FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

BLUE ENERGY LIMITED
ACN 054 800 378

C O N T E N T S

The Directors of Blue Energy Limited ("the Company", "Blue Energy" or "BUL") submit herewith their report on the Company and its controlled entities ("the Group") with respect to the financial year ended 30 June 2019.

DIRECTORS

The names and particulars of the Directors of the Company in office during or since the end of the financial year are as follows:

Name	Position	Date Appointed	Date Resigned
John Ellice-Flint	Executive Chairman	05/04/2012	-
John Phillips	Managing Director (Executive)	28/06/2010	-
Karen Johnson	Non-executive Director	30/09/2011	-
Rodney Cameron	Non-executive Director (Deputy Chairman)	15/11/2011	-

John Ellice-Flint BSc (Hons) Harvard, AMP
Mr John Ellice-Flint is an Australian-born business man whose foresight and wide-ranging oil and gas industry credentials are recognised internationally. John has over 45 years of exploration, production, operations and commercial experience in the oil and gas industry and has held many senior positions with multinational exploration and production companies. John's achievements in the oil and gas industry are well-known and highly respected. Following a 26 year international career at Unocal Corporation, serving in a variety of senior executive roles within strategic planning, exploration and technology functions, John became Managing Director and CEO of Santos Limited, Australia's largest domestic gas producer, from 2000 – 2008. John guided Santos Limited through a major growth period which culminated in the recognition of the potential of coal seam gas development through the Gladstone LNG export project in Queensland.

John Phillips BSc (Hons), GAICD
John is a Petroleum Geologist with over 35 years' experience in the oil and gas industry. John joined Blue Energy as Chief Operating Officer in May 2009, was promoted to CEO in April 2010 and joined the Board of Blue Energy in June 2010. John's career in industry has involved oil and gas experience in a variety of petroleum basins both domestically and internationally. John has gained extensive operational experience through his involvement with Delhi Petroleum, Esso, Conoco, Petroz and Novus, culminating in his role as Chief Operating Officer with Sunshine Gas before its takeover by QGC and subsequently by the BG Group.

Rodney Cameron BAdmin (Hons), MBA, MFM, FAICD, CPA
Rodney has over 35 years industry experience, particularly in the energy and resources industries. He is a seasoned financial executive having been CFO for an ASX listed multi-national renewable energy company, as well as an executive director and CFO for a US multi-national independent power generation company. Rodney has also worked in various management capacities for National Australia Bank, Rio Tinto, Telstra, and Atlantic Richfield Inc.

Karen Johnson BComm, FCA, GAICD
Over the last 30 years Karen has held senior roles specialising in audit, assurance, technical and corporate governance consulting and financial accounting engagements within Chartered Accounting firms, public sector entities and private companies. Karen brings to the Board strong technical accounting skills through knowledge and application of Australian Accounting and Auditing Standards and an ability to quickly grasp complex business operations and identify the key risk areas for analysis, risk assessment and critical evaluation.

Directorships of other listed companies
No Directorships in other listed companies were held by current directors in the three years up to 30 June 2019.

COMPANY SECRETARY

Mr Stephen Rodgers was appointed Company Secretary on 15 March 2018. Mr Rodgers is a lawyer with over 30 years' experience and holds a Bachelor of Laws degree from Queensland University of Technology. Stephen practiced law with several firms in Brisbane and for many years operated his own specialist commercial and property law practice before joining the ASX listed Sunshine Gas Limited as the in-house Legal and Commercial Counsel. In 2008, Stephen was appointed as Company Secretary to Comet Ridge Limited, a position he still holds. Stephen is also the Company Secretary for Galilee Energy Limited. Stephen has extensive experience in the operation and running of an ASX listed oil and gas company as well as a detailed knowledge of Governance and legal matters.

EARNINGS PER SHARE

	2019 (Cents)	2018 (Cents)
Basic loss per share	(0.5)	(0.14)
Diluted loss per share	(0.5)	(0.14)

DIVIDENDS

No dividends were paid or declared by the Company during the financial year. The Directors do not recommend the payment of a final dividend (2018: nil).

PRINCIPAL ACTIVITIES

Blue Energy Limited is an energy company that undertakes exploration, evaluation and development of conventional and unconventional oil and gas resources. This activity is carried out in a single significant geographical segment, being Australia, principally in Queensland and the Northern Territory. In Queensland, Blue Energy has 100% equity holding in all its exploration tenements and is the Operator. In the Northern Territory exploration tenements, Blue Energy is earning an interest through funding a farm in work program but is the Operator. As a result of being the Operator in all of its tenement holdings, Blue Energy is in control of all capital and operating expenditures and is the point of contact for the respective State and Territory Regulators regarding work program. There has been no change in the principal activities of the Group from the prior year.

OPERATING AND FINANCIAL REVIEW

Reserve and Resource Position

Blue Energy's Bowen Basin 2P and 3P Reserves are currently estimated by the independent consultancy Netherland, Sewell and Associates (NSAI) to be 71PJ and 298PJ respectively. There has been no change to these figures over the last 12 months. The 3C Contingent Resource estimate increased by 237PJ's to 4,179 PJ of technically recoverable gas, whilst the 1C and 2C Contingent Resource Base increased by 33 PJ and 182 PJ respectively. The upgrade in Contingent Resources emerged from an assessment conducted by independent estimator Netherland Sewell and Associates Inc (NSAI) of Dallas Texas. The Gas Reserves remain confined to ATP814P, whilst the Contingent Resources are estimated in ATP814, ATP813 and ATP854P. The current Reserve and Resource estimate by NSAI is tabled below.

These reserves are not yet developed, there has been no production of gas by Blue Energy Ltd to deplete the reserves. The table below sets out the Group's reserves and resources position. All reserves and resources stated in the table are in respect of unconventional gas and are undeveloped reserves and net to Blue Energy.

These reserves remain undeveloped due to local market conditions. It is the Group's intention to develop these reserves by facilitating appropriate commercial transactions to enable the provision of appropriate infrastructure. The reserves are proximate to existing production but require appropriate infrastructure and commercial arrangements 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 Company directly should there be a change. The Company continues to work with NSAI on providing any updates on the reserve and resources position.

Permit	Block	1C (PJ)		1P (PJ)		2C (PJ)		2P (PJ)		3C (PJ)		3P (PJ)	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
ATP854P Bowen Basin Qld		22	22	-	-	47	47	-	-	101	101	-	-
ATP813P Galilee Basin Qld		-	-	-	-	61	61	-	-	830	830	-	-
ATP814P Bowen Basin Qld	Sapphire	66	66	-	-	108	108	59	59	186	186	216	216
	Central	50	50	-	-	99	99	12	12	306	306	75	75
	Monslatt	-	-	-	-	619	619	-	-	2,054	2,054	-	-
	Lancewood	5	5	-	-	23	23	-	-	435	435	1	1
	South	15	15	-	-	27	27	-	-	30	30	6	6
	Hillalong	-	-	-	-	182	-	-	-	237	-	-	-
Total (PJ)		**158**	**158**	**-**	**-**	**1,166**	**984**	**71**	**71**	**4,179**	**3,942**	**298**	**298**
Total (mmboe)		**27.1**	**27.1**	**-**	**-**	**191.9**	**169.2**	**12.2**	**12.2**	**718.5**	**677.8**	**51.2**	**51.2**

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 2007 Petroleum and Resource Management System (PRMS) approved by the Society of Petroleum Engineers (SPE), utilising a deterministic methodology.

ATP814P (Blue Energy 100% and Operator)

This permit currently has 2P reserves of 71 PJ, 3P reserves of 298 PJ and 3,248 PJ of Contingent Resources (as independently estimated by Netherland, Sewell and Associates Inc (NSAI)). It consists of 7 separate blocks, with the Sapphire Block holding the majority of the 2P and 3P reserves.

Assessment of the Hillalong Block was undertaken during the year, and it has been estimated by NSAI that this block contains 237 PJ of technically recoverable gas (3C Contingent Resource Category) together with 284 PJ of recoverable Prospective Resource.

The Hillalong Block is located near the town of Glenden in the Northern Bowen Basin between Moranbah and Collinsville. The Block is within 10 kilometres of the major 275Kv transmission line linking Gladstone and Townsville. Electricity generation using the gas resources in the Hillalong is being investigated as a commercialisation option. Investigations are proceeding to understand the network strength in the area, together with demand and storage options. The town of Glenden, which is within 5 km of the Block, has substation facilities which could be utilised to provide low cost and rapid access to the network.

Blue Energy continues to pursue commercialisation of the gas held in other blocks within this permit. Accordingly, the Company is in ongoing discussions with several potential buyers who are interested in securing gas supply. The parties include both existing gas users and new entrants. These activities are being undertaken in conjunction with work on the optimal pipeline route from Moranbah to Gladstone jointly with the APA Group. In addition, Blue Energy through its 100% owned subsidiary Galilee Pipelines Pty Ltd has been granted a pipeline survey licence to assess the optimum route to bring gas from the Sapphire, Central and Monslatt Blocks to the State Gas Pipeline near Rolleston (See Figure 1) and thereby access to Wallumbilla or Gladstone.

The 4 separate Production Licence Applications (PLA's) lodged previously are still under consideration by the Regulator, as are the 3 Potential Commercial Areas. Upon grant, these tenures will secure the gas resources for a further 12 to 20 years which will allow infrastructure development and gas buyers to be secured. As a matter of protocol, Blue Energy also lodged an application to renew the underlying ATP, as is required to validly apply for PCA's on exploration tenure. The distribution of PLA's and PCA's can be seen in Figure 1.

