

Kumbarilla Drilling Update

17 April 2020

Highlights

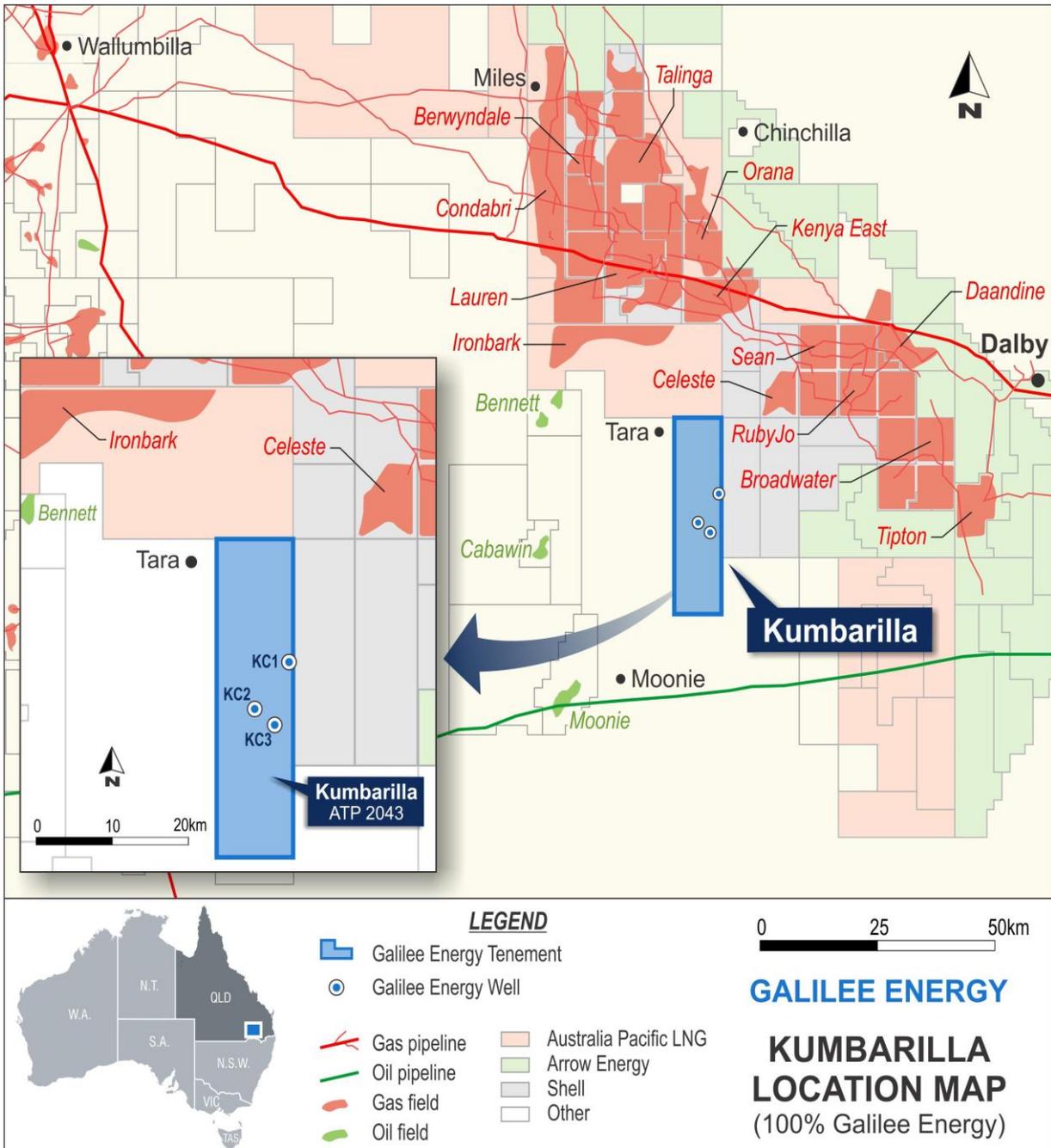
- ❖ The first well in the three well Kumbarilla programme has reached total depth and successfully drilled through the complete Walloon Subgroup, coal bearing section.
- ❖ 25m of net coal intersected with strong gas shows, bright vitrinite banding, excellent cleat development and internal fracturing.
- ❖ Rig move underway in preparation for spudding the Kumbarilla Central 2 well later today.

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on its 100% owned Kumbarilla (ATP 2043) drilling programme in the Surat Basin.

As previously advised, the Kumbarilla Central 1 (KC1) corehole reached total depth of 1,020m at 8pm on 13 April 2020. The complete Walloon Subgroup was intersected with both fullhole core and wireline logs confirming a net coal of 25m across the three primary targets, the Upper Juandah, Lower Juandah and Taroom Coal Measures, which exceeds the pre-drill expectations. Coal seams have consistently displayed excellent qualities including strong gas shows upon penetration, bright vitrinite banding, excellent cleat development and pervasive internal fracturing.

Twenty high quality coal samples have been collected from the fullhole core and placed into gas desorption cannisters. Lab analyses of these samples will confirm the gas content, gas saturation and gas chemistry of the coals. The other main objective of the well was to assess flow quality and permeability of the various primary coal targets. Due to a combination of slow coring rates and drilling mud weight issues, it appears the downhole conditions have compromised the ability to properly flow test the well, notwithstanding the favourable coal characteristics observed in the core samples collected. This flow test data is an important component of converting the Contingent Resource in this permit to Reserves and therefore modifications to the next wells in the drilling programme will be made in order to optimise the flow testing conditions and, drawing on the lessons learned, to mitigate the risk of the downhole issues experienced on the first well.

As at 9am on 17 April 2020, the Savanna Rig 406 is currently being mobilised to the second well location, Kumbarilla Central 2 (KC2). This well, which is targeted to spud later today will be drilled down to a targeted hole depth of 1,050m with testing at each of the primary target zones.



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).

| 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).

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* 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.

By authority of 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