



Investor Presentation

February 2012



blueenergy
limited

Disclaimer



This presentation may contain forward looking statements that are subject to risk factors associated with the gas and energy industry. It is believed that the expectations reflected in the statements contained within are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to price and currency fluctuations, geotechnical factors, drilling and production results, development progress, operating results, reserve estimates, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

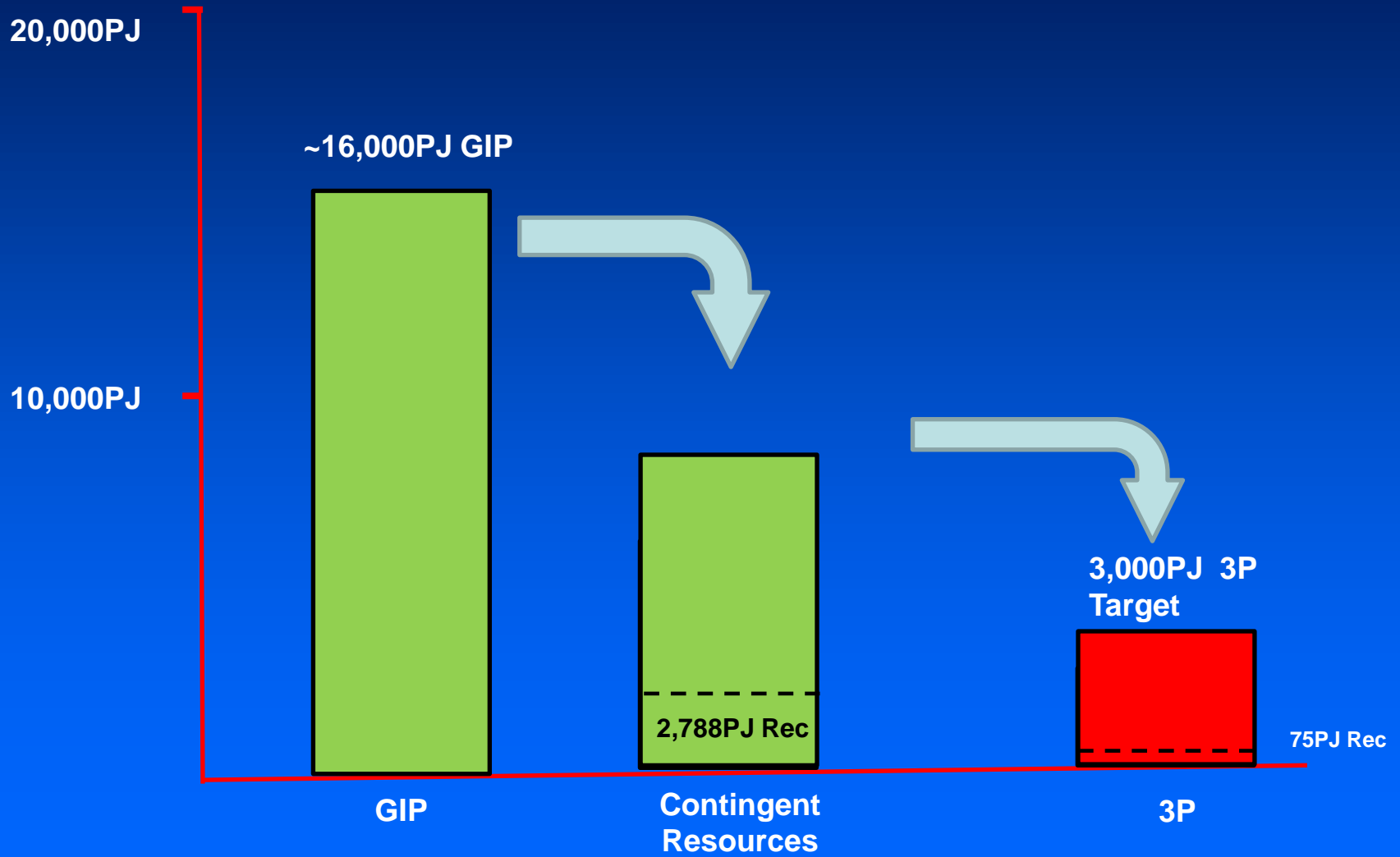
Competent Person Statement

The estimates of 3P reserves and contingent resources for ATP814P and ATP813P have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc. Mr Hattner is a full time employee of NSAI, has over 30 years of industry experience and 20 years' 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).

Blue Energy's Vision

**3,000PJ of 3P reserves in the eastern
Australian LNG province by 2014**

Blue's Resource and Reserve Potential



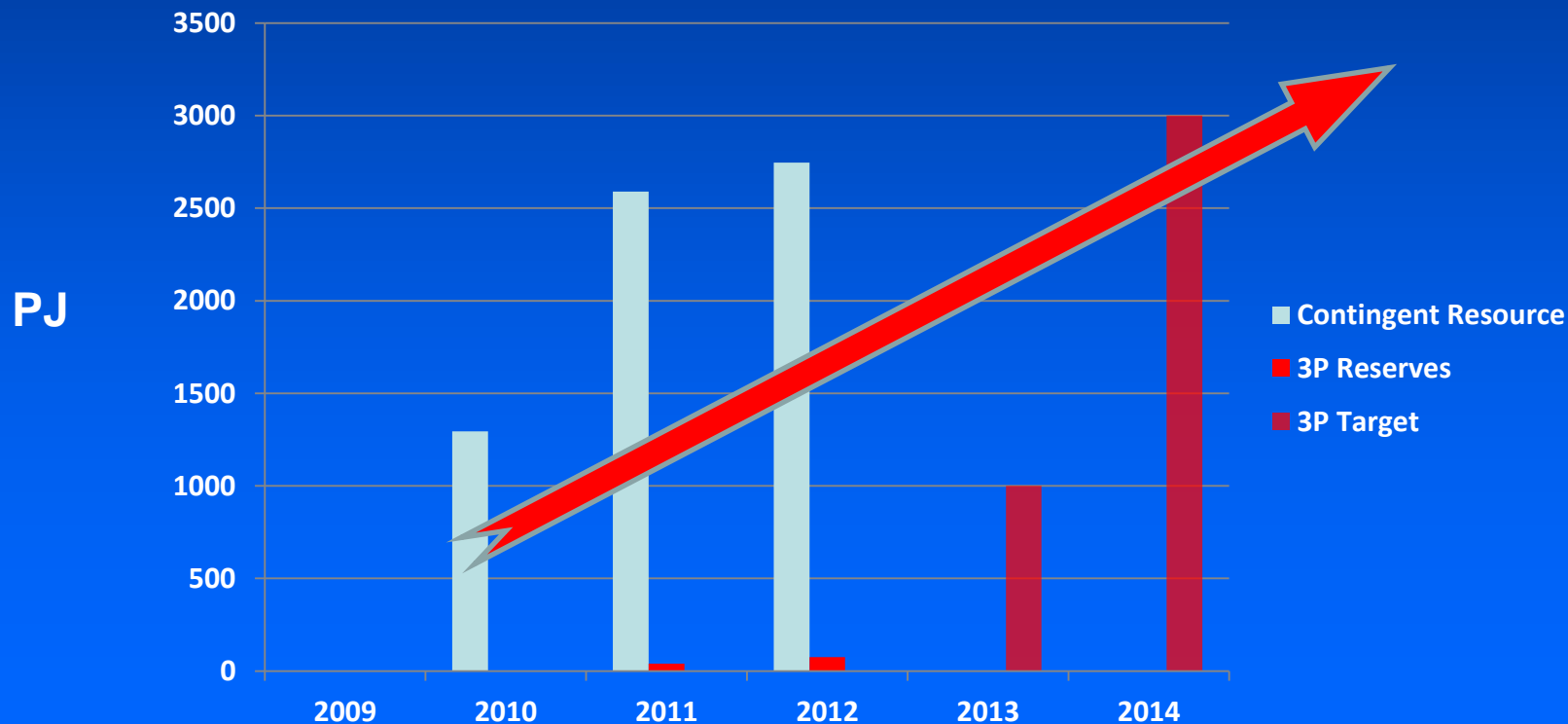
Strategy

- Low cost evaluation programs in high graded permits
- Leverage information from adjacent competitor acreage
- Convert resources to reserves with pilot production wells
- Access upside in portfolio and seek new exploration opportunities

