

4 October 2023

Operations and Company Update

Blue Energy Limited (ASX: BLU, 'Blue') is pleased to report on the various matters concerning both the company's operations in ATP 814, and related corporate activity.

Sapphire Pilot Testing

As announced 5 September 2023, the Sapphire Pilot situated in ATP 814, was shut in to conduct a pressure build up test, which is aimed at establishing well flow capacity, permeability and skin effects. The pressure build up test commenced on 9 August 2023 and is continuing at this time.

Blue has recommenced producing water from the Sapphire Pilot with the lateral wells shut in to retain gas in the reservoir and increase contact with the productive cleat system. Consequently, no gas is currently being produced to surface. Water production from the Pilot is currently at 60bbl/d.

Also as advised in the 5 September announcement, Blue had been forecasting to restart gas production towards the end of 20 September 2023. However, based on reservoir engineering advice, an extension of the shut in duration of a further week is now planned, in order to allow gas pressure to continue to build and enhance reservoir connectivity. Enhanced reservoir connectivity, if successful, will allow for higher sustained gas production rates from the Pilot upon restarting production testing.

Research and Development Claim

As advised previously the first of two Research and Development (R&D) claims covering the 2022 Sapphire Pilot drilling program was processed and Blue has received the sum of \$275,425 from the ATO as a rebate for the 2021/2022 component of the program.

The second (and more substantive) R&D claim covering the larger quantum of drilling activity is expected to be lodged with the ATO this week, following provision of the 2023 audited accounts and finalisation of the 2022/2023 company tax return in the application.

Environmental Defenders Office legal case against the Department of Environment and Science

By way of an update on the Land Court Case brought by the Environmental Defenders Office against the CEO of the Qld Department of Environment and Science (DES) pertaining to the Environmental Authority granted to Blue Energy for the Sapphire Production Licence.,

The current timetable set down by the Land Court lists the matter for further review by the Court on 16th November 2023.

Released by Authority of the Board per:

John Phillips
Managing Director
Blue Energy Limited