

ASX / MEDIA ANNOUNCEMENT



June 2022 Quarterly Report & Appendix 5B

29 July 2022

HIGHLIGHTS

- Drilling of 6 additional wells at Glenaras completed within budget despite unseasonal rainfall.
- All existing pilot wells were back online shortly after quarter end with water rates exceeding pre-drill programme rates and currently around 19,000 BWPD.
- All surface facilities work on track for end-July completion.
- Targeted time frame for maiden reserves booking remains Q1 2023.
- Balance sheet further strengthened via R&D tax refund and completion of SPP.
- Net cash balance at June 30 was \$16.2 million with no debt.

Galilee's Managing Director, David Casey commented:

An outstanding quarter of progress for Galilee with the Glenaras drilling programme successfully concluding. At the outset of the programme I was firmly of the view that following its completion the Company would be well placed to achieve production rates that should see an anticipated maiden reserve booking for Glenaras in the first quarter of 2023.

Galilee has made an unambiguous move forward towards a long awaited step change in its status from an explorer to a key gas supplier into an extraordinarily tight eastern Australia gas market.

Building an integrated & diversified sustainable energy company



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ASX Code
GLL

Glenaras Gas Project (ATP 2019) – Galilee 100%

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on the Glenaras multi-well pilot programme (“Pilot”) 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 km².



Figure 1 – Glenaras Gas Project



The Glenaras drilling programme was completed during the quarter. Originally conceived as a five well programme of vertical wells drilled around the southwestern flank of the existing Pilot, a 6th well was added to the plan during the quarter (Figure 2). This additional well was made possible in large part by the R&D refund received during the quarter and in particular the experience gained from successfully drilling adjacent to and through the fault in the southern part of the Pilot.

The objective of the multi-well programme was to capitalise on over \$100m of previous exploration and appraisal expenditure and materially advance Glenaras towards commerciality. More specifically, the programme was designed to accelerate depressurisation of the Betts Creek coals and adjacent sands to initiate gas desorption and achieve commercial gas production in support of a material maiden reserves booking in early 2023.

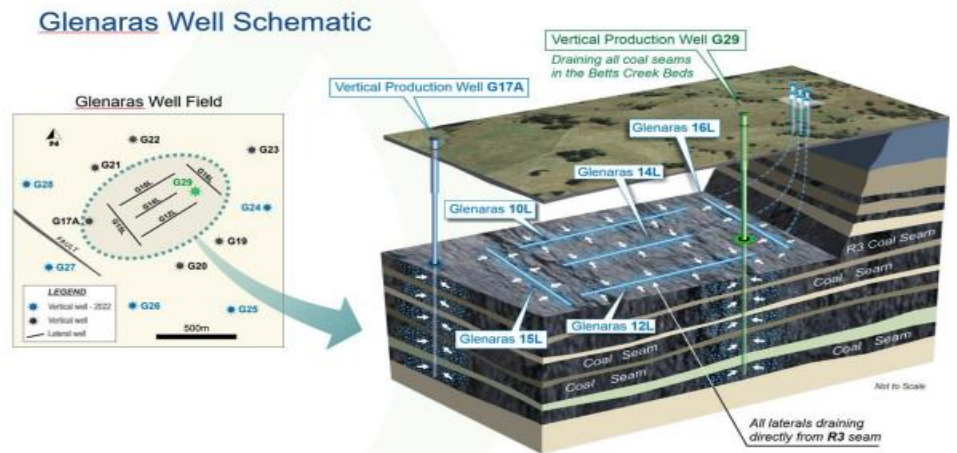


Figure 2: Glenaras Pilot well locations and schematic

With six wells now drilled, the results are confirming the geological model as interpreted. The Betts Creek Beds coal seams are well developed, gas-bearing and laterally continuous across the Pilot area (Figure 2). The seams can also be correlated up to 20 km further away, supporting the significant contingent resource certified for the Betts Creek Beds coal seams. Galilee continues to expect a maiden reserve booking in early 2023.

The Project continues to enjoy the enviable status as one of the largest contingent gas resources on the east coast of Australia and is strongly positioned to help address AEMO’s forecast eastern Australian domestic market gas shortfall expected from around 2023. The Project’s independently derived and certified Contingent Resource* estimates are included in Table 1.



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

Table 1: Glenaras Gas Project Contingent Resources Estimate

By the end of the quarter, two existing wells were back on production. Shortly after the end of the period, all the existing Glenaras Pilot wells were back online with water rates exceeding pre-drill programme rates of around 18,000 BWPD. Notably, despite the extended shutdown due to numerous rainfall events during the drilling programme, which naturally saw reservoir pressure increase across the Pilot, we continue to see excellent reservoir connectivity and continued good pressure drawdown across the current wells.