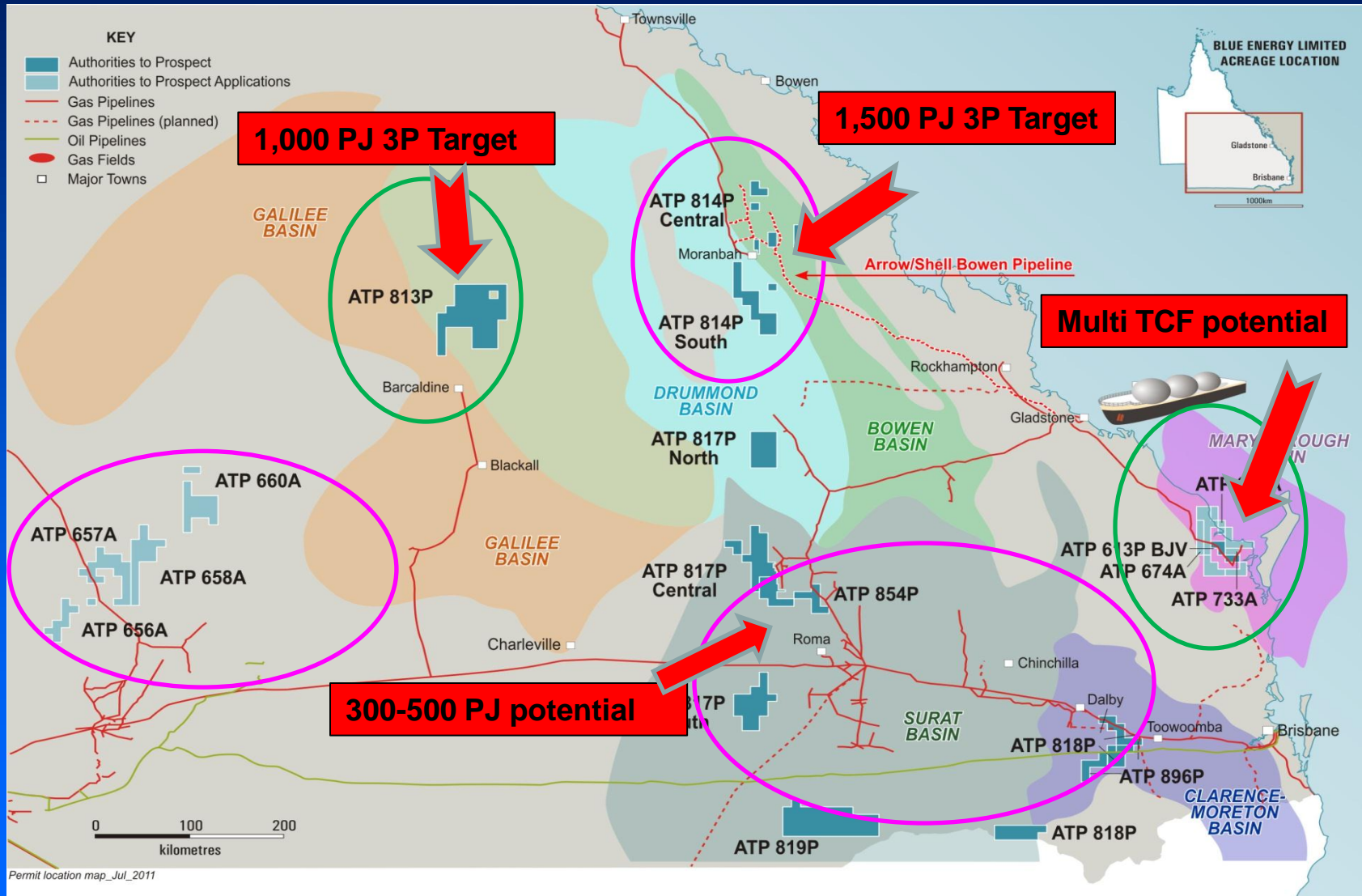


Reserves/Resources Evolution

- **3P Reserves:** 75PJ (annual growth rate = 322%)
- **3P + 2C:** 749PJ
- **Contingent Resources:** 2,788PJ **3C** (annual growth rate = 1,307%)
- **Upside potential in the Maryborough Basin Shale play – Multi TCF potential**



Corporate Snapshot – Asset Spread



Asset Activity – Bowen Focus



- **Monslatt Block -**
 - **Blue activity** 3 fully cored wells
2 stratigraphic control wells
5 Pilot production wells – 3 now dewatering

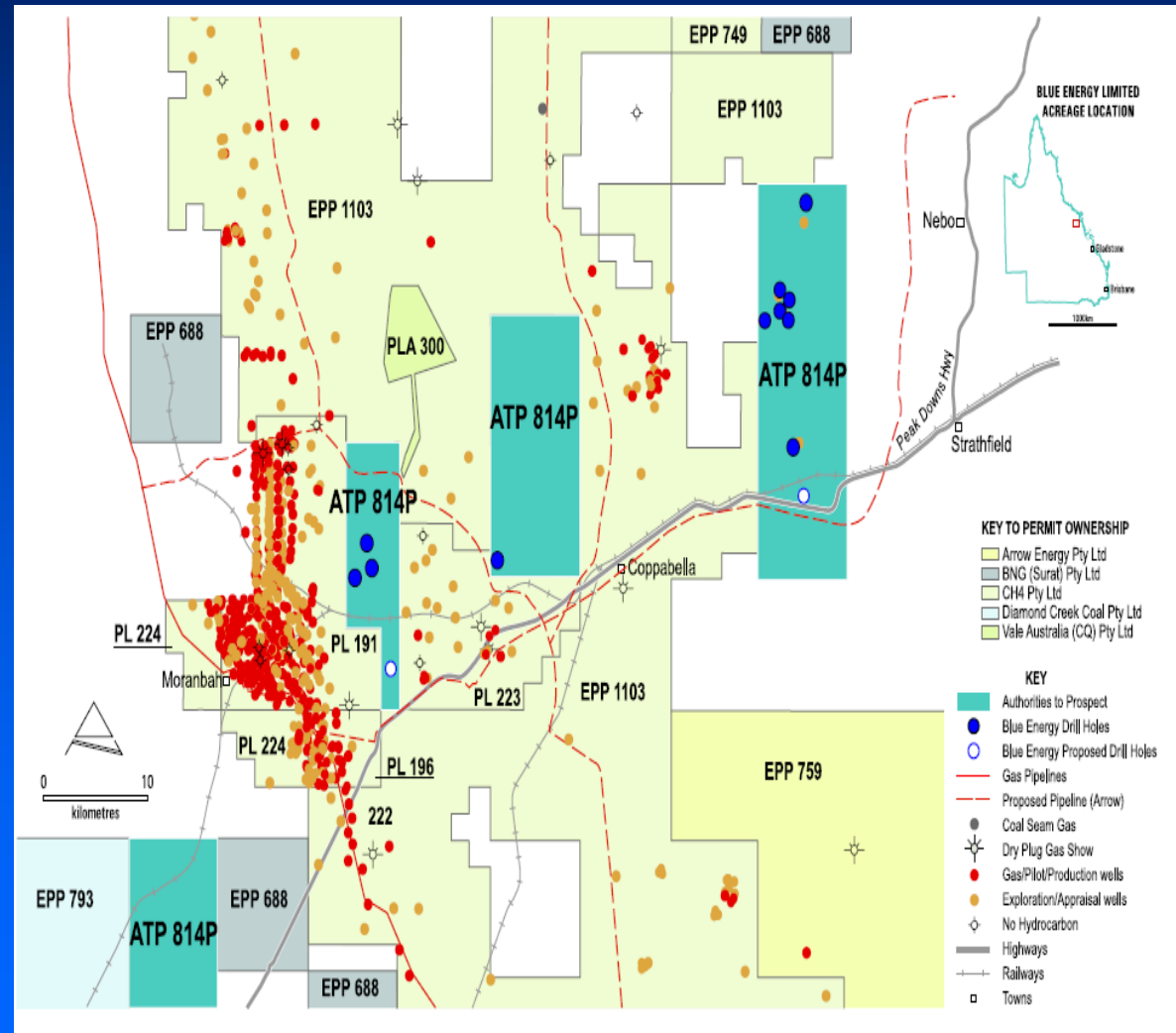
Delivered - 1,451 PJ 3C Contingent Resources

- **Sapphire/Central Blocks – Data sharing agreement with Arrow through NSAI**
 - **Blue activity** 6 fully cored wells
1 production pilot well – yet to be placed on test

***Delivered - 75 PJ 3P Reserves
783 PJ 3C Contingent Resources***

Asset Overview – Bowen Basin

- Blue acreage has low well density
- Very active work program in Shell/Petrochina permits
- Current competitor gas production
 - 46TJ/day
 - 16PJ pa
- Gas export infrastructure being developed



Corporate Snapshot

Experienced Board and Management

Employees	13
Shares on Issue	722.48m
Market Capitalisation	\$53m
Cash (at 31 Dec 2011)	\$5m
Acreage	21,049km²
Reserves (3P)	75PJ
3P + 2C	749PJ
Resource Base (3C rec)	2,788PJ

SIGNIFICANT SHAREHOLDERS

ANZ Nominees	15.7%
Stanwell Corporation	12.1%
KOGAS	8.7%
Mathews Capital	7.7%



Board and Management



BOARD

- **Mr Peter Cockcroft (Chairman)** International Gas and LNG veteran
- **Mr John Phillips (CEO & MD)** Technical and Management background – petroleum/CSG
- **Dr Paul Massarotto** Technical specialist and research background
- **Mr Heung Bog Lee** Engineering expertise in global LNG
- **Ms Karen Johnson** Accounting, audit and governance specialist
- **Mr Rod Cameron** Financial executive experience in energy and resources

MANAGEMENT

- **Mr John Phillips (CEO & MD)** Geologist with 27 years oil and gas experience
- **Mr Stuart Owen (CFO & Comp Sec)** Energy industry finance and accounting background
- **Mr Clif Hefner (E&P)** International O&G and Australian CSG experience
- **Mr James van Rooyen (Drilling)** Domestic and International drilling background

