

Glenaras Gas Project - Drilling Update

ASX/MEDIA ANNOUNCEMENT

3 April 2018



Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide a drilling update for the Glenaras Gas Project – multi-lateral pilot program. As stated in the previous release, Easternwell Rig 101 commenced drilling operations with the Glenaras 10 well on Friday 23 March. This vertical test hole has been drilled and reached a total depth of 1083m MD. The well was logged and tested over the various seams to assist selection of the coal target and wellpath design for the lateral wells.

The Glenaras 10 vertical test hole intersected 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 has been selected as the primary target for the lateral pilot. The vertical test hole has been plugged back and the first lateral well has been drilled through to the target coal, successfully landing horizontally in the primary target. As at 8:00am Tuesday 3 April, the drilling rig was preparing to run in with 7” production casing to total depth. Following cementing of the casing string, the rig will then drill out into the target coal for the first lateral production interval planned for approximately 450m in seam.

All drilling activities to date are within schedule and budget.

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 recorded 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.

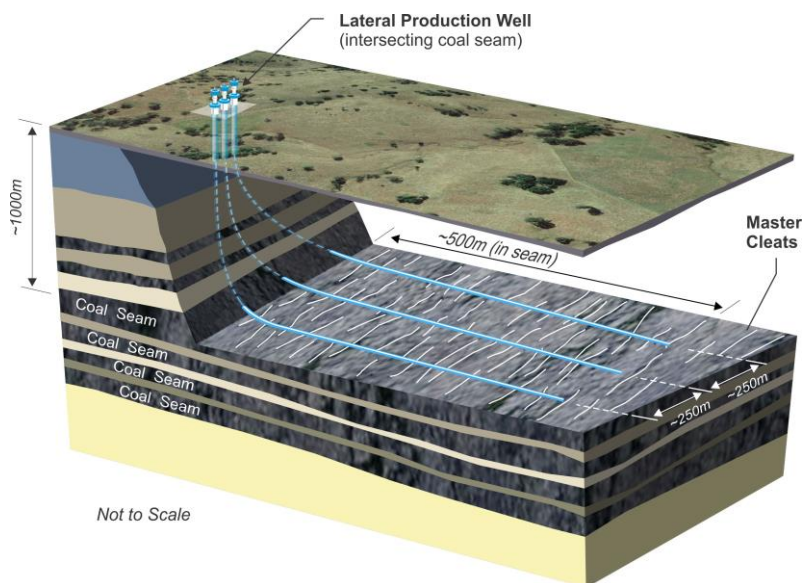


Figure 1 – Multi-lateral pilot design

All wells 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 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 in order to de-water and lower the pressure in the surrounding 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 – Ray Shorrocks
Managing Director – Peter Lansom
Non-executive Director – 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**