

19 July 2022

Operational Update

Sapphire 5V (vertical) reaches Total Depth and intersects 45 metres of net coal

Blue Energy Limited (ASX: BLU, 'Blue') advises that the Sapphire 5V vertical well in ATP 814 (PL 1034 – Sapphire Block) has reached total depth and the drilling rig is now preparing to move to Sapphire 6V, having acquired wireline logs and run and cemented production casing.

Key Points

- Sapphire 5V intersected 45 metres of Net Coal across the Rangal, Fort Cooper and Moranbah Coal Measure target formations (20% thicker than prognosed), which are the same gas productive seams as at the adjacent Moranbah Gas Project, 2 kilometres to the west of Sapphire 5V.
- Sapphire 5V reached a total depth of 850 metres.
- Operations included acquisition of wireline logs, which confirmed all pre-drill correlations and interpretations.
- The well took 3.5 days to reach total depth from spud.
- Production casing has been run to 847 metres and cemented in place and the well will be completed at a later date as a water producing pilot well, once the subsequent new pilot lateral wells in the current program are drilled and have intersected the Sapphire 5V vertical well.

Based on the recent significant upgrade of Sapphire Block reserves and resources (See ASX announcement 14/07/2022) recently received from Netherland and Sewell and Associates (NSAI), and the added encouragement this gives for the acceleration of pilot drilling and production activities, Blue Energy will move the rig a short distance to the next vertical pilot well location (Sapphire 6V) to be drilled to accelerate timing of the dewatering and production phases of the proposed Sapphire lateral wells.

Commenting on the first well in the North Bowen campaign, Blue's Managing Director John Phillips said, "we are pleased that the first well in the program has been drilled safely, in a timely manner and has intersected the target seams as predicted and with 20% greater net coal thickness than predicted, and together with the recent reserve and resource upgrade by NSAI, highlights the importance of this potential new gas supply for a gas short market."

By Authority of the Board per:

John Phillips

Managing Director

Blue Energy Limited

Table 1: Blue Energy Updated Reserves and Resources Table at 14 July 2022

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

All numbers are net to Blue Energy

Source: NSAI, Blue Energy.

***Listing Rule 5.42 Disclosure**

The estimates of Reserves and Contingent Resources noted throughout this ASX Announcement have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI) and were originally reported in the Company's market announcements of 25 January 2012, 26 February 2013, 19 March 2013, 8 December 2015, 28 February 2019, 22 January 2022 and 14 July 2022. NSAI independently regularly reviews the Company's Reserves and Contingent Resources. Mr Hattner is a full-time employee of NSAI, has over 30 years of industry experience and 20 years of experience in reserve estimation, is a licensed geologist and a member of the Society of Petroleum Engineers (SPE), and has consented to the use of the information presented herein. The estimates in the reports by Mr Hattner have been prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum and Resource Management System (PRMS) approved by the SPE, utilising a deterministic methodology.

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

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