

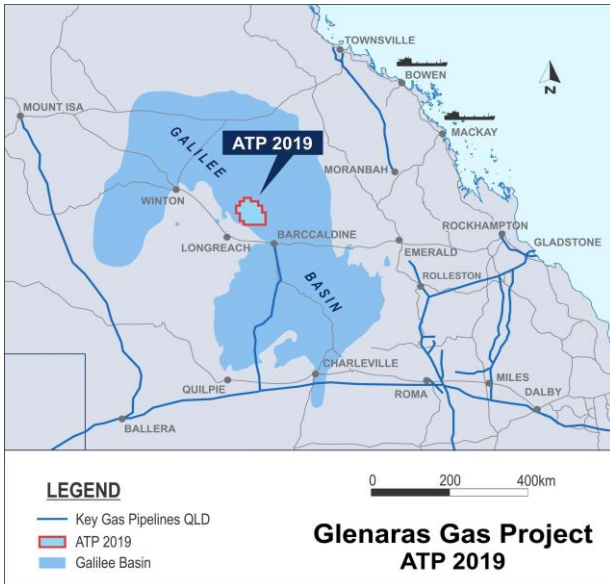
29 April 2021

## Highlights

- ❖ Glenaras pilot pump enhancement programme (PEP) progressing well with three of the six wells completed and the fourth well significantly progressed.
- ❖ Excellent water rates observed after the initial three wells, with rates in excess of 16,500 BWPD (barrels of water per day) in aggregate.
- ❖ Initial signs of gas are being detected in two of the recently worked over vertical wells and the increased aggregate gas flow from the pilot will be accurately measured in the next week once the second pivot is fully commissioned.
- ❖ Second pivot irrigation system due to be commissioned by early May enabling the handling of increased water rates.
- ❖ Galilee has entered into a Heads of Agreement with Alinta Energy to work towards the supply of natural gas from the Glenaras Gas Project into the east coast domestic market.
- ❖ Galilee Basin has been identified by the Federal Government as a key basin to be unlocked as part of the “gas led economic recovery”.
- ❖ Ongoing commercialisation discussions progressing with multiple parties regarding natural gas, hydrogen and renewables.
- ❖ Project Director hired to execute PEP and coordinate pre-development planning for commercialisation of early gas production.
- ❖ Strong balance sheet with current cash position of \$19.2 million as at 31 March 2021, with no debt.

**Glenaras Gas Project (ATP 2019) – GLL 100%**

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on the Glenaras Gas Project in the Galilee Basin in Queensland (Figure 1).



The Glenaras Gas Project (“Project”) is located in ATP 2019, which is 100% owned and operated by Galilee. The Permit covers an area of approximately 3,200 km<sup>2</sup>.

The Project has one of the largest contingent gas resources on the east coast and is strongly positioned to supply the AEMO’s forecast eastern Australian domestic market gas shortfall opening up from the early 2020’s. The Project’s independently derived and certified Contingent Resource\* within the Betts Creek coals are 1C of 308 PJ, 2C of 2,508 PJ and 3C of 5,314 PJ, which represents sufficient gas supply to fulfil 25% of eastern Australian domestic market needs for over 30 years (3C Contingent Resource at 650 PJ/year).

Figure 1 – Glenaras Gas Project.

**Pump Enhancement Programme (PEP)**

As previously advised, a pump enhancement programme is underway at the Pilot. This programme includes workovers in all six of the vertical wells (see Figure 2) to optimise the production performance in these outer wells and accelerate the process of achieving commercial natural gas production.

The PEP is targeting an increase of over 30% in total Pilot water production to ~18,000 BWPD which is expected to have a marked impact on the Pilot and we have already made significant progress in achieving the desired water rate.

Excellent progress has been made on all aspects of the PEP with progress tracking to schedule. The first facet of the programme was the upgrade to the power generation system. All work on upgrading the power distribution board and additional cabling to accommodate the new larger horsepower pumps has been successfully completed.

Workover activity has been completed safely and within budget on the first three wells of the six well programme; Glenaras 19, 20 and 21. No sediment or fill was encountered and as a result there is no need for further clean-out activities which augurs well for longer term pump reliability. The workover on Glenaras 22 is nearing completion.

The new larger capacity pumps at each of the above three wells have been commissioned and brought back online. Water production at these three wells has been ramped up and total Pilot water production is already exceeding previously reported rates and currently stands at 16,500 BWPD. An increased reservoir pressure decline towards the desorption pressure has been observed. Initial signs of natural gas are being detected in two of the recently worked over vertical wells and the increased aggregate gas flow from the Pilot will be accurately measured in the next week once the 2nd pivot irrigation system is fully commissioned.

