

# Annual General Meeting 2019

## Managing Director's Presentation



28 November 2019

ASX: GLL

# Company Snapshot

## Directors



**Ray Shorrocks**  
Non-Executive  
Chairman



**Peter Lansom**  
Managing Director



**Dr. David King**  
Non-Executive Director



**Stephen Kelemen**  
Non-Executive Director

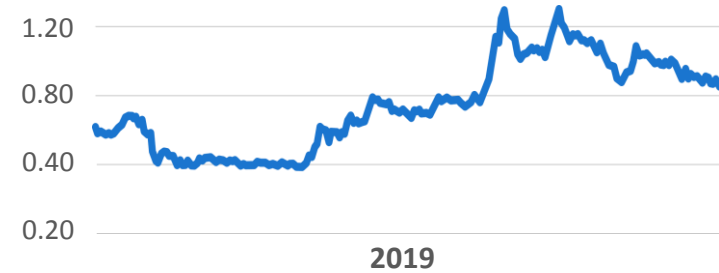


**Gordon Grieve**  
Non-Executive Director

## Corporate Information

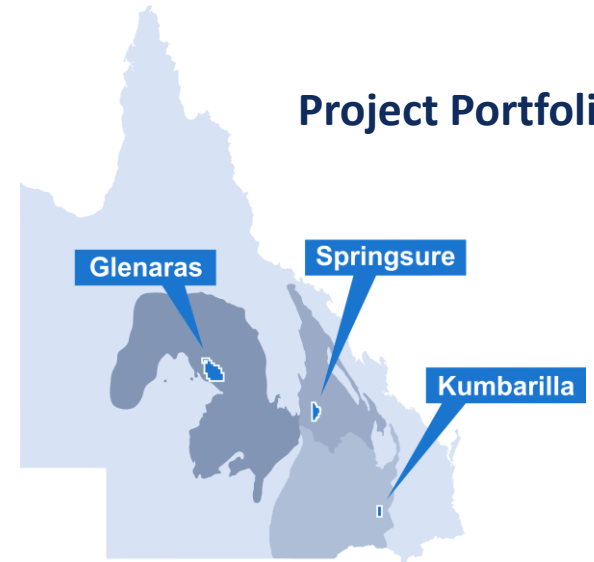
Share Price	<b>A\$0.86</b>
No of Shares	<b>239M</b>
Market Cap	<b>A\$205M</b>
Cash	<b>A\$11M</b>
Debt	<b>No Debt</b>
Enterprise Value	<b>A\$194M</b>

