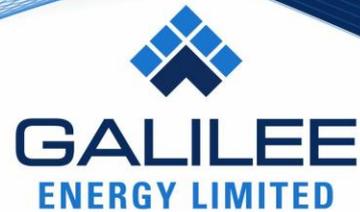


Glenaras Gas Project - Drilling Update

ASX/MEDIA ANNOUNCEMENT

23 April 2018



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

As per previous announcements, Easternwell Rig 101 commenced drilling operations with the Glenaras 10 well on 23 March. On 9 April, the Company reported that the lateral section of Glenaras 10L, the central well in the pilot, had been successfully drilled as planned with approximately 520m of net coal intersected in the well through the R3 coal seam primary target.

On 19 April, the Company reported that during drilling operations of the R3 lateral section of the Glenaras 11L shield well, the rig encountered drilling problems due to localised stability of the coal approximately 60m into the coal section outside casing. Operations were briefly continued to attempt to free the drill string but it was determined that the most efficient solution, given all three wells in the program are being drilled off a single pad, was to back off the bottom hole assembly immediately to retrieve the drill string and mobilise across and drill the Glenaras 12L shield well prior to returning to Glenaras 11L to complete drilling of that well. This will enable the operations team sufficient time to determine the optimal path forward for completing the drilling programme at Glenaras 11L well and organising any additional equipment to site. The ability to drill each of the wells from the single pad minimises any lost time and enables a swift return to Glenaras 11L.

As at 6am on 23 April 2018, Easternwell Rig 101 has mobilised to the third well location, Glenaras 12L and has successfully spudded and has recently completed cementing the 9-5/8” surface casing at a depth of 195m MD. This well will then be drilled down to the R3 coal seam and landed within this primary target to provide an additional shield well for Glenaras 10L.

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.

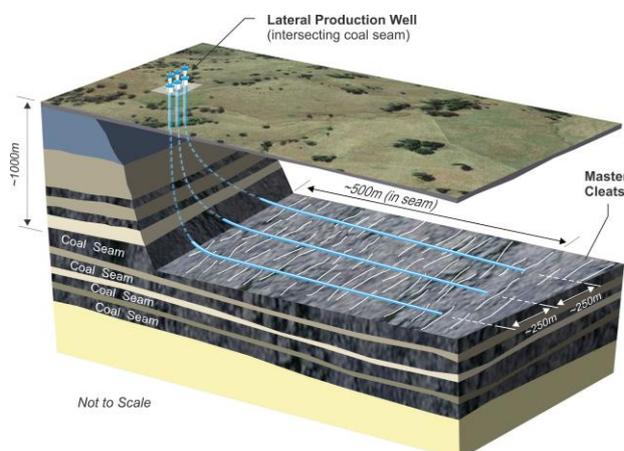


Figure 1 – Multi-lateral pilot design

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 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 – 45.5% *

Directors and Management – 7.6%

***As at 6 April 2018**