

Glenaras Gas Project – Production Pilot Update

ASX/MEDIA ANNOUNCEMENT

14 June 2018



Highlights

- ❖ Surface facilities including separator and metering skids along with flowlines fully installed.
- ❖ Initial production tests conducted on both wells with excellent flow results. Water rates of greater than 750 BWPD were achieved with less than 10% reservoir pressure drawdown.
- ❖ Production will be ramped up over the coming weeks to achieve full reservoir drawdown.

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

As previously announced, the Glenaras multi-lateral pilot is well progressed with the drilling of Glenaras 10L, 11L and 12L followed by the installation of downhole electric submersible pumps (ESP’s) in Glenaras 10L and 12L. Over the past two weeks, the surface facilities and lease flowlines have been fully installed. Figure 1 shows the pilot layout while Figure 2 shows the Glenaras 12L lease with wellhead, separator skid and ESP transformer skid in the final stages of commissioning.

Glenaras 10L and 12L have undergone initial flowing production tests as part of the ESP commissioning process. These initial tests have been excellent, with both wells flowing water rates in excess of 750 BWPD (barrels of water per day) with very limited reservoir pressure drawdown (less than 10% of the reservoir pressure). These tests were conducted during pump commissioning and achieved stabilised rates over 2-3 hour test intervals. The wells will now be brought online for continuous production. This result clearly indicates that both wells have significant coal productivity which augurs well for reservoir pressure drawdown within the pilot area.

“I am extremely encouraged by the deliverability results from these flow tests. These rates represent the upper end of our pre-drill expectations. With these flowrates producing from a three-metre coal which is well bounded by shales, the team is now extremely confident of achieving the reservoir drawdown within the pilot area needed to achieve commercial gas rate targets”, 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.

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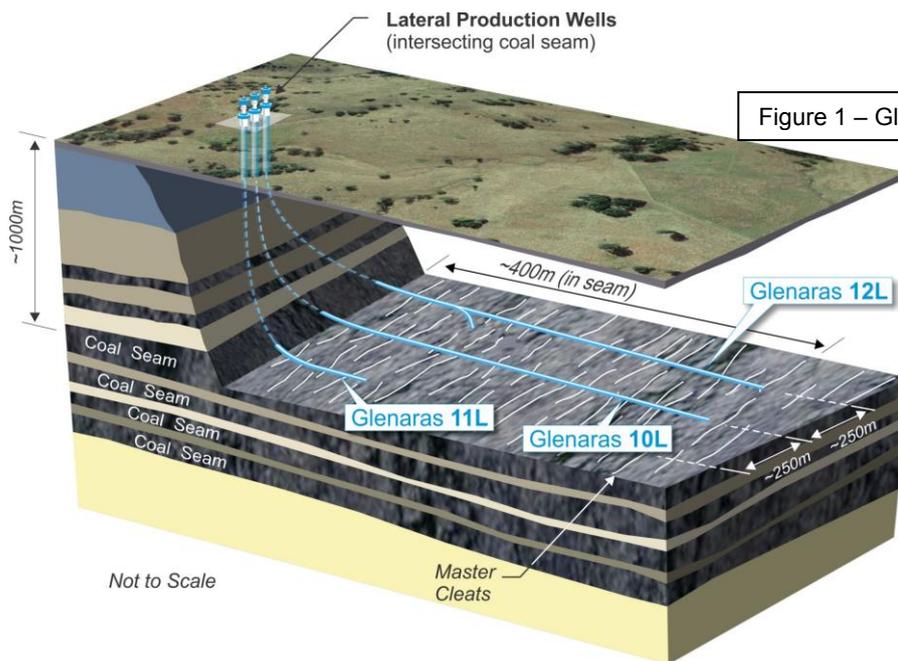


Figure 1 – Glenaras multi-lateral pilot

Figure 2 – Glenaras 12 L lease



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 on issue – 189,707,690

Top 20 holders – 45.5% *

Directors and Management – 7.6%

***As at 6 April 2018**