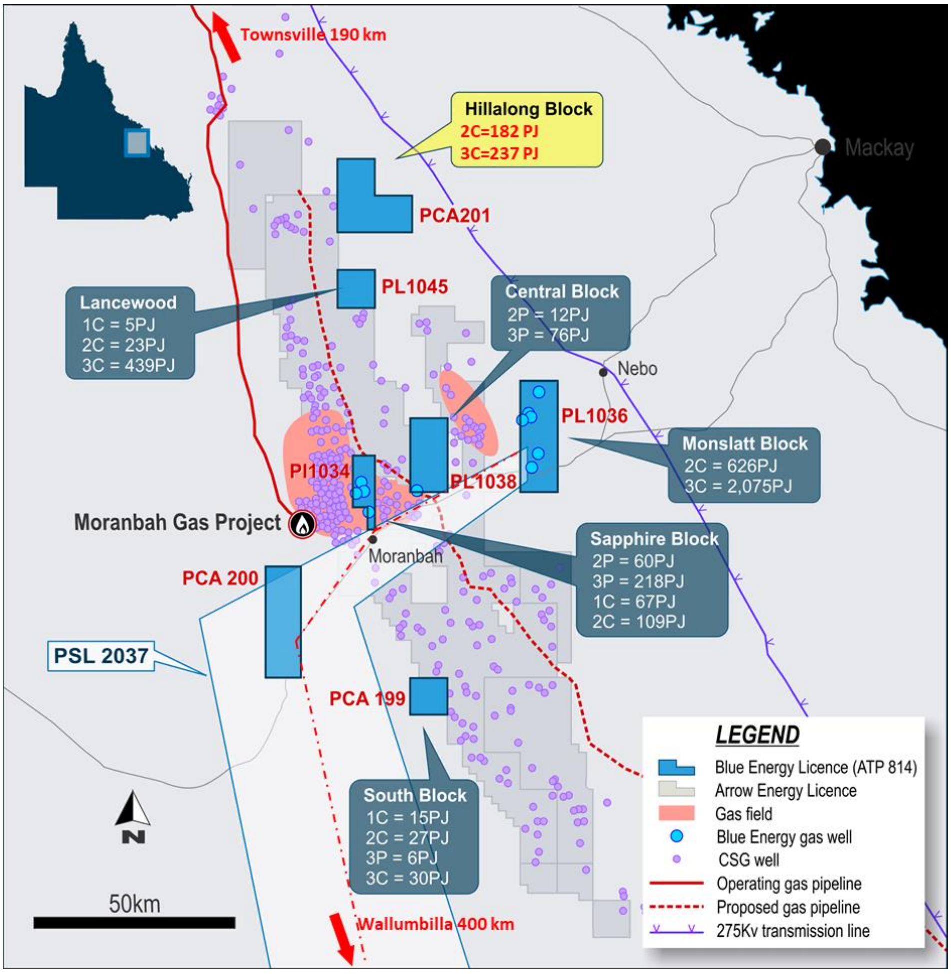

Figure 1: Location of ATP814P and the PCA and PL Applications

ATP854P – Surat Basin Queensland (Blue Energy and 100% Operator)
This permit lies immediately west of the main feed gas supply for both the GLNG and APLNG liquefaction plants in Gladstone. The exploration work done by Blue Energy to date has identified a Contingent Gas resource of 101 PJ in the Late Permian Bandana Formation Coals. Additional exploration potential for both oil and gas within the permit is high, with the Group having identified both oil prospectivity, and Early Permian coal seam gas and stratigraphically trapped gas potential.

The Company continues to engage with parties in both the domestic and export LNG sectors who are interested in purchasing gas in the Contingent Resource category.

The Group has lodged Potential Commercial Areas (PCA's) applications covering this tenure with the Queensland Department of Natural Resources, Mines and Energy.

ATP1114A, 1117A, 1123A – Southern Georgina Basin Queensland (Blue Energy 100% - and Operator)
These Application blocks secured by Blue Energy cover an area of approximately 5,630,000 acres (22,788km^2) in the southern Georgina Basin of western Queensland. At this stage, award of the blocks requires Native Title Agreements to be negotiated and agreed. Blue Energy continues discussions with the representatives of the Bularnu Waluwarra and Wangkayujuru People to secure a Native Title Agreement.

Maryborough Basin, Queensland ATP 613, 674 & 733 (Blue Energy Operator and 100%)
ATP674 and 733 expired 31 December 2018, following only a 4 year term (as granted by the Qld Government. The usual term for oil and gas exploration tenure in Queensland is however 12 years). It was Blue's plan that exploration in the Maryborough would be done following the development of a Regional Plan for the Wide Bay -Burnett region by Government. That plan was never forthcoming. For many years, there had been a consistent effort by those opposed to fossil fuel development in the area, to curtail such developments (eg Colton coal mining lease for instance). The permits expired at the end of December 2018 and 21 March 2019 and Blue Energy did not apply for their renewal, as there was little chance of obtaining a Social Licence which is required (not legislatively but politically) before exploration can be undertaken.

ATP 656, 657, 658, & 660 Cooper Basin Queensland (Blue Energy 100% - and Operator)
These permits encompass an area of 5,200 km^2 on the northern flank of the Cooper Basin in Western Queensland.
Oil and gas potential exists adjacent to the permits, with the Cook Oil Field (Hutton Sandstone) and Cuisinier Oil Field (Murta Member play) located to the south west of Blue Energy's ATP656. Blue Energy has lodged renewal applications for these permits.

EP 200, 205,207 (and EPA 199, 206, 208, 209, 210 & 211) Greater McArthur Basin Northern Territory
(Wiso sub-basin and Southern Georgina Basin) Blue Energy farming in – and Operator)
The potential of the McArthur Basin is continuing to be established across a significant portion of the Northern Territory. Shale gas potential has been identified in several exploration wells within the Proterozoic Velkerri Formation and Kyalla Formation in the Beetaloo sub basin of the McArthur Basin. Blue Energy acreage is adjacent to these discoveries.

Greater McArthur Basin, Northern Territory, (Wiso sub-basin and Southern Georgina Basin)
EP199A, 200, 205, 206A, 207, 208A, 209A, 210A, 211A (Blue Energy Ltd farming in and Operator)

The Northern Territory Scientific Inquiry into Hydraulic Fracture Stimulation and the Unconventional Gas industry handed its final report to the Gunner Government in the first Quarter of 2018. The Final Report to Government contained 135 recommendations that the Panel deemed required to regulate the industry to ensure it operated safely. All 135 recommendations were accepted by the NT Government. In the intervening period between then and now, the government has been formulating specific legislative amendments to cater for the recommendations, so that industry has certainty on which it can operate on the ground. Accordingly, amendments to the Water Act, the Petroleum Act and the Environment Act have been drafted and passed by parliament to facilitate the 2019 dry season activity. The dominant Operators are negotiating their way through these new regulations in an attempt to drill in this dry season.

Blue Energy's granted permits have been under suspension as granted by the government until there is regulatory certainty. These suspensions are currently in place until February 2020, by which time several outstanding issues for exploration may be resolved (for example the no go areas for exploration).

The Northern Territory Government has recently declared no-go areas as part of the Pepper Inquiry recommendations. Some of these areas are national parks and and some areas are over ALRA land ((Traditional Ownership) access to which will be subject to the approval or otherwise of the Traditional Owners. Blue will continue to advance negotiations as appropriate

ATP 813P Galilee Basin Queensland (Blue Energy 100% - and Operator)
ATP813P is located to the north of the Aramac township in central west Queensland. Blue Energy's exploration work on the permit to date has included the drilling of 5 exploration core holes targeting the Late Permian Betts Creek Beds and Aramac Formation. The principal targets in the Galilee Basin are the coal measure sequences in the Late Permian which are known to be prospective for coal seam gas.
Blue Energy's exploratory work to date has resulted in 830 PJ of Contingent Resource as estimated by NSAI.
Peer companies to the west and east of Blue Energy's acreage have been engaged in exploration activity to i) production test the main CSG target formation using long, in coal laterals, which have shown good permeability results and ii) testing the deep Carboniferous conventional sandstone gas play identified by early drilling in the 1960's and 1980's. Both these activities are de-risking Blue Energy's acreage and enhancing the prospectivity of the ATP813 permit.

The Group has lodged Potential Commercial Areas (PCA's) applications covering this tenure with the Department of Natural Resources, Mines and Energy.

Funding Arrangements
The Company 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 Company to fund these programs. Work programs are subject to change and are at times under negotiation with the regulator.

Financial Position
The net assets of the Group have decreased by $1.54m from 30 June 2018 to $66.3m at 30 June 2019. The decrease was due to the write off of exploration assets in the Maryborough Basin where the licences were not renewed, and mitigated by a cash injection of $4m (net of capital raising costs) from a targeted share placement in June 2019.

The Group incurred a loss after income tax for the year of $5.9m (2018: $1.6m).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company and Group during the financial year.

EVENTS AFTER BALANCE DATE

In June 2019, the Company launched a share purchase plan which closed on the 12 July 2019. The Company successfully raised $1.42m cash and issued 31,555,465 ordinary shares at $0.045/share. No other material events have occurred from balance date up to the release date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to continue to operate as an oil and gas exploration company with specific operational focus on conventional and unconventional exploration within Queensland and the Northern Territory.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds various licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

All exploration activities have been undertaken in compliance with all relevant environmental regulations, and authorities granted to it to undertake exploration activities.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has an insurance policy in place to provide Directors' and Officers' liability insurance pursuant to a Deed of Indemnity entered into by the Company with each Director and certain Officers of the Group. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability as such disclosures are prohibited under the terms of the contract.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

The Company has not otherwise during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such an officer or auditor.

REMUNERATION REPORT (Audited)

The Company's broad remuneration policy is to ensure each remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Company's executive reward framework currently applies to Mr John Phillips (Managing Director ('MD')), and Mr John Ellice-Flint (Executive Chairman ('EC")). It has historically consisted of a cash component plus an "at risk" component (to align executive performance with total shareholder return - TSR). The cash component for the CEO currently occupies the 81St percentile of a group of Blue Energy's peers and the cash value has not changed in 7 years. The "at risk" component of remuneration has historically utilised the Company's Employee Incentive Rights Plan (EIRP), which has been variously endorsed by shareholders since 2012. The EIRP utilises a formulaic method for calculating the number of Rights to be granted to senior executives (at the Board's discretion) on an annual basis but with a three-year vesting period and total shareholder return (TSR) vesting hurdles.
The shareholder vote on the Remuneration Report 2018 AGM delivered a "First Strike" to the Company with the resolution gaining more than 25% of cast votes against the resolution. Given the base remuneration component of executive pay had not increased in 7 years, the negative vote by shareholders was solely due to the way the EIRP had as the Company's share price rose. Accordingly, and in response to the shareholders vote on Remuneration Report 2018, the Board resolved to suspend all EIRP awards pending the assessment of a more appropriate method for "at risk" remuneration for Executives. There will be no issue of Rights to executives in the 2019 year.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
• competitiveness and reasonableness,
• acceptability to shareholders,
• transparency, and
• capital management.

