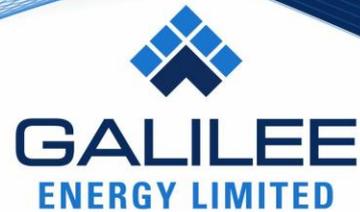


Glenaras Gas Project – First Gas

ASX/MEDIA ANNOUNCEMENT

15 August 2018



Highlights

- ❖ Glenaras 10L and 12L on continuous production with excellent water rates of approximately 3,500 BWPD (barrels of water per day) in aggregate from both wells. Water rates are now levelling off as gas production commences.
- ❖ Both wells are now producing below the critical desorption pressure. Casing pressure has built up over the past few days and gas has now commenced flowing from Glenaras 10L.
- ❖ Direct communication has been identified between Glenaras 10L and Glenaras 12L and pressure drawdown has continued 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 (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 on continuous production and demonstrating excellent water rates with both wells flowing water rates of approximately 3,500 BWPD in aggregate. Both wells are now flowing below the critical desorption pressure and the water flow rates are starting to level off as gas desorption begins. The casing pressure has built up in both wells indicating gas is beginning to be produced from the coal. Glenaras 10L is now being redirected through a separator and is producing gas at a rate too small to measure. Glenaras 12L will be redirected through a separator in the coming weeks. Gas rates will continue to increase as fluid levels in the wells are reduced further and more coal area is drawn down below the critical desorption pressure.

There is still strong evidence of direct communication between each of the lateral wells which is enhancing pressure drawdown in the pilot area.

“The results so far are excellent and to see the pilot commencing first gas production is a great step forward. We are still a few weeks away from full drawdown of the coal and further months to drawdown an area sufficient to achieve our target of first commercial gas rates. So far the coal and pilot are performing above expectation and we look forward to the coming weeks as gas production ramps up.” 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 a commercial gas flow.

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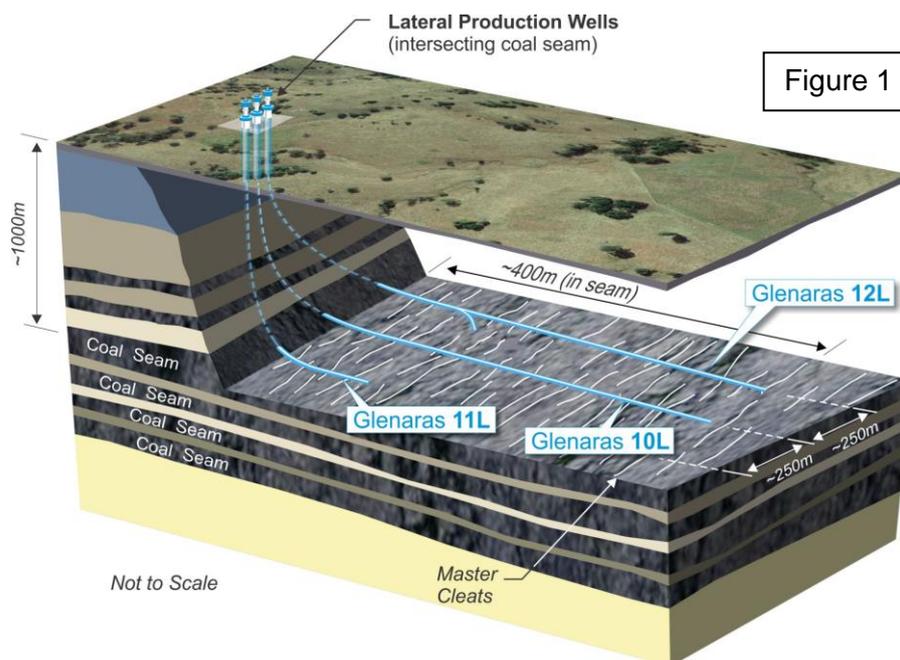


Figure 1 – Glenaras multi-lateral pilot

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 – 203,862,690

Top 20 holders – 48.9%*

Directors and Management – 7.2%

***As at 20 July 2018**