

28<sup>th</sup> February 2019

## **New gas resource upgrade adds weight to development push for “idle” Queensland gas province**

The potential for Queensland’s Bowen Basin to be a major contributor to Australia’s diminishing east coast gas supplies has received a further timely boost with a significant resource upgrade announced today by Brisbane-based Blue Energy Limited (ASX: “BUL”).

The upgrade – from the Company’s Northern Bowen Basin gas fields - comes amid continued analysis of the parlous state of gas supply to east coast consumers and now the forecast potential for reduction in LNG export volumes from Gladstone from 2025, due to lower than expected field gas supply to the six LNG export trains.

Blue Energy’s CEO and Managing Director, Mr John Phillips, said the Northern Bowen Basin is already a significant gas province with existing discovered gas resources of around 15,000 petajoules (PJ) - enough to supply the domestic gas market for 30 years.

“While the basin is presently on production into the small Townsville and Moranbah markets, the need for a new pipeline link south from Moranbah to bring these significant gas resources to east coast markets is paramount,” Mr Phillips said.

“The Northern Bowen Basin, which already has major development projects that have Government and environment approval and are ready to execute, can deliver significant gas volumes to the southern market, if these projects are commenced,” he said.

“The fact that these projects are idle is a reflection of the concentration of reserve ownership in eastern Australia and the seriatim of global capital allocation opportunities across the large corporate’s portfolios, together with the cost structures of these organisations and resultant comparative returns of the competing global projects.”

Blue Energy said the Northern Bowen Basin resource upgrade announced today, followed a review and confirmation of the Company’s existing gas resource in permit area ATP814P by leading international independent reserve certifier, Netherland, Sewell and Associates Inc (NSAI).

“NSAI has subsequently advised an upgrade of our existing ATP814P gas resource in the Northern Bowen Basin in Queensland by an additional 237 petajoules (PJ) of technically recoverable natural gas in the Contingent Resource category (3C),” Mr Phillips said.

### **Corporate Gas Resource and Upgrade Summary**

- **Upgrade of additional 237 PJ recoverable gas resource in ATP814P (the Hillalong Block)**
- **Blue’s total technically recoverable Contingent Resource base increases**
  - **1C Contingent Resources = 158 PJ (+21%)**
  - **2C Contingent Resource = 1,166 PJ (+18%)**
  - **3C Contingent Resource = 4,179 PJ (6%) includes ATP813 and 854 volumes**
- **Blue’s Total Reserve position**
  - **2P Reserves = 71 PJ (ATP814P)**
  - **3P Reserves = 298 PJ (ATP814P)**

Permit	1C (PJ)		2C (PJ)		3C (PJ)	
	Last Update	Now	Last Update	Now	Last Update	Now
ATP854P	22 <small>(30/6/2012)</small>	22	47 <small>(30/6/2012)</small>	47	101 <small>(30/6/2012)</small>	101
ATP813P			61 <small>(29/10/2014)</small>	61	830 <small>(29/10/2014)</small>	830
ATP814P	136	169 <small>(+24%)</small>	876	1,058 <small>(+21%)</small>	3,011	3,248 <small>(+8%)</small>
<b>Total</b>	<b>169</b>	<b>191</b> <small>(+21%)</small>	<b>984</b>	<b>1,166</b> <small>(+18%)</small>	<b>3,942</b>	<b>4,179</b> <small>(+6%)</small>

Table 1: Changes in Blue Energy’s Contingent Resources since last upgrade. All numbers are net to Blue Energy

“The upgrade - in the Basin’s Hillalong Block – is a further positive outcome for Blue and was achieved in accordance with definitions and guidelines set forth in the 2018 PRMS, as approved by the SPE,” he said.

“It also comes as gas reliant industries continue the struggle to establish long term gas supplies, which threatens the viability of some manufacturing companies and potentially the jobs of hundreds of thousands of workers on the east coast.”

The Contingent Resource upgrade is contained in the Hillalong Block of ATP814P (See Figure 1) and follows a review by NSAI of surrounding well information, core data and seismic data to generate depth maps for the three main coal sequences known to be present over the Hillalong Block.

The Hillalong Contingent Resource is additional to Blue’s gas reserves and resources already recorded in the Monslatt, Central and Sapphire Blocks of ATP 814P which are being marketed to potential gas buyers in the southern market via a potential pipeline either straight to Gladstone (via the APA MOU), or via a route within Blue Energy’s PSL 2037 corridor (see Figure 1).

Mr Phillips said the upgrade also shows that growing gas resources in the Bowen Basin province is possible and therefore development of these resources provides a real solution for the forecast east coast gas shortages by linking this significant yet un-developed basin wide resource area to the east coast gas market via a new pipeline.