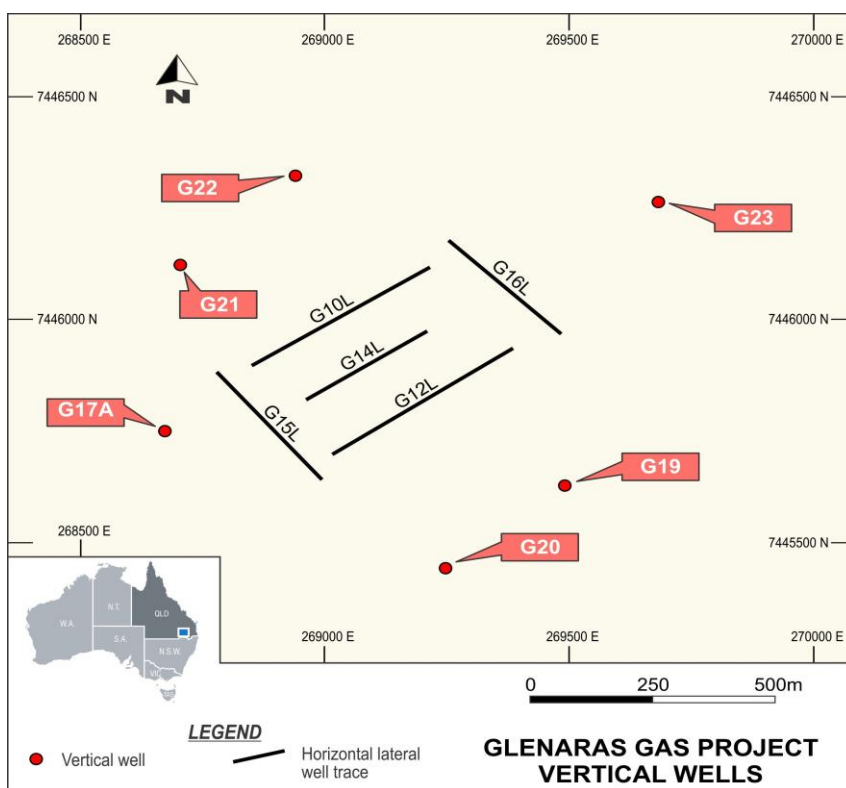


Figure 2 – Pilot well locations and existing G17A observation well.

**Water handling projects**

The second crop on the first pivot has been baled. Irrigation has re-commenced on the first pivot with a continued sorghum crop (see Figure 3).

The second pivot irrigation system (see Figure 4) has been constructed with fertilisation and seed planting about to commence. This second irrigation system provides further capacity to enable the handling of additional water volumes resulting from the PEP.

The Company is continuing to assess different crop types and yields to optimise longer term development plans.



**Figure 3** – Forage sorghum bales from first centre pivot irrigation system.



**Figure 4** – Second centre pivot irrigation system.

### **Alinta Energy Heads of Agreement**

Galilee has entered into a Heads of Agreement (“HoA”) with Alinta Energy to collaborate on domestic natural gas supply opportunities from the Glenaras Gas Project.

Alinta Energy have a strong Queensland presence and support the powering of homes, manufacturing and jobs and Galilee is committed to working with potential customers to supply natural gas that will help to support the gas-led recovery and assist in the creation of sustainable employment for Queenslanders.

This agreement with Alinta Energy follows both the Queensland and Federal Government’s policy to support the new supply of natural gas into the domestic market and Galilee now has the opportunity to help support the supply of natural gas for homes, local manufacturing and to boost regional investment.

This HoA with Alinta Energy is a crucial step towards Galilee becoming a material supplier of gas to the east coast market, providing Galilee with another commercialisation option in addition to the existing options.

### **Glenaras Gas Commercialisation**

The Company is continuing to progress pre-development planning in accordance with its MoUs with Clarke Energy and Sunshot as well as holding new discussions with other companies regarding the commercialisation of early natural gas production and other renewable related projects including hydrogen.

To assist in this work, Galilee has appointed Mr David Woodley as Project Director. David is a highly experienced professional with 32 years in the oil and gas sector and has been involved in the development of a number of major conventional and unconventional projects.

### **Kumbarilla Project (ATP2043) - GLL 100%**

QGC and Galilee have jointly executed the data swap agreement for exchange of the data acquired in the Kumbarilla drilling campaign for the pilot production data in the adjacent PL 1009 held by QGC with the PL 1009 data now under review internally.

