

# Glenaras Gas Project - Drilling Update

ASX/MEDIA ANNOUNCEMENT

11 May 2018

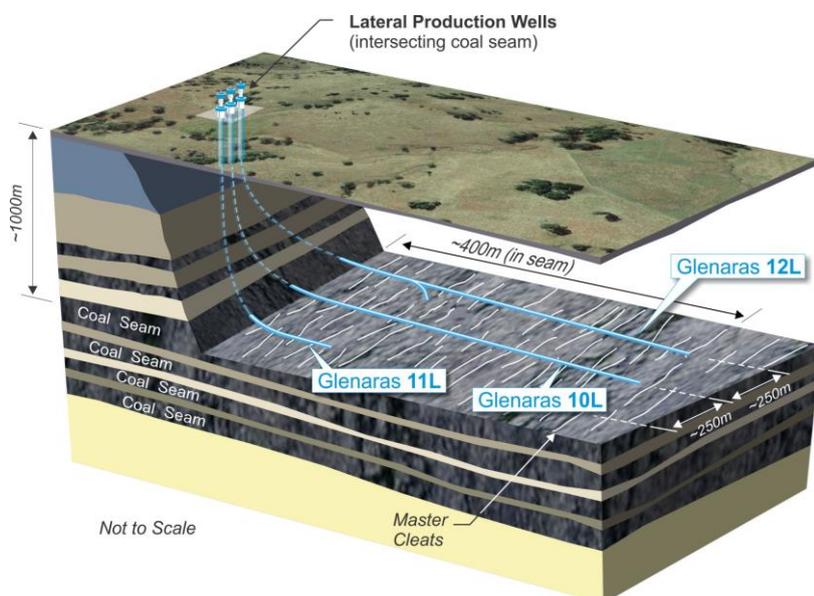


- ❖ Glenaras 10L successfully drilled with approximately 520 metres of net coal intersected in the R3 coal seam primary target.
- ❖ Glenaras 12L plus sidetrack successfully drilled with a total of approximately 480 metres of net coal intersected.
- ❖ Coal cuttings from all wells show excellent, bright coal quality with strong cleating.
- ❖ Completions rig is scheduled to mobilise next week to install pumps.
- ❖ Mid-June start-up of production testing still on track.

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

As previously announced, Easternwell Rig 101 commenced drilling operations with the Glenaras 10 well on 23 March. On 9 April, Galilee 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.

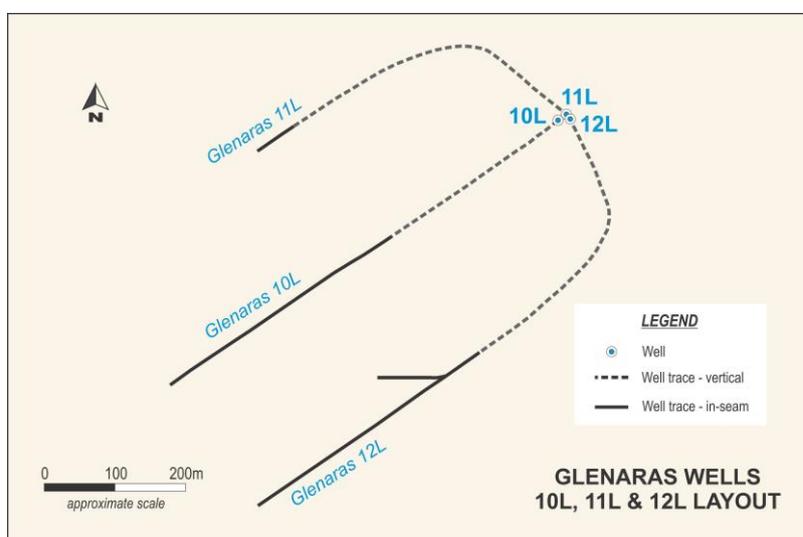
On 6 May, Galilee announced that Glenaras 12L was successfully drilled with approximately 480m of net coal intersected through the R3 coal seam. Galilee can confirm that recovery operations were successful in recovering the majority of the drill string and the main Glenaras 12L lateral and sidetrack are intact and available for production. The drilling rig is now being prepared to demobilise to a nearby operator.



As previously announced, Galilee has determined that, given the high quality of the coal and the challenges encountered with lateral drilling in this coal, the pilot will be a two well lateral with production from the Glenaras 10L and 12L laterals. Glenaras 11L will initially be used as a monitoring well and this information will be extremely valuable in measuring the pressure response from the pilot production. If required, the well can be completed at any future time for production.

The completions rig has commenced mobilising to site and work crews are expected to commence operations in approximately 6 days' time to complete the Glenaras 10L and 12L laterals with electric submersible pumps.

Concurrent with drilling operations, all surface facility skids have been constructed and are ready for installation. The water production flowline connecting the pilot to the Glenaras holding pond has also been constructed and tied in at surface. Following completion rig activities, the surface facilities and lease flowlines will then be installed and production start-up remains on schedule for mid-June.



“I am extremely proud of the team that have executed this challenging drilling campaign safely. The outcome of this drilling campaign is that we now have two lateral wells within what appears to be excellent quality coal. Further to this, we have the option to complete Glenaras 11L later if required, but in any event this well will provide excellent data on reservoir pressure for the pilot during the de-watering phase. We are excited with the good quality, cleated coal and we are very confident that the two laterals will be sufficient to achieve our objectives and book first reserves for the Glenaras Gas Project.”, Managing Director Peter Lansom stated.

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**