

22 January 2010

ASX/Media Release

Drilling Update

Blue Energy Limited (ASX: BUL) is pleased to advise the following update in its drilling activities in the Bowen and Galilee Basins in Queensland:

ATP 814P Bowen Basin (BUL 100%):

Monslatt 3: The core well is at a depth of 546 metres and coring ahead in the primary objective Moranbah Coal Measures having set intermediate casing at 329 metres. To date the well has intersected a total net coal thickness of 12 metres with initial field gas content up to 11 m³/tonne (after 2 days on desorption test). The proposed total depth for the well is approximately 900 metres.

ATP 813P Galilee Basin (BUL 100%):

Stainburn Downs 1: The Lucas- Mitchell Rig 180 spudded the Stainburn Downs 1 corehole on 19 January 2010. The well is currently at a depth of 908 metres and drilling ahead in the Triassic Rewan Formation toward an intermediate casing point of approximately 940 metres. Coring operations through the Permian Betts Creek Formation target will commence after intermediate casing has been set (expected late Sunday). Total depth for the well is expected to be approximately 1,220 metres.

END

For further information please contact:

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Figure 1: ATP813P Drilling Program Location Map

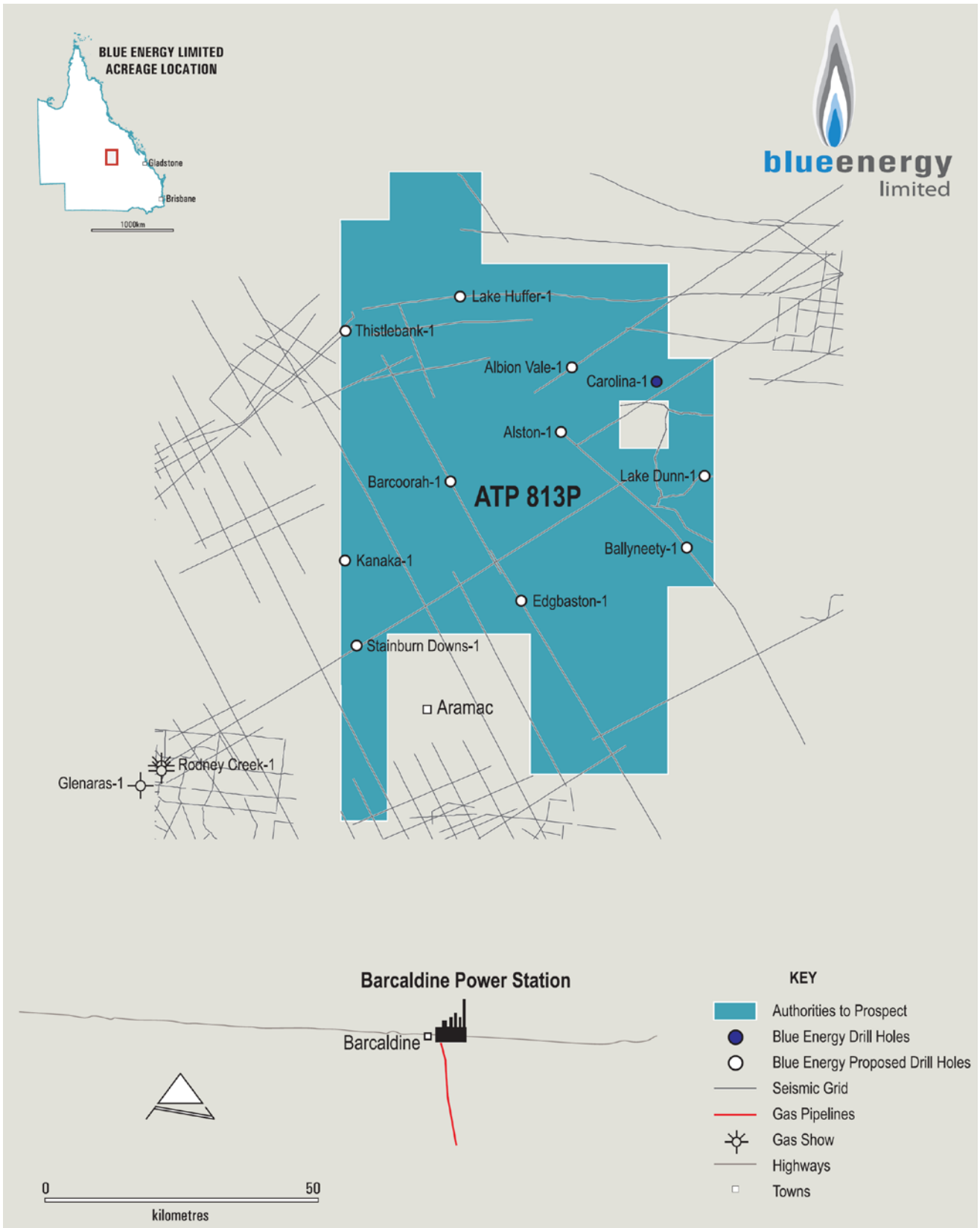


Figure 2: ATP814P Drilling Program Location Map