## Share Price

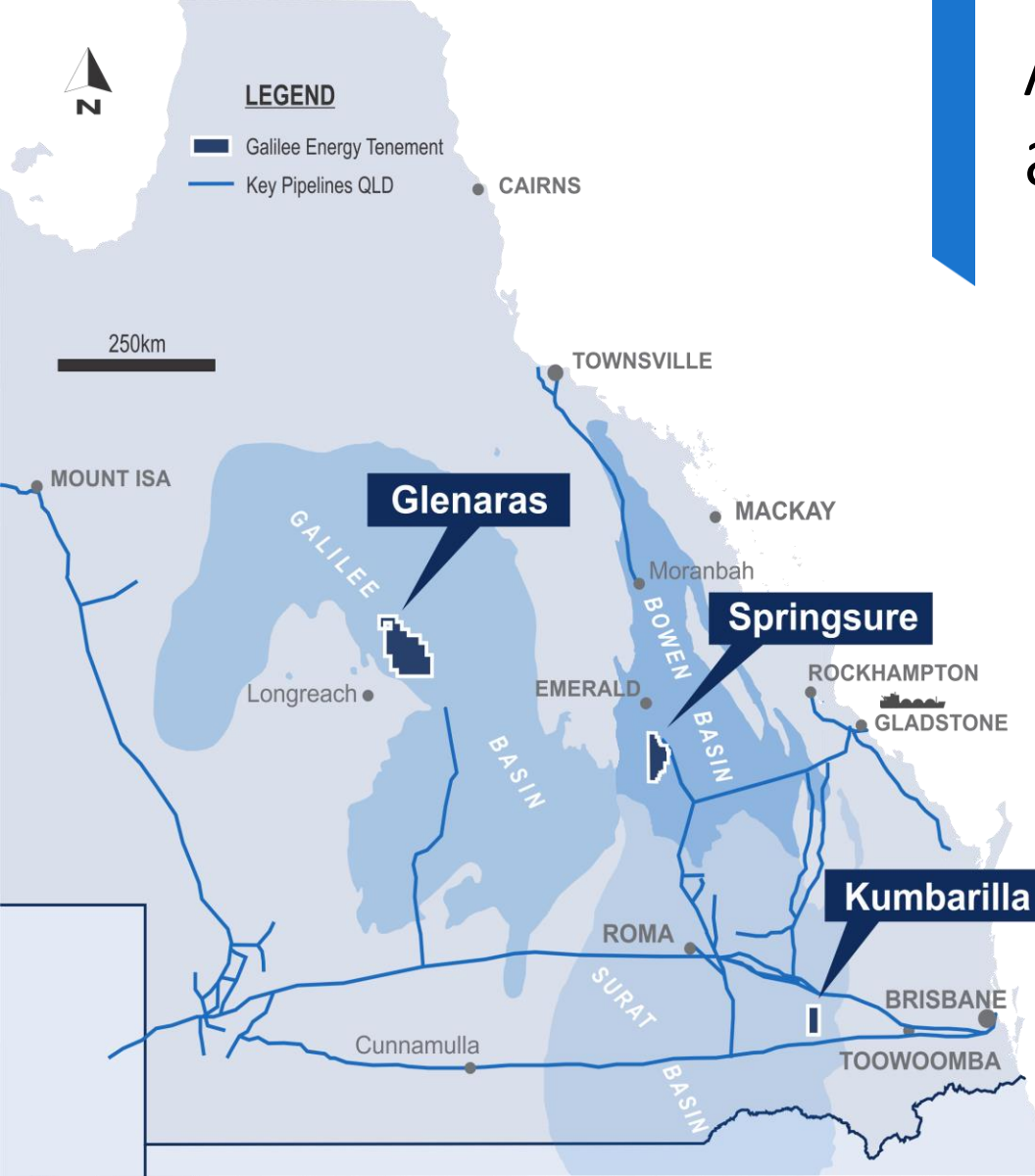


2019

## Project Portfolio



# A year of achievements



- Drilled three wells at Glenaras safely and within budget with the pilot on production and producing strongly.
- Expanded the asset portfolio to three basins with successful tender awards in both the Surat and Bowen basins.
- Management team bolstered, high quality team now in place leveraging experience across the Galilee, Surat and Bowen basins.
- MOU signed with Clarke Energy and continued progress with Jemena on the channel to market.
- Balance Sheet strengthened through strong capital markets support - funding in place for growth and no debt.

# Key Investment Themes



## Major Gas Resource

Material Contingent Gas Resource in the Galilee and Surat basins.



## Well Capitalised

Galilee is well funded to convert Resources to Reserves and accelerate future exploration programs.



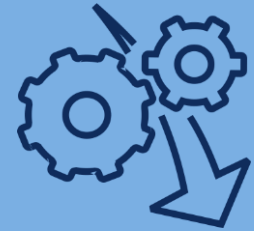
## Market Demand For Gas

Market structurally short and maturation of Contingent Resources to Reserves required to meet long term demand.



