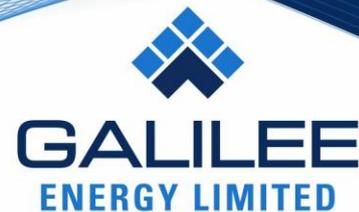


Glenaras Gas Project - Drilling Update

ASX/MEDIA ANNOUNCEMENT

9 April 2018



Glenaras 10 lateral well successfully drilled over 500 metres of coal

- ❖ The first lateral well, Glenaras 10L, was successfully drilled with approximately 520 metres of net coal intersected in the R3 coal seam primary target, on time and within budget.
- ❖ Well was free flowing during drilling connections, providing evidence of good permeability.
- ❖ Coal cuttings show excellent, bright coal quality with strong cleating.
- ❖ Drilling rig has now moved to Glenaras 11L and is currently preparing to run the 9-5/8" surface casing.

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 10 well on 23 March. This vertical test hole reached a total depth of 1083m MD, intersecting a total of 29m of net coal in the Betts Creek Beds, one of the largest pay sections intersected in the project area. Based on log and test results, the R3 coal was selected as the primary target for the lateral pilot. The vertical test hole was plugged back, and the first lateral well has been drilled through to the target coal, successfully landing horizontally in the primary target.

Galilee is pleased to report that the lateral section of Glenaras 10L has now been successfully drilled as planned with approximately 520m of net coal intersected in the well through the R3 seam primary target. The Glenaras 10L well has now been suspended pending completion work with an electric submersible pump following the end of the drilling programme. This successful drilling result represents a significant milestone in this programme.

"We are extremely pleased with the drilling results from this first well. The well was drilled safely, on schedule and within budget. The rig crew and directional drilling team did a fantastic job staying completely within the R3 seam for the entire section. The coal appears to be of excellent quality with cuttings showing significant cleat development and high vitrinite levels. The well was free flowing during connections providing good evidence of permeability", Managing Director Peter Lansom stated.

As at 6am on 9 April 2018, Easternwell Rig 101 has mobilised to the second well location, Glenaras 11L and is currently preparing to run 9-5/8" surface casing at 195m MD. This well will then be drilled down to the R3 seam and landed within this primary target to provide the first 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.

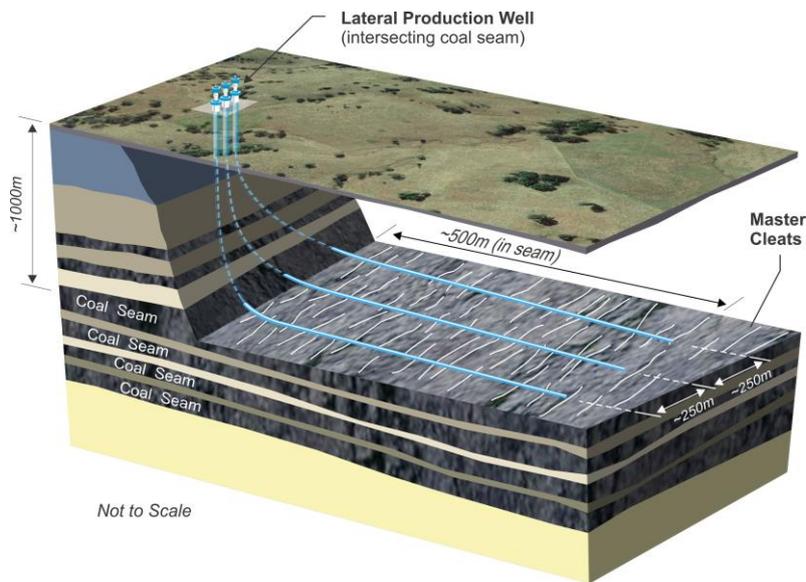


Figure 1 – Multi-lateral pilot design

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 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.

Peter Lansom
Managing Director
Galilee Energy Limited
+61 (0) 7 3177 9970

plansom@galilee-energy.com.au

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**