

Glenaras Gas Project - Drilling Update

ASX/MEDIA ANNOUNCEMENT

19 April 2018



Drilling Update

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on drilling operations at the Glenaras multi-lateral pilot programme.

As per previous updates, Easternwell Rig 101 commenced drilling operations with the Glenaras 10L well on 23 March. On 9 April, the Company reported that the lateral section of Glenaras 10L was successfully drilled as planned with approximately 520m of net coal intersected in the well through the R3 seam primary target. Glenaras 10L, the central well of the pilot, has been suspended pending completion work with an electric submersible pump following the end of the drilling programme.

Easternwell Rig 101 has since mobilised to the second well location, Glenaras 11L. The Company is pleased to report that the rig has successfully drilled and landed casing in the primary target R3 coal. During current drilling operations of the R3 lateral section of this first shield well, the rig has encountered drilling problems due to localised stability of the coal approximately 60m into the coal section outside casing. The bottom hole assembly is currently caught at this location which is impeding forward progress. The operations team is currently working to address this and we will advise the market in the coming days on the progress of this work and forward plans.

The Glenaras Gas Project – multi-lateral pilot programme involves the drilling of three lateral wells and conducting a production testing pilot with the objective to ultimately convert a large portion of the already certified 5,314 PJ of 3C Resources to Reserves and potentially deliver up to 73 PJ per annum into the under supplied east coast gas market.

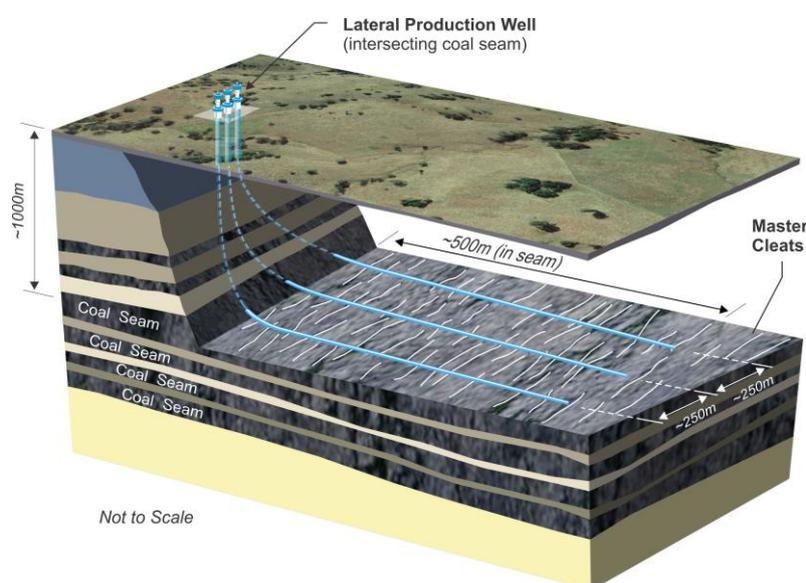


Figure 1 – Multi-lateral pilot design

All wells are being 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.



Figure 2 – Rig on Glenaras 10 location

The design 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 to de-water and lower the pressure in the surrounding coal 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 – Ray Shorrocks

Managing Director – Peter Lansom

Non-executive Director – Dr David King

Non-executive Director – Stephen Kelemen

Shares

Shares on issue – 189,707,690

Top 20 holders – 44.2% *

Directors and Management – 7.6%

***As at 1 March 2018**