## Significant Upside

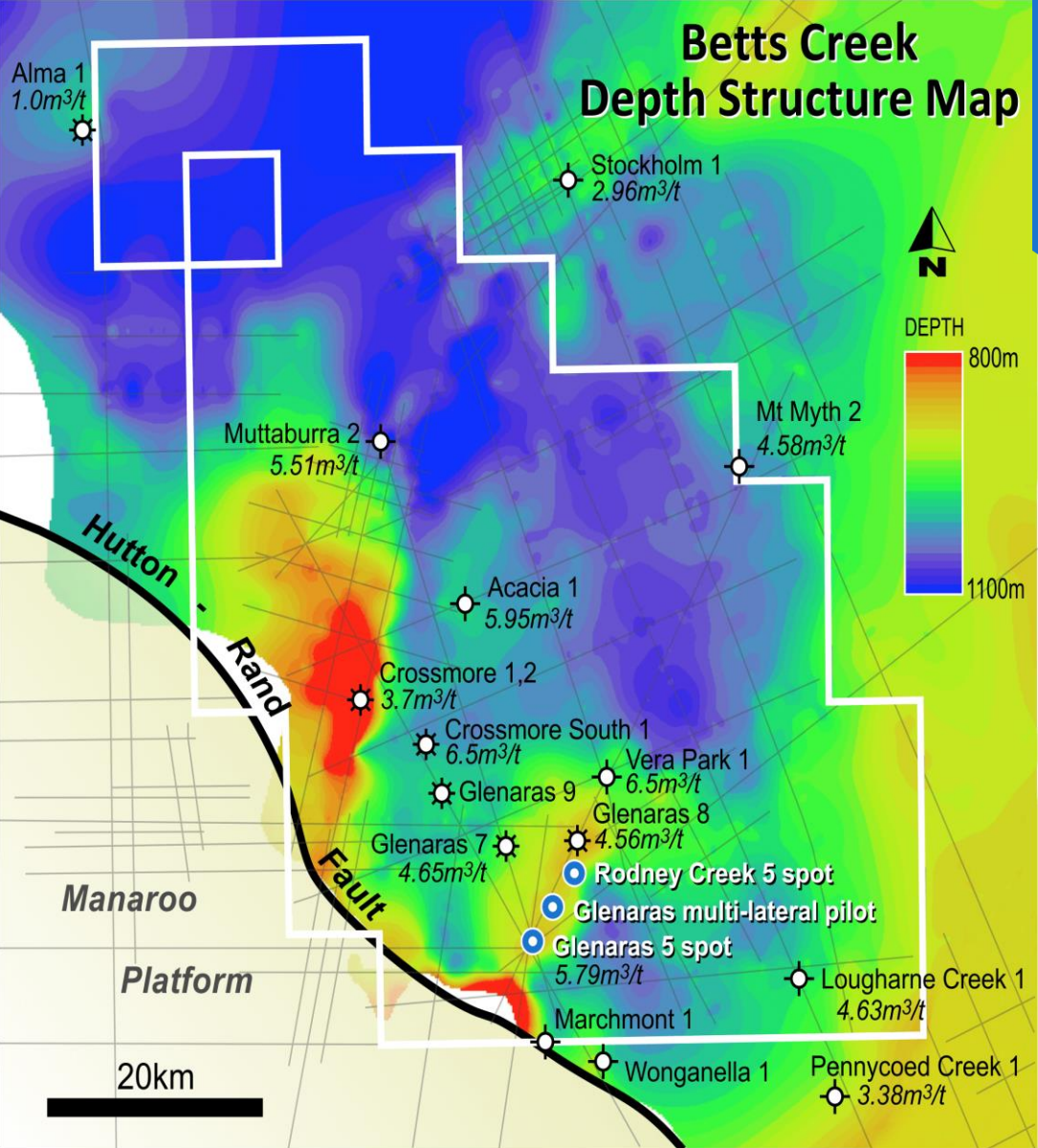
Galilee has an extensive portfolio of gas at 100% equity levels across three different gas basins in Queensland.



