



KOGAS
KOREA GAS CORPORATION



29 June 2009

MEDIA ANNOUNCEMENT

KOGAS SHARE PLACEMENT AGREEMENT EXECUTED

Blue Energy Limited (ASX: BUL) is pleased to announce that the Share Placement Agreement (SPA) with Korea Gas Corporation (KOGAS) has been approved by the Boards of both KOGAS and Blue Energy and duly executed. KOGAS will pay **\$12.571 million** to acquire 62,855,000 shares in Blue Energy, at a price of \$0.20 per share.

On closing of the Placement, which is subject to Foreign Investment Review Board approval, KOGAS will hold 10% of the Company's issued capital and will have the right to nominate a director to the Blue Energy Board.

Executive Chairman, Peter Cockcroft, said "signing of the SPA with KOGAS will provide Blue Energy with additional funds to enable the Company to further its exploration program, particularly in ATP814P which is adjacent to Arrow Energy's Moranbah production and ATP813P in the Galilee Basin. It is confirmation of the confidence in the Company's strategic direction, the quality of our assets and the expertise of our people. Blue Energy views KOGAS as a key long term strategic partner and together with the Company's existing alliance with Stanwell Corporation provides the foundation for Blue Energy to deliver on both our short term domestic gas and medium term export market strategies."

The Board of KOGAS approved the investment in Blue Energy following a rigorous due diligence process conducted by KOGAS's technical team, consultants RISC, legal advisers Minter Ellison and financial advisers Ernst & Young.

The funds from the KOGAS placement when combined with \$22.3 million raised through the recent Share Purchase Plan and existing cash reserves will enable Blue Energy to significantly progress the work program designed at achieving first reserve certification in the second quarter of 2010.

For further information please contact:

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About Blue Energy

Blue Energy Limited is a publicly-listed Australian energy company that undertakes exploration and development of Coal Seam Gas (CSG), Natural Gas and Conventional Oil resources within eastern Australia. The Company's acreage consists of fourteen tenements across six productive basins in Queensland and South Australia totalling over 33,000km².

About KOGAS

- KOGAS was incorporated by the Korean government in 1983. Since its founding, it has grown to become the world's largest LNG importer. It is listed on the Korean Stock Exchange (KSE) with 2008 total revenue of A\$24billion.
- KOGAS currently operates three LNG terminals and a nationwide pipeline network in Korea spanning over 2,700km.
- KOGAS received the sovereign credit rating of A3 and A for 2008, the highest credit rating ever given to a Korean company by Moody's and S&P.
- More information on KOGAS may be found on their website www.kogas.or.kr

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