

## SPP closing date extended, drilling imminent

4 April 2022

### Highlights

- All wells online with average gas production ~60 Mscfd and water production relatively stable ~17,000 BWPD
- Drilling of five new vertical production wells to commence 19 April to accelerate pressure drawdown as a prelude to an anticipated maiden reserve booking
- Civil works, access roads and lease pads for 5 wells nearing completion
- Silver City Drilling Rig 23 mobilising to site this week, drilling and construction camp onsite
- SPP Offer closing date extended by one week to Monday, 11 April 2022

### Share Purchase Plan Offer Closing Date Extended

Galilee Energy Ltd ("Galilee") (ASX: GLL) advises that the Closing Date of the Share Purchase Plan ("SPP") announced on 4 March 2022 ("SPP Offer") has been extended from Monday, 4 April 2022, until 5.00pm (AEDT) on Monday, 11 April 2022.

The extension will ensure that all Eligible Shareholders have additional time to participate in the SPP Offer.

Capitalised terms in this announcement have the same meaning as set out in the SPP Booklet.

The SPP provides Eligible Shareholders with the opportunity to acquire up to A\$30,000 worth of Galilee Energy ordinary shares ("Shares") at the same price (\$0.32) as the recently completed Placement without paying any brokerage costs, commission or other transaction costs.

The Company also intends to offer successful applicants in the SPP (Participants) the ability to subscribe for one (1) option to acquire Shares on the basis of every one (1) Share issued to the Participant under the SPP, with an exercise price of \$0.48 per Share and expiry of 4 September 2023 (Options), for nil additional consideration.

Any shareholder who was an Eligible Shareholder 7.00pm (AEDT) on the Record Date of 23 February 2022 and who wish to participate in the SPP, can review the terms of the Offer contained in the SPP announcement released to the ASX on 4 March 2022 which can be found at the Galilee website: <https://galilee-energy.com.au>.

The full terms and conditions of the SPP Offer were included in the SPP Offer Booklet opened on 4 March 2022. All other terms of the SPP Offer remain the same as set out in the SPP Booklet.

Any shareholders with enquiries in relation to the SPP can contact the Galilee Company Secretary on 07 3177 9970 (from within Australia) or +61 (0) 7 3177 9970 (from outside Australia).

The revised timetable for the SPP Offer is summarised below:

Event	Date
<b>Record Date</b>	7.00pm (AEDT) 23 February 2022
<b>SPP Opening Date</b>	4 March 2022
<b>Revised SPP Closing Date</b>	5.00pm (AEDT) 11 April 2022
<b>SPP Results Announcement</b>	14 April 2022
<b>Issue Date</b>	21 April 2022
<b>Quotation of new Shares on ASX</b>	21 April 2022
<b>Dispatch of SPP holding statements</b>	30 April 2022

**Table 1:** Revised SPP timetable

The SPP follows the recent completion of a well-supported and oversubscribed placement to institutional and sophisticated investors that raised approximately A\$11.8 million (before costs).

## Funding to unlock a large, uncontracted gas resource

The combined placement and SPP funding will allow Galilee to better exploit the large contingent gas resource at the Glenaras Project. Glenaras has one of the largest certified, uncontracted contingent resource positions on the east coast of Australia (Table 2).

Category	Contingent Resource (PJ)	Area (km <sup>2</sup> )
1C	308	~36
2C	2,508	~1,200
3C	5,314	~2,500

**Table 2:** Contingent Resource Estimates \*

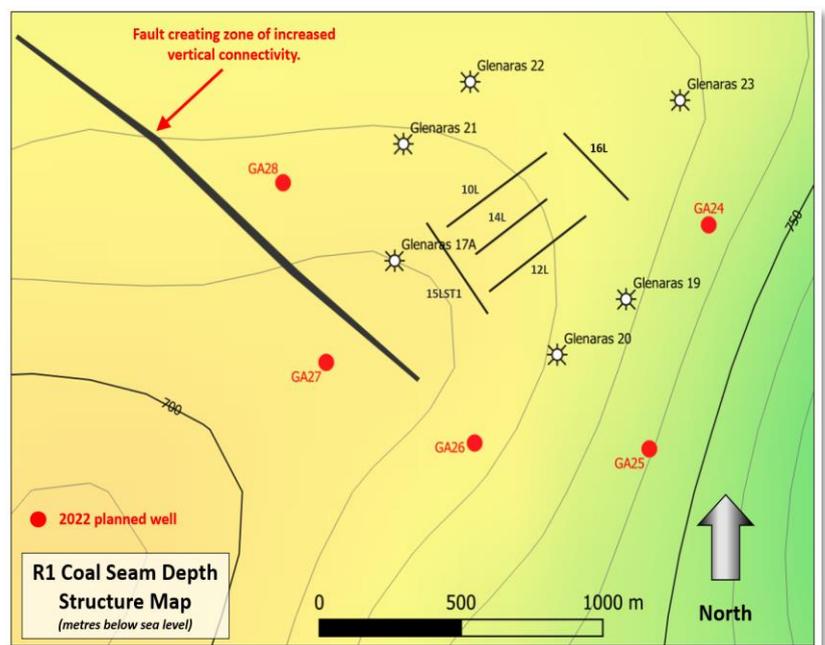
The Company is seeking to facilitate transformational value uplift at Glenaras and progress Galilee towards becoming a multi-TCF gas development company. More specifically, proceeds from the Placement and SPP will be applied to a new 5-well drilling programme at Glenaras to accelerate pressure drawdown and initiate gas desorption at Glenaras to achieve commercial gas production in support of a maiden reserve booking.

