

Glenaras Gas Project – Operations Update

15 May 2019

Highlights

- ❖ The second well in Galilee’s 2019 lateral programme, Glenaras 15L, was successfully drilled with approximately 295 metres of net coal intersected in the R3 coal seam primary target. The well was executed on schedule and within budget.
- ❖ Coal cuttings again are exhibiting high quality cleating and brightness.
- ❖ Currently pulling out of hole in preparation for rig move to Glenaras 16L.

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 15L has now been successfully drilled with approximately 295m of net coal intersected in the well through the R3 seam primary target. Glenaras 15L will now be suspended pending completion work with an electric submersible pump following the end of the drilling programme.

This successful drilling result progresses the drilling programme significantly. “Once again my team have executed the drilling safely, on schedule and within budget. We have now successfully executed two of the three wells in the drilling programme which represents major progress for the Pilot and for Galilee more broadly. The coal appears to be of excellent quality with cuttings showing significant cleat development and high vitrinite levels.”, Managing Director Peter Lansom stated.

As at 9am on 15 May 2019, we are currently pulling out of the hole in preparation for Easternwell Rig 103 to mobilise to the third well location, Glenaras 16L. This well, which is targeted to spud on Friday, 17 May, will be drilled down to the R3 seam and landed within the primary target to provide additional shielding for the central Pilot area. The well trajectory of Glenaras 16L will be perpendicular to Glenaras 14L.

The Pilot drilling programme is scheduled to take approximately six weeks and 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 drainage area which the previous two lateral wells were draining and it is expected

that three months of production drawdown will be required in order for material gas production rates to be observed.

Importantly, the two existing wells Glenaras 10L and 12L will only require to be shut in to facilitate drilling operations and will recommence full drawdown as soon as drilling and completion operations are complete. The expected cost of this additional three-well lateral programme including drilling, completion and tie-in is approximately \$8 million, which is well within the company's current cash position.

Further operational updates will be provided to the market throughout the programme.

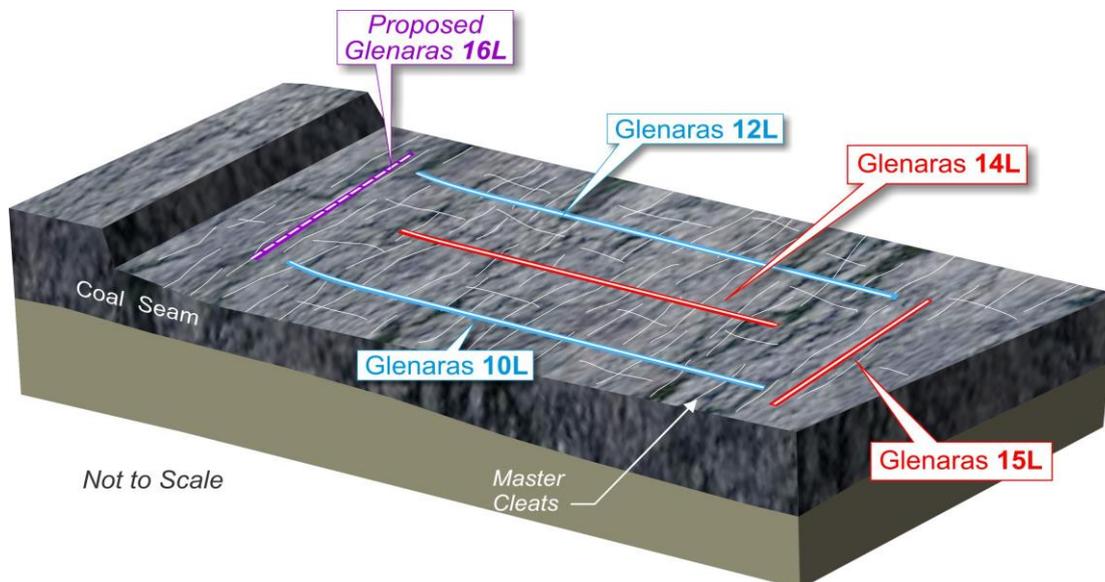


Figure 1 – Drilling programme

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**