

Glenaras Gas Pilot – Operations Update

31 May 2021

- ❖ **Glenaras multi-well pilot now currently producing approximately 70 Mscfd in aggregate, the highest natural gas rate recorded by the company to date.**
- ❖ **Water rate now declining to below 19,000 BWPD from a peak of approximately 20,000 BWPD, significantly a 5% reduction within a three week period.**
- ❖ **Reservoir pressure declining significantly towards critical desorption pressure.**
- ❖ **Federal government have committed funding for appraisal activities in the Galilee Basin as part of the nation’s gas-led economic recovery.**

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on the 100% owned and operated Glenaras multi well pilot programme (“Pilot”) in the Galilee Basin ATP 2019.

Glenaras Pilot Update

The recently completed pump enhancement programme (PEP) has resulted in optimisation of the pumps in each of the wells and the average natural gas rate from the Pilot has increased to approximately 70 Mscfd in aggregate. Natural gas is now being recorded in five of the outer vertical wells and the PEP has succeeded in its objective of increasing the water rate by over 30%, with the current water rate now below 19,000 BWPD from a peak of approximately 20,000 BWPD.

Figure 1 demonstrates the history of the Pilot over the past 12 months and the material impact of the recent PEP in the space of less than three weeks. The chart displays overall water and natural gas rates as well as reservoir pressure measured at the edge of the central Pilot area (see Figure 2).

At the end of Phase 1, the water and natural gas rates had flattened, with reservoir pressure falling gradually and requiring acceleration. This was the rationale for the next phase of drilling.

Following the vertical wells programme (Phase 2), the reservoir pressure decline accelerated, with consequent increases in both water and natural gas rates. However the vertical wells displayed potential to flow at even higher water rates, and as such an opportunity was identified to further accelerate the Pilot.