The Company has structured an executive remuneration framework that is market competitive and compliments to the reward strategy of the organisation. Notwithstanding the above commentary, the Company may grant Incentive rights under the EIRP which comprise retention rights and performance rights. For retention rights to vest the employee must remain with the Company for a period of 3 years from the effective issue date. The portion of performance rights that vest is determined by Blue Energy's TSR as determined by an independent advisor over the 3 year period from the effective issue date. The minimum compound annual TSR for the three years is 15% which results in a 25% vesting rate for the employee. At present, the Board has determined that the issue of performance rights will be limited to those individuals (Key Management Personnel) who have a direct ability to influence the performance of the Company. Furthermore, as mentioned above, the Board has also resolved that the issue of Rights under the EIRP be suspended pending a simpler form of "at risk' remuneration component

2019

	Salary & fees(3)	Superannuation	Options/Rights(4)	Total	Proportion of Remuneration Performance Related	Value of Options/Rights as a Proportion of Remuneration
	$	$	$	$	%	%
Directors						
K Johnson	66,000	-	3,212	69,212	5%	5%
R Cameron	66,000	-	3,212	69,212	5%	5%
TOTAL	132,000	-	6,424	138,424	5%	5%
Executive Directors						
J Phillips(1)	378,500	25,000	240,768	644,268	37%	37%
J Ellice-Flint(2)	202,250	19,213	89,968	311,431	29%	29%
TOTAL	580,750	44,213	330,736	955,699	35%	35%
TOTAL	712,750	44,213	337,160	1,094,123	31%	31%

(1) Mr Phillips has been granted no performance rights under the EIRP for the year ended 30 June 2019.
(2) Mr Ellice-Flint has been granted no performance rights under the EIRP for the year ended 30 June 2019.
(3) Salary and fees include fees, RAC fees and $1,000 for each director, representing the cash element of the rights that vested on 30 June 2019.
(4) The options/rights are valued at the effective issue date and expensed over a 3 yr period.

2018

	Salary & fees	Superannuation	Options/Rights(4)	Total	Proportion of Remuneration Performance Related	Value of Options/Rights as a Proportion of Remuneration
	$	$	$	$	%	%
Directors						
K Johnson(3)	60,000	-	7,350	67,350	0%	11%
R Cameron(3)	60,000	-	7,350	67,350	0%	11%
TOTAL	120,000	-	14,700	134,700	0%	11%
Executive Directors						
J Phillips(1)	365,297	34,703	284,341	684,341	41%	41%
J Ellice-Flint(2)	200,000	19,000	104,706	323,706	32%	32%
TOTAL	565,297	53,703	389,047	1,008,047	38%	38%
TOTAL	685,297	53,703	403,747	1,142,747	35%	35%

(1) Mr Phillips was granted 7,385,000 performance rights under the EIRP, approved at the 2018 AGM.
(2) Mr Ellice-Flint has been granted 3,692,000 performance rights under the EIRP, approved at the 2018 AGM.
(3) Ms K Johnson and Mr R Cameron have each been granted 154,000 performance rights under the EIRP in lieu of Director's fees of $5,000, approved at the 2018 AGM.
(4) The options/rights are valued at the effective issue date and expensed over a 3 yr period.

Details of Remuneration of Directors and Other Key Management Personnel

Directors

On appointment to the Board, all Directors agree to terms of appointment as set out in a letter of appointment. The letter sets out the remuneration applicable and other matters such as general Directors' duties, compliance with the Company's Corporate Governance Policies, access to independent professional advice and confidentiality obligations.

Blue Energy currently has an executive chairman, Mr John Ellice-Flint whose remuneration is detailed above. Directors receive fees of $60,000 (2018: $60,000) per annum, inclusive of Superannuation Guarantee where applicable. Directors who are appointed to committees of the Board receive an additional $5,000 (2018: $5,000) per annum per committee position inclusive of compulsory superannuation where applicable. In the year ended 30 June 2019, the Risk and Audit Committee ('RAC') fees were paid in cash. Between 1 July 2015 to 30 June 2018 the RAC fees were voluntarily deferred by the non-executive directors. For the year ended 30 June 2018, the Company awarded 154,000 performance rights in accordance with the EIRP to Mr Rod Cameron and Mrs Karen Johnson in lieu of RAC fees foregone. There are no termination payments applicable. The terms of appointment also include the reimbursement of reasonable business-related expenses including accommodation and other expenses that a Director or other Executive properly incurs in attending meetings of Directors or any meetings of committees of Directors, in attending any meetings of Members and in connection with the business of the Group. A Director may be paid fees or other amounts as the Directors determine where a Director performs duties or provides services outside the scope of their normal Director's duties.

Mr John Phillips (MD/CEO) – Mr Phillips contract was renewed in August 2016 on the same fixed remuneration as the 31 March 2014 contract, with the contract term for the current contract running until 1 July 2020, and effective from 1 April 2016 and incorporates various termination clauses in the event of breaches by either party up to a maximum of six months' total fixed remuneration in lieu of notice or otherwise on three months' notice. In June 2019, Mr Phillips has been awarded nil (2018: 7,385,000) performance rights under the EIRP.

Mr John Ellice-Flint (EC) - On 15 February 2012, the Company entered into an employment agreement with Mr John Ellice-Flint which was approved by Shareholders (5 April 2012) confirming his appointment as a Director. The employment agreement provides that a termination payment equal to one year's base salary if the Company terminates Mr Ellice-Flint's employment other than in certain circumstances. Mr Ellice-Flint can terminate the agreement by giving one month's notice to the Company. The agreement terminates automatically if he is removed as a Director under Part 2D.6 of the Corporations Act and Mr Ellice-Flint must resign as a director if his employment agreement is terminated for any reason. Mr Ellice-Flint does not receive any additional fees as Chairman. In June 2019 Mr Ellice-Flint has been awarded nil (2018: 3,692,000) performance rights under the EIRP.

Other Key Management Personnel

Key Management Personnel may be employed by the Company under a contract.
At the date of this report, no other employees were considered to be key management personnel.

Elements of Remuneration Related to Performance

Mr John Phillips and Mr John Ellice-Flint's "at risk" remuneration is linked to market-based performance conditions such as market capitalisation and total shareholder return (TSR). These performance conditions are in line with industry standards and practice and are also believed to align the interests of directors and executives with those of the Company's shareholders.

No element of the other Director's or Executive's remuneration is currently dependent on the satisfaction of a related individual performance condition. Indeed, issue of Rights to Non-Executive Directors has previously been done solely in lieu of forgone Board Committee cash fees (to assist with the Company's cash management strategy). This practice has now ceased.

Interests in Options and Employee Incentive Rights of the Company

The movement in the number of options and employee incentive rights over ordinary shares in Blue Energy Limited held directly, indirectly or beneficially, by each Key Management Person, including their related parties, is as follows:

2019	Balance at 30 June 2018 Number	Granted as compensation Number	Vested Number	Expired Number	Ceased being KMP Number	Balance at 30 June 2019 Number	Vested and Exercisable at 30 June 2019 Number	Expensed during year ended 30 June 2019 $
Directors								
J Phillips	32,247,000	-	(18,462,000)(1)	-	-	13,785,000	-	240,768
J Ellice-Flint	51,082,500(4)	-	(6,154,000)(2)	(41,236,500)(5)	-	3,692,000	-	89,968
R Cameron	539,000	-	(385,000)(3)	-	-	154,000	-	3,212
K Johnson	539,000	-	(385,000)(3)	-	-	154,000	-	3,212
TOTAL	84,407,500	-	(25,386,000)	(41,236,500)	-	17,785,000	-	337,160

(1) The fair value (on issue) of vested incentive rights for Mr Phillips was $1,095,535 and they were issued in the form of $1,000 cash in June 2019 and 18,439,778 shares on 2nd August 2019 in accordance with the EIRP rules.

(2) The fair value (on issue) of vested incentive rights for Mr Ellice-Flint was $365,178 and they were issued in the form of $1,000 cash in June 2019 and 6,131,778 shares on 2nd August 2019 in accordance with the EIRP rules.

(3) The fair value (on issue) of vested incentive rights for each of Mr Cameron and Ms Johnson was $22,846 and they were each issued in the form of $1,000 cash in June 2019 and 362,778 shares on 2nd August 2019 in accordance with the EIRP rules.

(4) Representing 41,236,500 options and 9,846,000 rights.

(5) Options issued to J Ellice-Flint have not met the Market Capitalisation pre-requisite to vest and expired on 30 June 2019

Value of Employee Incentive Rights issued to Directors and Other Key Management Personnel

During the financial year employee incentive rights were granted as equity compensation benefits under the terms of agreements with key management personnel as disclosed below. The employee incentive rights were granted for $nil consideration. Each employee incentive right entitles the holder to subscribe for one fully paid ordinary share in Blue Energy at the stated exercise price.

2019		Vested	Granted	Terms and Conditions of Each Grant		
	Rights	Number	Number	Grant Date	Fair Value per right at grant date(1) $	Exercise price per share $
Directors						
J Phillips	Retention		6,400,000(2)	22/11/16	0.014	Nil
	Performance	18,462,000		30/6/17	0.05934	Nil
	Performance		7,385,000	30/6/18	0.04730(1)	Nil
J Ellice-Flint	Performance	6,154,000		30/6/17	0.05934	Nil
	Performance		3,692,000	30/6/18	0.04730(1)	Nil
R Cameron	Performance	385,000		30/6/17	0.05934	Nil
	Performance		154,000	30/6/18	0.04730(1)	Nil
K Johnson	Performance	385,000		30/6/17	0.05934	Nil
	Performance		154,000	30/6/18	0.04730(1)	Nil
		25,386,000	17,785,000			

(1) The cost of the award is recognised over the period of service to which it relates. For valuation purposes in order to recognise the expense up to 30/06/2018, a grant date of 30/06/2017 was used.

(2) Performance criteria achieved, will vest if retention condition are met on 30 June 2020.

None of the options or employee incentive rights granted by the Company to current Directors or Key Management Personnel are quoted on the Australian Stock Exchange until they are exercised or vest.

