

## About Galilee

Galilee Energy Limited (ASX:GLL) is an emerging energy company with coal seam gas interests in Australia.

Galilee holds two prospective coal seam gas and hydrocarbon tenements in the Galilee Basin in central Queensland through subsidiary, Galilee Resources. The tenements, ATPs 529P and 799P, cover approximately 9,000 Km<sup>2</sup>.

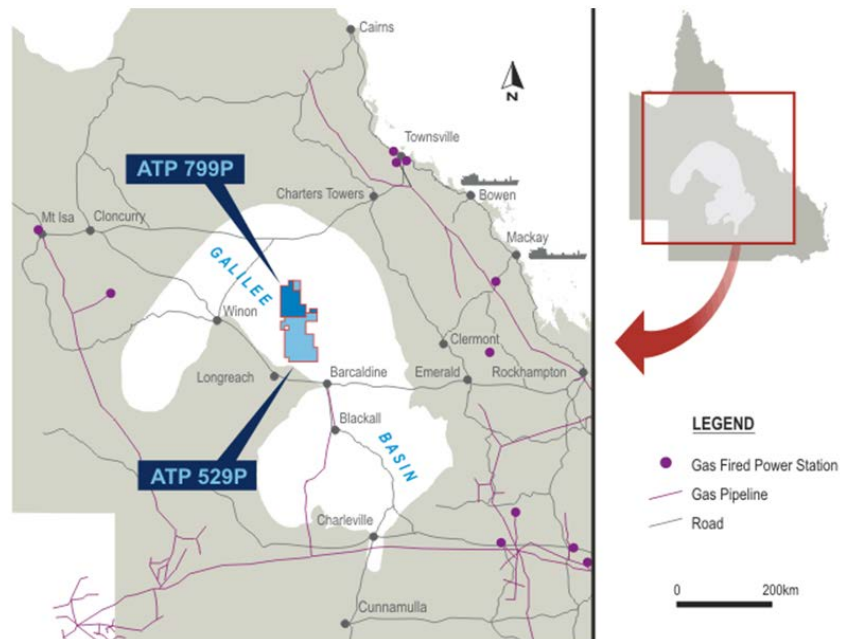
ATP 529P is held by the Galilee Gas Project, a 50/50 joint venture (JV) with AGL Energy Limited (AGL) under which AGL is the operator. ATP 799P is wholly owned and operated by Galilee.

Galilee has an experienced board and management with collective track records in growing junior resource companies. It is actively pursuing growth through hydrocarbon development opportunities.

## Galilee Gas Project

### KEY POINTS

- ❖ **Galilee Gas Project (ATP 529P JV with AGL)**
  - **Glenaras pilot - reserves campaign continues**
  - **Successful work-over of GA05**
- ❖ **ATP 799P exploration study ongoing**
- ❖ **Search for growth opportunities continues**
- ❖ **Cash at bank \$34.9 million**
- ❖ **No debt**



Map 1: Location of GLL's coal seam gas tenements

## **Galilee Gas Project (ATP 529P - Galilee 50%, AGL 50% and operator)**

After producing gas in late 2011 the focus of the Glenaras pilot has turned to stabilising performance, reducing water levels on all five holes and demonstrating commercial gas flow rates with an objective of continuous flow in the last Quarter of FY 2012.

### ***Ongoing activities***

Operation of the Glenaras pilot continues. At the time of writing all Glenaras wells are on-line and continue to de-pressure the coals with pilot operation stable at over 95% availability.

The JV parties undertook a number of activities to manage the operation of the pilot. Work included:

- Replace a failed transformer at Glenaras 03;
- Workover on Glenaras 05 to reduce water rates; and
- Install a lower capacity pump at Glenaras 05.

### ***Gas flow test***

The Joint Venture has approved a gas-flow test program which is expected to commence in early May 2012.

### ***Produced water management***

The water storage facility continues to operate at 60% of capacity.

### ***Second pilot***

The current focus of the Galilee Gas Project is establishing commercial gas flow from the Glenaras 5-spot pilot. In order to optimise field appraisal the JV partners have commenced organising and planning for a second 5-spot pilot. Approval for the second pilot is subject to performance from the Glenaras pilot.

## **ATP 799P (Galilee 100%)**

The results from the exploration and appraisal program in ATP 529P are providing valuable information for unlocking the potential of ATP 799P. A detailed Geological and Geophysical study on the tenement was undertaken during the Quarter. The first stage of the study focused on data standardisation across wireline logs, seismic, core analysis, isotope and isotherm data. Data analysis focused on CSG and tying in with data from ATP 529 and has identified a number of prospective locations for additional CSG seismic and exploration drilling.