Health, Safety and Environment

- 4 years LTI free
- No environmental incidents



2012 Proposed Work Program



- **Bowen Basin**
 - **Sapphire Block:**
 - Drill 2 new pilot wells;
 - Complete and put on test Sapphire 4, 5 & 6

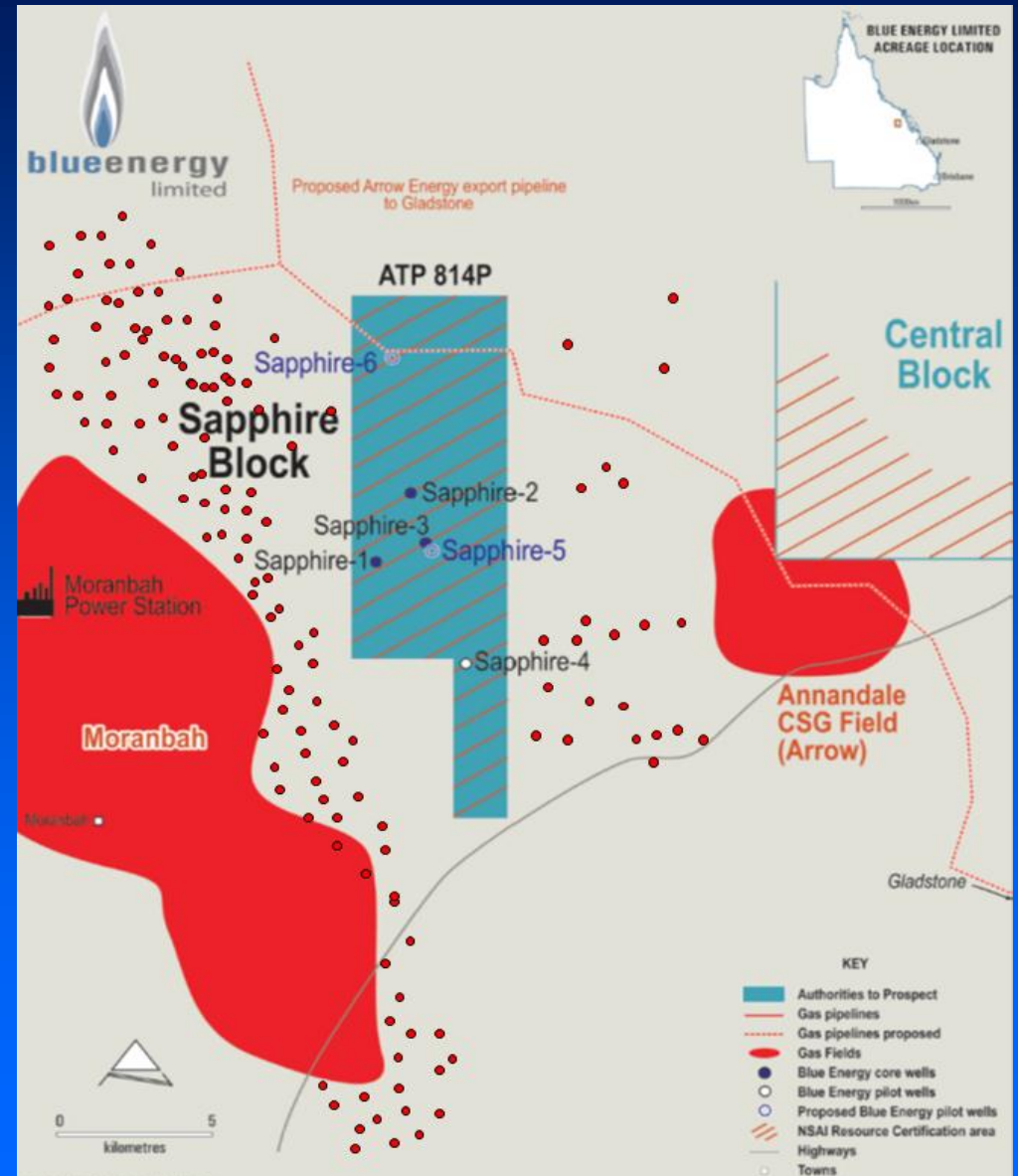
 - Success case yields up to 322PJ 2P reserves

- **Monslatt Block:** Continue pilot production testing;
Complete and test Monslatt 9
 - Success case yields up to 500PJ 2P and 1,200PJ 3P

- **ATP854 P Block (adjacent to Fairview)**
 - Drill a lateral well and production test

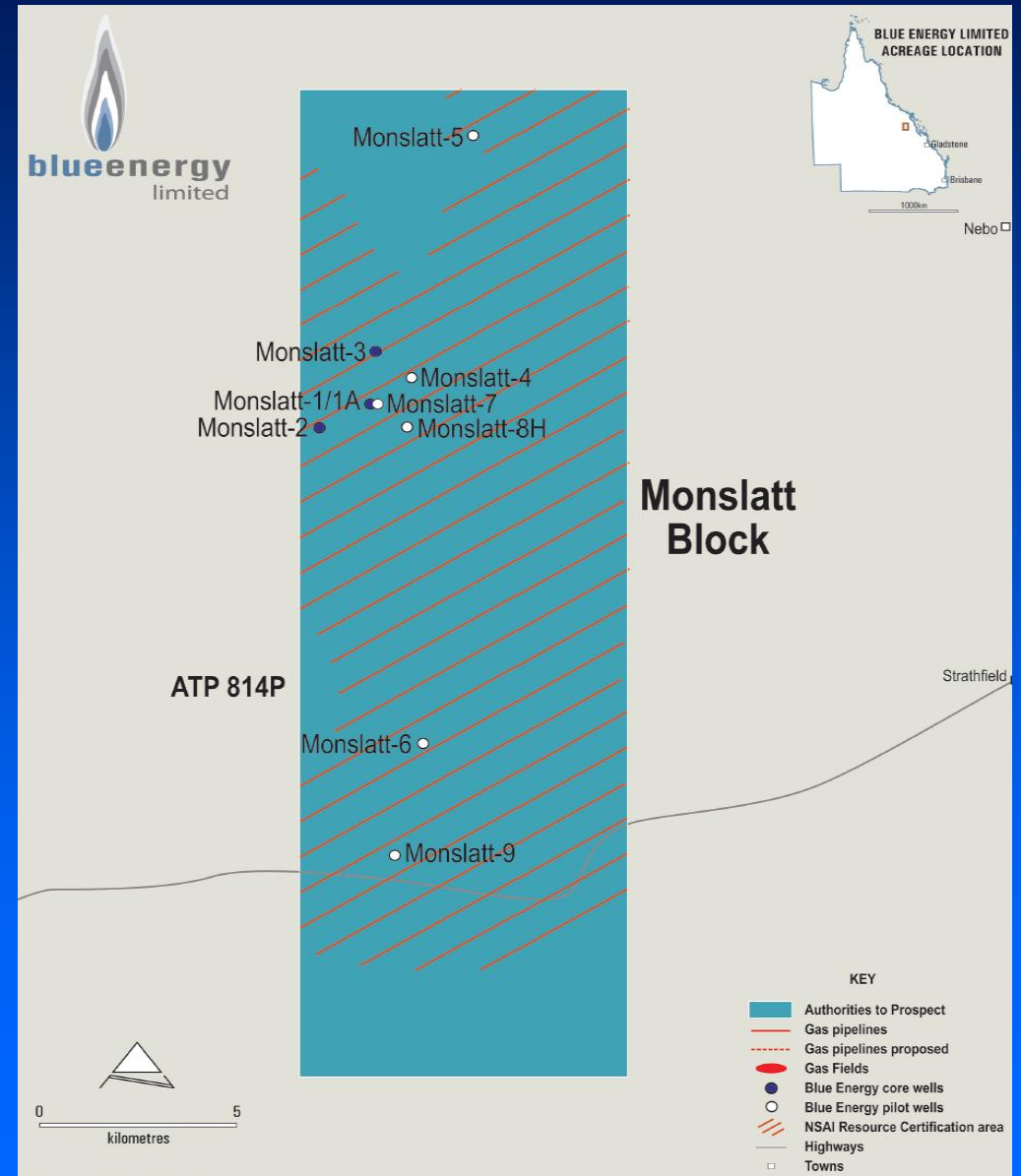
Program Overview – Bowen Basin

- Sapphire Block is adjacent to Shell/Arrow reserves/production – designated for Gladstone
- Reserves attributed to block by NSAI – based on adjacent (Arrow) production from Fort Cooper CM
- Successful pilot testing at Sapphire 4 will add to reserves
- Drilling of Sapphire 5 & 6 with successful production testing will deliver up to 322PJ of 2P reserves



Program Overview – Bowen Basin

- Pilot testing at Monslatt continues
- Monslatt 9 extended the field
- Establishment of commercial flow rates in Monslatt 5, 7/8, 6 and 9 will deliver up to
 - 500PJ 2P
 - 1,200PJ 3P



Commercialization Strategies



- **Domestic Gas Sales**
 - Potential domestic gas shortfall – upward price pressure
- **Gas Fired Power Generation**
 - Niche position around energy sinks – Bowen Basin coal fields
- **Micro LNG – Diesel Substitution**
 - High margin fuel substitution concept – low emission alternative
 - Bowen Basin area offers potentially huge market
- **Export LNG**
 - High netback option
 - Corporate activity suggests export LNG proponents are short of gas
 - Blue's Bowen Basin asset is strategically located