Interests in Shares of the Company

The movement during the year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2019	Balance at 30 June 2018 Number	Granted as compensation Number	On exercise of Rights Number (1)	Off Market Purchase Number	Net Change Other* Number	Balance at 30 June 2019 Number	Balance held nominally at 30 June 2019(1)
Directors							
John Ellice-Flint	117,485,037	-	6,131,778	-	-	117,485,037	123,616,815
J Phillips	13,976,584	-	18,439,778	-	-	13,976,584	32,416,362
R Cameron	4,869,796	-	362,778	-	-	4,869,796	5,232,574
K Johnson	869,796	-	362,778	-	-	869,796	1,232,574
TOTAL	137,201,213	-	25,297,112	-	-	137,201,213	162,498,325

(1) The rights that vested on 30 June 2019 were unconditional and therefore there was a right to shares as at that date, these were physically issued on 2 July 2019. As they were issued during a restricted trading period, the Company arranged for them to be issued for the Directors' benefit by the trustee of the Blue Energy Employee Share Trust (Blue Energy EST) and will be transferred from the trust to the Directors on 2nd August 2019. The nominal balance includes the Directors' share balance at 30 June 2019 plus the number of shares they were entitled from the vested rights at 30 June 2019.

Unissued Shares for Key Management Personnel at Balance Date
At balance date there were no unissued ordinary shares under option and 17,785,000 unissued ordinary shares under KMP employee incentive rights (2018: 41,236,500 and 43,171,000) Refer to the table below and Note 5.1 – Issued Capital for details. Note 5.1 also includes non KMP unissued shares.

Options over shares
During the year no options were granted (2018: Nil).
From 30 June 2019 to the date of this report no shares have been issued as a result of the exercise of options.

Grant Date	Exercise Date	Expiry Date	Exercise Price $	Fair value at Grant Date(1) $	Number of options at beginning of period	Options Granted	Options Lapsed	Options Exercised	Number of options at 30 June 2019	Number of options vested and exercisable at 30 June 2019
22/11/2016	30/06/2019	30/07/2019	0.0625	0.00006	41,236,500	-	(41,236,500)(1)	-	-	-
					41,236,500	-	(41,236,500)	-	-	-

(1) Estimate for purposes of recognising the cost of service in the relevant financial year. The share price for the purpose of estimating the cost of service was that as at 30 June 2016, $0.0022.

The options do not entitle the holder to participate in any dividends or pro-rata share issues of the Company. The options, approved at 2016 AGM, entitled the holder to one Blue Energy Limited Ordinary Share per option that is exercised. Exercise date and testing date was 30/06/2019 and required a $300m market capitalisation of the Company, (determined by the closing valuation on the ASX on at least 5 consecutive trading days) on or before 30/06/2019 for vesting to occur. The expiry date for the options is 30 days thereafter if they vested at 30/06/2019. The options had a $0.0625 exercise price.
As at 30 June 2019 the Company did not achieve the required market capitalisation for the options to vest. All the options lapsed on 30 June 2019.

Rights Details

Effective Grant Date	Exercise Date	Type of Right	Exercise Price $	Fair value at Grant Date $	Number of Rights at beginning of period	Rights Granted	Rights Lapsed(1)	Rights Vested(2)	Ceased being KMP	Number of Rights at 30 June 2019
30-Jun-16	30-Jun-20	Retention	nil	$0.014	6,400,000(4)	-	-	-	-	6,400,000(4)
30-Jun-17	30-Jun-19	Performance	nil	$0.05934	25,386,000(3)	-	-	(25,386,000)(3)	-	-
30-Jun-18	30-Jun-20	Performance	nil	$0.0473	11,385,000	-	-	-	-	11,385,000
30-Jun-19	30-Jun-21	Performance	nil	-	-	-	-	-	-	-
					43,171,000(3)	-	-	(25,386,000)(3)	-	17,785,000

(1) Percentage of KMP rights lapsed during the year was 0%.
(2) Percentage of KMP rights vested during the year was 59%.
(3) This total excludes 978,000 rights that were issued to an employee in July 2017, these rights also vested on 30 June 2019.
(4) These rights will vest once retention criteria is met on 30 June 2020.

The fair value of performance rights granted was calculated using the Monte-Carlo pricing model utilising the following inputs:

- Vesting Period 3 Years
- Expiration Period 4 Years

None of the employee incentive rights issued by the Company are quoted on the Australian Stock Exchange.

No KMP incentive rights over shares lapsed between 30 June 2019 and the date of this report.

Employee Options and Incentive Rights
The Company has an Employee Incentive Rights Plan ("EIRP") first implemented in 2010/11. The EIRP was approved, with amendments, by Shareholders at the 2016 and 2018 AGM for a period to 30 June 2019.
Incentive rights under the EIRP comprise retention rights and performance rights. For retention rights to vest the employee must remain with the Company for a period of 3 years from the effective issue date. The portion of performance rights that vest is determined by Blue Energy's total shareholder return (TSR) as determined by an independent advisor over the 3 year period from the effective issue date. The minimum compound annual TSR for the three years is 15% which results in a 25% vesting rate for the employee. At present, the Board has determined that the issue of performance rights will be limited to those individuals (Key Management Personnel) who have a direct ability to influence the performance of the Company. Furthermore, the Board has resolved to suspend the issue of Rights under the EIRP for the time being.

On vesting, the first $1,000 of shares is paid in cash, and the balance of incentive rights will either be issued as Restricted Shares to the employee or the Company will arrange for them to be acquired for the employee's benefit by the trustee of the Blue Energy Employee Share Trust (Blue Energy EST). When Shares are to be acquired by the Blue Energy EST, the employer or Blue Energy will contribute the market value of the Shares at the time to be acquired to the trustee of the Blue Energy EST and the trustee shall apply those funds to acquire Shares by on-market purchase or subscription to a new issue as directed by the Board of Blue Energy. Restricted Shares means that they may not be sold or otherwise disposed of until first advised by the Company, which the Company shall do at the first opportunity to do so, when Shares may be sold without breaching the insider trading provisions of the Corporations Act 2001 or the Company's securities trading policy. At 30 June 2019, 26,252,890 shares (25,386,000 shares to Directors and 978,000 to key employee) have been issued or are held by the Blue Energy EST.

OVERVIEW OF GROUP PERFORMANCE

The Group is currently non-revenue generating and has had losses of $5.9m (2018: loss $1.6m), and a closing share price of $0.044 (2018: $0.091) for the financial year ended 30/06/2019.

DIRECTORS' MEETINGS

The number of meetings of Directors (and Committees of Directors) held and number of meetings attended by each of the Directors of the Company during the financial year was as follows:

	Numbers of meetings of full Board		Risk and Audit Committee	
	Held	**Attended**	**Held**	**Attended**
J Ellice-Flint	11	11	*	*
J Phillips	11	11	*	*
R Cameron	11	11	3	3
K Johnson	11	11	3	3

* Not a member of the relevant Committee.
The Nomination and Environmental Committee functions are currently handled by the full Board of Directors. This is considered appropriate at the current stage of the Company's development but will be reviewed from time to time.

PROCEEDINGS ON BEHALF OF THE COMPANY

At 30 June 2019 no person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

CORPORATE GOVERANCE STATEMENT

The Directors and management of Blue Energy Limited ("Blue Energy"") are committed to maintaining high standards of corporate governance to ensure that it operates in the best interests of shareholders.

During the year ending 30 June 2019 the company worked towards implementing corporate governance practices and policies as outlined in the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) ("ASX Recommendations"), which has recently been published. Details of these recommendations that Blue Energy have adopted and those that have not been fully complied with are outlined in the Company's annual Corporate Governance Statement.

Where there is deviation from the ASX Recommendations, the Company continues to review and update its policies and practices in order that these are consistent with the growth of the Company, the broadening of its activities, current legislation and good practice.

The ASX Corporate Governance Council's (The Council) recommendations are not prescriptive but are rather guidelines. If certain recommendations are not appropriate for the Company given its circumstances, it may elect not to adopt that particular practice in limited circumstances. Where the Company's practices do not correlate with the ASX Recommendations the Company does not consider that the recommended practices are appropriate, due to either the size of the Board or
management team, or due to the current activities and operations being carried out by and within the Company.

A copy of Blue Energy's 2019 Corporate Governance Statement, which provides detailed information about governance and a copy of Blue Energy's Appendix 4G which sets outs the Company's compliance with the recommendations in the 4th Edition of the ASX Recommendations is available on the corporate governance section of the Company's website at: www.blueenergy.com.au.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 14 and forms part of the Directors' Report for the year ended 30 June 2019.

NON-AUDIT SERVICES

The Group's auditor, Ernst & Young, provided non-audit services relating to tax, superannuation and GST during the financial year. Generally, where non-audit services are provided by the Group's auditor, the Directors are satisfied that the provision of the non-audit service is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided does not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, dated 24 March 2016, 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 financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in some cases, to the nearest dollar.

This report has been signed in accordance with a resolution of the Board of Directors made pursuant to s298 (2) of the *Corporations Act 2001*.

For and on behalf of the Directors:

John Ellice-Flint
Chairman
Brisbane
17 September 2019

Ernst & Young
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Brisbane QLD 4000 Australia
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Auditor's Independence Declaration to the Directors of Blue Energy Limited

As lead auditor for the audit of Blue Energy Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

(1) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(2) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Blue Energy Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Madhu Nair
Partner
Brisbane
17 September 2019

Building a better working world

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Independent Auditor's Report to the Members of Blue Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blue Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date ; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1.2 in the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. 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 that might be necessary should the entity not continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

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Carrying Value of Capitalised Exploration and Evaluation Expenditure

Why significant	How our audit addressed the key audit matter
At 30 June 2019 the Group held capitalised exploration and evaluation assets of $62.29 million The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The directors did not identify any impairment indicators. Given the size of the balance and the judgmental nature of impairment indicator assessments associated with exploration and evaluation activities, this was considered to be a key audit matter. Refer to Note 3.1 in the financial report for capitalised mineral exploration and evaluation asset balances and related disclosures.	We considered the Group's assessment as to whether there were impairment indicators present that required the capitalised exploration and evaluation assets to be tested for impairment as at 30 June 2019. In performing our procedures, we: ► Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements; ► Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's Board approved cash-flow forecast and enquiring of senior management and Directors as to their intentions and the strategy of the Group; ► Considered the Group's assessment of whether the commercial viability of extracting mineral resources had been demonstrated and whether it was appropriate to continue to classify the capitalised expenditure for the area of interest as an exploration and evaluation asset; and ► Assessed the adequacy of the disclosures in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8-12of the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Blue Energy Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Madhu Nair
Partner
Brisbane
17 September 2019

