

# ASX / MEDIA ANNOUNCEMENT



## December 2023 Quarterly Report & Appendix 5B

31 January 2024

### HIGHLIGHTS

- **Galilee remains encouraged by the progress of Glenaras' Betts Creek coals towards critical desorption pressure**
- **Glenaras data room continues to attract interest**
- **Studies continue on sustainability initiatives at Glenaras utilising the Project's abundant water resources**
- **Non-binding MoU signed with Energy Queensland Ltd for gas supply to Barcardine Power Station and collaboration on hydrogen development onsite**
- **Retaining a strong cash balance of \$5.9m and no debt**

Galilee's Executive Chairman commented:

*While the tempo of drilling activity has abated at Glenaras, work continues there on several fronts, particularly ongoing monitoring of the progress of the Betts Creek coals towards critical desorption pressure. We remain positive on this outcome.*

*We were also very pleased to sign a non-binding agreement with Energy Queensland for gas supply and other initiatives at the Barcardine Power Station.*

**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 3,200km<sup>2</sup>.

In the previous Quarter the Glenaras pad 3D seismic survey acquisition, processing and interpretation was completed - the first ever 3D survey of the project. In the December Quarter, the interpreted 3D data set was integrated with the Pilot’s extensive well data, production data and formation pressure data to update the subsurface static and dynamic models. This new modelling is of improved accuracy due to the combination of the higher resolution structural framework provided by the 3D data and the recently acquired PIBOT pressure data from GA17A, which clearly identified the Betts Creek Beds coal seams have not yet reached but are verging on critical desorption pressure.

Figure 1: The Glenaras Gas Project

Galilee continues to monitor the depressurisation of the Betts Creek coals and adjacent sands. It seems clear that following all the work the Company has undertaken over 2023, in particular from data captured since the completion of the successful workovers and interventions during FY23, that the Project is exhibiting signs typical of a reservoir in transition. Encouragingly it is clear that, particularly with additional drilling, should that be required, Galilee is on track to achieve the required pressure reduction at Glenaras to observe meaningful desorbed gas production in the near term.

Separate from the progress of gas desorption, Galilee continues to take steps to promote the sustainability credentials of the project. Glenaras’ water resources continue to underpin the Company’s pursuit of potential hydrogen production activities, part of Galilee’s strategy to become an integrated and diversified energy provider. Galilee continues work on detailed scoping studies and front-end engineering work for a demonstration project utilising the abundant relatively fresh water produced at Glenaras. The Company is also continuing early commercial discussions regarding the hydrogen project.

Revision of the integrated subsurface model for the Glenaras Pilot continued during the quarter with the two primary objectives of:

- Ensuring continued Pilot operations are optimised for ongoing reservoir depletion and achieving increased gas rates;
- Identifying potential additional well locations to further enhance and accelerate reservoir pressure depletion towards commercial rates of gas flow.

The prior integrated subsurface model supported the drilling of the most recent wells, GA24 to GA29, as the most effective means of increasing shielding of the Pilot from the surrounding aquifer and in turn enhancing pressure depletion in both the coals and the interbedded sands. Extensive, post drilling pressure testing across the Pilot subsequently confirmed success of the new wells in achieving this goal, with considerable reductions in reservoir pressure and a commensurate increase in gas rates. The clearest evidence of this successful outcome was reported in the results of the GA17A PIBOT testing (Packer Inflation Bleed Off Test), which confirmed that both the coals and the sands have been significantly depleted due to the effects of the new wells, but the coals are not yet depleted below critical desorption pressure.

Ongoing production and pressure testing also confirms that pressure depletion is being sustained, but to achieve commercial gas rates in a timelier fashion, Pilot operations need to be further optimised and the requirement of additional, strategically placed, production wells considered.

Hence, the integrated subsurface model is being updated with the extensive suite of contemporary pressure data and the recently acquired and interpreted Glenaras Pad 3D Seismic Survey, which has provided substantially increased resolution of the structural and stratigraphic architecture of the Betts Creek Beds.

With these new data and confirmation that the coals are only now approaching the critical desorption pressure required for material gas rates to result, this revised modelling exercise is crucial in progressing the Glenaras Pilot into the final stages of achieving commercial gas rates and maturing the material Contingent Resource certified in ATP 2019.

To support this next stage of the Glenaras Pilot's activity, the Glenaras Gas Project data room was opened with several industry participants evaluating the project for potential investment. Galilee will also be seeking additional financial support from the Queensland Government via submission to the Frontier Gas Exploration Grants Programme.

## **Kumbarilla Project (ATP 2043) – Galilee 100%**

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The conventional oil prospectivity of ATP 2043 remains the ongoing focus of technical studies with the key objective of defining a potential low-cost, high value 2D seismic survey, which will mature the strong oil leads identified in the permit to drillable status.