Upside to Reserves

- Deep CSG potential in current portfolio
 - Bowen and Surat Basin acreage – deep Moranbah and Walloon sections
- Shale Gas potential in current portfolio
 - Significant potential resource in the Maryborough – close to Gladstone demand – “Company maker” – multi TCF potential
 - Shale gas potential in Moranbah sequence (similar to Permian in the Cooper Basin)
- New exploration acreage opportunities
 - Expanding portfolio into frontier areas

Sector Consolidation Continues

■ CSG Sector consolidation to date

2007

QGC, Arrow, Santos, Origin,

Westside, Blue, Comet, Galilee, Icon

Sunshine Gas, Adelaide, Galilee, Pangaea

Gas, Pure Energy, Eastern Star Gas

Bow Energy, Apollo Gas, Pangaea, Vic Pet

2012

QGC/BG, Arrow (Shell/Petrochina)

Santos (GLNG), Origin (APLNG), Galilee

Westside, Blue, Comet, Exoma, Pangaea, Sydney



■ Metrics (from Wilson HTM Dec 2011)

EV/2P - A\$1.56/GJ2P (weighted average)

EV/3P – A\$0.57/GJ3P (weighted average)

■ On this basis Blue's current 75PJ 3P reserves has potential value of up to \$42 million

If Blue's current 3C contingent resource is assumed to have a potential value of \$0.15/GJ 3C :

ATP814P 3C Contingent Resource (2,234 PJ) may thus be valued up to A\$335 million

In Summary

- Blue on track to deliver the vision and strategy
- 2012 Program targets potential delivery of up to 822PJ 2P and 1,522PJ 3P
 - Will drill and put on test 3 new pilot production wells in 2012
 - Will continue to complete, stimulate and test the 5 Monslatt pilot wells
 - Pursue prospectivity in ATP854P – adjacent to Fairview
- Will exploit strategic location of gas assets
 - Bowen and Maryborough Basin assets adjacent to LNG gas supply province and gas export infrastructure
- Blue undervalued by recent metrics



