

24 August 2022

## Operational Update

### Blue progressing pilot wells in North Bowen drilling campaign

**Blue Energy Limited** (ASX: BLU, 'Blue') is pleased to report that the batch drilling process on the Sapphire 5L lateral well-set in ATP 814 (PL 1034 – Sapphire Block) is proceeding and notes the following progress of the build section batch drilling process.

The batch drilling process enables maximum efficiency of directional drilling services and rig moving and sees the *build section* (see Figure 1) of each of the Sapphire 5L pilot wells (L1-L4) drilled in sequence with the 1000m in seam *lateral sections* (see Figure 1) batch drilled immediately following the completion of the build sections in sequence for the all Sapphire 5L wells (L1-L4)

The rig is currently on the Sapphire 5L4 well preparing to drill out of surface casing which has been set at a depth of 238 metres (measured depth).

#### Operations summary to date

- Sapphire 5L1 Pilot well build section drilled and cased to 727 meters awaiting drilling of in seam section
- Sapphire 5L2 Pilot well build section drilled and cased to 595 metres awaiting drilling of in seam lateral section in next batch phase
- Sapphire 5L3 Pilot well build section drilled and cased to 377 metres and is awaiting drilling of the in seam section in the next batch drilling phase.
- The two initial vertical wells, Sapphire 5V and Sapphire 6V, have been drilled to total depth, logged and had production casing run and cemented in place.

#### Current activity

- Silver City Drilling Rig #23 is currently on the Sapphire 5L4 Pilot well which is at a depth of 31 metres and running 9 5/8" surface casing. The drilling of the build section of this well will commence shortly and once that section of the hole is drilled, 7" casing will be run and cemented in preparation for the drilling of the build section.

#### Up Coming activity

- On completion of the build phase of the Sapphire 5L4 pilot well (now current drilling), the rig will skid back to the Sapphire 5L1 location to commence the horizontal in seam drilling phase in that well, and then for each of the 4 pilot wells in sequence. The aim of the in seam drilling phase is to drill up to 1000 metres within the target coal seams for each of the wells.