## Low Cost Development

Staged development at Glenaras with Kumbarilla and Springsure adjacent to existing gas infrastructure

# Glenaras Gas Project - The Asset



- Over \$90 million spent to date.
- Clearly defined resource – twenty exploration wells, 700km of seismic & two multi well pilots.
- Existing assets - large \$6M water storage facility (450 ML) & production gathering & flare.
- Expenditure has advanced the Project to its significant current +Contingent Resource position:

## Contingent Gas Resource (PJ) +

1C	2C	3C
308	2,508	5,314

- Multi-lateral pilot program converting Resources to Reserves is the remaining step for significant value creation.

# Glenaras Gas Project - The Asset

- Flat, open grazing country with large scale holdings of 50,000+ acres.
- Expected low field development costs:
  - Laterals have demonstrated high production rates per well.
  - Gas composition is sales spec with no processing required.
  - Low salinity water - minimal treatment cost.
- Strong stakeholder relationships:
  - Community consultation through industry Operator's forum.
  - Less than twelve landowners within the 2C Contingent Resource area.
- Numerous beneficial use options for the produced water given its excellent qualities.
- Has the ability to assist landowners who have been devastated by recent long term drought.



# Glenaras Gas Project – CSG Properties

Successful CSG projects require three key parameters

**1 Resource concentration** ✓  
*(thickness, gas content)*

**2 Productivity** ✓  
*(thickness, permeability)*

**3 Pressure drawdown in the coal** ?  
*(well design)*



**Depth**  
900m – 1000m



**Net Coal**  
19m



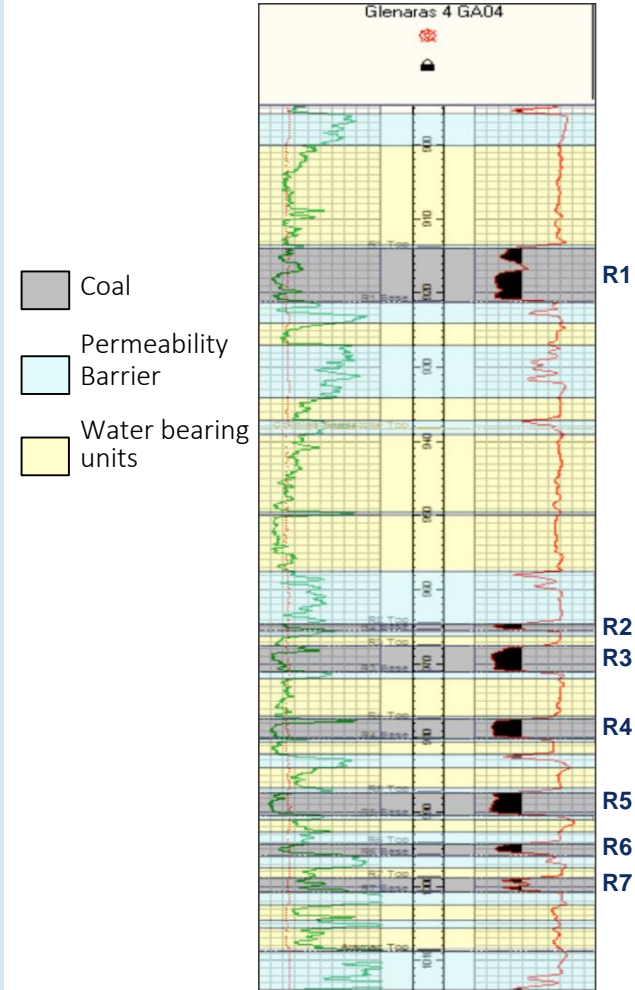
**Gas Content**  
5.3m<sup>3</sup>/t



**Permeability**  
45md



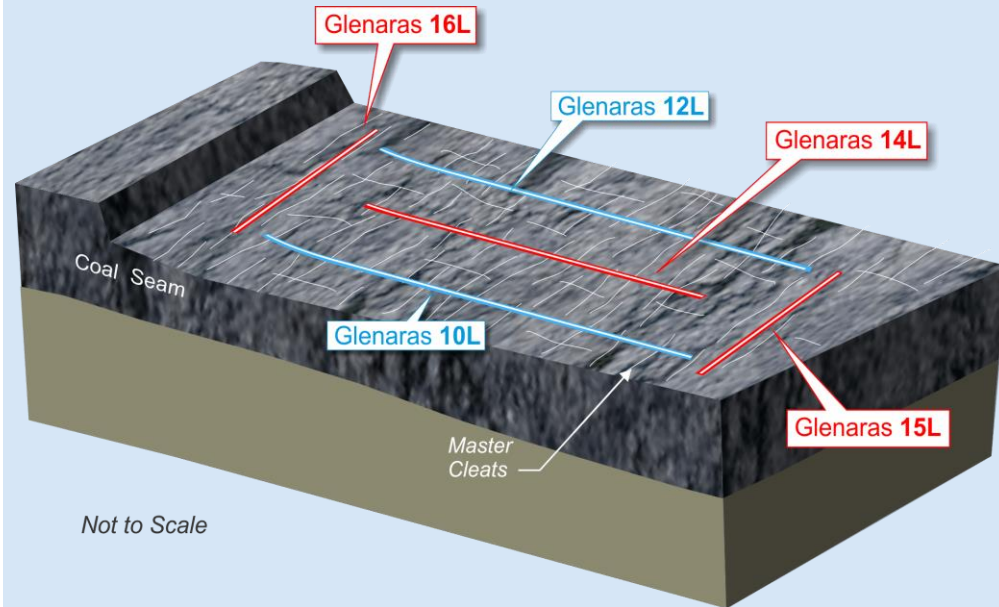
**Resource Concentration**  
5.2 bcf/km<sup>2</sup>



# Glenaras Gas Project – Enhanced Pilot

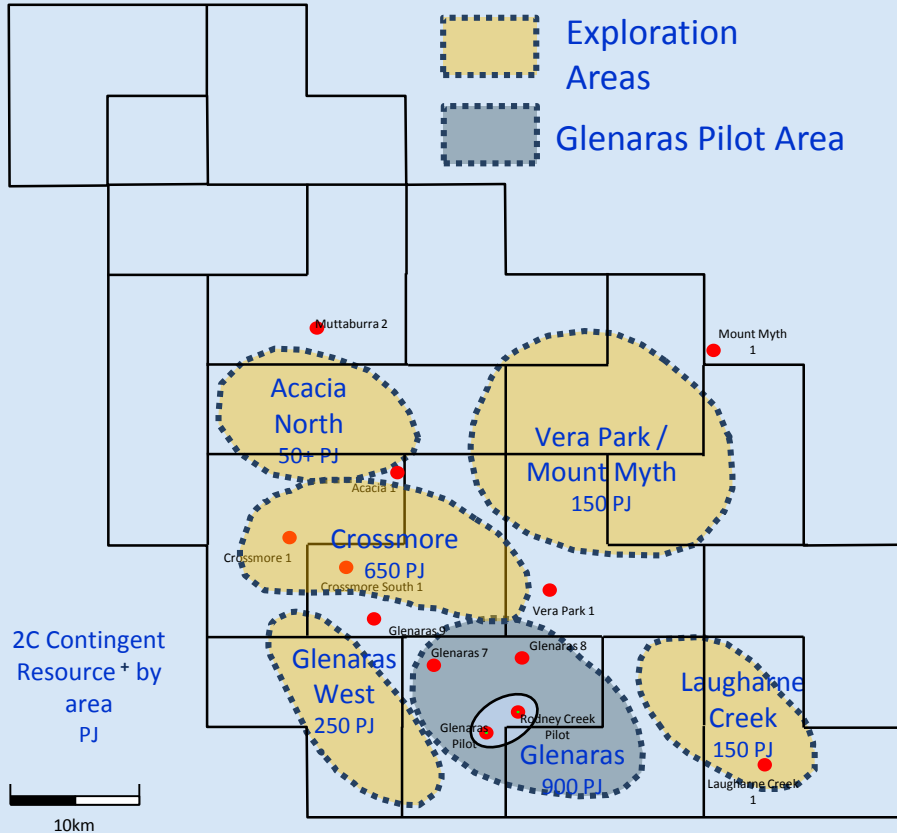
- Three lateral well program delivered safely, on time and within budget. New design has greatly improved well density and shielding.
- Now have a well designed, five lateral well pilot in excellent coal – providing strong platform to draw down large area of coal below critical desorption pressure.
- All five wells on continuous production with higher capacity pump recently installed at Glenaras 15L.
- The strong productivity of Glenaras 15L and 16L have greatly improved reservoir understanding.
- All wells are now near maximum drawdown. Water rates are back on decline and the aggregate gas rate for the pilot is rapidly recovering to pre-shut in levels.
- Produced gas now being utilised as generator fuel providing significant opex savings.