Consolidated Statement of Comprehensive Income
FOR YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Other income	6.1	46	54
Total Income		**46**	**54**
Operating and administration expenses	6.3	(1,210)	(1,176)
Asset impairment and write-off expense	6.3	(4,374)	(36)
Expenses for equity settled share based payments		(342)	(419)
Loss from continuing operations before income tax		**(5,880)**	**(1,577)**
Income tax benefit/(expense)	6.4	-	-
Loss after income tax expense		**(5,880)**	**(1,577)**
Total comprehensive loss for the year		**(5,880)**	**(1,577)**
Total comprehensive loss for the year attributable to:			
Owners of the parent		**(5,880)**	**(1,577)**
Total comprehensive loss for the year		**(5,880)**	**(1,577)**
Loss per share (cents per share):			
- basic	6.5	(0.5)	(0.14)
- diluted	6.5	(0.5)	(0.14)

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

Consolidated Statement of Financial Position
AS AT 30 JUNE 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	4.1	5,001	2,703
Trade and other receivables		90	47
Inventories		-	46
Total Current Assets		**5,091**	**2,796**
Non-Current Assets			
Plant and equipment		10	22
Trade and other receivables		169	169
Exploration & evaluation expenditure	3.1	62,292	65,983
Total Non-Current Assets		**62,471**	**66,174**
TOTAL ASSETS		**67,562**	**68,970**
LIABILITIES			
Current Liabilities			
Trade and other payables	4.3	497	373
Total Current Liabilities		**497**	**373**
Non-Current Liabilities			
Long term provisions	3.2.3	746	737
Total Non-Current Liabilities		**746**	**737**
TOTAL LIABILITIES		**1,243**	**1,110**
NET ASSETS		**66,319**	**67,860**
EQUITY			
Issued capital	5.1	138,517	132,962
Reserves	5.2	8,830	10,046
Accumulated losses		(81,028)	(75,148)
TOTAL EQUITY		**66,319**	**67,860**

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

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital $'000	Accumulated Losses $'000	Reserves $'000	Total Equity $'000
Balance at 30 June 2017	**130,767**	**(73,571)**	**9,911**	**67,107**
Total comprehensive loss				
Loss for the year	-	(1,577)	-	(1,577)
Total comprehensive loss for the year	-	(1,577)	-	(1,577)
Transaction with owners in their capacity as owners				
Issue of new shares	2,015	-	-	2,015
Capital raising costs	(104)	-	-	(104)
Option expense – share based payments	-	-	419	419
Transfer from options reserve to share capital	284	-	(284)	-
Total transactions with owners	2,195	-	135	2,330
Balance at 30 June 2018	**132,962**	**(75,148)**	**10,046**	**67,860**
Total comprehensive loss				
Loss for the year	-	(5,880)	-	(5,880)
Total comprehensive loss for the year	-	(5,880)	-	(5,880)
Transaction with owners in their capacity as owners				
Issue of new shares	4,200	-	-	4,200
Capital raising costs	(203)	-	-	(203)
Option expense – share based payments	-	-	342	342
Transfer from options reserve to share capital	1,558	-	(1,558)	-
Total transactions with owners	5,555	-	(1,216)	4,339
Balance at 30 June 2019	**138,517**	**(81,028)**	**8,830**	**66,319**

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

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts of refunds of GST and other tax credits		85	90
Payments to employees		(253)	(254)
Payments to suppliers		(927)	(907)
Interest received		42	52
Net cash flows used in operating activities	**4.1**	**(1,053)**	**(1,019)**
Cash flows from investing activities			
Funds provided for exploration and evaluation		(684)	(725)
Proceeds from sale of property, plant and equipment		3	-
Net cash flows used in investing activities		**(681)**	**(725)**
Cash flows from financing activities			
Proceeds from share issue		4,200	2,015
Capital raising costs		(168)	(104)
Net cash flows provided by financing activities		**4,032**	**1,911**
Net (decrease)/increase in cash and cash equivalents held		2,298	167
Cash and cash equivalents at beginning of financial year	4.1	2,703	2,536
Cash and cash equivalents at end of financial year	**4.1**	**5,001**	**2,703**

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

1. CORPORATE AND GROUP INFORMATION

The financial statements of Blue Energy Limited ("the Company") and controlled entities ("the Group") for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 17 September 2019. Blue Energy Limited is a for-profit company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Stock Exchange. The registered office and principal place of business is located at Level 10, 26 Wharf Street, Brisbane, Queensland 4000.

The consolidated financial statements include the financial statements of Blue Energy Limited and the subsidiaries listed in the following table.

Name	State/Country of Incorporation	Percentage Owned (%) 2019	2018
Blue Energy (Qld) Pty Ltd	New South Wales	100%	100%
Eureka Petroleum Pty Ltd	Queensland	100%	100%
Kompliment Pty Ltd	Western Australia	100%	100%
Everdue Pty Ltd	Western Australia	100%	100%
Energy Investments PNG Pty Ltd	Western Australia	100%	100%
Galilee Pipelines Pty Ltd	Queensland	100%	100%
Blue Energy (Wiso) Pty Ltd	Queensland	100%	100%
Blue Energy (Maryborough) Pty Ltd	Queensland	100%	100%

The Group has one business activity, being the exploration for gas and petroleum resources. This activity is carried out in a single significant geographical segment, being Australia, principally in Queensland and Northern Territories.

The financial statements of Blue Energy Limited and controlled entities and Blue Energy Limited as an individual parent entity, complies with International Financial Reporting Standards (IFRS),adopted by the International Accounting Standards Board (IASB), in their entirety.

2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Overview

The financial statements of Blue Energy Limited and its controlled entities are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on an accrual and historical costs basis, 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. Comparatives between the 2018 and the 2019 year-end balance dates are provided for the Group. When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The financial statements are presented in Australian dollars.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

2.1.2 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 Company has sufficient funds to cover its planned activities and any ongoing obligations.

At 30 June 2019, the Company had $5 million in cash and cash equivalents, which includes $402k of restricted cash. The Board is satisfied that the Company's current cash resources are sufficient to fund the Group's minimum expenditure commitments for a period of at least 12 months from the date of signing this report.

However, the Company's cash and cash equivalents at 30 June 2019 are not sufficient for it to meet its full exploration expenditure commitments for its various tenements prior to the tenure lapsing or facilitate an expanded exploration program should the Company 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.

2.1.2 Going concern (continued)

This being the case, the Company is:

- Seeking approval of applications to extension of tenures that have expired and/or grant of PLAs and PCAs in respect of its Queensland tenements and resolving access related issues to its WISO Basin tenements (as referred to in note 3.1)
- Negotiating with government on revised work programs to grant an extended timeframe to carry out the exploration and evaluation activities
- Seeking approval of applications to extension of tenures that have expired and/or grant of PLAs and PCAs and resolving access related issues to properties as referred to in note 3.1
- Considering Joint Venture partners to enable it to meet required exploration commitments, in exchange for an interest in the tenements, and
- Considering other alternative funding options including equity funding options.

On the basis of the above, the Directors are of the opinion the Company has sufficient funds to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. 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 Company be unsuccessful in renegotiating or deferring its exploration expenditure commitments, attracting joint venture partners the Group's exploration expenditure commitments and/or raising additional capital.

2.1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2019. All Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
The group has retained 100% ownership of all of its subsidiaries throughout the year ended 30 June 2019 (2018:100%). All accounting policies of the subsidiaries are consistent with the policies adopted by the Parent.

2.2 Significant accounting policies

The Group has included the various significant accounting policies within each of the related qualitative and quantitative associated notes below.

2.2.1 Impairment of assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

2.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in the associated notes, the Directors make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience, the best available current information and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3.1 Recovery of deferred income tax assets

Judgement is required in determining whether deferred income tax assets are recognised in the statement of financial position. Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred income tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods. Due to these uncertainties, differed tax assets have not been recognized.

2.3.2 Reserve and resource estimates

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas tenements. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas development and production assets at 30 June 2019 is shown in Note 3.1. The Group estimates and reports hydrocarbon reserves in line with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework. As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

2.3.2 Reserve and resource estimates (continued)

The carrying value of exploration and evaluation assets may be affected due to changes in estimated future cash flows;

- Depreciation and amortisation charges in the statement comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change;
- Provisions for decommissioning may change — where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities;
- The recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

2.3.3 Exploration and evaluation assets

The Group's policy for exploration and evaluation is outlined in Note 3.1. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the Statement of Comprehensive Income.

2.3.4 Share based payments

In the determination of share based payment expenses, judgement is involved in the determination of the non-market vesting conditions of share based payments. The non-market vesting condition requiring judgement is the likelihood of service conditions being met. Market based vesting conditions calculations were determined upon the issue of rights or options in question and were performed by external advisors.

2.3.5 Provision for rehabilitation

Land rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and oil and gas properties. The Group assesses its oil and gas rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating well sites and dams or ponds; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

2.4 New accounting standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective.

Title	Effective date for the Group	Effective Date
AASB16: Leases	1 July 2019	1 January 2020

Management has assessed the effects of applying these new accounting standards. In respect of AASB 16, it is probable that the current operating lease for office space may result in the recognition of a right of use asset and lease liability. Based on the leases currently in place, the impact would not be material for the Group. In the case of AASB 17 – it will have no impact on the Group.

3 INVESTED CAPITAL

3.1 Exploration and evaluation expenditure

The ultimate recoupment of the expenditure on oil and gas interests is dependent upon successful development and commercial exploitation or alternatively the sale of the respective areas of interest at amounts at least equal to the book value.

	2019 $'000	2018 $'000
Exploration and evaluation expenditure acquired and recognised on consolidation	13,648	13,648
Other exploration and evaluation expenditure capitalised	74,720	78,411
Restoration asset (Note 3.2.3)	718	718
Less: Impairment of exploration & evaluation expenditure previously capitalised	(26,794)	(26,794)
Total exploration & evaluation expenditure	**62,292**	**65,983**

As noted in the directors' report, in respect of ATP 656, ATP 657, ATP 658, ATP 660, ATP 813P, ATP 814P and ATP 854P Permits, the Group has variously lodged Petroleum Lease (PL's), Potential Commercial Areas (PCA's) and/or ATP renewal applications covering these tenures with the Department of Natural Resources, Mines and Energy prior to the expiry date of the respective Permits. Tenure for these permits continue in force until determination is made by the Department of Natural Resources, Mines and Energy. The Group is not aware of any reasons why these Permits will not be renewed. Furthermore, EP 200, EP 205 and EP 207 expire on 15 February 2020. These Permits are under suspension as granted by the government until there is regulatory certainty. The suspension is in place until February 2020 by which time several outstanding issues for exploration may be resolved.