## Community engagement

### **Galilee Basin Operators' Forum** ([www.gbof.com.au](http://www.gbof.com.au))

RPS<sup>1</sup> issued the draft baseline water assessment report, prepared for the Galilee Basin Operators' Forum, for internal review and comment. RPS advises that the final report is expected to be available for release in the last Quarter of FY 2012.

*Galilee is an active member of the Galilee Basin Operators' Forum – a group of ten companies with petroleum and exploration tenements in the Galilee Basin. The group was formed in April 2010 to jointly fund a co-operative baseline water assessment of the Galilee Basin. The baseline assessment supports a science-based assessment of coal seam gas activities and aims to identify the possible impact on ground water in the Great Artesian Basin.*

### **Community engagement**

AGL has launched a Galilee Gas Project website to provide stakeholders with easy access to specific information and events related to the project. The site provides fact sheets, a history of the project, links to information about CSG evaluation methods and access to community events as well as material from completed events. The site also provides real time weather information located at the Glenaras 5-spot pilot.

The website is located at: <http://agk.com.au/galilee>

During the Quarter AGL community presentations were made in Longreach and Barcaldine.

## Corporate

On 23 April 2012 the Board appointed CFO Simon Brodie as a joint company secretary with Bill Lyne.

### **Financials**

At the end of the Quarter the company had cash of \$34.9 million and no debt. The cash flows for the Quarter are presented in the attached Appendix 5B report.

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<sup>1</sup> RPS is an international consultancy providing world-class, local solutions in energy and resources, infrastructure, environment and urban growth.



## Corporate directory

### Board

**Steve Koroknay**  
*Chairman*

**Cam Rathie AM**  
*Non-executive Director*

**Rino Camarri**  
*Non-executive Director*

### Senior management

**Glenn Haworth**  
*Chief Executive Officer*

**Simon Brodie**  
*Chief Financial Officer & Joint Company Secretary*

**Bill Lyne**  
*Joint Company Secretary*

### Share capital

Shares	152.1 million
Options	12 million
Market Cap	\$25.9 million (at 31 March 2012)
Shareholders	Becamal Pty Ltd 16.85% Ecarlate Pty Ltd 12.06% Ekco Investments Pty Ltd 5.84% AMP Life 5.53%
<b>Top 10 Shareholders 50.66%</b>	

### Assets

**Galilee Gas Project (ATP 529P)**, covering 5,929km<sup>2</sup> in joint venture with AGL Energy Limited – each party holds 50%, AGL is the operator.

**ATP 799P**, covering 3,097km<sup>2</sup> held 100% by Galilee, GLL is the operator.

### Principal and registered office

Level 2, 895 Ann St  
Fortitude Valley Queensland 4006

Phone +61 (0) 7 3216 1155  
Fax +61 (0) 7 3216 1199

### Postal address

PO Box 2145  
Fortitude Valley BC Queensland 4006

### Share registry

Computershare  
117 Victoria Street  
West End QLD 4101

GPO Box 523  
Brisbane QLD 4001

Phone +1300 55 22 70  
+61 (0) 7 3237 2100 (International)  
Fax +61 (0) 7 3229 9860

[www-au.computershare.com/investor](http://www-au.computershare.com/investor)

Please direct shareholding enquiries to the share registry.

### For further information contact:

**Simon Brodie**  
*Chief Financial Officer*

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Email: [sbrodie@galilee-energy.com.au](mailto:sbrodie@galilee-energy.com.au)

### Website

[www.galilee-energy.com.au](http://www.galilee-energy.com.au)



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Galilee Energy Limited

ABN

11 064 957 419

Quarter ended ("current quarter")

March 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...9... months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(883)  (448)	(5,316)  (1,720)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	508	1,727
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	6	10
	(817)	(5,299)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
	-	-
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(817)	(5,299)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(817)	(5,299)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>		
	<b>Net increase (decrease) in cash held</b>	(817)	(5,299)
1.20	Cash at beginning of quarter/year to date	35,745	40,227
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	34,928	34,928

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	84
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	3,500
4.2	Development	
4.3	Production	
4.4	Administration	430
<b>Total</b>		

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	88	195
5.2 Deposits at call	34,840	35,550
5.3 Bank overdraft	-	-
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	34,928	35,745

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	152,140,466			
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	Unquoted 8,000,000 1,000,000 3,000,000	Nil	<i>Exercise price</i> 30 – 87 cents 24 cents Nil <i>consideration</i> Vesting 1/3 36.75 cps 1/3 49.00 cps 1/3 61.25 cps	<i>Expiry date</i> 4.12.11 – 3.12.12 3.12.12 <i>Expiry date</i> 1.3.13 1.3.14 1.3.15
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				


+ See chapter 19 for defined terms.



7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  ..... Date: ...30/04/12  
(Joint company secretary)

Print name: Simon Brodie.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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