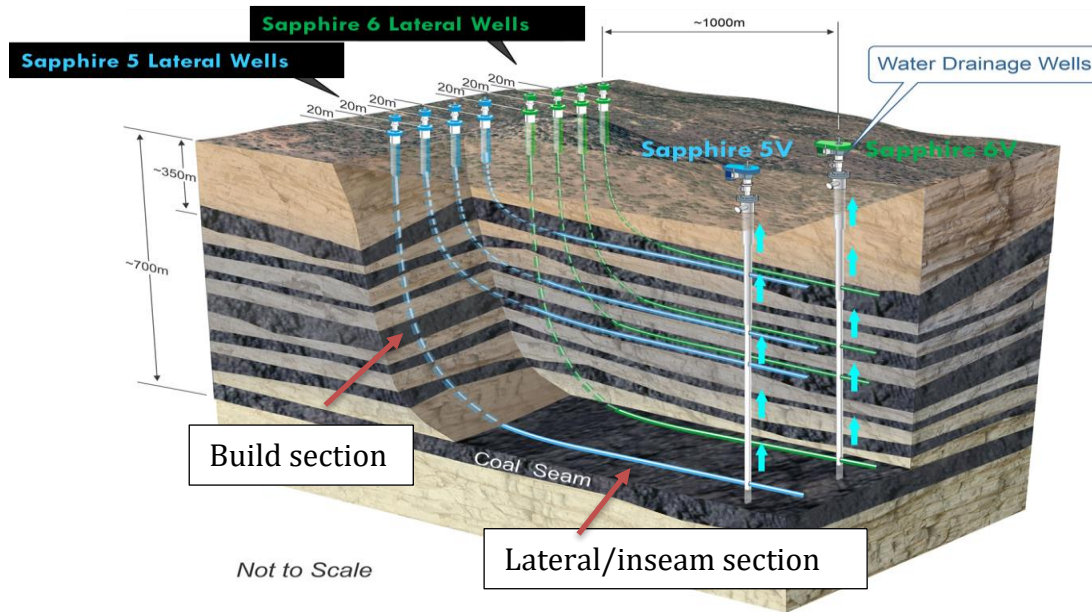


Figure 1: Schematic of Sapphire 5 and 6 pilot well configuration

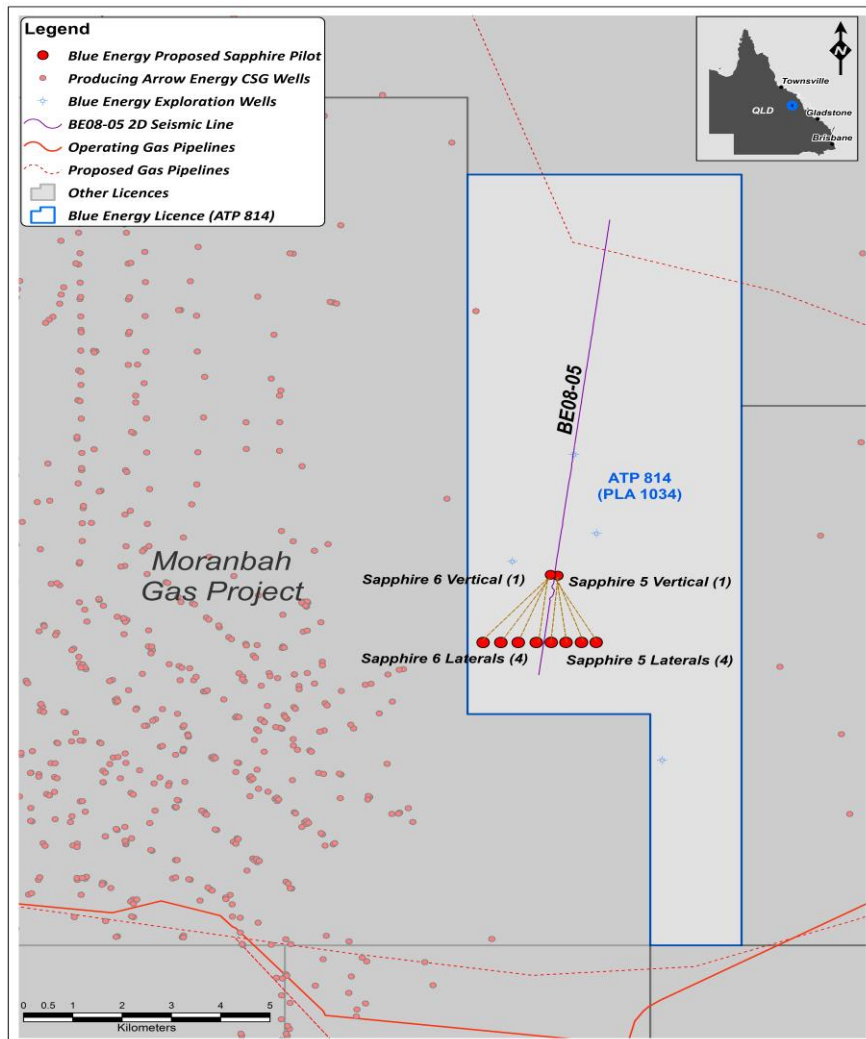


Figure 2: Plan view of Sapphire 5 and 6 Pilot well locations

The pilot well sets incorporate up to 4 separate lateral wells each accessing individual coal seams and designed to intersect a single vertical well (see figures 1 and 2). The vertical well acts as the water producer for the lateral wells, with the lateral wells able to meter and measure the gas flow from each individual coal seam, to allow better allocation of seam specific reserves.

The planned sequence of drilling of the Sapphire 5 lateral wells (S#5 L1-L4) involves drilling the vertical and build sections of each lateral first (now almost complete) and then mobilising the specific geo-steering directional drilling crews to drill the in seam lateral sections (up to 1000 metres) for each of S#5 L1 through S#5 L4 in sequence. Utilising this method secures better efficiency of the directional drilling resources, given the laterals are each located on a common surface drill pad.

Released by Authority of the Board per:

**John Phillips**  
**Managing Director**  
**Blue Energy Limited**

## Blue Energy Updated Reserves and Resources Table at 14 July 2022

Permit	Block	Assessment Date	Announcement Date	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		22/01/2022	25/01/2022	-	90	-	194	-	398
ATP813P		29/10/2014	30/10/2014	-	-	-	61	-	830
ATP814P	Sapphire	11/07/2022	11/07/2022	-	154.3	66.5	213.9	253.2	214.4
ATP814P	Central	5/12/2015	8/12/2015	-	50	12	99	75	306
ATP814P	Monslatt	5/12/2015	8/12/2015	-	-	-	619	-	2,054
ATP814P	Lancewood	5/12/2015	8/12/2015	-	5	-	23	1	435
ATP814P	Hillalong	27/02/2020	27/02/2020	-	-	-	182	-	237
ATP814P	South	30/06/2013	29/07/2013	-	15	-	27	6	30
<b>Total (PJ)</b>				-	<b>314</b>	<b>78</b>	<b>1,418</b>	<b>335</b>	<b>4,504</b>

All numbers are net to Blue Energy

Source: NSAI, Blue Energy.

### \*Listing Rule 5.42 Disclosure

The estimates of Reserves and Contingent Resources noted throughout this ASX 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 of 25 January 2012, 26 February 2013, 19 March 2013, 8 December 2015, 28 February 2019, 22 January 2022 and 14 July 2022. 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 estimates in the reports 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 SPE, utilising a deterministic methodology.

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

\*\* Listing Rule 5.28.2: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.