

20 October 2022

Operational Update

Sapphire #6 L1 lateral successfully drilled 1,200 metre horizontal “in seam”

Blue Energy Limited (ASX: BLU, ‘Blue’) is pleased to report on the operations at the Sapphire Pilot drilling programme in ATP 814.

Sapphire 6L1 lateral well (S#6L1 –the first lateral well in the Sapphire #6 pilot set drilling programme) has been successfully drilled to total depth and intersected the Sapphire #6V vertical well as planned.

The well was drilled 1,200 metres of horizontal in seam section having run and cemented 7” casing at 721 metres in the “build section of the well. The 3 ½” production liner has now been successfully run and the rig is now skidding to the next pilot well, Sapphire #6 L2.

Current activity

- The drilling rig is currently skidding to the Sapphire #6 L2 location to commence drilling.

Operations summary to date

- The Sapphire #6 L1 lateral well has reached total depth and intersected the Sapphire #6V vertical well. In doing so, it has drilled 1,200 metres of in seam horizontal section. The 3 ½” production string has also successfully run.
- The Sapphire #5 L1, L2, L3 and L4 lateral wells have been successfully drilled and have each intersected with the Sapphire #5V vertical well. These wells have also drilled an aggregate of 5,055 metres of “in seam’ section
- The two initial vertical wells, *Sapphire #5V* and *Sapphire #6V*, have been drilled to total depth, logged and had production casing run and cemented in place.
- The Sapphire campaign to date has drilled a total of 10,775 metres

Drilling Program Background

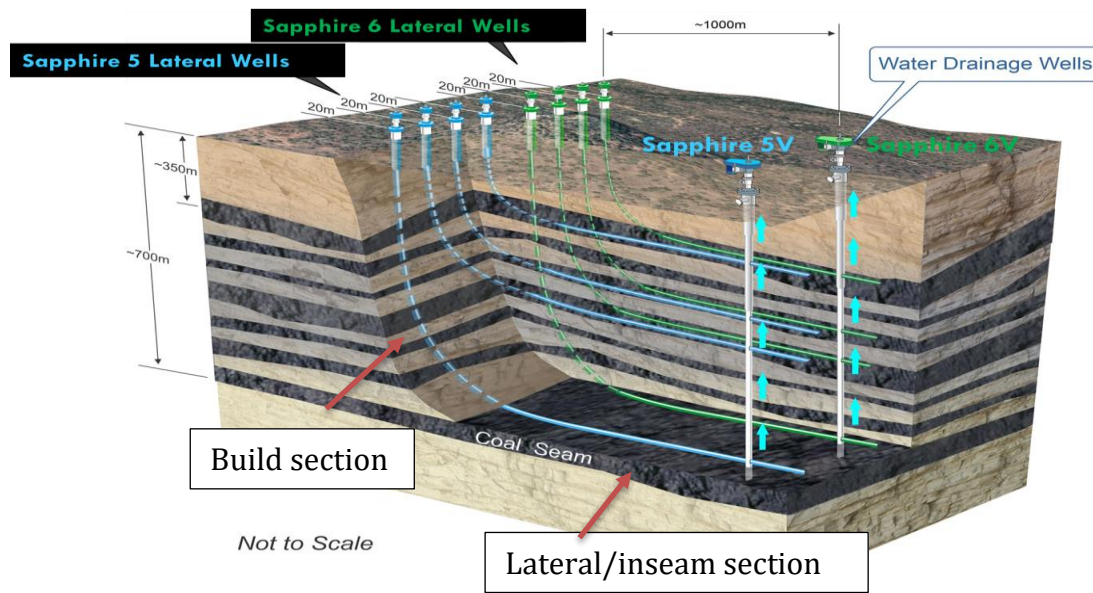


Figure 1: Schematic of Sapphire 5 and 6 pilot well configuration

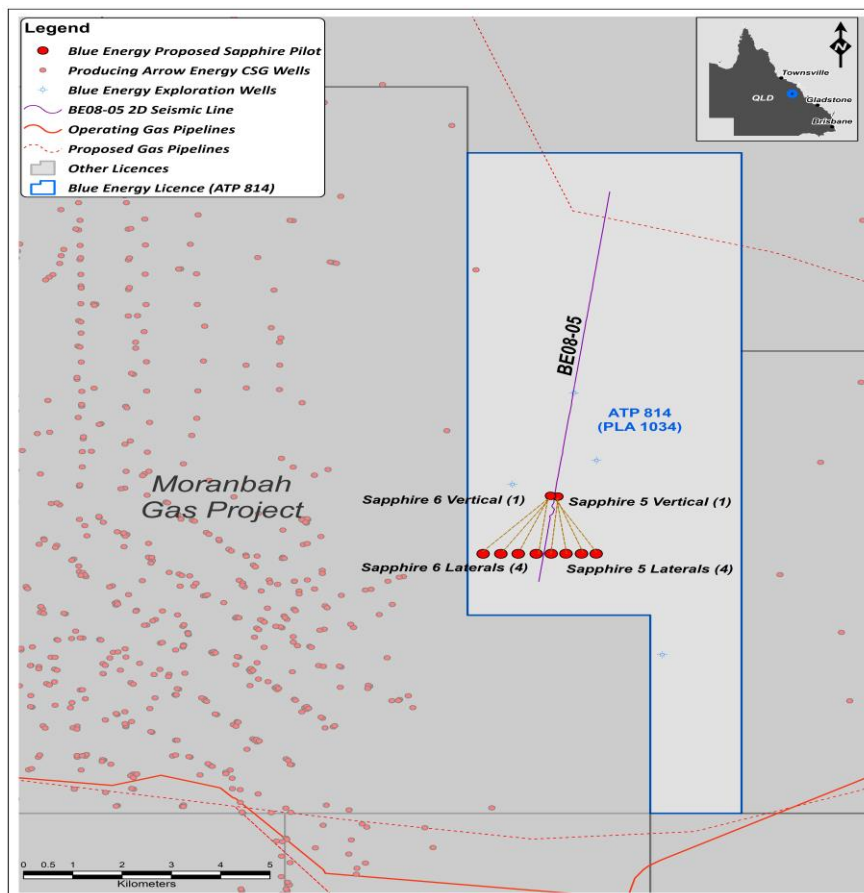


Figure 2: Plan view of Sapphire 5 and 6 Pilot well locations

The pilot well sets incorporate up to 4 separate lateral wells each accessing individual coal seams and designed to intersect a single vertical well (see figures 1 and 2). The vertical well acts as the water producer for the lateral wells, with the lateral wells able to meter and

measure the gas flow from each individual coal seam, to allow better allocation of seam specific reserves.

The planned sequence of drilling of the Sapphire 6 lateral wells (S#6 L1-L4) will revert to a sequential drilling pattern of the entire individual lateral well (ie build section followed by horizontal in seam sections), to allow maximum flexibility in the remaining programme.

Released by Authority of the Board per:

John Phillips
Managing Director
Blue Energy Limited