

ASX / MEDIA ANNOUNCEMENT



R&D receipt to boost Balance Sheet

28 March 2023

HIGHLIGHTS

- **\$7.6 million R&D receipt approved by ATO**
- **Balance sheet to be bolstered through to end of 2023**
- **Sufficient funding now to achieve outcome at Glenaras Gas Project**
- **Catalyst for hydrogen demonstration at Glenaras**

Galilee Energy (ASX:GLL) is pleased to announce that it has been informed by the ATO that it has been successful in its R&D application and will receive a refundable R&D tax offset of \$7.6 million for the 2021/22 financial year.

The R&D Tax Incentive is an Australian Government programme under which eligible companies with aggregated turnover of less than \$20 million are entitled to claim a 48.5% refundable offset for eligible expenditure incurred on eligible research and development activities. The value of the refundable offset is equal to the corporate tax rate of the entity plus an 18.5% premium, for Galilee Energy this results in a refundable offset of 48.5%. The incentive received is a result of expenditure incurred on the R&D activities undertaken on both the Glenaras multi-well pilot (Pilot) and the water management project.

This R&D receipt will both strengthen the Company's cash position as well as provide additional options for the Company in terms of accelerating activities at the Pilot to enhance de-watering as well as detailed scoping analysis and front end engineering work on a potential hydrogen demonstration at Glenaras. The pursuit of future innovation and energy delivery is an important initiative for Galilee which is uniquely positioned to achieve this sustainable supply and with minimal environmental impact.

Following recent heavy rainfall, the remedial operations programme at Glenaras has re-commenced. Wild Desert Rig 24 has successfully completed cementing operations on Glenaras 27 and is currently on Glenaras 28 (Figure 1). The aim of the programme is to ensure that the lower Aramac sands are isolated and are not contributing to water production and thereby delaying gas desorption.

Galilee's Managing Director, David Casey commented:

"This R&D refund is a critical milestone, in that it not only provides us with the time to progress Glenaras to an outcome, but importantly it has also enabled us to kick off a scoping study for a hydrogen demonstration project, which we are favourably positioned on given our plentiful supply of relatively fresh, high temperature water. The combination of a strengthened balance sheet, positive results at the Glenaras pilot and potential hydrogen opportunities in addition to our existing farming operations, places Galilee in a unique position to leverage off its enormous resource base at a time of tightening east coast gas supply."

Building an integrated & diversified sustainable energy company



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Figure 1 – Glenaras 28

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 commercialization. The location and environmental credentials of the project, including low CO₂ natural gas and freshwater production to facilitate agricultural activities for CO₂ sequestration, uniquely positions Galilee as a future material supplier of sustainable energy.

Directors

Chairman – Ray Shorrocks

Non-Executive Director – Gordon Grieve

Managing Director – David Casey

Non-Executive Director – Greg Columbus

Non-Executive Director – Stephen Kelemen