The decrease in the E&E balance from $78.4m to $74.3m is as a result of $4.374m of written off capitalised exploration recognised in the current year profit and loss following the Board's decision not to renew ATP 613,674 and 733 in the Maryborough Basin ($4.173m) and also to write off the capitalised expenditure in the Carpentaria and Georgina Basins ($201k) as native title agreements have not successfully progressed to meet the capitalisation exploration policy of the company.

Exploration and evaluation expenditure accounting policy
Exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.
(i) Pre-licence costs:
Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs:
Exploration licence and leasehold property acquisition costs are capitalised in intangible assets.
Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans and timing. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the statement of other comprehensive income. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

(iii) Exploration and evaluation costs
Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through the statement of comprehensive income as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. No amortisation is charged during the exploration and evaluation phase.

All capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of comprehensive income.

3.2 Commitments

3.2.1 Exploration commitments

All oil and gas exploration tenements, as a general rule, are granted with attached statutory work obligations. These work obligations can in certain circumstances and from time to time, be varied through negotiation with the respective State Regulator. Funding of these work obligations can be undertaken in several different ways. A company may choose to farm down (reduce) its equity in a respective tenement in return for a free carry of the work program by a farminee; A company could alternatively choose to monetise another existing asset to raise funds to undertake the work program; or a company may decide to issue equity (shares) and raise capital from investors for a specific work program on exploration tenements. In the overarching permit and capital management environment of a company it may also decide that some assets (tenements) are of higher technical risk, or lower potential economic return in the current macro economic environment and therefore should be relinquished by the company without committing further capital. This would then eliminate the work program and the tenement from the asset inventory. All these options remain available to Blue Energy in its management of its exploration tenements going forward.

3.2.2 Operating lease commitments

The Company leases two office premises and car parking under a non-cancellable operating leases. The first lease commenced April 2014 and runs for 6 years terminating on 31 March 2020 and has an escalation clause of the higher of 2.5% or CPI capped at 4.5% per annum. There are no renewal rights on the leases. The second lease commences January 2019 for a two year period to January 2021 with rent increasing at 4% per annum. Office space and 50% of the car parking relating to the first lease has been sublet until termination of the lease in March 2020.

	2019 $'000	2018 $'000
Within 1 year	195	183
After 1 year but no more than 5 years	31	140
Total	**226**	**323**

Lease accounting policy
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

3.2.3 Provisions

	2019 $'000	2018 $'000
Non current		
Provision for restoration and rehabilitation(1)	718	718
Provision for long service leave	28	19
Balance at 30 June	**746**	**737**

(1) Future estimated costs for the restoration and rehabilitation of areas affected by exploration activities.

4 WORKING CAPITAL AND FINANCIAL RISK MANAGEMENT

4.1 Cash and cash equivalents

For the purposes of the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	2019 $'000	2018 $'000
Cash at bank and in hand	2,301	253
Short-term deposits	2,298	2,048
Other restricted deposits	402	402
Total	**5,001**	**2,703**

The restricted deposits of $402,444 are bank guarantees secured by term deposits relating to financial assurances for ATPs held by Blue Energy Limited and its subsidiaries. (2018: $402,444)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of about three months at a time and earn interest at the short-term deposit rate. Effective interest rate on the short-term deposits was 2.48% (2018: 2.44%).

Reconciliation of the loss after tax to the net cash flows from operations

	2019 $'000	2018 $'000
Loss after income tax	(5,880)	(1,577)
Adjustments for non-cash items		
Cash flows excluded from profit/(loss) attributable to operating activities:		
Depreciation	12	12
Share options expensed	342	419
Asset impairment expense	4,374	36
Other non-cash items	9	-
Changes in assets and liabilities		
Decrease in trade debtors and receivables	(43)	(2)
Decrease/(increase) in trade creditors, accruals, sundry provisions	2	2
Increase/(decrease) in provisions and employee entitlements	131	91
Net cash used in operating activities	**(1,053)**	**(1,019)**

Cash and cash equivalents in the statement of financial position comprise cash at bank and short term deposits which will mature within about three months of 30 June 2019.

4.2 Financial risk management

4.2.1 Financial risk management policies

The Group's activities expose it to liquidity risk and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial position of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate.

Financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are liquidity risk and interest rate risk.

Liquidity risk

The group and parent entity manages liquidity risk by monitoring and managing forecast cash flows. On a monthly basis management review cashflows and consider short and long term cash forecasts and any implications to the group's liquidity. Cash is held in term deposits to maximise interest income however deposit terms approximate 3 months to ensure the group has sufficient available funds to meet its cash obligations. In addition, Management regularly review all amounts held as guarantees/restricted deposits to ensure any restrictions are lifted as soon as possible. Refer to 4.2.2 'Financial instrument composition and maturity analysis'.

Interest rate risk

The following table sets out the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

2019	Note	Weighted Average Interest Rate	Fixed Interest Rate $'000	Floating Interest Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash at bank and in hand	4.1	0.26%	-	2,301	-	2,301
Short-term deposits	4.1	2.48%	2,700	-	-	2,700
Trade and other receivables		-	-	-	90	90
Total			**2,700**	**2,301**	**90**	**5,091**
Financial Liabilities						
Trade and other payables	4.3	-	-	-	497	497
Total		-	**-**	**-**	**497**	**497**

2018	Note	Weighted Average Interest Rate	Fixed Interest Rate $'000	Floating Interest Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash at bank and in hand	4.1	0.51%	-	253	-	253
Short-term deposits	4.1	2.44%	2,450	-	-	2,450
Trade and other receivables		-	-	-	47	47
Total		**-**	**2,450**	**253**	**47**	**2,750**
Financial Liabilities						
Trade and other payables	4.3	-	-	-	373	373
Total		-	**-**	**-**	**373**	**373**

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. The Group has bank guarantee facilities in place totalling $665,458 (2018: $665,458). Refer to 4.2.2 'Interest rate sensitivity analysis'.

Capital management

The Group maintains a system of controls which provide for continual monitoring of future cash flow requirements, allowing it to put in place appropriate facilities to ensure that sufficient funds are available to fund the Group's activities in the short to medium term.

The Group's underlying objectives with respect to managing capital are to safeguard their ability to continue as a going concern to enable the Group to operate to increase shareholder value. While the Group's activities comprise mainly exploration and appraisal operations, funding through equity, rather than debt, is considered to be the most appropriate capital structure.

There were no changes to the Group's approach to capital management or the financial risk management policies during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

4.2.2 Financial instruments

Financial instrument composition and maturity analysis

The following tables reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

The ageing analysis of trade and other receivables is as follows:

	Note	2019 $'000	2018 $'000
Less than 90 days		90	47
91 days +		169	169
Trade and other receivables		**259**	**216**

Trade and other payables are expected to be settled as follows:

	Note	2019 $'000	2018 $'000
Less than 9 months		422	273
Greater than 9 months		75	100
Current trade and other payables	4.3	**497**	**373**

Net fair values

Net fair values of financial assets and liabilities disclosed are materially in line with carrying values at 30 June 2019 and 30 June 2018.

Interest rate sensitivity analysis

The Group has performed a sensitivity analysis relating to exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. At 30 June 2019, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant are estimated as follows:

	2019 $'000	2018 $'000
Change in pre-tax profit/(loss)		
- Increase in interest rate by 2%	54	54
- Decrease in interest rate by 2%	(54)	(54)
Change in pre-tax equity		
- Increase in interest rate by 2%	54	54
- Decrease in interest rate by 2%	(54)	(54)

The Group's financial assets and liabilities consist of trade receivables and payables – these are all conducted at arms length, are non-interest bearing and are normally settles within 30-90 days. All trade transactions have standard industry terms and conditions and none of the amounts are secured on any of the Groups assets.

Impairment

At each reporting date the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

4.3 Trade and other payables

Current:	2019 $'000	2018 $'000
Trade payables	79	63
Sundry payables and accrued expenses(1)	56	72
Employee cost & expenses payable	362	238
Total	**497**	**373**

(1)Sundry payables and accrued expenses include Nil payable to key management and Directors at the end of the financial year (2018: $616).

Trade payables are non-interest bearing and are normally settled on 30 day terms.

4.3 Trade and other payables (continued)

Trade and other payables accounting policy
Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.
Interest received relates to interest receivable from cash held with financial institutions considered under AASB9 and expected credit losses are deemed immaterial for the group.

5 CAPITAL AND RELATED PARTY DISCLOSURES

5.1 Issued share capital

	2019		2018	
Ordinary shares:	**Number of Shares**	**$'000**	**Number of Shares**	**$'000**
Issued & Fully Paid	1,295,397,290	138,517	1,175,811,066	132,962
Movements in ordinary shares on issue:				
Opening balance	1,175,811,066	**132,962**	1,141,891,882	130,767
Issued shares at 4.5c/share and 15.5c/share - share placement	93,333,334	4,200	13,000,000	2,015
Issue on exercise of employee incentive rights	26,252,890	1,558	20,919,184	284
Capital raising costs	-	(203)	-	(104)
Closing balance	**1,295,397,290**	**138,517**	**1,175,811,066**	**132,962**

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company did not pay a dividend during the year ended 30 June 2019, nor has any dividend been proposed up to the reporting date (2018: nil). Ordinary shares would participate in dividends and the proceeds on any winding up of the parent entity in proportion to the number of shares held.

From 30 June 2019 to the date of this report shares were issued with respect to the rights that vested on 30 June 2019. These were physically issued on 2rd July 2019.
As per the Employee Incentive performance Plan ("EIRP"), the rights that vested on 30 June 2019 were unconditional and therefore there was a right to shares as at that date. These were physically issued on 2 July 2019. As they were issued during a restricted trading period, the Company arranged for them to be issued for the Directors' benefit by the trustee of the Blue Energy Employee Share Trust (Blue Energy EST) and were transferred from the trust to the Directors on 2nd August 2019.

Options over shares
During the year no options were granted (2018: Nil).
From 30 June 2019 to the date of this report no shares have been issued as a result of the exercise of options.

Grant Date	Exercise Date	Expiry Date	Exercise Price $	Fair value at Grant Date[(1)] $	Number of options at beginning of period	Options Granted	Options Lapsed	Options Exercised	Number of options at 30 June 2019	Number of options vested and exercisable at 30 June 2019
22/11/2016	30/06/2019	30/07/2019	0.0625	0.00006	41,236,500	-	(41,236,500)	-	-	-
					41,236,500	-	(41,236,500)	-	-	-

[(1)] Estimate for purposes of recognising the cost of service in the relevant financial year. The share price for the purpose of estimating the cost of service was that as at 30 June 2016, $0.0022.

