	\$'000
Ordinary shares:				
Issued and fully paid	1,528,214,889	149,531	1,328,882,513	139,997
Movements in ordinary shares on issue:				
Opening balance	1,328,882,513	139,997	1,328,882,513	139,997
Issued shares at 5.0c/share (share purchase plan)	199,332,376	9,967	-	-
Capital raising costs	-	(433)	-	-
Closing balance	1,528,214,889	149,531	1,328,882,513	139,997

6. SEGMENT INFORMATION

The Group operates in a single operating segment, being the oil and gas exploration industry. The Groups activity is carried out in a single geographical segment, being Australia.

7. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities or contingent assets at 31 December 2021, which are not otherwise disclosed in this report.

8. SUBSEQUENT EVENTS

Except for the matters disclosed below, subsequent to 31 December 2021, there have not been any other matters or circumstances, other than that referred to above and in the financial statements or notes thereto, that has arisen since the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

- On 25 January 2022, the Company announced an upgrade of the recoverable gas resources in its solely owned permit ATP854 in the Surat Basin. Table 2 and Table 3 in the Directors' Report accompanying these financial statements summarise the changes to the various gas resource categories and compares them to the previous estimates for ATP854 and the effect of the upgrade on Blue's total Reserve and Resource inventory.

9. DIVIDEND PAID OR PROVIDED FOR ON ORDINARY SHARES

There was no dividend paid or provided for at the reporting date (31 December 2020: \$nil).

10. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are deposits secured against bank guarantees totaling \$324 thousand (2020: \$324 thousand relating to financial assurances for ATPs).

11. FINANCIAL INSTRUMENTS

The financial assets and liabilities consist of trade and other receivables and trade and other payables. The financial assets and liabilities are carried at amortised cost, the carrying value is assumed to approximate their fair value.

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

The directors of the Company declare that:

- (1) The financial statements and notes, as set out on pages 7 to 13, are in accordance with the Corporations Act 2001;
 - (a) comply with Accounting Standards and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
- (2) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



John Ellice-Flint
Director

Dated 8 March 2022

Independent Auditor's Review Report to the Members of Blue Energy Limited**Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Blue Energy Limited, the 'Company' and its controlled entities 'the Group', which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Blue Energy Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Blue Energy Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial report which describes the principal conditions that raise doubt about the ability of the Group to continue as a going concern. These events or conditions indicate a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern. Our conclusion is not modified in respect to this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
8 March 2022