The multiple strong structural leads that have been mapped on the reprocessed seismic data are analogous to the nearby Moonie oil field (~24 million barrels of oil produced to-date), which is positioned ~30km downdip and along trend from ATP 2043. This proximity to a major oil field confirms ATP 2043 lies along a highly

prospective oil migration pathway on the eastern margin of the Taroom Trough and overlying Surat Basin, with excellent probability of high-quality Precipice Sandstone being present.

Economically, these strong oil leads are attractive for the following reasons:

- Relatively low drilling costs due to moderate depths to Precipice Sandstone and simple well design;
- Minimal development infrastructure required comprising onsite storage tanks, evaporation ponds and truck load-out facilities only.

## **Springsure Project (ATP 2050) – Galilee 100%**

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Technical evaluation of the conventional gas prospectivity of the Wandana Prospect and associated leads in ATP 2050 is ongoing. Integration of the petrophysical, geophysical and geological data is continuing with strong indications that the Wandana Prospect potentially has gas pools in multiple, stacked reservoirs throughout the Permian section in a structure that is drill-ready.

Successful confirmation of gas reserves at Wandana would significantly de-risk additional, analogous conventional gas leads in the permit and provide the necessary impetus to explore for further leads across the significantly under-explored, western region of this 1,430km<sup>2</sup> permit.

Any gas discovery made in ATP 2050 could potentially be expedited to market via the adjacent gas infrastructure in the Northern Denison Trough fields.

## **Corporate**

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The cashflow for the quarter is presented in the accompanying Appendix 5B (Quarterly Cashflow Report).

The Company continues to maintain a strong cash position. As at December 31, 2023 cash was \$5.9 million, with no debt. During the period, the Company spent \$2.1 million on exploration and evaluation activities, this expenditure was primarily on Glenaras operations and well optimisation activities. The Appendix 5B includes an amount in item 6.1 which constitutes director's fees paid in the December quarter.

During the Quarter Galilee signed a non-binding Memorandum of Understanding (MoU) with the Queensland Government-owned corporation Energy Queensland Limited ('EQL') for the supply of natural gas and to progress the development of a hydrogen facility in the State's central west. The terms of the non-binding MoU provide a framework for Galilee and EQL to progress preliminary discussions for the supply of natural gas to the Barcaldine Power Station to the south east of Glenaras, in addition to collaborating on the development of a hydrogen facility at the site.

Also during the Quarter applications opened for the Queensland Government's Frontier Gas Exploration Program, under which \$21m in grant funding is available "to explore and unlock new reserves in the Bowen and Galilee Basins and bring Queensland gas to market sooner". The development of new gas supply is crucial for energy security and will continue to play an important role in underpinning the reliability of the electricity

market as Queensland works towards a 70 per cent renewable energy target by 2032. Galilee Energy is of course well placed to assist in this regard with one of the largest uncontracted gas resources in eastern Australia.

The Queensland Government noted that:

*The Frontier Gas Grants will provide industry the investment certainty it needs to develop the Bowen and Galilee Basins, helping to ensure Queensland’s gas supply remains reliable and affordable in the years to come.*

The Company is encouraged by the state Government’s focus on the Galilee Basin and will be submitting an application to the program prior to the January 31, 2024 deadline.

In addition, in its “Future Gas Strategy” discussion paper released during the December Quarter, the Australian Government identified the Galilee Basin in its projections for future gas supply to 2050. The consultation paper also highlighted the dire need for new gas reserves on the east coast as it forecasts gas supply on the east coast of Australia to halve in the coming decade.

## 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%

This announcement was released with the authority of the Board.

**For further information, contact:**

**Ray Shorrocks – Executive Chairman**

**Galilee Energy Limited**

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## About Galilee

Galilee Energy is advancing towards 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, 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 CO<sub>2</sub> levels, positions Galilee to be a material supplier of sustainable energy.

### Directors

Chairman – Ray Shorrocks

Non-Executive Director – Gordon Grieve

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")

**31 Dec 2023**

#### Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from customers	11	24
1.2 Payments for:		
(a) exploration & evaluation	(2,075)	(5,023)
(b) development	-	-
(c) production	-	-
(d) staff costs	(464)	(926)
(e) administration and corporate costs	(144)	(492)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	62	143
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	4,954
1.8 Other - Inventory	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,610)</b>	<b>(1,320)</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	(2)	(2)
(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>(2)</b>	<b>(2)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	(48)	(94)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(48)</b>	<b>(94)</b>

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	8,558	7,314
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,610)	(1,320)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(48)	(94)
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>5,898</b>	<b>5,898</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	193	109
5.2 Call Deposits	5,705	8,449
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>5,898</b>	<b>8,558</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
267
-

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)

\$A'000
(2,610)
-
(2,610)
5,898
-
5,898
2.26

- 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

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: 31 January 2024

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.