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APPENDIX

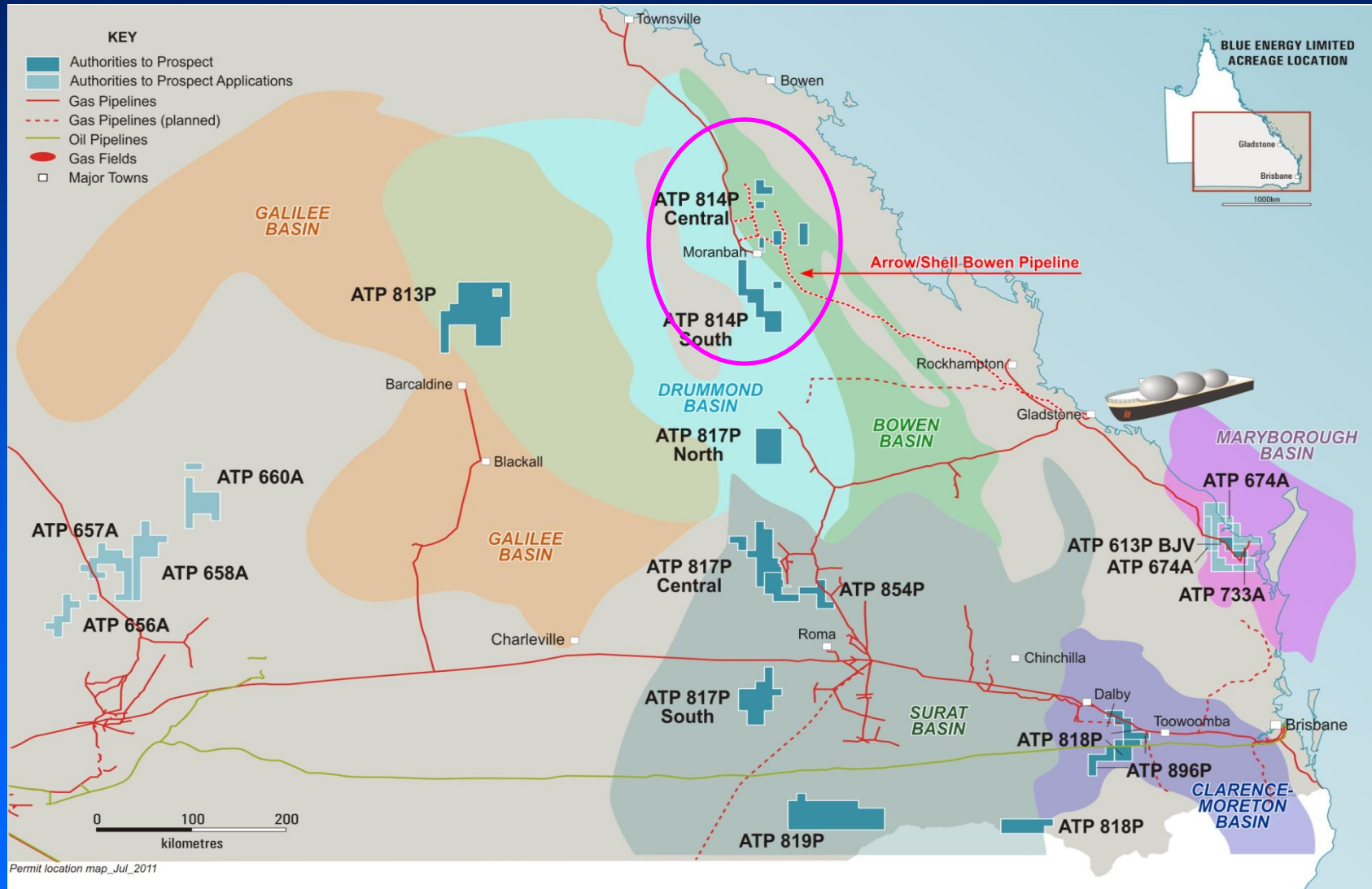
Asset Overview



Bowen Basin

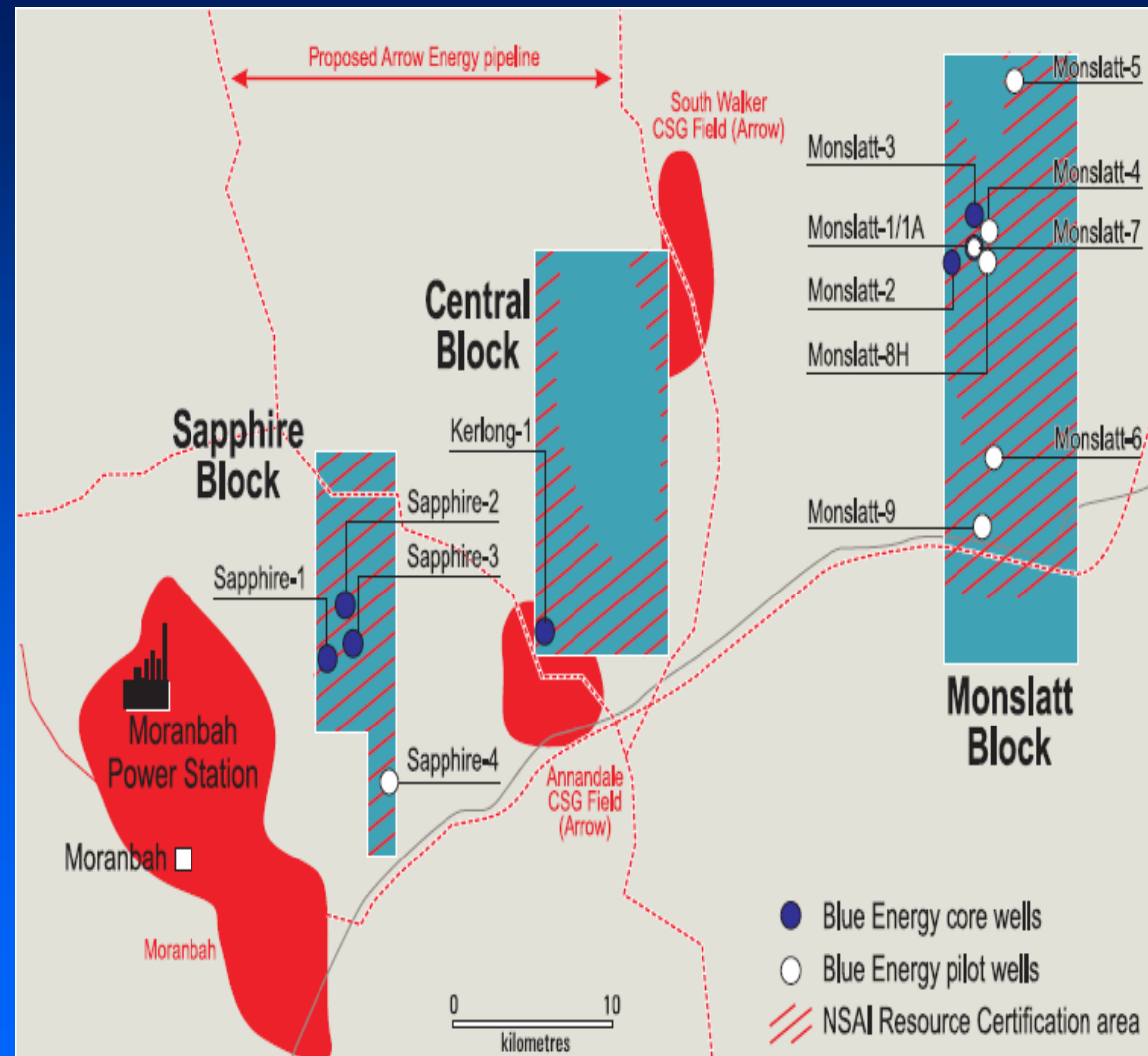
ATP814P – Blue Energy 100%

Asset Overview – Bowen Basin



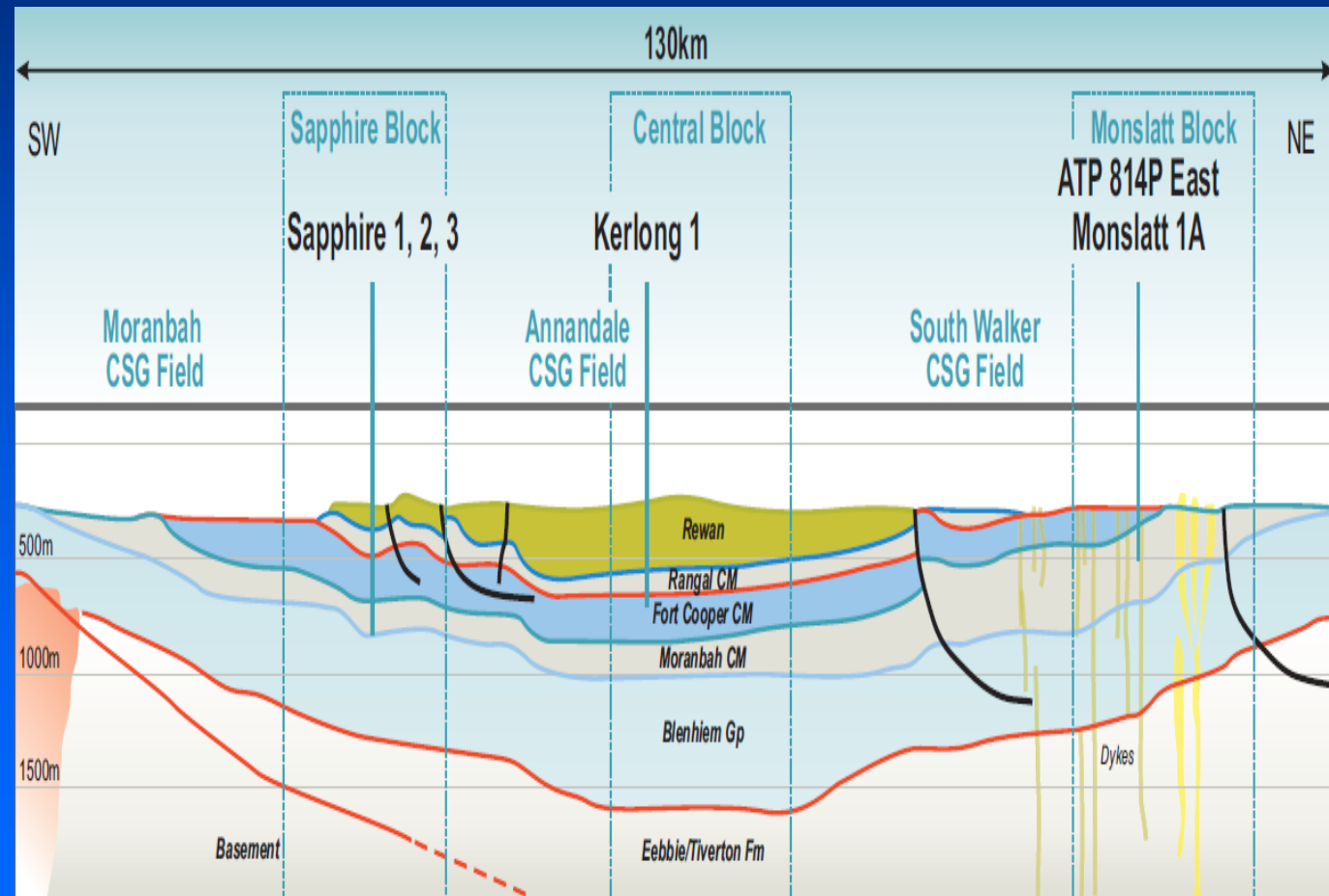
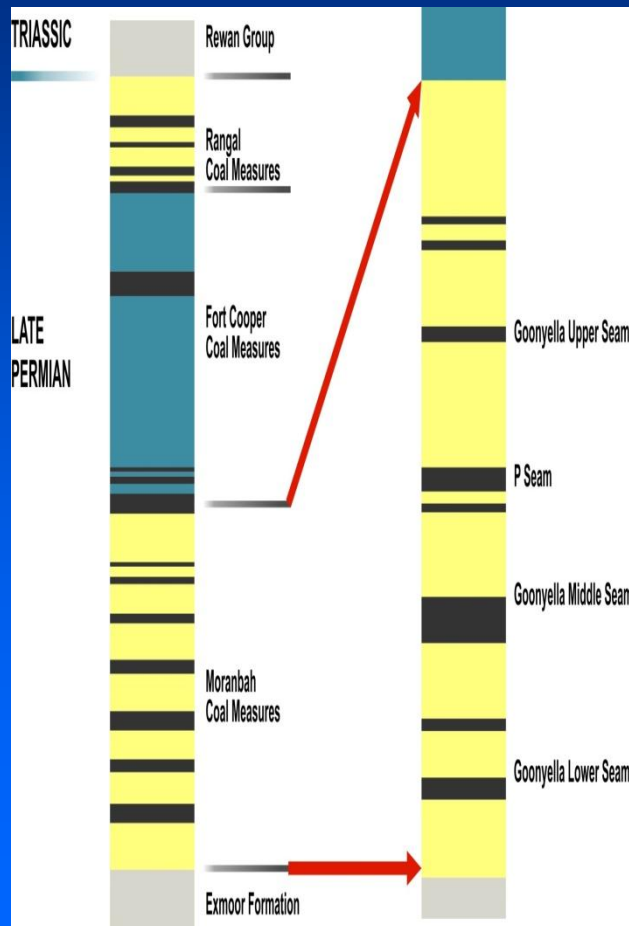
Asset Overview – Bowen Basin

- Adjacent to Shell/Arrow reserves/production
- Pilot testing continues with three wells de-pressuring
- No significant aquifer issues
- Drilled Monslatt 9 – extended field
- Drilled Sapphire 4 – flowed gas



