

# ATP 2043 Award and Maiden Resource Booking

1 August 2019

## Highlights

- ❖ ATP 2043 in the overlapping Surat and Bowen Basins officially granted to Galilee Energy Limited (100%), effective 1<sup>st</sup> August 2019 for a total term of 6 years.
- ❖ 504 petajoules (“PJ”) of coal seam gas 2C Contingent Gas Resource independently certified in ATP 2043 in the Walloon Subgroup of the Surat Basin.
- ❖ Boosts total company 2C Contingent Gas Resource booking to 3,012 PJ.
- ❖ ATP 2043 is strategically located less than 10km from existing production and facilities enabling accelerated access to market.
- ❖ Additional resource potential identified through conventional gas and oil traps.
- ❖ Initial work program has commenced with planning underway for the reprocessing of existing 2D seismic.

Galilee Energy Limited (ASX:GLL) (“Galilee”) has been officially granted operatorship and 100% working interest in the Authority to Prospect - ATP 2043 in the overlapping Surat and Bowen Basins, effective 1<sup>st</sup> August 2019 for a term of 6 years. The acreage was made available for tender as part of the Queensland Government’s recent release of new petroleum resource areas, designed to stimulate oil and gas exploration in Queensland and provide sustainable benefits to local communities and the broader Queensland economy.

ATP 2043 is a 384km<sup>2</sup>, high quality exploration tenure with dual prospectivity within both the world-class Walloon Subgroup coal seam gas (“CSG”) fairway and the oil and gas prone eastern flank of the Taroom Trough in the Bowen Basin. A total of 504 PJ of CSG 2C Contingent Gas Resources has been independently certified in the Walloon Subgroup as at 1<sup>st</sup> August 2019 by MHA Petroleum Consultants (“MHA”), validating the material prospectivity and value of this acreage.

MHA conducted an independent evaluation and estimation of the Walloon Subgroup CSG Contingent Gas Resources in ATP 2043 using a probabilistic method, whereby individual property ranges and distributions were determined for the key coal parameters with calculations then run through a Monte Carlo simulation. Additional conventional oil and gas prospectivity has been identified within the permit area, however this Contingent Resource estimate is limited to the Walloons CSG only.

This independent evaluation generated values for the 1C (low estimate), 2C (best estimate) and 3C (high estimate) Contingent Gas Resources as per industry standard guidelines (Table 1).

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

**Table 1. Galilee Energy Contingent Gas Resource<sup>+</sup> estimates.**

The addition of ATP 2043 to Galilee’s portfolio increases the company’s 2C Contingent Gas Resource to a material 3,012 PJ. This further elevates Galilee’s position as one of the leading, uncontracted Resource holders on the Australian east coast with clear channels to market as evidenced by the strong progress Jemena have made with the proposed Galilee Gas Pipeline, in addition to the access Galilee will have to existing infrastructure in the Surat Basin.

