

Kumbarilla Drilling Update

28 April 2020

Highlights

- ❖ The final well in the three well Kumbarilla programme has reached total depth and successfully drilled through the complete Walloon Subgroup, coal bearing section.
- ❖ Phase 1 of the coal seam gas exploration programme is now complete with the results to be fully evaluated and considered for future phases of coal seam gas exploration.
- ❖ Phase 2 exploration commenced with a focus on the considerable conventional oil and gas opportunities in the Permian and Jurassic reservoirs.
- ❖ Savanna Rig 406 will be released today for mobilisation to the ATP 2019 Glenaras Gas Project and drilling of the pilot monitoring well.

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.

Phase 1 of the Kumbarilla exploration programme has been completed safely and within budget with the final well in the programme, Kumbarilla Central 3 (KC3), reaching total depth of 1,073m on 25 April 2020. The complete Walloon Subgroup was intersected with wireline logs confirming 22m of net coal, which was on the high side of pre-drill expectations. Good fracture development was identified throughout but in places resulted in poor downhole conditions. This precluded drill stem testing of some of the more highly fractured, coal-bearing zones. The drill stem tests that were conducted on KC3 indicated lower than expected productivity.

An extensive suite of new subsurface data has been acquired in this initial exploration program, including over 200m of fullhole core, twenty gas desorption samples and in excess of 600m of subsurface image logs. This data has confirmed significant net coal development of 22m to 25m across the area, which exceeds pre-drill expectations. A critically important fracture network has also been confirmed as predicted. Further technical work will now integrate this new data with the existing seismic grid to determine the subsurface geomechanics of the Walloon Subgroup and identify locations where the confirmed fracture network is open and productive. These locations will be matured for inclusion in future phases of exploration across the Walloon Subgroup in the Kumbarilla area.

The second phase of the exploration programme will focus on the substantial conventional oil and gas potential at Kumbarilla. This represents one of Galilee’s primary prospectivity objectives in this permit, which was originally released by the Queensland Government as a conventional block.

Considerable technical work on the permit has been accelerated by Galilee including the reprocessing of over 675km of existing 2D seismic data within and around ATP 2043. This work has already identified several structural leads at both the Permian and Jurassic reservoir levels along the regionally extensive Moonie-Goondiwindi Fault System (Fig 1), which also hosts the on-trend Moonie oil field.

In addition to the presence of this major, basin-scale, structural trend, the Kumbarilla Project area also covers significant volumes of Permian-aged, hydrocarbon-rich source rocks, directly adjacent to the mapped traps, which supports both oil and gas charging in material volumes to these leads. Additional seismic will now be planned to mature these leads to a drillable status as a matter of priority.

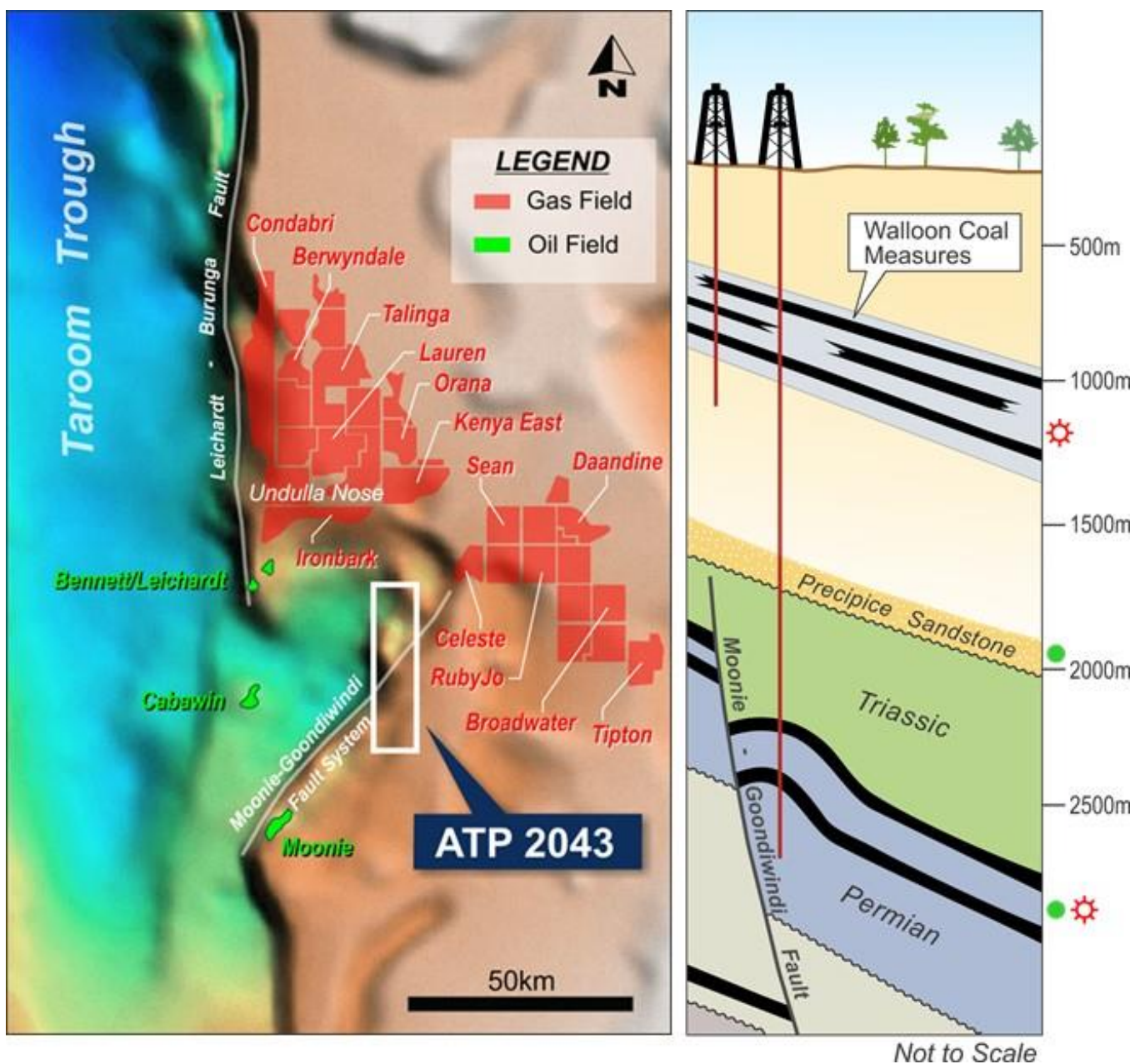


Figure 1. Kumbarilla Project (ATP 2043) location.

Savanna Rig 406 will be released today and immediately begin mobilisation to Galilee's Glenaras Gas Project in ATP 2019 in the Galilee Basin. The rig is expected to arrive on site within 2 to 3 days and will then commence drilling a vertical monitoring well to confirm the extent of pressure depletion around the multi-lateral pilot and to more fully understand the areal influence and subsurface volume of coal the pilot is accessing. Importantly, operations at the pilot will not need to be suspended during drilling, ensuring uninterrupted drawdown of the R3 coal seam and continued positive progress towards reaching critical desorption pressure.

Further updates will be provided to the market.

For further information contact:

Galilee Energy Limited
+61 (0) 7 3177 9970

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