

17 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%):

Ballyneety 1: The Ballyneety 1 core hole has reached a total depth of 1,008 metres, has acquired wireline logs and will be plugged and suspended. The well is located approximately 50 kilometres from the township of Aramac and was designed to assess the coal seam gas potential of the Permian aged Betts Creek Formation and Aramac Coal Measures. Following completion of activities on the well, the rig will be mobilised to ATP814P to commence exploration activities in the Central Block. Data from the initial Galilee Basin exploration phase will now be collated and interpreted prior to further decisions on the second exploration phase in the ATP813P.

ATP814P Bowen Basin (BUL 100%):

Sapphire 2: The Sapphire 2 core well has reached its target depth of 1,050 metres. Logging is in progress. Sapphire 2 is designed to assess the Moranbah, Fort Cooper and Rangal 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 has reached a total depth of 806 metres and has run 7" production casing after acquiring wireline logs. 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. Following completion of activities on Monslatt 5, the rig will move to the Monslatt 6 Pilot production well.

END

For further information please contact:

John Phillips
Chief Executive Officer
Blue Energy Limited
Tel: +61 7 3270 8800

Figure 1: ATP814P Drilling Program Location Map

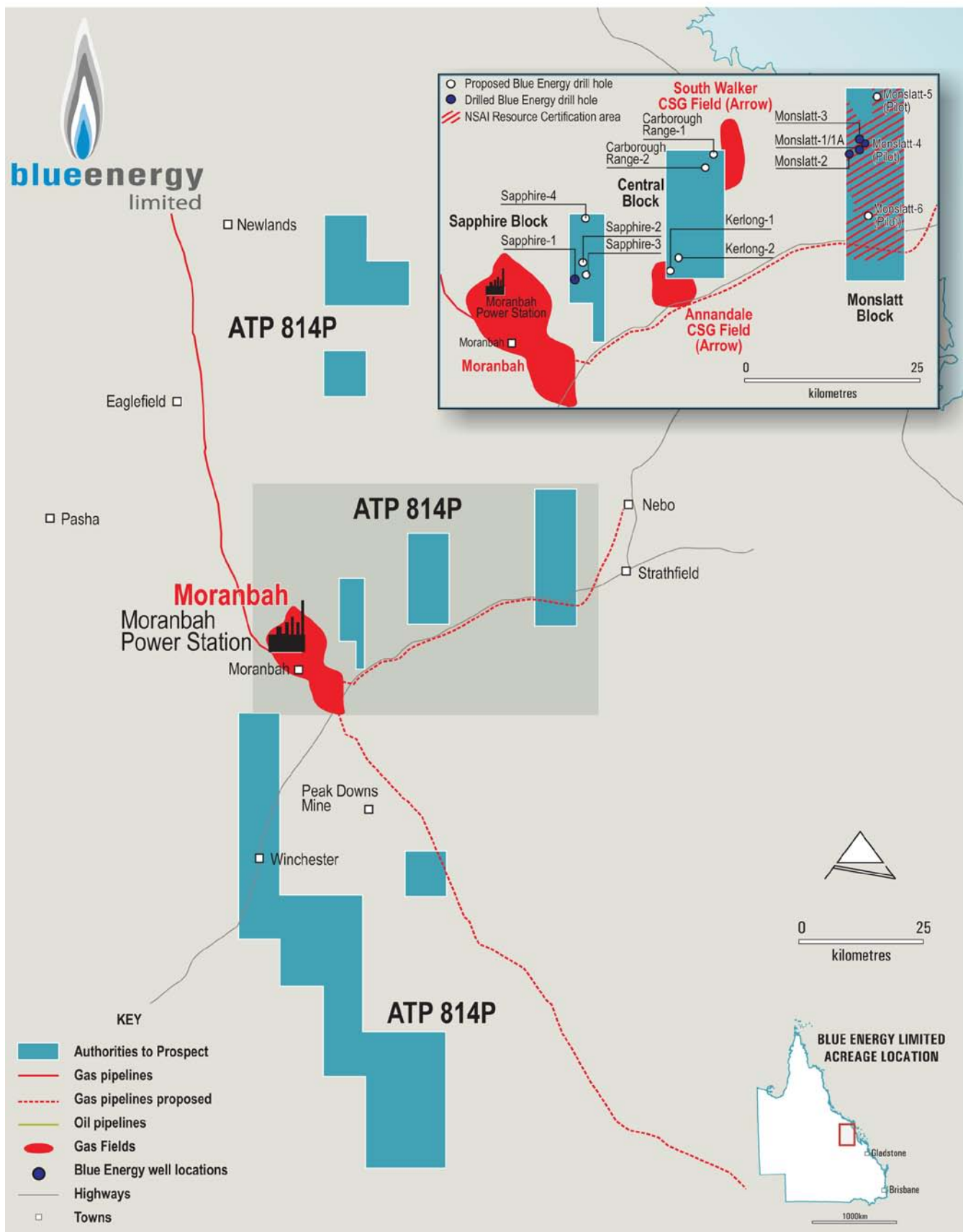


Figure 2: ATP813P Drilling Program Location Map