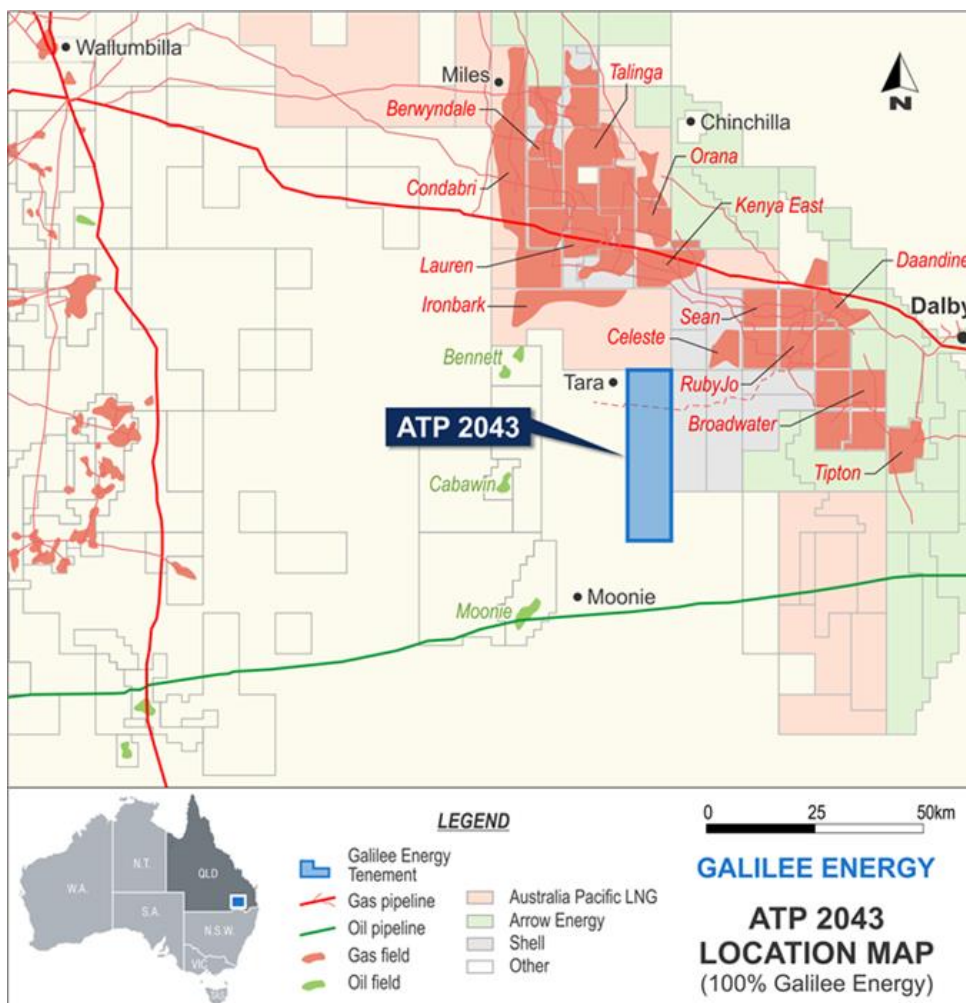
Galilee Managing Director Peter Lansom stated, “The independently evaluated 2C Contingent Gas Resource estimate for ATP 2043 confirms the very high quality and strategic value of this permit, which is close to existing infrastructure and provides the capability to deliver material CSG and conventional oil and gas reserves to a structurally short east coast gas market. This latest tender release and award to Galilee is also further testament to the Queensland Government’s commitment to stimulating oil and gas investment in the state and providing financial benefits to both local communities and the broader state.”

Galilee was successful with its targeted approach for this high-graded block and was awarded the acreage following a non-cash consideration, competitive tender process. The acreage is less than 10 km from established CSG production facilities and directly adjacent to the south of the Ironbark CSG asset which was recently acquired by APLNG for \$231 million. In addition, the regionally significant Moonie oil field is located only 25km to the southwest on the Moonie-Goondiwindi Fault System, which directly links the Moonie Field into the central reaches of ATP 2043. It is this same fault system that is expected to provide considerable permeability enhancement to the Walloon Subgroup coals.

The initial work program for ATP 2043 has commenced with planning underway for the reprocessing of existing 2D seismic and planned exploration core-hole drilling. ATP 2043 is significantly under-explored and will benefit greatly from Galilee applying contemporary exploration technology to advance the understanding of this highly prospective area.

Galilee will leverage the experience of its senior management team who have extensive Surat Basin CSG exploration and development experience to mature the Resources as efficiently as possible. Galilee’s capability in this regard is well proven in the Company’s ATP 2019 permit in the Galilee Basin as evidenced by the Glenaras Gas Project with the Glenaras multi-lateral pilot having recently been commissioned and which is now progressing towards its goal of achieving commercial gas rates and a maiden Reserves booking for both the company and the Galilee Basin.