## Key pressure desorption for reserve booking

Galilee is now set to capitalise on over \$100m of previous exploration and appraisal expenditure at Glenaras. Pressure depletion witnessed to date is very significant and confirms a material volume of coal is close to being desorbed.

As previously reported, however, new modelling undertaken by Schlumberger has confirmed that the significant pressure sink already created at Glenaras can be sufficiently enhanced within 6 to 12 months if five new vertical wells are drilled around the southwestern flank of the pilot (Figure 1). Regional depletion proves the pilot is effectively dewatering all Betts Creek coals, leading to a potential material reserves booking in early 2023.

**Figure 1 – new vertical production wells**



## Operations Update

All wells are currently online and pumping. The pilot is currently producing ~60 mscfd of gas and ~17,000 BWPD (barrels of water per day). Encouragingly, it has been over 4 months since any downhole pump failures have been encountered, re-inforcing the Company's view that the downhole design modifications made in the last workover campaign have delivered a more robust production system.

## Drilling at Glenaras to commence imminently

Activities for the preparation of the Glenaras drilling programme have progressed well over the last week. The 2022 programme consists of drilling, completing, connecting and powering an additional 5 vertical wells (Figure 1).

The civil works, access roads and lease pad preparation for the Glenaras drilling programme are nearing completion. The well site lease pads and access roads have been completed. Construction of the sumps for the drilling activities is well underway (Figure 2).

The drilling and construction camp has arrived at site (Figure 3). The camp has 30 rooms and will be used by the drilling and construction workforce during this campaign.

The Silver City Rig 23 is mobilising to location this week.



Figure 2 – drilling lease construction



Figure 3 – Drilling & construction camp setup

## Decarbonisation pathway to managing and offsetting emissions

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Whilst Glenaras is well endowed with gas, this is only part of the opportunity, in our view. Increasingly, in order to secure ongoing support from investors and customers, energy companies are being required to demonstrate the capacity to supply hydrocarbons with minimal environmental impact. Galilee is currently reviewing commercially viable investments to transition our operations to a low carbon operation. Some of the key aspects of our decarbonisation pathway are outlined below:

- **Low CO<sub>2</sub> content** - The early gas composition data collected from the Glenaras pilot indicates that it will be a low CO<sub>2</sub> gas development, with CO<sub>2</sub> levels below 2%. This attribute alone reduces the carbon footprint of Glenaras versus other gas producers and sets our hurdle for carbon neutrality lower.
- **Solar Power** - The use of solar power onsite is currently being assessed. The existing 17 MW Longreach Solar Farm is strong evidence of the commercial viability of solar farms in this region which is renowned as being one of the best locations in Australia for solar energy. Solar and an abundance of essentially fresh water provides Galilee with yet further optionality when low to zero emission hydrogen and urea production are considered.
- **Carbon Sequestration** - Coal Seam Gas projects can yield saline water which creates a disposal issue for the Operator. A key advantage of the Glenaras Gas Project is the high volumes of essentially fresh water that is produced. Galilee is currently undertaking a comprehensive review of the potential cropping and farming options and the scope for additional direct and indirect revenue streams to Galilee in the future. These include evaluating the carbon sequestration/credit benefits related to timber crops and specific crops that provide higher carbon storage within the soil. Early investigations have shown that certain crops can provide both carbon benefits and potential for a bio-fuel product. The Company is already irrigating ~70 ha, growing a combination of sorghum, barley, and oats to handle the 17,000 BWPD currently being produced.



## Strong east coast gas prices

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Galilee's upcoming drilling program comes at a time of strong east coast gas prices with the spot price for Queensland gas currently ~A\$15/GJ, a robust price but well short of the current LNG net back price of ~A\$40/GJ. This price differential is expected to, at the very least, underpin current pricing if not exert further upward pressure as Gladstone LNG producers potentially divert gas into spot LNG cargoes rather than the domestic market. The pressure on major LNG projects in Queensland to meet capacity and the recent acquisition of Senex by POSCO/Hancock Energy are further evidence of the increasing value of uncontracted gas in the east coast of Australia.

Multiple pathways to market is a critical piece of the puzzle and Galilee has executed several MoU's with quality counterparties for gas offtake, renewable energy projects and transportation, positioning itself well to become a material supplier of natural gas to the east coast gas markets.

### **Galilee's Managing Director & CEO, David Casey said:**

*"We are wasting no time deploying the recently raised capital. Our preparations continue according to plan with the first of the five planned wells scheduled to spud this month at Glenaras, setting Galilee on a path towards an anticipated maiden reserve booking at the project within the coming 12 months. In light of this progress and the rapidly changing energy landscape due to recent events, we are pleased to be able to offer our shareholders an extended opportunity to participate in the SPP, thereby directly supporting the growth of the company and its ambitions to supply gas to an increasingly tight east coast gas market, in a unique environmentally sustainable manner."*

This announcement was released with the authority of the Board.

### **For further information, contact:**

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Galilee Energy Limited  
+61 (0) 7 3177 9970

**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 its 100% owned Glenaras Gas Project in the Galilee Basin and exploring in the Surat and Bowen Basins, whilst looking to add further high quality acreage to its portfolio.

*\* Listing Rule 5.42 + The details of Contingent Resources referenced throughout this release in respect to ATP 2019 were announced to the market on 1 September 2015. In accordance with Listing Rule 5.42.3, Galilee Energy confirms that it is not aware of any new information or data that materially affects the information in that market announcement reporting the details of the Contingent Resources for ATP 2019 and that all of the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.*

**Directors**

Chairman – Ray Shorrocks

Managing Director – David Casey

Non-Executive Director – Stephen Kelemen

Non-Executive Director – Gordon Grieve

Non-Executive Director – Greg Columbus