Asset Overview – Bowen Basin

- Deep CSG potential yet to be tested



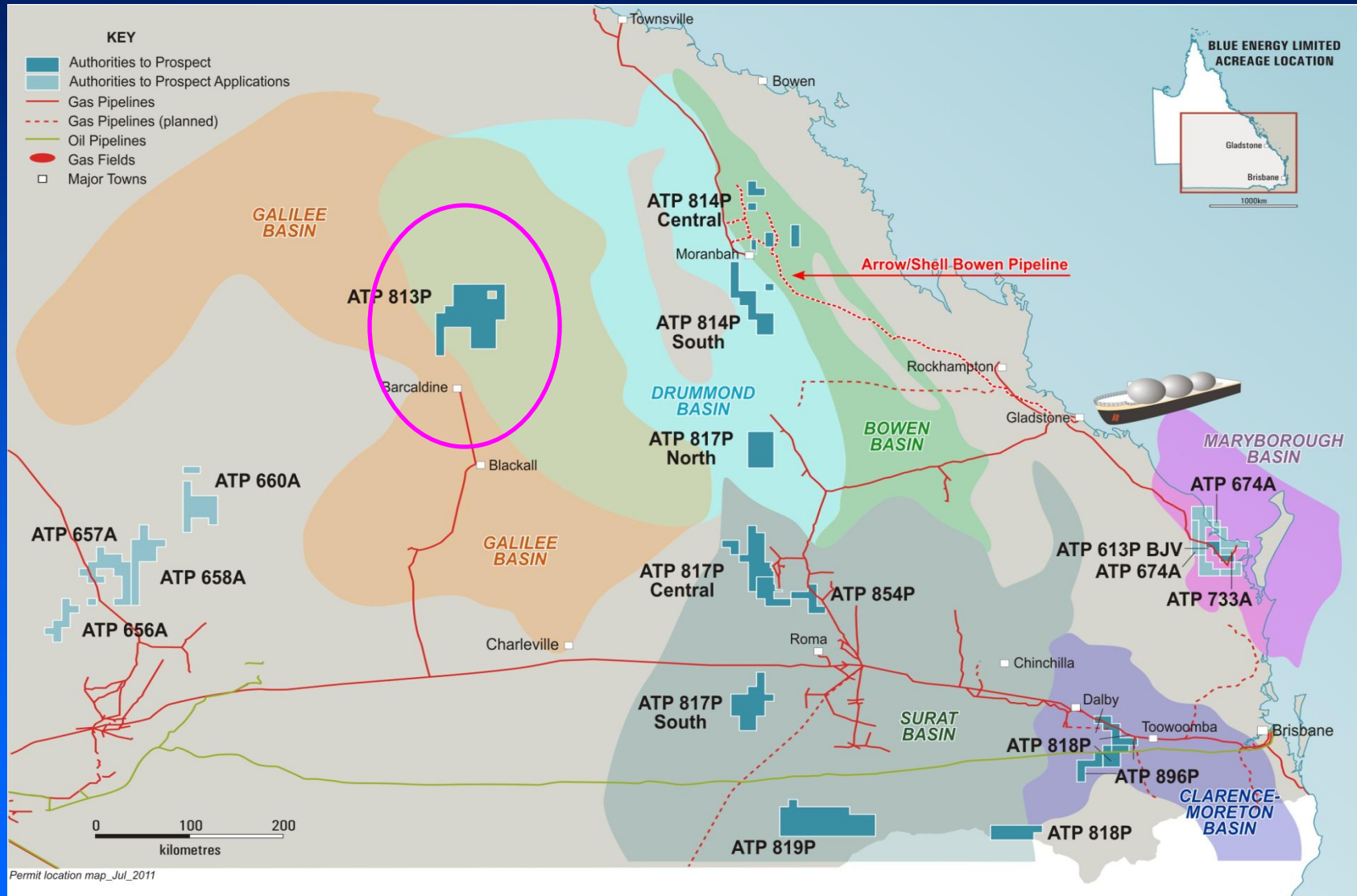
Asset Overview



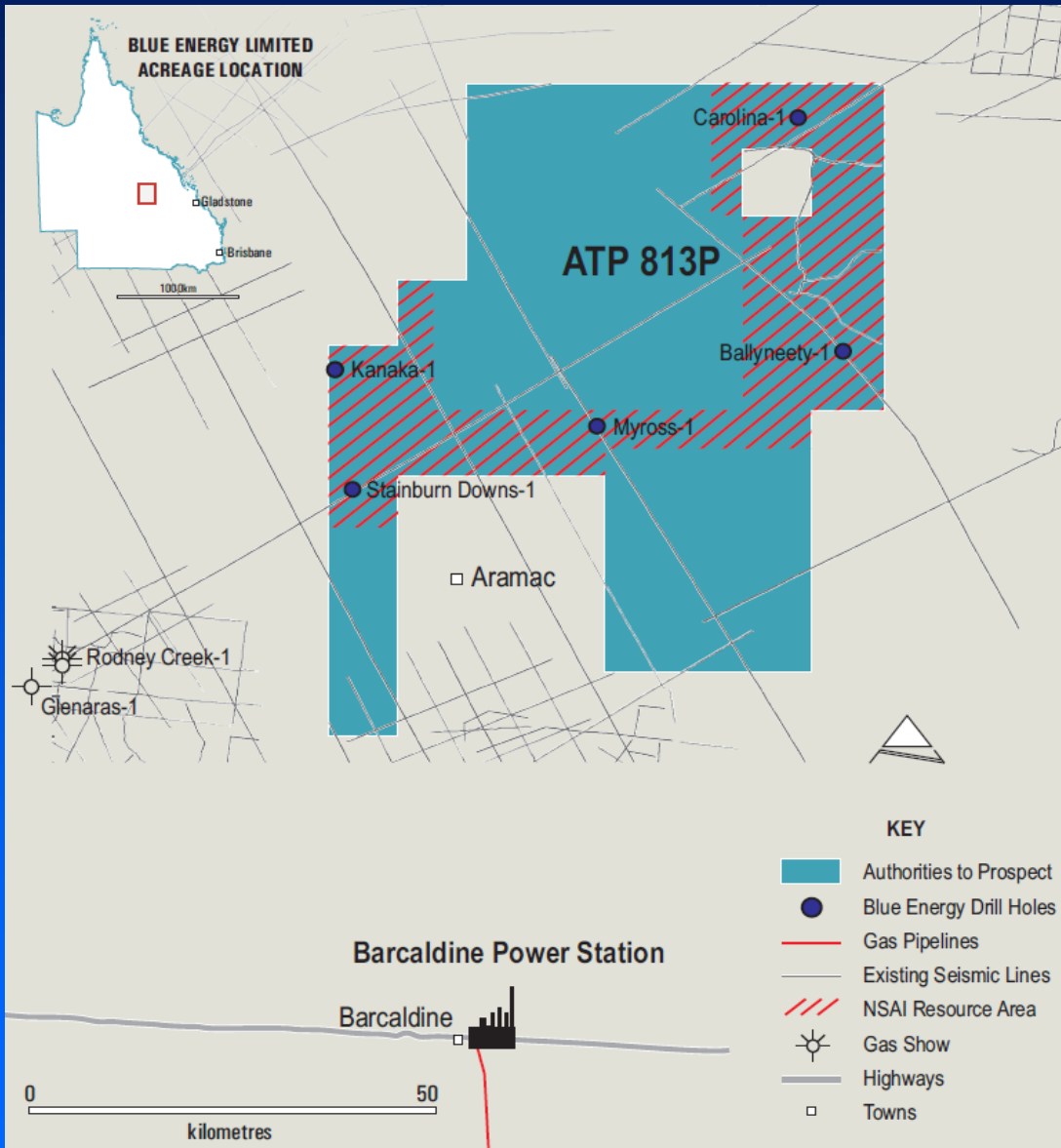
Galilee Basin

ATP813P – Blue Energy 100%

Asset Overview – Galilee Basin

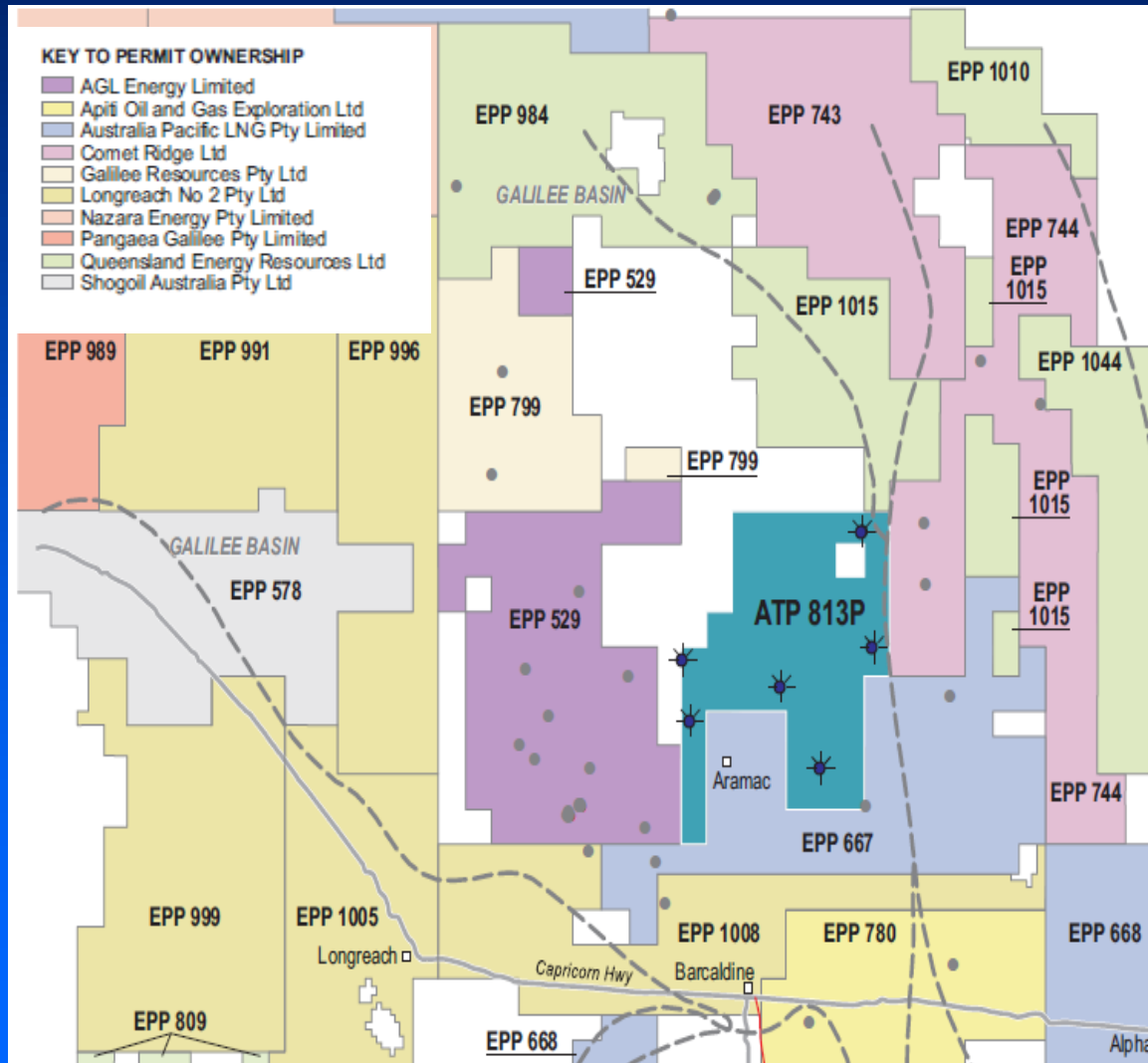


Asset Overview – Galilee Basin



- 5 wells drilled to date
- Extensive coals confirmed
- Resource Estimate by NSAI
 - 554PJ Contingent Resource
 - 1,143PJ Prospective Resource
- Planning underway for additional core program and pilot test wells