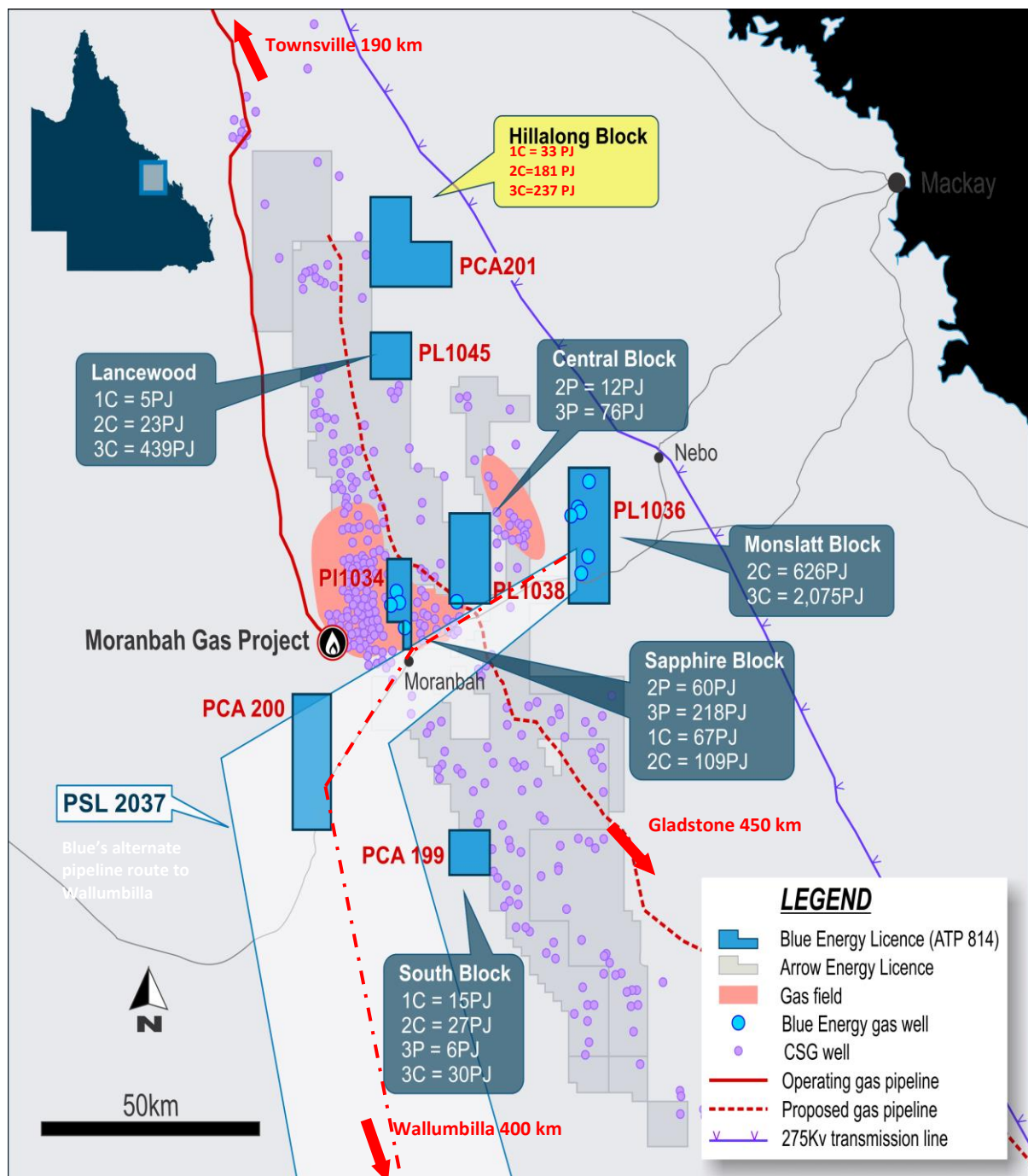
“The Hillalong Block is the most northern of the ATP814P constituent blocks and its location also provides an excellent option to access the Powerlink electricity transmission network, which services North Queensland and the high demand coal-mining precinct of the Northern Bowen Basin (See Figure 1),” he said.

Table 2: Breakdown, by category, of Blue Energy's current gas 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	Hillalong	27/02/2019	28/02/2019	SPE/PRMS 2018	NSAI	0	33	0	182	0	237
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
<b>Total (PJ)</b>						<b>0</b>	<b>191</b>	<b>71</b>	<b>1,166</b>	<b>298</b>	<b>4,179</b>
<b>Total MMBOE</b>						<b>0</b>	<b>27</b>	<b>12</b>	<b>199</b>	<b>51</b>	<b>714</b>

All numbers are net to Blue Energy

Figure 1: ATP814P Bowen Basin Queensland showing PL, PCA and PSL Applications, gas reserves and resources



## **Listing Rule 5 Disclosure**

The estimates of reserves and contingent resources noted throughout this Announcement have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI) and were originally reported in the Company's market announcements 25 January 2012, 26 February 2013, 19 March 2013 and 8 December 2015. NSAI independently regularly reviews the Company's Reserves and Contingent Resources. 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 a member of the Society of Petroleum Engineers (SPE), and has consented to the use of the information presented herein.

The Contingent Resources information for the Hillalong block in this announcement has been issued with the prior written consent of Mr John Hattner of Netherland, Sewell and Associates Inc in the form and context in which it appears. His qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves in accordance with the Society of Petroleum Engineers ("SPE") 2007 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 and 2018 Guidelines for Application of the PRMS approved by the SPE utilizing the deterministic methodology.

Blue Energy confirms that it is not aware of any new information or data that materially affects the information included in this Announcement or any of the previous announcements referred to relating to ATP 813P, 814P or 854P that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

Blue Energy announced the booking of the initial contingent resources for its Bowen Basin permit ATP 814 on 25 January 2012 which was subsequently upgraded 19 March 2013 and again on 8 December 2015.

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