Importantly Galilee has sufficient resources in place to drive both ATP 2019 and this Surat Basin acreage forward in parallel.



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**Disclosure under ASX Listing 5.33 Requirements**

**LR 5.33.1:**

The type of permit in which the contingent resources the subject of this announcement is located in, is an Authority to Prospect issued under the Petroleum and Gas (Safety and Production) Act 2004.

**LR 5.33.2:**

The Walloon Subgroup is the primary coal seam gas play in ATP 2043 and is present across the entire block. The potential existence of a significant quantity of recoverable CSG is supported by the location of the ATP within the Walloon Subgroup fairway, and the data collected from coal cores and tests from wells within, and in the vicinity of, the ATP. The Walloon Subgroup is approximately 300m in gross thickness across the ATP, and dips generally from the northeast to the southwest. Based on well control, the coal seams are expected to be at depths, which is within the economic range of coal seam gas production as proven elsewhere in the region.

**LR 5.33.3:**

MHA conducted an independent evaluation and estimation of the Walloon Subgroup CSG contingent resources in ATP 2043 using a probabilistic method. The contingent resources estimated are within the sub-class of Development Unclassified. The PRMS defines this sub-class as having potential for eventual commercial development, but further appraisal and evaluation activities are required to clarify the potential for eventual commercial development. The key contingency preventing these contingent resources from being classified as reserves at this time is the permeability and productivity of the coals. Due to lack of reliable well test data and results, permeability is essentially an unqualified property. As such, further appraisal and well/production testing is required to quantify this critical parameter.

**LR 5.33.4:**

The estimates of contingent resources are not contingent on any technology that is currently under development.

**LR 5.33.5:**

The area of the permit which the contingent resources booking relates is the whole of the permit and at this point no estimate of the number of wells has been determined.

**\*Competent Persons Statement & Listing Rule 5 Additional Reporting on Oil & Gas Activities**

The estimates of contingent resources for both ATP 2043 and ATP 2019 as they appear in this announcement, are based on, and fairly represents, information and supporting documentation determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC Inc Denver, Colorado, USA, an independent petroleum reserve and resource evaluation company, in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA, and is a qualified person as defined under the ASX Listing Rule 5.41. His career spans over 30 years petroleum engineering evaluations experience including field development planning, unconventional reservoir assessment and reserves, reservoir simulation, enhanced recovery, and industry training courses. His qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves in accordance with the Society of Petroleum

Engineers (“SPE”) 2007 Petroleum Resource Management System (“PRMS”) Guidelines as well as the 2011 Guidelines for Application of the PRMS approved by the SPE.

Mr Hower has consented to the publication of the contingent resource estimates for Galilee Energy’s 100% interest in ATP 2043 and ATP 2019 in the form and context in which they appear in this announcement. The contingent gas resource estimates for ATP 2019 provided in this announcement were originally released to the market in the Company’s announcement of 1 September 2015, and were estimated using the Deterministic Method with the estimate of contingent resources for ATP2019 not having been adjusted for commercial risk.

Galilee Energy confirms that it is not aware of any new information or data that materially affects the information included in the announcement of the 1st of September 2015 and that all of the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Contingent Gas Resources detailed in this announcement are (100%) Unrisked Gross

For the purposes of Listing Rule 5.25.3 the Table records the total estimate of contingent resources attributable to Galilee Energy. No petroleum reserves in any of its permits have been attributed to Galilee Energy.

In accordance with Listing Rule 5.25.2 the contingent resource estimates having been recorded in respect to ATP 2043 and ATP 2019 and as otherwise appearing in Table 1 have been prepared in accordance with the Society of Petroleum Engineers (“SPE”) 2007 Petroleum Resource Management System (“PRMS”) Guidelines as well as the 2011 Guidelines for Application of the PRMS approved by the SPE.

### **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 and exploring in the Surat Basin whilst looking to add further high quality 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 – 56.4%

Directors and Management – 4.4%

\*As at 1 July 2019