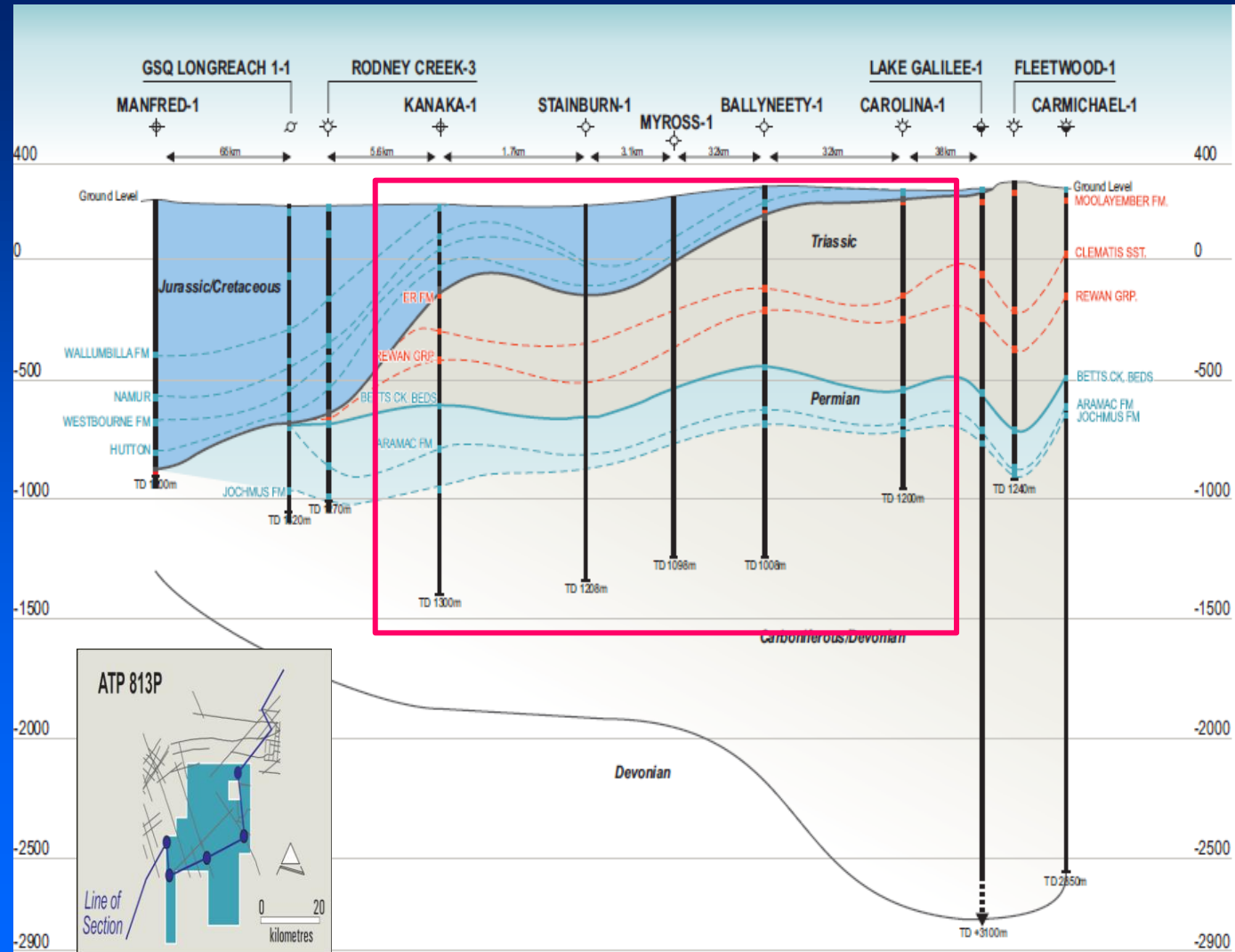
Asset Overview – Galilee Basin



- Aggressive competitor exploration activity in progress.
- Galilee/AGL now flowing gas – first for the basin
- Level of interest set by deal flow
- 2009: AGL spent \$37m to earn 50% in ATP529P
- 2010: CNOOC farming into Exoma acreage for \$50m to earn 50% interest in 26,800km²

Asset Overview – Galilee Basin

- Our basin position is optimal
- Extensive thick coal distribution
- Vertical separation of aquifers and coals



