

Galilee Energy Announces \$5.6 Million Private Placement and Production Operations Update

ASX/MEDIA ANNOUNCEMENT

ASX:GLL

10 July 2018



Highlights

- ❖ Placement of \$5.66 million to Institutional and Sophisticated Investors.
- ❖ The Placement price of \$0.40 per share represents a 9% premium to the 15-day volume weighted average price ("VWAP") of \$0.367.
- ❖ Glenaras 10L and 12L are on continuous production with excellent water rates of approximately 2,400 BWPD (barrels of water per day) in aggregate from both wells, with the current fluid level at approximately 410m from surface.
- ❖ Direct communication has been identified between Glenaras 10L and Glenaras 12L.
- ❖ Pressure drawdown has been recorded in the Glenaras 11L monitoring well.
- ❖ Production will continue to be ramped up over the coming weeks to achieve full reservoir drawdown.

Galilee Energy Limited ("**Galilee Energy**" or "**the Company**") is pleased to announce that it has successfully completed a targeted, private placement to sophisticated investors raising approximately \$5.66 million before costs ("**Placement**").

The Company has entered into placement subscription agreements with a number of sophisticated investors for the issue of 14,155,000 Placement shares at an issue price of \$0.40 per share. In addition, participants in the Placement will receive one (1) unlisted option for each share allotted to them (1:1 basis), exercisable at \$0.50 a share, and expiring 31 December 2019.

The Placement was conducted at an issue price of \$0.40 a share, representing a 9% premium to the 15-day volume weighted average price ("VWAP") of \$0.367 and a 4.8% discount to Galilee Energy's last closing price of A\$0.42 (as at Friday, 6 July 2018).

The net proceeds of the funds raised from the Placement will be used to assist in progressing the Glenaras Gas Project and to meet all other general working capital expenses.

Commenting on the Placement, Managing Director Mr Peter Lansom said "The Company is now in a very strong financial position and, subject to continued strong performance of the pilot wells, is well positioned to progress the Glenaras Gas Project through to its maiden Reserve booking."

The Placement shares will be issued within the Company's Listing Rule 7.1 and 7.1A placement capacity, recently refreshed by shareholders and, as such, shareholder approval for the issue of the Placement shares will not be required.

Production Operations Update

As previously announced, the Glenaras multi-lateral pilot (see Figure 1) is on continuous production and demonstrating excellent water rates, with both wells flowing water rates of approximately 2,400 BWPD in aggregate, with fluid levels in the wells of approximately 410m from surface. In addition, there is evidence of direct communication between each of the lateral wells which is enhancing pressure drawdown in the pilot area.

"The results so far are extremely encouraging, with the water rates at the upper end of our pre-drill expectations. We have seen pressure drawdown in the monitoring well and the communication between the lateral wells is direct evidence of the reservoir shielding that we were anticipating." 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.

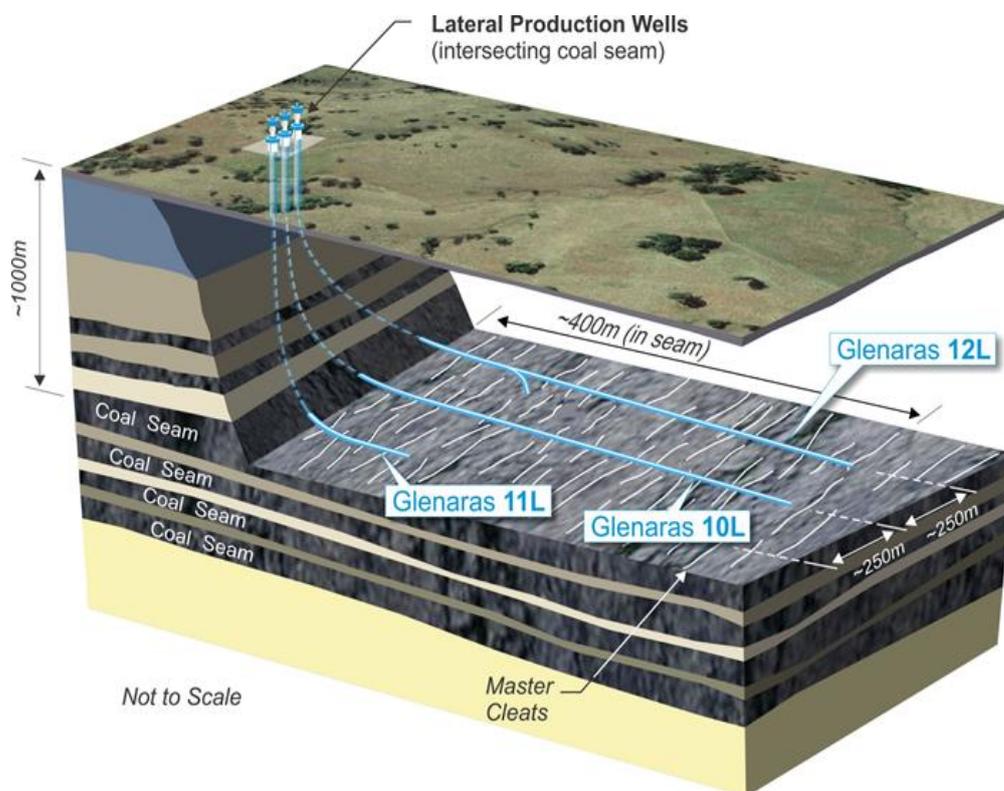


Figure 1 – Glenaras multi-lateral pilot diagram



Figure 2 – Glenaras 10L lease

It is expected that the Placement shares will be allotted by Thursday, 19 July 2018. The Placement shares will rank equally with the Company's existing securities.

The Company entered into a trading halt prior to the commencement of trading on the ASX on 9 July 2018, pending the announcement of the Placement. Trading of the shares of the Company is expected to re-commence on the ASX prior to 10:00 am AEST on Tuesday, 10 June 2018. The Company knows of no reason why the trading halt should not be lifted.

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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 on issue – 189,707,690

Top 20 holders – 47.6% *

Directors and Management – 7.7%

***As at 6 July 2018**