None of the options issued by the Company are quoted on the Australian Stock Exchange.

The options do not entitle the holder to participate in any dividends or pro-rata share issues of the Company. The options, approved at 2016 AGM, entitled the holder to one Blue Energy Limited Ordinary Share per option that is exercised. Exercise date and testing date was 30/06/2019 and required a $300m market capitalisation of the Company, (determined by the closing valuation on the ASX on at least 5 consecutive trading days) on or before 30/06/2019 for vesting to occur. The expiry date for the options is 30 days thereafter if they vested at 30/06/2019. The options had a $0.0625 exercise price.
As at 30 June 2019 the Company did not achieve the required market capitalisation for the options to vest. All the options lapsed on 30 June 2019.

Total expense recognised $Nil (2018: $212)

Rights over shares

During the year the Company granted no employee incentive rights (2018: 11,385,000). No employee incentive rights (2018: Nil) lapsed. 26,364,000 employee incentive rights vested and were exercised during the year (2018: 20,960,000). Per the conditions of the EIRP, 26,252,890 (25,386,000 to Directors and 978,000 to key employee) (2018: 20,919,184 to directors, Nil to employees) vested rights were issued as ordinary shares and the remaining 111,110 rights (2018: 40,816) were paid in cash. None of the employee incentive rights are listed.

The following table lists the unexpired employee incentive rights at reporting date:

2019 Rights Details

Effective Grant Date	Exercise Date	Type of Right	Exercise Price $	Fair value at Grant Date $	Number of Rights at beginning of period	Rights Granted	Rights Lapsed(1)	Rights Vested(2)	Ceased being KMP	Number of Rights at 30 June 2019
30-Jun-16	30-Jun-20	Retention	nil	$0.014	6,400,000(4)	-	-	-	-	6,400,000(4)
30-Jun-17	30-Jun-19	Performance	nil	$0.05934	25,386,000(3)	-	-	(25,386,000)(3)	-	-
30-Jun-18	30-Jun-20	Performance	nil	$0.0473	11,385,000	-	-	-	-	11,385,000
30-Jun-19	30-Jun-21	Performance	nil	-	-	-	-	-	-	-
					43,171,000(3)	-	-	(25,386,000)(3)	-	17,785,000

(1) Percentage of KMP rights lapsed during the year was 0%.
(2) Percentage of KMP rights vested during the year was 59%.
(3) This total excludes 978,000 rights that were issued to an employee in July 2017, these rights also vested on 30 June 2019.
(4) These rights will vest once retention criteria is met on 30 June 2020.

Weighted average exercise price – nil
Weighted average remaining contract life is 365 days
Expense recognised during the year to 30 June 2019 $342k (2018: $419k)

2018 Rights Details

Effective Grant Date	Exercise Date	Type of Right	Exercise Price $	Fair value at Grant Date $	Number of Rights at beginning of period	Rights Granted	Rights Lapsed(1)	Rights Vested(2)	Ceased being KMP	Number of Rights at 30 June 2018 (3)
30-Jun-16	30-Jun-18	Retention/Performance	nil	$0.014	27,360,000	-	-	(20,960,000)	-	6,400,000(4)
30-Jun-17	30-Jun-19	Performance	nil	$0.05934	25,386,000(3)	-	-	-	-	25,386,000(3)
30-Jun-18	30-Jun-20	Performance	nil	$0.0473	-	11,385,000	-	-	-	11,385,000
					52,746,000	11,385,000	-	(20,960,000)	-	43,171,000

(1) Percentage of KMP rights lapsed during the year was 0%.
(2) Percentage of KMP rights vested during the year was 40%.
(3) This total excludes 978,000 rights that were issued to an employee in July 2017.
(4) Performance target has been achieved; these rights will vest once retention criteria is met on 30 June 2020.

Weighted average exercise price – nil
Weighted average remaining contract life is 515 days
Expense recognised during the year to 30 June 2018 $419,092 (2017: $313,393)

Incentive rights under the EIRP comprise retention rights and performance rights. For retention rights to vest the employee must remain with the Company for an agreed period from the effective issue date. The portion of performance rights that vest is determined by Blue Energy's total shareholder return (TSR) as determined by an independent advisor over the 3 year period from the effective issue date. The minimum compound annual TSR for the three years is 15% which results in a 25% vesting rate for the employee. At present, the Board has determined that the issue of performance rights will be limited to those individuals (Key Management Personnel) who have a direct ability to influence the performance of the Company.

The weighted average fair value of employee incentive rights issued during the year was $0.035 (2018: $0.0473). The value of retention rights granted was calculated based upon the maximum number of retention rights issued multiplied by the prevailing share price as at the date of issue – Nil were issued.

Rights over shares (continued)

The fair value of performance rights granted was calculated using the Monte-Carlo pricing model utilising the following inputs [6]:

	Note	2019	2018
- Exercise price	1	-	$0.0
- Share Price at 30 June	2	-	$0.091
- Exercise Date		-	30 June 2020
- Expiry date		-	30 June 2021
- Expiry Period		-	4 years
- Expected share price volatility	3	-	75%
- Risk free interest rate	4	-	2%
- Dividend yield	5	-	0%
- Fair value at grant date		-	$0.0473

1. In substance, the performance right is an option with a zero exercise price.
2. The underlying share price for FY19 (FY18) is based on the price of the security on the ASX on 30 June 2019 (30 June 2018).
3. The recent volatility of the share price of Blue Energy was calculated using Hoadley's volatility calculator, using data extracted from Bloomberg.
4. The risk free rate is the Commonwealth Government securities rate with a maturity date approximating that of the expiration period of the options. (Source: Reserve Bank of Australia)
5. The Company's best estimate of dividend yield, representing a discount to long-term dividend policy to reflect build up of dividend payout over the life of the performance rights.
6. All assumptions above, and the corresponding data in the table, have been consistently applied to the rights granted in both periods.

Issued capital accounting policy

Issued capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

For equity-settled share-based payment transactions for goods or services received, excluding employee services, the Company recognises and measures the increase in equity at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the value of the goods or services received, by reference to the fair value of the equity instrument granted.

The Company has granted options over shares to employees under an employee share option plan. The fair value of options granted is recognised as an expense with a corresponding increase in equity reserves. The fair value is measured at grant date and spread over the life of the option taking into account the probability of the options vesting. The fair value of options granted is measured using the Monte Carlo pricing model, taking into account the terms and conditions upon which the options were granted.

The Company has ceased to grant options over shares to employees under an employee share option plan and has implemented an Employee Incentive Rights Plan in its place. The fair value of rights granted is recognised as an expense with a corresponding increase in equity reserves. The fair value is measured at grant date and spread over the life of the right taking into account the probability of the rights vesting. The fair value of rights granted is measured using the Monte Carlo pricing model, taking into account the terms and conditions upon which the rights were granted. When grant date is subject to an approval process, grant date is the date when that approval is obtained. In this situation, the grant date fair value of the equity instruments is estimated for the purposes of recognising the services received during the period between service commencement date and grant date.

5.2 Reserves

Option reserve

The option reserve is used to recognise the fair value of share options and employee incentive rights granted.

	2019 $'000	2018 $'000
Reserves:		
Options Reserve opening balance	10,046	9,911
Options/rights granted in year	342	419
Transfer of rights to shares	(1,558)	(284)
Total Reserves	**8,830**	**10,046**

5.3 Related party disclosures

During the financial year the following related party transactions occurred:

5.3.1 Key management personnel

Director or Consulting fees were paid to or accrued by the following and are related party transactions:	2019 $	2018 $
Decambruns Pty Ltd – an entity associated with Rodney Cameron (Director of Blue Energy Limited – November 2011 to present)	66,000	61,000
Mojo Enterprises Pty Ltd – an entity associated with Karen Johnson (Director of Blue Energy Limited – September 2011 to present)	66,000	61,000

The non-executive Directors voluntarily deferred their RAC fees ($5,000) from 1 July 2015 to 30 June 2018, and in 2018, the Board approved the issue of 154,000 performance rights under the EIRP to each non-executive Director in lieu of foregone RAC fees. In 2019 the RAC fees were paid in cash, $5,000 each. In addition, following the rules of the EIRP, as rights vested on 30 June 2019, they each received a cash element of $1,000 (2018: $1,000).
Other than disclosed above there have been no other transactions with related parties during the year.

5.3.2 Subsidiaries

The ultimate parent entity is Blue Energy Limited. Blue Energy Limited provides funding for the subsidiaries to continue to develop their respective oil and gas exploration and evaluation activities.

5.3.3 Terms and conditions of transactions with related parties

Transactions with related parties are made in arm's length transactions both at normal market prices and on commercial terms.

5.4 Key management personnel

5.4.1 Key management personnel compensation

Key Management Personnel compensation included in employee benefits is as follows:

	2019 $	2018 $
Short term employee benefits	712,750	674,887
Post-employment benefits	44,213	64,113
Share based payments	337,160	403,747
Total	**1,094,123**	**1,142,747**

Details of key management persons and remuneration policies are included in the Directors' Report.

5.4.2 Loans to key management personnel

No loans have been made by the parent or any subsidiary company to any Key Management Personnel during the period or to the date of this report.

6 RESULTS FOR THE YEAR

6.1 Income

	2019 $'000	2018 $'000
Other Income		
Interest received	43	54
Gain on sale of asset	3	-
Total Income	**46**	**54**

Income accounting policy
Interest income is recognised as the interest accrues to the net carrying amount of the financial asset. All income is stated net of the amount of goods and services tax (GST).

6.2 Segment reporting

The Group operates in a single business segment, being the exploration for gas and petroleum resources. This activity is carried out in a single significant geographical segment, being Australia, principally in Queensland and the Northern Territory, which is consistent with reporting to the chief operating decision maker (CODM), who is the Board of Directors. .