High productivity and pressure drawdown – a strong indicator for robust field economics





# Future Exploration Potential



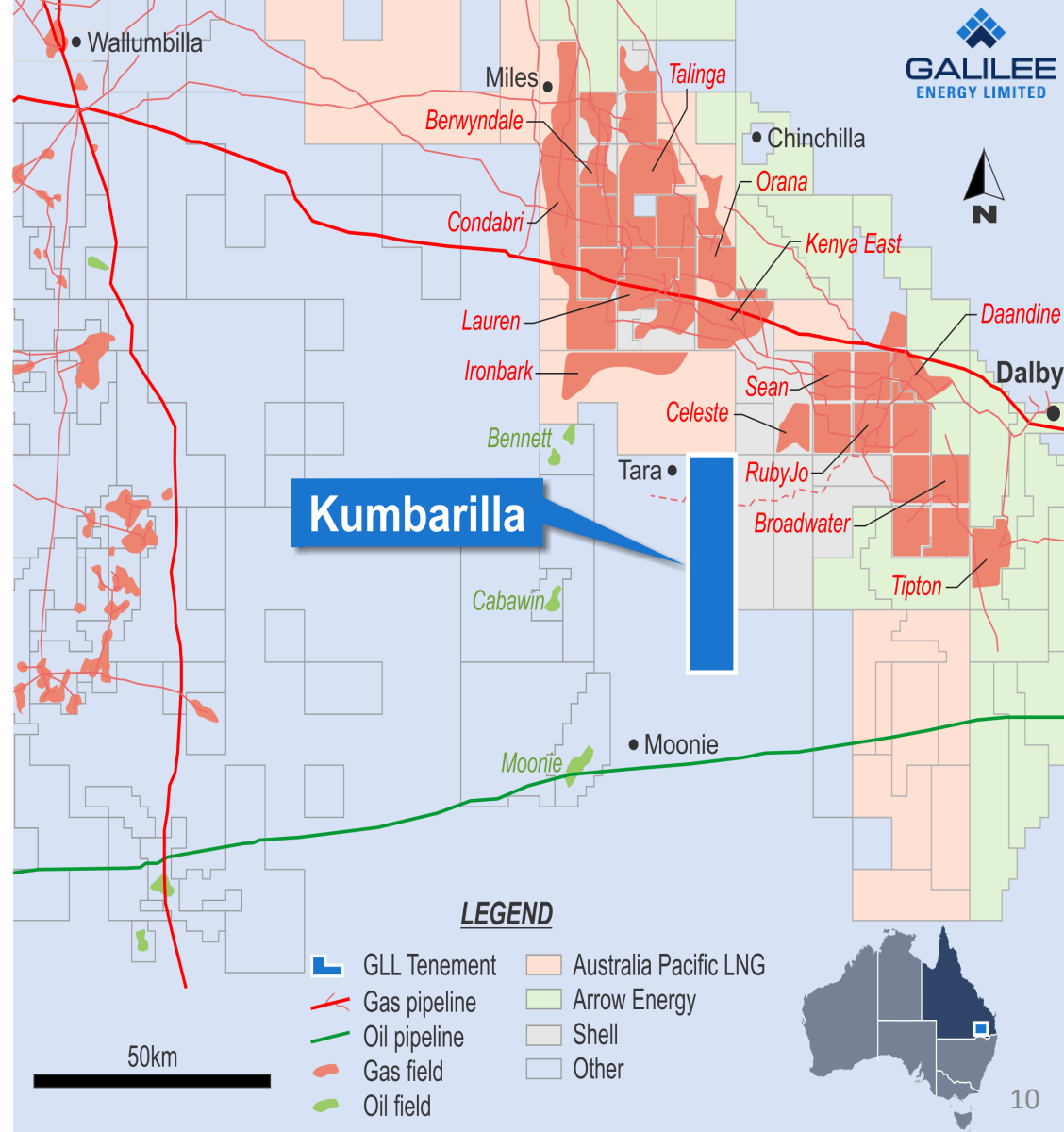
- Important to appreciate the scale of the permit area, over 80 km N-S and 70km E-W.
- The majority of the permit area has Contingent Resources coverage. 16+ Petroleum Lease applications, depicted on the left, would be required to cover the current Resource booking.
- Acreage area is similar in size to the respective Spring Gully/Fairview and Undulla nose developments.
- Currently, the only production testing in the permit has been in a 5km band.
- Primary focus for future exploration and appraisal activities are Glenaras, Crossmore and Glenaras West where greater subsurface data control exists.