### **Springsure Gas Project (ATP2050) - GLL 100%**

Exploration focus is now being placed on the multiple conventional gas prospects and leads that have been identified through the reprocessing and remapping. These prospects and leads will now be further assessed and matured towards readiness for either drilling and/or acquisition of additional seismic at a future date.

### **Corporate**

The cash flow for the Quarter is presented in the accompanying Appendix 5B (quarterly Cashflow Report). The Company continues to maintain a very strong cash position as at 31 March 2021 of \$19.2 million, with no debt.

During the period, the Company spent \$4.3 million on exploration and evaluation activities, primarily on the Glenaras vertical drilling programme, pump enhancement programme, water management project and Pilot operating activities.

Galilee has appointed Mr David Woodley as Project Director. He has a wide range of experience in the oil and gas sector and brings global expertise in petroleum exploration, appraisal, development and production gained in Australia, North America, United Kingdom and Europe.

David worked at Origin Energy for 13 years and held several positions with his final role being the Appraisal and Development Manager of Origin's Queensland coal seam gas business for the upstream business portion of the APLNG Project. He was responsible for the appraisal plans for proving up Reserves from the Resource base, which was in excess of 26,000 PJ and the associated field development plan to achieve gas production rates exceeding 525 PJ per annum.

More recently, David worked at Shell for more than five years in a variety of senior roles which followed the natural progression of the CSG industry, ranging from roles as Appraisal Manager, Vice President Central Asset and Production General Manager.

Galilee's accompanying Appendix 5B includes an amount in item 6.1 which constitutes directors' fees paid in the March quarter.

### **Petroleum Tenements Held**

Permit	Location	Interest Held Previous Quarter	Interest Held Current Quarter
ATP 2019	Galilee Basin (Qld)	100%	100%
ATP 2043	Surat Basin (Qld)	100%	100%
ATP 2050	Bowen Basin (Qld)	100%	100%

**Table 1**

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

Peter Lansom  
 Managing Director  
 Galilee Energy Limited  
 +61 (0) 7 3177 9970  
 ACN:064 957 419

\* 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 5.34.3, 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.*

## **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**

Chairman – Ray Shorrocks

Managing Director – Peter Lansom

Non-Executive Director – Dr David King

Non-Executive Director – Stephen Kelemen

Non-Executive Director – Gordon Grieve

Non-Executive Director – Greg Columbus

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**GALILEE ENERGY LIMITED**

ABN

**11 064 957 419**

Quarter ended ("current quarter")

**31 March 2021**

#### Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for:		
(a) exploration & evaluation	(4,330)	(15,705)
(b) development	-	-
(c) production	-	-
(d) staff costs	(354)	(1,242)
(e) administration and corporate costs	178	277
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	70
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	48	4,003
1.8 Other - Inventory	(50)	(50)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,494)</b>	<b>(12,647)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(200)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other - Rental bonds received	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(200)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	15,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(22)	(847)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other - Payment for principal portion of lease liabilities	(122)	(219)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(144)</b>	<b>13,934</b>



## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4. Net increase/ (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	23,814	18,089
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,494)	(12,647)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(200)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(144)	13,934
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>19,176</b>	<b>19,176</b>

**5. Reconciliation of cash and cash equivalents**  
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	262	384
5.2 Call Deposits	18,914	23,430
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>19,176</b>	<b>23,814</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1  
6.2 Aggregate amount of payments to related parties and their associates included in item 2  
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Current quarter \$A'000
217
-

6.1 - Directors' salaries/fees

**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.  
Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities  
7.2 Credit standby arrangements  
7.3 Other (please specify)  
7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-

**7.5 Unused financing facilities available at quarter end**

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

**8. Estimated cash available for future operating activities**

- 8.1 Net cash from / (used in) operating activities (item 1.9)  
8.2 (Payments for exploration & evaluation classified as investing activities (item 2.1(d))  
8.3 Total relevant outgoings (item 8.1 + item 8.2)

- 8.4 Cash and cash equivalents at quarter end (item 4.6)  
8.5 Unused finance facilities available at quarter end (item 7.5)  
8.6 Total available funding (item 8.4 + item 8.5)

**8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)**

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A".  
Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

- 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

\$A'000
(4,494)
-
(4,494)
19,176
-
19,176
4.27

Appendix 5B  
Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2021

Authorised by: The Board of Directors

(Name of body or officer authorising release – see note 4)

**Notes**

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee"
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.