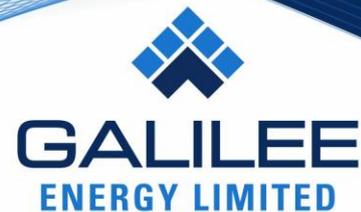


Glenaras Gas Project - Drilling Update

ASX/MEDIA ANNOUNCEMENT

26 March 2018



Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to announce that the Easternwell Rig 101 has commenced drilling operations, with the Glenaras 10 well spudding on Friday 23 March. Surface casing has been drilled and set at 196m MD. As at 6:00am Monday 26 March, the well was drilling ahead in the 8-1/2” pilot hole at a depth of 762m MD to a targeted total depth of 1100m MD. This vertical test hole will test the various seams and identify the optimal coal target for the lateral wells. This test hole will then be plugged back and three separate lateral wells will be drilled into the target coal (Figure 1).

This milestone marks the beginning of the Glenaras Gas Project – multi-lateral pilot programme. Galilee will drill three lateral wells and conduct a production testing pilot with the potential to ultimately convert a large portion of the 5,314 PJ of 3C Resources to Reserves and deliver up to 73 PJ per annum into the under supplied east coast gas market.

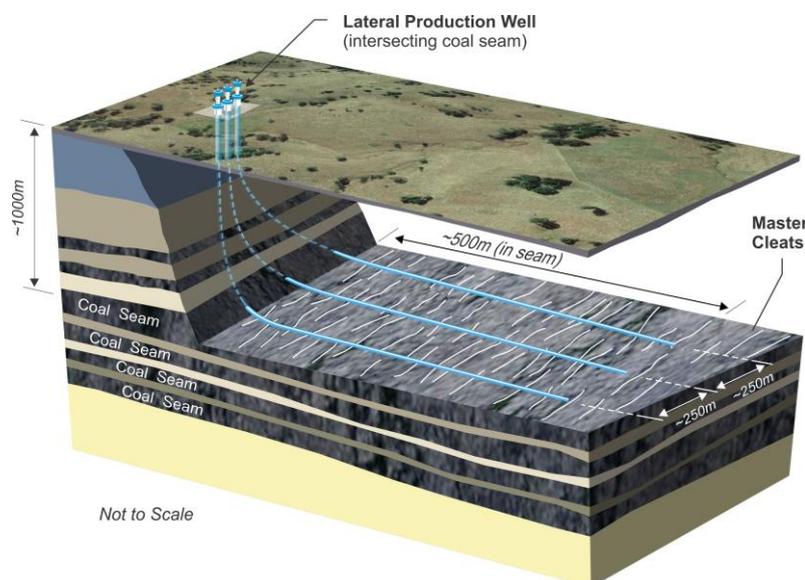


Figure 1 – Multi-lateral pilot design

All wells will be drilled off a single pad to reduce construction costs, minimise ground disturbance for landowners and minimise potential disruption from rain events on rig moves. The duration of the drilling programme is expected to be approximately six weeks. The wells will then be completed with horizontal electrical submersible pumps (ESPs) using a separate workover rig, with surface facilities installed thereafter. Production start-up is targeted to commence in early June depending on weather.

This multi-lateral pilot design has been successfully applied by the team at Galilee, having been utilised in the Gunnedah Basin in similar coal seam environments. All geo-directional steering technology has been successfully tested in the recent Glenaras 5 lateral well.

The objective of the three well, multi-lateral pilot is for the outer lateral wells to shield water production from the central lateral well to assist in maximising coal drawdown and achieving gas flow. The pilot will be on production for an extended period in order to de-water and lower the pressure in the coal in order to achieve gas flow. This process is likely to take 4-6 months.

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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.

Directors

Chairman - David King

Managing Director – Peter Lansom

Non-executive Director – Ray Shorrocks

Shares

Shares on issue – 189,707,690

Top 20 holders – 44.2% *

Directors and Management – 7.6%

***As at 1 March 2018**