



ASX/MEDIA ANNOUNCEMENT

Letter to Shareholders

19 March 2020

Dear Shareholders

As I'm sure you are aware, there has been considerable disruption and panic on global markets due to the uncertainty surrounding the COVID-19 coronavirus. Concurrent with the impact of the virus, we have also seen a significant decrease in global oil prices as a result of tensions and strategies between the OPEC and non-OPEC producers. This has resulted in significant impacts on company valuations, particularly in the energy sector and your company has not been immune to this fallout.

The Board of Galilee Energy (ASX: GLL) ("Company" or "Galilee") acknowledge that these events are serious matters and wish to reassure all shareholders that both the Board and Management are working tirelessly to deliver on our strategy of becoming a significant supplier of gas into the east coast markets. With our robust balance sheet, high-quality, low-cost nature of our assets and a disciplined approach to capital allocation, we are well positioned to withstand the current market volatility.

The Glenaras multi-lateral pilot ("Pilot") is still running at maximum drawdown from all five wells and the upcoming drilling programmes for Kumbarilla and Glenaras are also progressing, with all three leases at Kumbarilla completed and rig ready. Lease construction at the Glenaras monitoring well has also commenced.

Galilee has a high quality portfolio of acreage across three different basins in Queensland with 3,012 PJ* of 2C Contingent Resources in aggregate, representing one of the largest gas Resource bases on the east coast. In addition, all acreage is held at 100% working interest and these offer both conventional and unconventional targets with a clear pathway to market. Furthermore, this position is strongly supported by our current cash balance, which provides sufficient capacity to meet all operational plans for the next two years.

The Company has no direct exposure to global oil prices and our diversified gas acreage in Queensland provides opportunities to meet the forecast supply-demand gap that exists on the east coast of Australia from 2024 due to the continuing uncertainty regarding indigenous gas supply. The infrastructure partnership Galilee has with Jemena underpins our Glenaras Gas Project development plans.

As previously announced, the Glenaras Pilot has continued to produce strongly following the installation of a higher capacity pump on Glenaras 15L. Water rates are still declining with significant water production and pressure support from the Glenaras 12L and 15L area. The Pilot is successfully shielding Glenaras 14L and we are making material headway towards the estimated critical desorption pressure of approximately 550-600 psig. The Pilot is clearly testing a high productivity coal and, by their nature, these types of coals can take longer to depressure during the Pilot phase as exhibited in other high productivity fields such as the Undulla Nose and the Spring Gully/Fairview fields.

While we share the frustration of shareholders that this project has taken longer than anticipated, we nevertheless remain very confident in the potential of this project to be a new major gas supply source into the east coast markets.

The upcoming drilling programme is scheduled to commence in early April and will include a vertical monitoring well at the Glenaras Pilot. The objective of this well is to obtain subsurface pressure data near the Pilot from the Betts Creek Beds coals, interbedded sands and the Colinlea Sandstone. Most importantly, we will not need to suspend production operations at the Pilot during the drilling of this well, allowing sustained and uninterrupted depressurisation of the target coal seam.

Following the drilling of the Glenaras well, the Company will commence the exploration drilling programme at the Kumbarilla Project (ATP 2043) in the Surat Basin. This comprises the drilling of three exploration coreholes targeting coal seam gas resources in the Walloon Subgroup. The Walloon coals will be cored and a full suite of wireline logs obtained, enabling a full assessment of the coal seam gas resource and assisting with planning the future drilling and pilot programme. The Kumbarilla Project hosts 504 PJ* of independently certified 2C Contingent Resources (Table 1) which can be readily fast-tracked to market through its proximity to existing coal seam gas production infrastructure (<10 km). It is anticipated to take three to four weeks to drill the three exploration coreholes, with an anticipated commencement date in April following the drilling of the Glenaras monitoring well.

The Board and Management teams have considerable experience in the sector and have successfully worked through such market volatility and uncertainty and through prudent management we are in a position to focus on the delivery of our growth plans due to the strong financial position of the Company.

The Board appreciates your continued support and we remain confident that the current uncertainties will be resolved in due course and that we will deliver on our stated objectives over the coming months.

Permit	Contingent Gas Resource (PJ)		
	1C	2C	3C
ATP 2043 – Surat Basin	266	504	895
ATP 2019 – Galilee Basin	308	2,508	5,314
Total	574	3,012	6,209

Table 1. Galilee Energy Contingent Gas Resource* estimates (as at 1st August 2019).

For further information contact:

Galilee Energy Limited
+61 (0) 7 3177 9970

* Listing Rule 5.42 +

The details of Contingent Resources referenced throughout this ASX Release in respect to ATP 2019 were announced to the market on 1 September 2015 and in respect to ATP 2043 were announced to the market 1 August 2019. In accordance with Listing Rule 5.34.3, Galilee Energy confirms that it is not aware of any new information or data that materially affects the information in those Market announcements first reporting the details of the Contingent Resources for ATP 2019 and ATP 2043 respectively and that all of the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.

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 and Surat Basins, exploring in the Bowen Basin, whilst looking to add further high quality acreage to its portfolio.

This ASX announcement was approved and authorised for release by the Board.

Directors

Chairman – Ray Shorrocks

Managing Director – Peter Lansom

Non-Executive Director – Dr David King

Non-Executive Director – Stephen Kelemen

Non-Executive Director – Gordon Grieve