GLENARAS PILOT - PRESSURE HISTORY

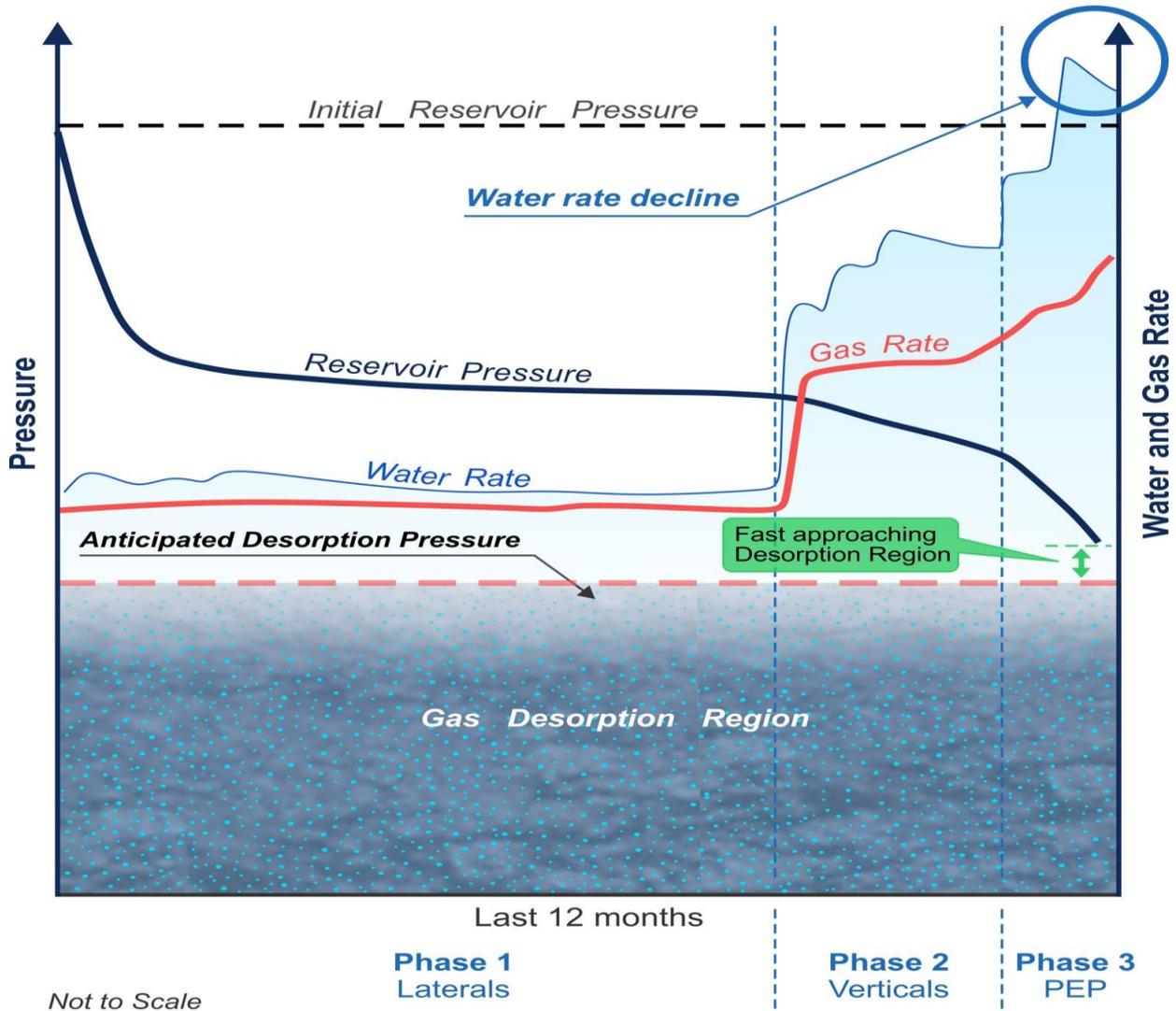


Figure 1 – Glenaras pilot pressure history

The recently concluded PEP (Phase 3), which was implemented to maximise the water offtake potential from these wells, has achieved its objective of a 30% increase in water rate. The recent production data demonstrates the anticipated falling off in water rate (as pressures decline) along with an increase in natural gas rate, indicating that the PEP has had a marked impact on the reservoir despite the wells only being at full production for less than three weeks.

The current rate of measured pressure decline indicates that critical desorption pressure is very close to being achieved in the central Pilot area. We expect the natural gas rate to rapidly increase once the reservoir pressure of the central Pilot area falls below the estimated critical desorption pressure and further updates will be provided once new information is available.

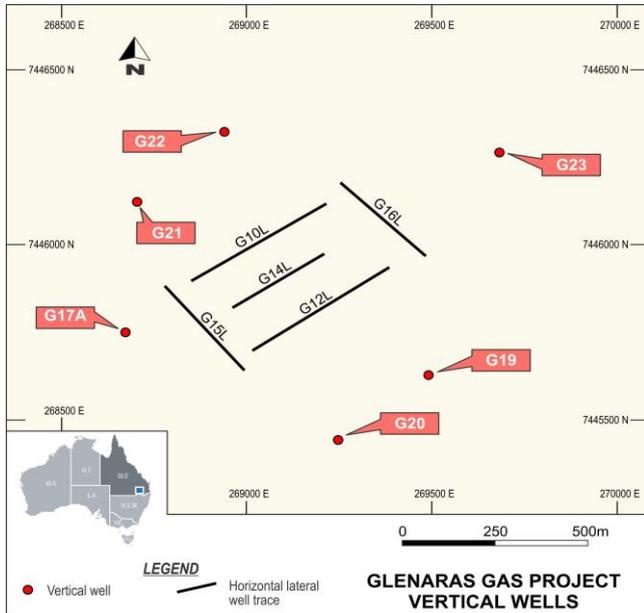


Figure 2 – Pilot well locations

Water Management Update

The first two pivot irrigation systems, an important component of the requisite water handling capacity, are fully operational with the third cut of sorghum currently under irrigation at the first pivot area and a winter crop of barley or oats to follow thereafter. The second pivot area has been seeded with oats and irrigation has commenced with excellent early growth noted (see photo below).



Oats after 10 days of planting at pivot 2 area



Second sorghum crop at pivot 1 area

Galilee Basin Strategic Plan

The Federal Government announced in the May Federal Budget a commitment to provide \$15.7 million funding for appraisal activities in the Galilee and North Bowen Basins in 2021-22.

Galilee welcome this critical component of the nation's gas-led economic recovery and look forward to working with the Government to accelerate gas appraisal activity and thus providing more jobs, a stronger economy with more opportunities in the community and bringing the natural gas supply on safely, earlier and more efficiently than previously expected.

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About Galilee

Galilee Energy is focused on creating a high value 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 and exploring in the Surat and Bowen Basins whilst looking to add further high quality acreage to its portfolio.

This announcement was released with the authority of the Board.

Directors

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