# Surat Basin – Kumbarilla Gas Project

- 384km<sup>2</sup> of high-value exploration acreage targeting both coal seam gas and conventional oil.
- Close proximity to top tier production assets.
- Existing pipeline tie-ins less than 10km.
- The nearby Ironbark CSG field - purchased by APLNG in 2019 for \$231 million.
- 2D seismic reprocessing near complete and three well corehole programme accelerated to Q1 2020.

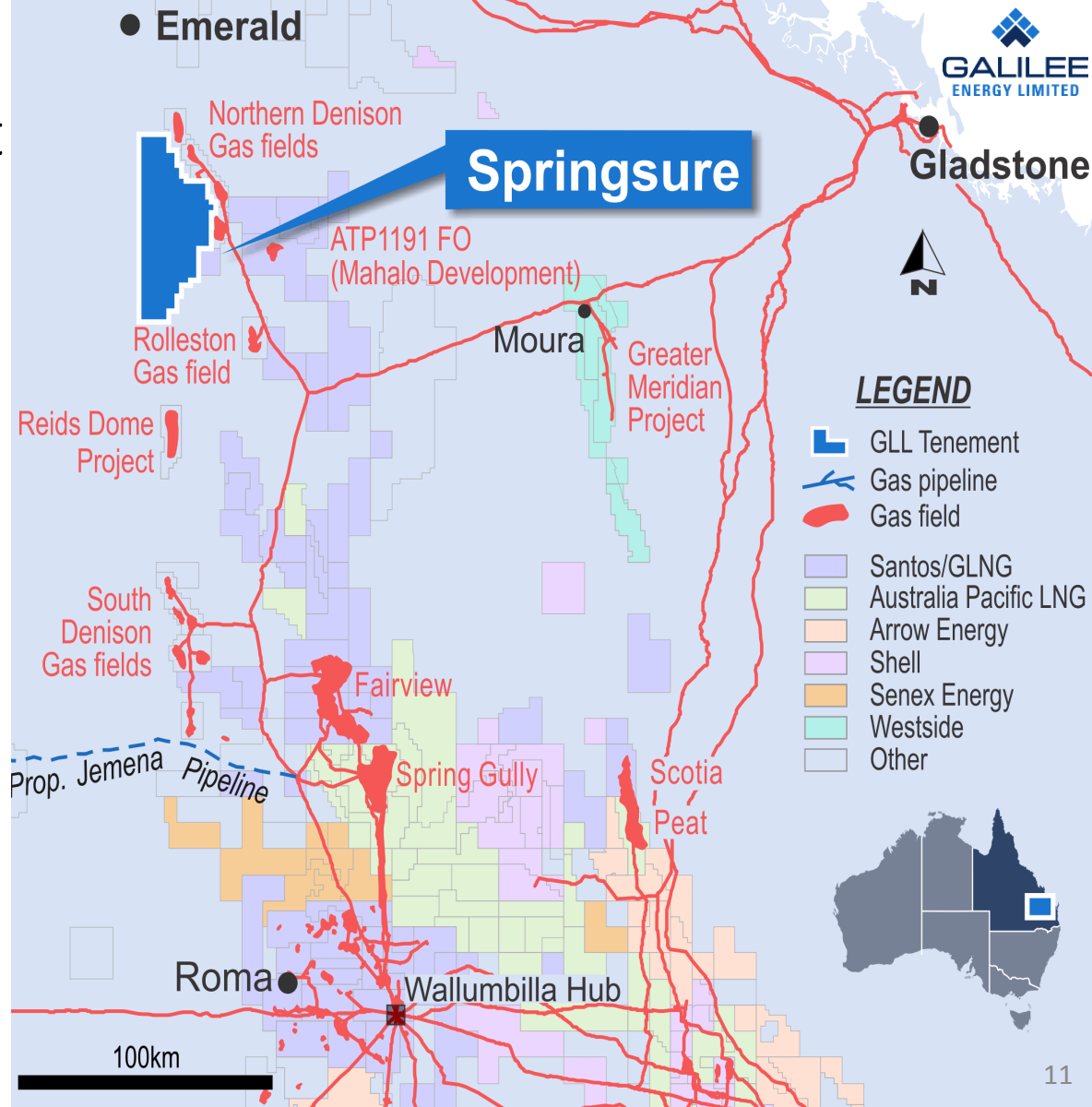
## Contingent Gas Resource (PJ) +

1C	2C	3C
266	504	895



# Bowen Basin – Springsure Gas Project

- 1,425km<sup>2</sup> of high-quality exploration acreage - Denison Trough region:
  - Multiple coal seam gas and stacked conventional gas targets;
- Excellent location with short-range tie-in potential to both existing gas networks and future developments including:
  - Jemena's proposed Galilee to Yellowbank pipeline;
  - Mahalo Development;
  - Northern Denison gas fields.
- Considerable resource growth potential presenting opportunities to create a new, major gas infrastructure hub.



# Summary



## Focus on high growth east coast gas

Glenaras Pilot producing strongly and remains the key focus. Now have 100% positions across 3 Queensland basins to service east coast gas market.



## Experienced management team

High quality people in place at Board and Management level with experience and track record of success in these basins.



## Structurally short gas market

East coast gas market continues to remain short in supply with strong demand and high gas prices.



## Recent awards of new acreage

Exclusively targeted high value exploration plays with multiple targets. Provides a portfolio of opportunities, spreading risk and resource maturity.



## Channel to market

Jemena have made significant progress with all stakeholders and have lodged EIS for proposed Galilee Gas Pipeline providing a clear pathway to the east coast gas market.



## Strong financial position

Strong support from shareholders, well funded to progress both Glenaras and new exploration projects and no debt.

# Disclaimer

This presentation may contain forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. Investors should undertake their own analysis and obtain independent advice before investing in GLL shares. All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

## **+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 presentation, 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”) 2018 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 presentation . The contingent gas resource estimates for ATP 2019 provided in this presentation 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. The contingent gas resource estimates for ATP 2043 provided in this presentation were originally released to the market in the Company’s announcement of 1 August 2019 and were estimated using the Deterministic Method with the estimate of contingent resources for ATP2043 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 announcements of 1 September 2015 and 1 August 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.



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