

Glenaras Gas Project – Operations Update

27 May 2019

Highlights

- ❖ The third and final well in Galilee’s 2019 lateral programme, Glenaras 16L, was successfully drilled with approximately 308 metres of net coal intersected in the R3 coal seam primary target.
- ❖ Outstanding delivery of the three well lateral programme, executed safely, on schedule and within budget.
- ❖ The Glenaras Gas Project has now been substantially de-risked. The resultant five well lateral pilot in excellent coal now provides Galilee with a significant opportunity to achieve its target of a material gas flow and resultant gas Reserves.
- ❖ Coal cuttings across the entire programme exhibited high quality cleating and brightness.
- ❖ Workover rig secured and installation of gas and water pipelines has commenced.

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on the drilling operations at its 100% owned and operated Glenaras multi-lateral pilot programme (“Pilot”) located in the Galilee Basin.

Galilee is pleased to report that the lateral section of Glenaras 16L has now been successfully drilled with approximately 308 metres of net coal intersected in the well through the R3 seam primary target. Glenaras 16L will now be suspended pending completion work with an electric submersible pump that is planned to commence in mid-June.

This drilling result completes what has been an outstanding drilling campaign. “The Company has now executed the three well programme safely, on schedule and within budget. I am very proud of the technical team who put extensive work into learning from the difficulties incurred with the last drilling campaign and the resultant modifications have resulted in a successful campaign which has significantly de-risked the project. We now have a well designed, shielded five-well lateral pilot in excellent coal which provides the platform for us to drawdown a large area of coal below critical desorption pressure which we hope will progress to material gas rates.”, Managing Director Peter Lansom stated.

The gas and water pipeline installation has commenced, and a workover rig has been secured to commence mid-June with an expected two-week duration. The aim is for the new lateral wells to be on production by early July 2019 following the necessary completion and tie-in operations.

Once the Pilot is fully operational, the well configuration will provide shielding to the central well from the large area which the previous two lateral wells were draining. It is expected that three months of production drawdown will be required in order for material gas production rates to be observed.

The budgeted cost of this three-well lateral programme including drilling, completion and tie-in is approximately \$8 million, leaving the company in an extremely strong financial position.

Further operational updates will be provided to the market throughout the tie-in and completion programme.

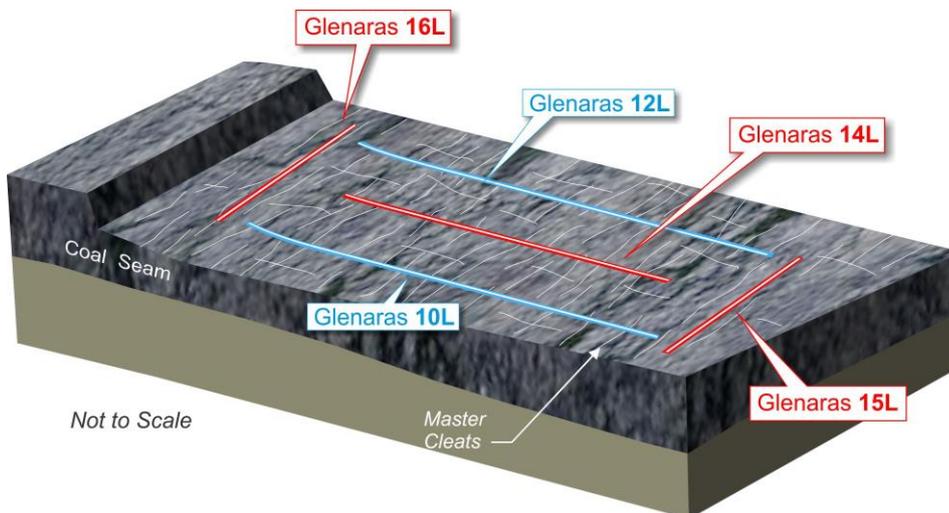


Figure 1 – Completed drilling programme

For further information contact:

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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 – 225,679,361

Top 20 holders – 56.6%*

Directors and Management – 4.4%

***As at 1 May 2019**