

3 June 2010



ASX/Media Release

Activity Update

Blue Energy Limited (ASX: BUL) provides the following update on activities in both the Galilee and Bowen Basins.

ATP813P Galilee Basin (BUL 100%):

Myross 1: The Myross 1 core hole, located approximately 40 kilometres north east of the town of Aramac has been drilled to a total depth of 1,098 metres. Wireline logs have been acquired and these are now being interpreted and consolidated into the regional geological framework for the area. A total net coal thickness of 21 metres was intersected in the well and samples from these coals are currently still on desorption test to determine gas content. The rig has mobilised to the Ballyneety 1 CSG corehole which is located approximately 20 kilometres north east of the Myross 1 location.

Ballyneety 1: The Ballyneety 1 core hole spudded on 30 May 2010 and is currently drilling ahead in the Jurassic section at a depth of 291 metres. The well is located approximately 50 km from the township of Aramac and is designed to assess the coal seam gas potential of the Permian aged Betts Creek Formation and Aramac Coal Measures. The well is programmed to drill to a total depth of 1,070 metres.

ATP814P Bowen Basin (BUL 100%):

Sapphire 2 corehole well: The Sapphire 2 well is currently at a depth of 614 metres and is coring ahead in the Moranbah Coal Measures. Sapphire 2 is designed to assess the Moranbah, Fort Cooper and Rangel Coal Measures immediately adjacent to Arrow Energy's Moranbah Gas Project. The well is located approximately 25 kilometres north east of Moranbah.

Monslatt 5 Pilot Production well: The Monslatt 5 well spudded on 29 May 2010 and this morning was at a depth of 250 metres and preparing to drill out of 9 5/8" surface casing. The well is located in the northern part of the Monslatt Block and approximately 5 kilometres north of the Monslatt 4 well and 12 kilometres west of the township of Nebo. The well is designed to obtain both permeability and production test data from the Moranbah Coal Measure coals and will assist in conversion of the 3,532PJ Contingent Resource Estimate obtained from NSAI to 2P and 3P Reserves.

END

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Figure 1: ATP814P Drilling Program Location Map

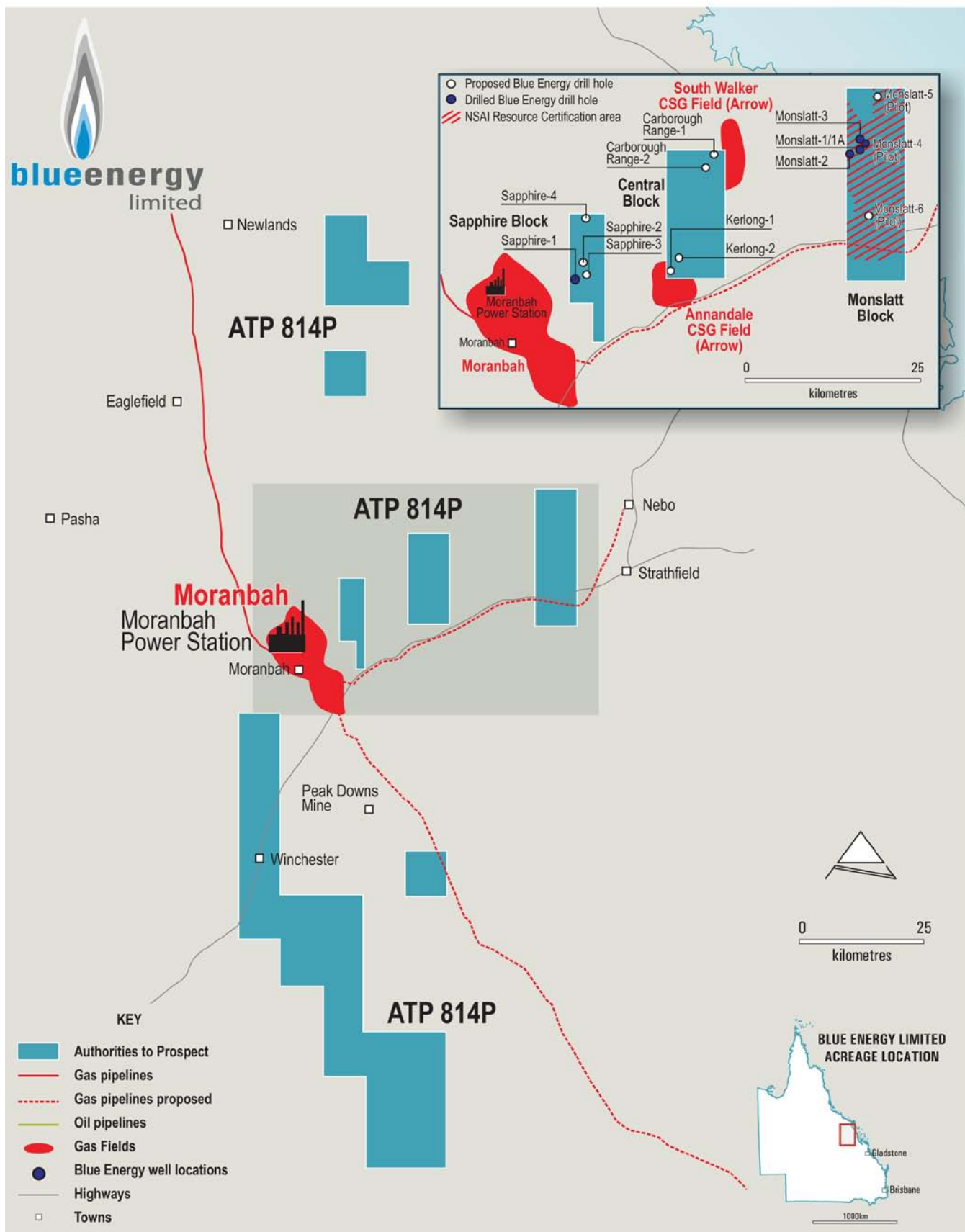


Figure 2: ATP813P Drilling Program Location Map