Asset Overview

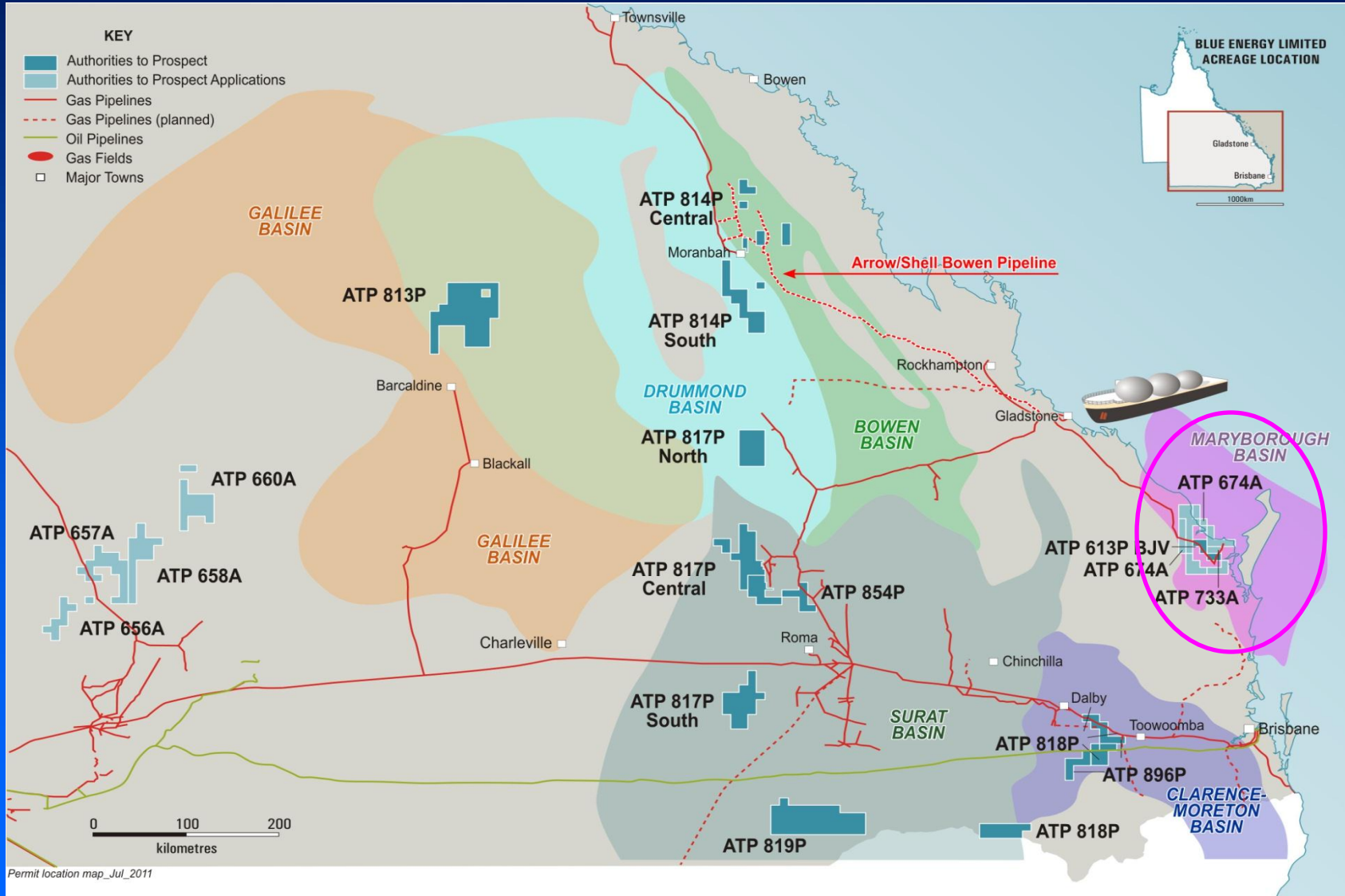


Maryborough Basin

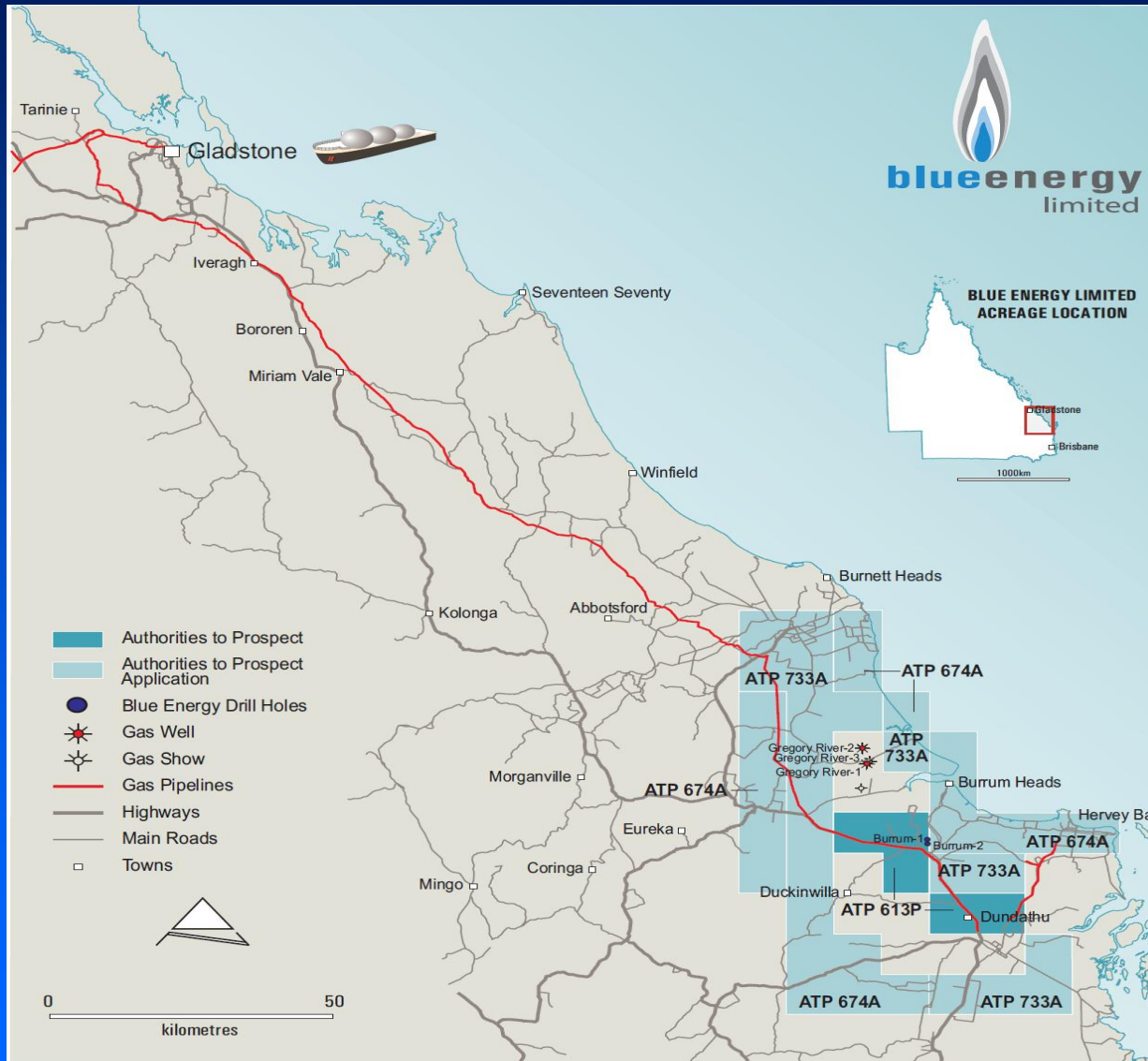
ATP613P, ATP674A, ATP733A

Blue Energy 75% (post farm in)

Asset Overview – Maryborough Basin



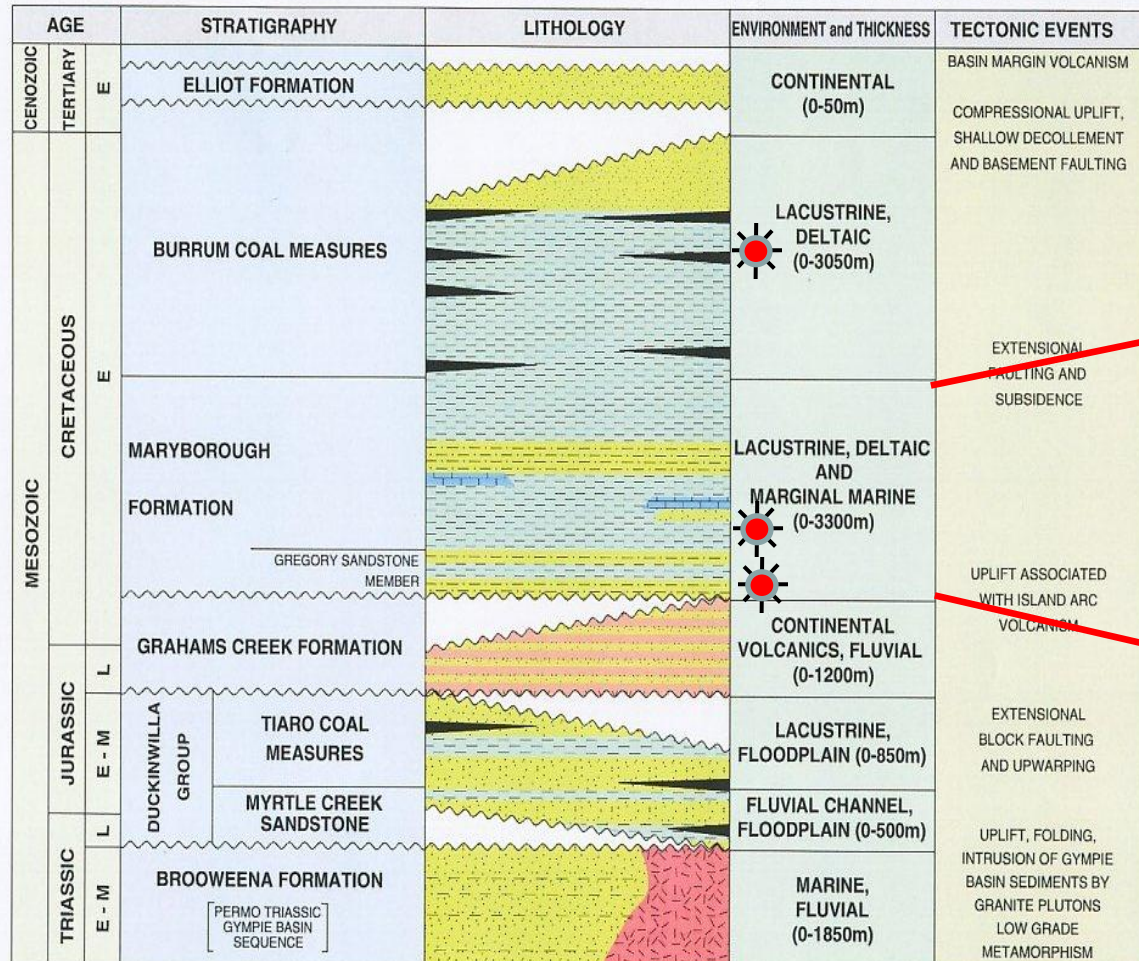
Asset Overview – Maryborough Basin



- Awaiting Permit awards
- All requirements satisfied for award
- Multiple potential hydrocarbon plays
 - Conventional
 - CSG
 - Shale gas
- Beach Energy now majority shareholder in Adelaide Energy – positive result for Maryborough asset
- Strategic location for both domestic and export gas supply.

Asset Overview – Maryborough Plays

STRATIGRAPHIC SUMMARY - MARYBOROUGH BASIN



FIGURE

- Camar Siltstone
- Theodolite Siltstone
- Isis Arenite
- Goodwood Mudstone
- Woodgate Siltstone
- Cherwell Mudstone
- Gregory Sandstone

- Gregory Sandstone – conventional gas potential
- Burrum & Tiaro Coal Measures – CSG potential
- Shale Gas – Maryborough Fm
- Gas indications in Cherwell Mudstone – Gregory River 3 well

Asset Overview EIA Assessment

- Sparsely explored basin
- Thick marine shale established
- Compares well with other Australian shale basins
- Potentially significant resource

Basic Data	Basin/Gross Area		Cooper Basin (46,900 mi ²)	Maryborough Basin (4,290 mi ²)	Perth Basin (12,560 mi ²)		Canning Basin (181,000 mi ²)
	Shale Formation		Roseneath-Epsilon-Murteree	Goodwood/Cherwell Mudstone	Carynginia Shale	Kockatea Fm	Goldwyer Fm
	Geologic Age		Permian	Cretaceous	Upper Permian	Lower Triassic	M. Ordovician
Physical Extent	Prospective Area (mi ²)		5,810	1,555	2,180	2,180	48,100
	Thickness (ft)	Interval	0 - 1,800	300 - 3,000	300 - 1,500	300 - 3,000	300 - 2,414
		Organically Rich	500	1,250	950	2,300	1,300
		Net	300	250	250	230	250
	Depth (ft)	Interval	6,000 - 13,000	5,000 - 16,500	4,000 - 16,500	3,300 - 16,500	3,300 - 16,500
Average		8,500	9,500	10,700	10,000	12,000	
Reservoir Properties	Reservoir Pressure		Moderately Overpressured	Slightly Overpressured	Normal	Normal	Normal
	Average TOC (wt. %)		2.5%	2.0%	4.0%	5.6%	3.0%
	Thermal Maturity (%Ro)		2.00%	1.50%	1.40%	1.30%	1.40%
	Clay Content		Low	Low	Low	Low	Low
Resource	GIP Concentration (Bcf/mi ²)		105	110	107	110	106
	Risky GIP (Tcf)		342	77	98	100	764
	Risky Recoverable (Tcf)		85	23	29	30	229