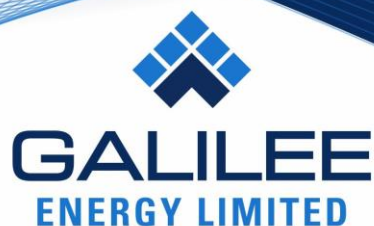


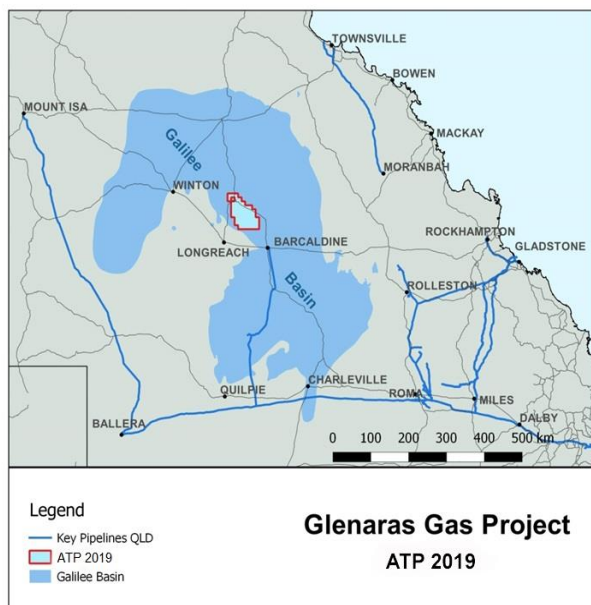
28 April 2017



Highlights:

- ❖ The Company continues to focus on the Glenaras Gas Project, with production testing of the lateral well continuing.
- ❖ A number of onshore Australia projects are being assessed.
- ❖ Strong cash balance of \$5.7m plus another ~\$1.2m expected in from current R&D tax claim.
- ❖ Commercial discussions continue with prospective domestic and export gas customers and potential infrastructure and investment partners.
- ❖ Australia's east coast gas market shortages continue to represent attractive opportunities. Solutions to the shortfall have high-level government support.

Glenaras Gas Project (ATP 529, now ATP 2019) – GLL 100%



The Company's flagship Glenaras Gas Project ("Project") is strategically located in western Queensland's Galilee Basin. The Permit covers an area of approximately 4000 km² and is 100% owned and operated by Galilee Energy Limited. (Figure 1)

The Project has had over \$100m invested since exploration commenced resulting in a significant knowledge base of the size and quality of the coal seam gas resource. As a result, the permit has an independently derived and certified coal seam gas Contingent Resource within the Betts Creek coals with a 1C of 308 PJ, a 2C of 2508 PJ and a 3C of 5314 PJ. The Company's primary focus is on bringing these Contingent Resources to Reserves.

Figure 1

The Glenaras 5 lateral well is continuing to produce at full drawdown through the separator, producing strong water rates along with small, but continuous, gas flow. The artificial lift pumping system continues to perform superbly, overcoming what was a major issue for the previous Operator in the pilots it drilled in the Permit. The vertical production well, Glenaras 3 has also produced minimal coal fines, a common issue with lateral wells, and the integrity of the lateral section of the well remains strong. This result confirms the completion design and bodes well for a development where lateral well technology is utilised.

As mentioned in the previous Quarterly report, production and pressure monitoring data are being analysed by MHA Petroleum Consultants, the Company's independent reserve's certifier. During the reporting period a small 2-day build-up was conducted on the lateral well to assist with characterising the reservoir properties and pressure behaviour in the proximal area. All data has been submitted to MHA and, along with input from Galilee technical management, this analytical modelling is ongoing.

The Company recognises a delay in this work, due mainly to the incorporation of the new data as well as the Company's small technical team being involved in evaluation of other asset opportunities. However, based on observations to date, the Company remains confident of the commercial production potential of the Galilee coals. It is anticipated that the Company will be in position to evaluate the forward plans for the project during the current quarter.

New Opportunities

In addition to the Glenaras Gas Project, management has been assessing a number of new gas opportunities within Eastern Australia that would be complementary to the Glenaras Project.

Commercial

In parallel with field operations, the Company is well underway with a number of commercial initiatives including discussions with potential gas customers, infrastructure and investment partners. These will continue to progress in the coming months.

The projected shortfalls in the Australian east coast gas market present an enormous opportunity for the Galilee Energy gas assets. With very few other projects in the appraisal or development stage currently capable of meeting this shortfall, Galilee is well placed to capitalise on this large potential given the size of our assets.

US Assets

As previously announced following the Company's strategic review conducted in December 2015, no additional exploration activities are currently being undertaken in the US. The primary focus of the Company is on delivering on the Glenaras Gas Project. There are no significant expenditure plans within the US portfolio.

Chile

Galilee has submitted a draft application to the Chilean government for an exploration permit application (CEOP) over an area of almost 6,000 sq.km in the Southern Magallanes Basin. There has been no significant activity on this application during the quarter.

Financials

The cash flow for the Quarter is presented in the attached Appendix 5B report. The Company continues to maintain a very strong cash position of \$5.7 million and no debt. The Company has submitted a R&D tax claim for the YEJ2016 and the anticipated refund is approximately \$1.2 million

The expenditure forecast for the next quarter is predominantly related to the Glenaras Gas Project, and includes operating expenditure for the lateral well pilot and a contingent workover of Glenaras 3, should that be required. At the report date limited expenditure is anticipated elsewhere in the portfolio.

Peter Lansom
Managing Director
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Listing Rule 5.42

+ The details of Contingent Resources referenced at page 1 of this Quarterly Activities report was announced to the market on 1 September 2015. In accordance with Listing Rule 5.34.3, Galilee Energy confirms that it is not aware of any new information or data that materially affects the information in the announcement to the market of the Contingent Resources 1 September 2015 and that all of the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

About Galilee

Galilee Energy is focused on creating a mid-tier exploration and production company building on its core strengths in coal seam gas appraisal and development. Its primary area of focus is Queensland where it is appraising the Galilee Basin whilst looking to add further acreage to its portfolio. It is also evaluating prospective exploration acreage in Chile.

Directors

Chairman - David King

Managing Director – Peter Lansom

Non-executive Director – Ray Shorrocks

Shares

Shares on issue – 152,140,466

Top 20 holders – 49.2% *

Directors and Management – 8.3%

***As at 27 April 2017**

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

GALILEE ENERGY LIMITED

ABN

11 064 957 419

Quarter ended ("current quarter")

March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(275)	(3,156)
(b) development	-	-
(c) production	-	-
(d) staff costs	(118)	(312)
(e) administration and corporate costs	(109)	(407)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	78	159
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(424)	(3,716)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(90)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(90)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (movement in bonds)	54	43
3.10	Net cash from / (used in) financing activities	54	43
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,090	9,478
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(424)	(3,716)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(90)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	54	43
4.5	Effect of movement in exchange rates on cash held		(1)
4.6	Cash and cash equivalents at end of period	5,714	5,714

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	1,014	447
5.2	Call deposits	4,700	5,643
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,714	6,090

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
112
-

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	414
9.2 Development	-
9.3 Production	-
9.4 Staff costs	109
9.5 Administration and corporate costs	166
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	689

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 28 April 2017

Print name: Stephen Rodgers

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.