Kumbarilla Project (ATP 2043) – Galilee 100%

High grading of future drilling locations for both conventional oil and gas and coal seam gas remain the priority for ATP 2043. This work is focusing on the integration of the reprocessed 675km of 2D seismic with the existing regional well control, the Kumbarilla Central 1, 2 & 3 exploration wells and the adjacent PL 1009 pilot production data gained from the data exchange with Shell.

Springsure Project (ATP 2050) – Galilee 100%

Multiple conventional gas prospects, which are analogous to the adjacent northern Denison Trough gas fields, have been identified in ATP 2050 with each prospect potentially hosting gas pools in stacked, Early to Late Permian reservoirs. Final subsurface assessments are currently underway to determine volumetrics estimates and optimum drilling designs.

In addition to the conventional gas prospects, Late Permian coal seam gas prospectivity also exists in ATP 2050. Exploration work is also continuing with this considerable unconventional gas play type to mature future drilling locations for detailed evaluation of the materiality of the gas resource.

ATP 2050 is strategically located close to existing conventional gas facilities and future planned coal seam gas facilities, which places potential new discoveries in a strong position for rapid development and supply to the east coast gas market.

Corporate

The cashflow 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 30 June 2022 of \$16.2 million, with no debt.

During the period, the Company spent \$8.7 million on exploration and evaluation activities, primarily on the six well drilling programme as well as on the Glenaras water management projects and Glenaras pilot operating activities.

During the period the Company announced the receipt of a refundable R&D tax offset of \$6,121,511 for the 2020/21 financial year. This was augmented by the completion in April of the Share Purchase Plan (SPP) offered in conjunction with the placement announced in the March quarter. The SPP received strong support raising \$1,555,000 (before costs) in applications for new shares at \$0.32, resulting in the issue of 4,859,375 Galilee Energy ordinary fully paid shares.

While Galilee was already fully funded for its current activities following capital initiatives in the March quarter, this additional funding provides additional optionality for the Company in terms of accelerating activities at the Pilot to enhance de-watering and assist in moving towards the required critical desorption pressure.

This additional funding will also further Galilee's pursuit of future innovation and energy delivery in an environmentally responsible manner.

As previously reported, the Galilee Basin has been specifically identified by the federal government as a strategic basin to unlock the vast gas resources in the region, with the aim of increasing the nation's east coast gas supply and applying downward pressure on gas prices. As such Galilee looks forward to working with both the State and Commonwealth governments to unlock this huge resource and bring it to market as quickly as possible.

The Appendix 5B includes an amount in item 6.1 which constitutes director's fees paid in the June 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%

** 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.*

This announcement was released with the authority of the Board.

For further information, contact:

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ABOUT GALILEE

Galilee Energy is advancing towards being an integrated and diversified sustainable energy company and a key supplier of natural gas to the east coast market of Australia. The company is the 100% owner of one of the largest uncontracted gas resources on the east coast of Australia, located within the Glenaras Gas Project in Queensland's Galilee Basin. The Glenaras project's location and environmental credentials, including the production of fresh water from its coals for beneficial use in crop production along with low CO2 levels, positions Galilee with the unique opportunity to be a material supplier of sustainable energy with minimal environmental impact.

Directors

Chairman – Ray Shorrocks

Non-Executive Director – Gordon Grieve

Managing Director – David Casey

Non-Executive Director – Greg Columbus

Non-Executive Director – Stephen Kelemen

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")

30 June 2022

Consolidated statement of cash flows

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	12	26
1.2 Payments for:		
(a) exploration & evaluation	(8,686)	(18,313)
(b) development	-	-
(c) production	-	-
(d) staff costs	(244)	(1,815)
(e) administration and corporate costs	(269)	(586)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	6,122	6,122
1.8 Other - Inventory	-	-
1.9 Net cash from / (used in) operating activities	(3,060)	(14,540)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(34)
(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	-	(142)
2.6 Net cash from / (used in) investing activities	-	(176)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,995	13,810
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	(36)	(774)
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	(34)	(397)
3.10 Net cash from / (used in) financing activities	1,925	12,639

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase/ (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	17,285	18,227
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,060)	(14,540)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(176)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,925	12,639
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	16,150	16,150

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	332	372
5.2 Call Deposits	15,818	16,913
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	16,150	17,285

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
213
-

6.1 - Directors' 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: Not applicable

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: Not applicable

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: Not applicable

\$A'000
(3,060)
-
(3,060)
16,150
-
16,150
5.3

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.

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
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

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.