

## SAPPHIRE PILOT PRODUCTION TESTING UPDATE

## Gas rate reaches 100,000 cubic feet per day.

**Blue Energy Limited** (ASX: BLU, 'Blue') is pleased to report on the operations at its Sapphire Pilot Well production testing project in the Sapphire Block in ATP 814 (PLA 1034).

The Sapphire Pilot gas flow rate has steadily increased to 100,000 cfd (cubic feet per day) up from the previously reported 70,000 cfd (Figure 1 below).

The dewatering process continues to be cautiously managed to ensure minimal damage to the coals from coal fine migration as the pressure drawdown phase continues.

The combined water rate at Sapphire from all of the Pilot Wells is stabilising at approximately between 200-250 barrels of water per day with water quality pleasingly remaining in specification for use by stock and for domestic use.

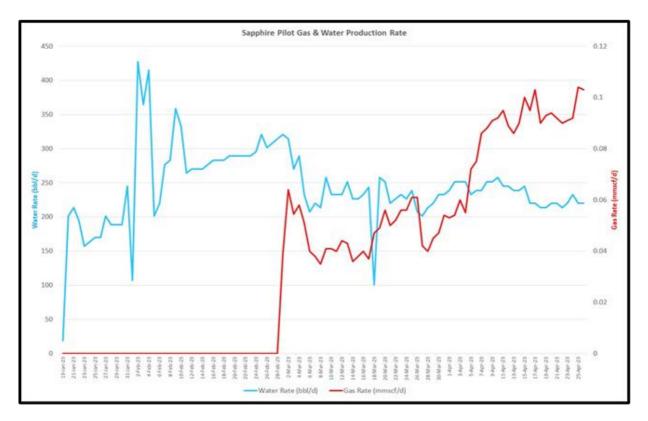


Figure 1: Graph showing gas rate increasing with time as water rate stabilises.

Released by Authority of the Board per:

John Phillips Managing Director Blue Energy Limited