6.3 Profit and loss for the year

Operating & administration expenses	2019 $'000	2018 $'000
Employee benefit expenses	307	261
Superannuation expense	48	69
Legal fees	70	107
Consultants' fees	36	55
Depreciation expense	12	12
Travel costs	47	38
Directors' fees	134	110
Accounting and compliance fees	248	204
Occupancy costs	132	184
Insurance costs	41	40
Information systems costs	28	26
Communications costs	20	19
Investor relations costs	18	21
Other	69	26
Total	**1,210**	**1,172**

Inventory write down expense	2019 $'000	2018 $'000
Inventory write down expense (included in 'other' above)	46	36
Total	**46**	**36**

Asset impairment expense		2019 $'000	2018 $'000
Exploration asset write off expense	3.1	4,374	-
Total		**4,374**	**-**

Employee benefits
Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

6.4 Income tax

The components of tax expense comprise:	2019 $'000	2018 $'000
Current income tax		
Current income tax charge	(509)	(588)
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Current year tax losses not recognised in the current year	509	588
Income tax (benefit)/expense reported in statement of comprehensive income	-	-

The prima facie tax on profit / (loss) before income tax is reconciled to the income tax expense as follows:	2019 $'000	2018 $'000
Accounting loss before income tax	(5,880)	(1,577)
Prima facie income tax payable on loss before income tax at 27.5% (2018: 27.5%)	(1,617)	(434)
Sundry non-deductible expenses	94	117
Benefit of tax losses and temporary differences not recognised	1,523	317
Income Tax (benefit)/expense	-	-

Assets

Deferred tax assets include:	2019 $'000	2018 $'000
Temporary differences, excluding benefits of tax losses, attributable to:		
Provisions	299	262
Accruals	6	6
Business related costs	75	50
Other	-	-
Total deferred tax assets	**380**	**318**

Liabilities

Deferred tax liabilities include:	2019 $'000	2018 $'000
Temporary differences attributable to:		
Exploration and evaluation expenditure	14,732	15,747
Prepayments	6	-
Interest receivable	2	2
Total deferred tax liabilities	**14,740**	**15,749**

Deferred tax assets

Unrecognised Deferred Tax Balances the benefits of which will be realised when conditions noted below are realised:	2019 $'000	2018 $'000
Deferred tax assets - Losses	33,063	32,526
Deferred tax assets - Capital Losses	-	-
Deferred tax assets - Other	380	318
Deferred tax liabilities	(14,740)	(15,749)
Net unrecognised deferred tax assets	**18,703**	**17,095**

There are no franking credits available to shareholders of the Company.
The Group has unrecognised tax losses of $33.1m (2018: $32.5m). These tax losses are available indefinitely to carry forward against future taxable income in the subsidiaries in which the losses arose if they meet the requirement of the Australian tax legislation.

Income tax accounting policy
The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Income tax accounting policy (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. The consolidated group meets the requirements of the ATO for small business concessions for the years ending 2019 and 2018. Deferred tax is calculated using 27.5% and 27.5% respectively. Once the consolidated group start to generate turnover in excess of the thresholds, the tax rate applied will revert back to the standard rate.
Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Blue Energy Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group under the tax consolidation regime. Blue Energy Limited is the head entity of the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the head entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group has notified the Australian Tax Office that it formed an income tax consolidated group to apply from 1 April 2006. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

6.5 Earnings per share

Basic earnings per share amount is calculated by dividing net profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	2019 $	2018 $
Net loss attributable to ordinary equity holders of the parent	(5,880,923)	(1,577,355)
Weighted average number of ordinary shares for basic earnings per share	1,179,462,900	1,148,003,989
Weighted average number of ordinary shares for dilutive earnings per share	1,179,462,900	1,148,003,989
Basic EPS	(0.005)	(0.0014)
Diluted EPS	(0.005)	(0.0014)

A total of Nil (2018: 41,236,500) options outstanding at balance date have not been included in the computation of diluted earnings per share as this result is anti-dilutive in nature.

During the year the Company issued 93,333,334 (2018:13,000,000) ordinary shares of the Company following a targeted share placement and 26,252,890 (2018: 20,919,184) ordinary shares, in addition to paying $5,000 (2018: $4,000) cash, in relation to vested employee incentive rights. Since the reporting date the Company has not issued any ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the issue of these financial statements.

6.6 Auditors remuneration

	2019 $'000	2018 $'000
Remuneration as auditor of the parent and Group for:		
- auditing the annual financial report	39	36
- review of interim financial report	11	11
Total	**50**	**47**

7 OTHER

7.1 Parent entity financial information

7.1.1 Summary financial information

The individual financial report for the parent entity shows the following aggregate amounts:

Statement of financial position	2019	2018
	$'000	$'000
Current assets	4,667	2,392
Total assets	66,185	67,614
Current liabilities	470	367
Total liabilities	498	386
Shareholders' equity		
Issued capital	138,517	132,962
Reserves	8,830	10,046
Accumulated losses	(81,660)	(75,780)
	65,687	**67,228**
Statement of comprehensive income		
Loss for the year attributable to owners of the parent	(5,880)	(1,575)
Total comprehensive loss attributable to owners of the parent	**(5,880)**	**(1,575)**

This report has been prepared on the same basis as the consolidated financial statements.

7.1.2 Guarantees entered into by the parent entity

The following bank guarantees (secured by term deposits) for the parent entity are in place at 30 June 2019:
Bank guarantees parent entity - $149k (2018: $149k), these relate to financial assurances for ATPs held by Blue Energy Limited and the office lease bond.

7.1.3 Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2019, the parent entity had no contractual commitments for the acquisition of property, plant and equipment (2018: nil).

7.2 Contingent assets and liabilities

The Directors are not aware of any other material contingent liabilities or contingent assets at 30 June 2019, not otherwise disclosed in this report.

7.3 Events subsequent to the reporting date

In June 2019, the Company launched a share purchase plan which closed on the 12 July 2019. The Company successfully raised $1.42m cash and issued 31,555,465 ordinary shares at $0.045/share. No other material events have occurred from balance date up to the release date of this report.

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Directors' Declaration

The Directors of Blue Energy Limited declare that:

1. the financial statements and notes, as set out on pages 19 to 37, are in accordance with the *Corporations Act 2001*, and:

    a. comply with Accounting Standards, International Financial Reporting Standards (as stated in Note 1) and *Corporations Regulations 2001*; and

    b. give a true and fair view of the financial position as at 30 June 2019 and of their performance for the year ended on that date of the Group;

2. the Chief Executive Officer has declared in accordance with the S295A of the *Corporations Act 2001*, that;

    a. the financial records of the Group for the financial year ended 30 June 2019 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and the accompanying notes referred to in Section 295(3)(b) of the *Corporations Act 2001*, for the financial year comply with the accounting standards;

    c. the financial statements and notes for the financial year give a true and fair view; and

    d. any other matters that are prescribed by the regulations for the purposes of this paragraph in relation to the financial statements and the notes for the financial year are satisfied.

3. in the Directors' opinion there are reasonable grounds to believe that the Company and Group 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
Chairman

Dated this 17th day of September 2019

Additional Shareholder Information

Additional information required by the ASX Ltd and not shown elsewhere in this report is as follows. The information is current as at 10th September 2019.

(a) Distribution of Equity Securities

Ordinary Share Capital
There are 1,326,952,755 fully paid ordinary shares, held by 5,421 individual shareholders. There is no current on-market buy-back. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of holders of ordinary shares by range is:

Range	Total holders	Units	% Units
1 - 1,000	263	38,698	0.00
1,001 - 5,000	638	2,198,250	0.17
5,001 - 10,000	728	6,098,586	0.46
10,001 - 100,000	2,419	102,080,414	7.69
100,001 Over	1,373	1,216,536,807	91.68
Rounding			**0.00**
Total	**5,421**	**1,326,952,755**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0410 per unit	12,196	1,768	9,907,835

(b) Substantial Shareholders

Rank	Name	Units	% of Units
1.	JEACH PTY LTD <THE PIPPI SUPER FUND A/C>	123,950,148	9.34
2.	GREIG & HARRISON PTY LTD	119,413,188	9.41

(c) Twenty Largest Holders of Quoted Equity Securities

Top Holders Snapshot - Ungrouped

Rank	Name	Units	% of Units
1.	JEACH PTY LTD <THE PIPPI SUPER FUND A/C>	123,950,148	9.34
2.	CITICORP NOMINEES PTY LIMITED	43,218,659	3.26
3.	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	36,282,012	2.73
4.	UBS NOMINEES PTY LTD	32,857,362	2.48
5.	GEOTECH RESOURCES PTY LTD <PHILLIPS FAMILY A/C>	31,229,574	2.35
6.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	31,160,695	2.35
7.	HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	31,145,666	2.35
8.	ROSSDALE SUPERANNUATION PTY LTD <ROSSDALE SF A/C>	21,780,000	1.64
9.	BETA GAMMA PTY LTD <WALSH STREET SUPER FUND A/C>	17,457,388	1.32
10.	GIRDIS SUPERANNUATION PTY LTD <GIRDIS SUPER FUND A/C>	16,845,787	1.27
11.	GIRDIS SUPERANNUATION PTY LTD <GIRDIS SUPER FUND A/C>	16,566,278	1.25
12.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	16,344,156	1.23
13.	HILLMORTON CUSTODIANS PTY LTD <THE LENNOX UNIT A/C>	15,308,333	1.15
14.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,138,846	0.99
15.	SEYMOUR GROUP PTY LTD	12,220,837	0.92
16.	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	10,400,000	0.78
17.	GUPTA MGMT PTY LTD <GUPTA MEDICAL P/L S P F A/C>	9,800,000	0.74
18.	NEW GREENWICH PTY LTD <NEW GREENWICH S/F A/C>	9,753,503	0.74
19.	IDOLLINK PTY LTD <MCKEITH SUPER FUND A/C>	9,575,651	0.72
20.	PAKASOLUTO PTY LIMITED <BARKL FAMILY SUPER FUND A/C>	9,013,096	0.68
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		**508,047,991**	**38.29**

(d) Voting Rights
Ordinary shares carry one vote per share and carry the rights to dividends.
Options and rights have no voting rights or rights to dividends.

CORPORATE DIRECTORY

BLUE ENERGY LIMITED
ACN 054 800 378

DIRECTORS	John Ellice-Flint	(Executive Chairman)
	John Phillips	(Managing Director)
	Karen Johnson	(Non-Executive Director)
	Rodney Cameron	(Non-Executive Director)

COMPANY SECRETARY

Stephen Rodgers

REGISTERED OFFICE

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☏ 1300 552 270

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STOCK EXCHANGE

ASX Limited
Riverside Centre
Level 5, 123 Eagle Street
Brisbane QLD 4000

Trading code
Ordinary shares: **BLU**