ASX / MEDIA ANNOUNCEMENT

Operations Update

6 OCTOBER 2022

HIGHLIGHTS

- **Reservoir pressure sink continues to expand**
  - **Pressure in central observation well lowest ever recorded**
  - **Vertical wells surrounding laterals approaching desorption pressure**
  - **Consistent pressure decline at distal RC8 well**
- **Steady operational performance with 15 wells online, producing at ~90 Mscfd and 30,000 BWPD**
- **Irrigation trials continue to successfully handle the produced water and generate good yields**

Production Update

Galilee Energy Ltd ("Galilee") (ASX:GLL) is pleased to provide the following production operations update on the Glenaras multi well pilot ("Pilot").

Overall performance at the Pilot has been as planned. There are currently 15 wells online, with 1 of the older wells awaiting a workover. Despite this, given the inherent pump redundancy that now exists across the Pilot and from adjacent wells, water production is still around 30,000 BWPD with a gas rate around 90 Mscfd.

Recently collected reservoir pressure data indicates that the Pilot is currently performing better than ever in its history. The pressure sink is now growing faster than it has previously and the Pilot is beginning to expand the volume of coal below the estimated desorption pressure.

Glenaras 14L, which is currently being used as an important observation well, has recorded its lowest pressure since commencement of the Pilot. This confirms that the R3 seam, in the central region of the Pilot, is within the critical desorption window.

Additionally, the vertical production wells surrounding the laterals are also rapidly approaching the critical desorption pressure window. The decline rates observed in these wells is a direct consequence of the additional wells which have recently been put online, and the production history plot in Figure 1 highlights the significant changes that are occurring within the Pilot as a consequence.

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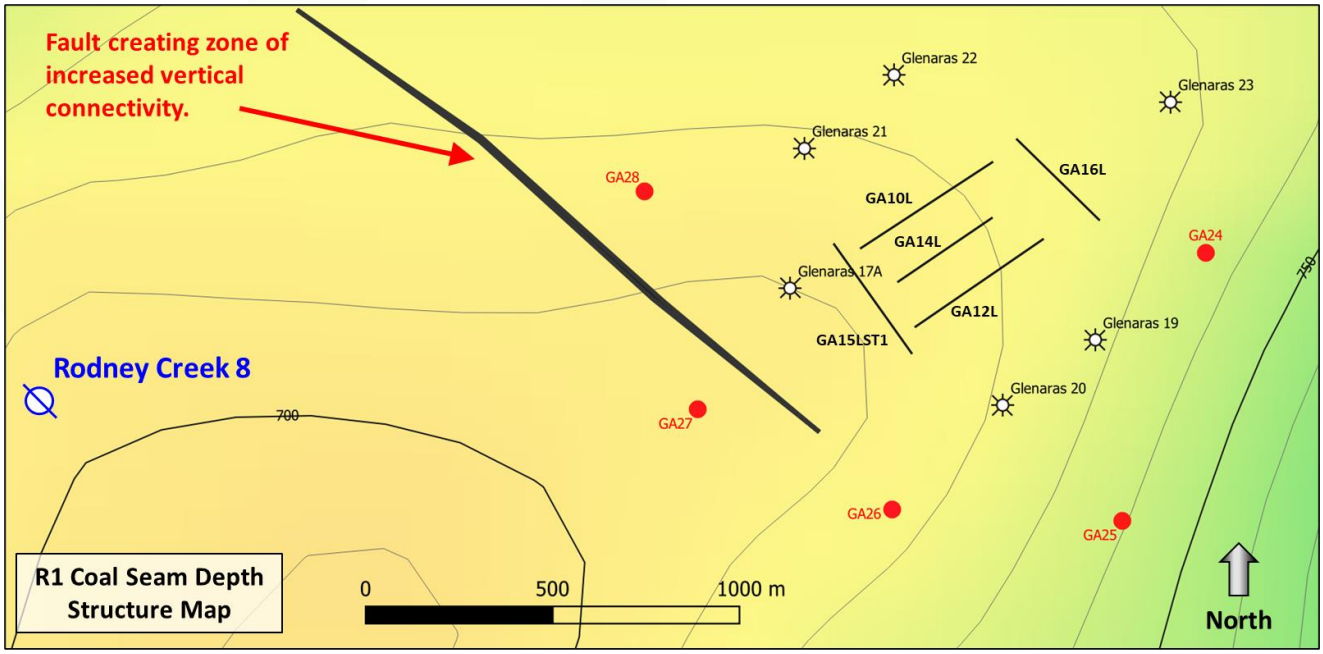

The more distal Rodney Creek 8 well has also displayed a strong decline in reservoir pressure, which is evidence of the significant area that is being impacted by the current Pilot production.

The clear message from this pressure data is that the new wells are performing as expected, with the resultant pressure reduction currently on trend to see an increasing area of coal below desorption pressure, which should result in larger volumes of desorbed gas in the coming months.

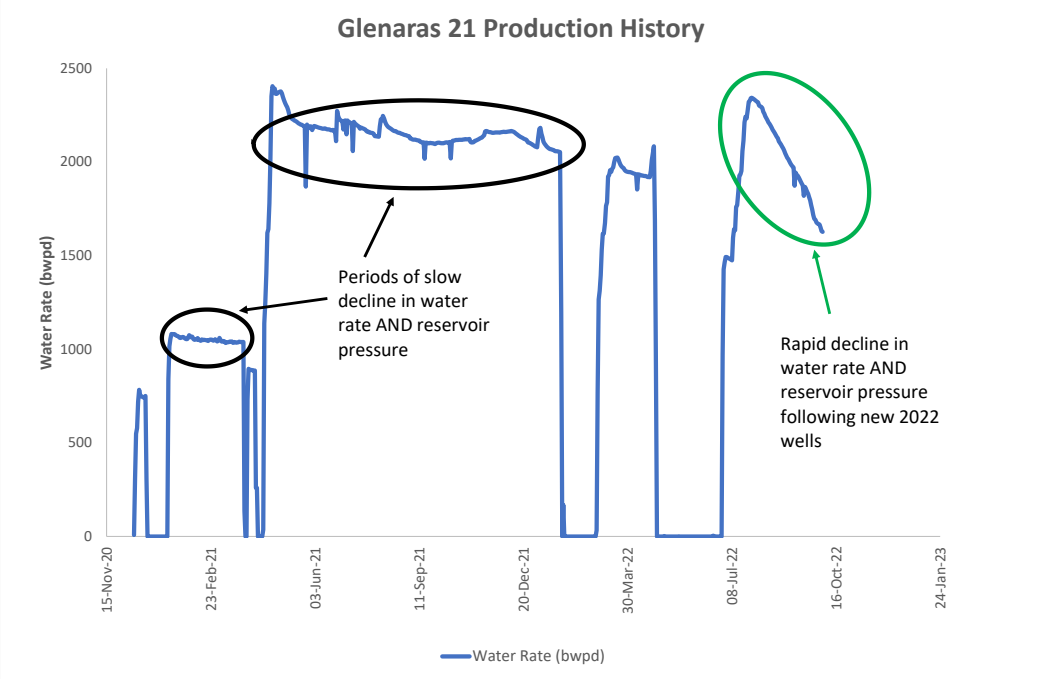

Figure 1: Glenaras 21 production history

Irrigation

The irrigation trials continue to successfully handle the large volumes of water being produced by the Pilot. Currently the crops being grown are a combination of forage sorghum, barley and a small amount of lucerne.

Good yields are still being recorded across the different irrigation areas. These results are very encouraging for the long-term water handling aspects of the Project.

Preparation of the new irrigation area has been completed and crop planting will commence in the coming weeks. A small section of this area has been assigned to undertake a short-term natural pasture trial to further our ongoing research, and in this particular instance, the response of undisturbed pasture to irrigation utilizing produced water.

This announcement was released with the authority of the Board.

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ABOUT GALILEE

Galilee Energy is well advanced on a pathway to becoming 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 natural gas resources on the east coast of Australia at a time of acute gas shortages. The Glenaras Gas Project, located within Queensland's Galilee Basin, is on the cusp of commercialisation with an inaugural gas reserve booking expected in early 2023. The location and environmental credentials of the project, including low CO_2 natural gas and fresh water production to facilitate agricultural activities for CO_2 sequestration, uniquely positions Galilee as a future material supplier of sustainable energy.

Directors

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Managing Director – David Casey

Non-Executive Director – Stephen Kelemen

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