

ASX / MEDIA ANNOUNCEMENT



September 2024 Quarterly Report & Appendix 5B

22 October 2024

HIGHLIGHTS

- **Merger with Vintage Energy Ltd announced to create an entity with superior leverage to eastern Australian gas market dynamics:**
 - Existing production from the Vali and Odin gas fields;
 - Enhanced exploration optionality;
 - Stronger financial position to mature the Glenaras Gas Project
- **Analysis of the updated Glenaras Integrated subsurface model continues**
- **Glenaras wells remain online, consistent with June 2024 Quarter**
- **~\$2.6 million raised via placement and Non-Renounceable Entitlement Offer (NREO), underpinning a strong closing cash balance of \$3.84 million, with no debt**
- **The NREO was fully underwritten and supported by a \$300,000 sub-underwriting commitment from Galilee's Directors and their associates**

Galilee's Executive Chairman, Ray Shorrocks, commented:

"The Company was very pleased to have reached agreement with Vintage Energy Ltd during the Quarter to merge with Galilee. Almost daily a new headline emerges pointing to the dire circumstances in which the east coast gas market finds itself. New gas supply sources are urgently needed and investors seeking exposure to this thematic look for materiality, optionality, cash flow as well as a geographically diverse portfolio and these considerations underpin the merger's strategic rationale. The merged entity ticks every box, hence the unanimous support of the two companies' Boards and we look forward to our shareholders' support at the planned Scheme Meeting."

Building an integrated & diversified sustainable energy company



Registered Address
Galilee Energy Limited
ACN 064 957 419

Level 6, 167 Eagle St,
Brisbane QLD 4000
GPO Box 1944

E: admin@galilee-energy.com.au
P: +61 7 3177 9970
galilee-energy.com.au

ASX Code
GLL

Proposed Merger with Vintage Energy

During the Quarter the Company announced a binding Heads of Agreement reached with Vintage Energy Ltd ('Vintage') (ASX: VEN) for a merger via a Scheme of Arrangement, whereby Vintage will acquire 100% of the Galilee shares on issue. Vintage is also listed on the ASX and is currently supplying gas to buyers from their Odin and Vali gas fields. Whilst the transaction is subject to a number of conditions, the merger has the unanimous support of both companies' Boards.¹

Vintage is seeking to identify new resources from its portfolio which comprises tenements within proven onshore petroleum provinces including the Cooper, Otway, Galilee and Bonaparte basins. The selection and management of these assets has been deliberately focussed to prioritise access to infrastructure, low development thresholds and early cash flow.

The merger's rationale is obvious and compelling. It will create an entity with enhanced exploration optionality and one that is well equipped to supply gas to eastern Australian markets, at a time when consumers are in clear need of near-term supply solutions. The stronger financial position of the merged entity, supported by existing production and cash generation will make it better placed for the long term maturation of the Glenaras gas resource.

The combined group would have producing 2P Reserves, supplying gas under existing contracts and 2,600PJ in 2C Contingent Resource. The Combined portfolio encompasses most onshore sedimentary basins in eastern Australia currently supplying or expected to supply gas, namely the Cooper, Bowen, Surat, Otway, Galilee and Bonaparte Basins.

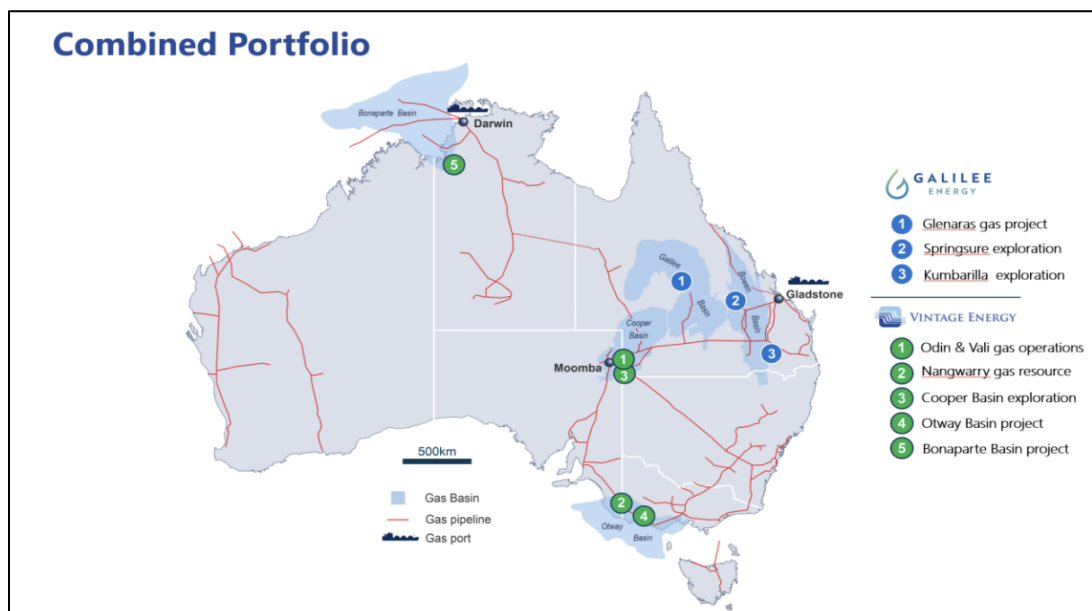


Figure 1: Combined portfolio of the merged entity

¹ See Galilee Energy ASX announcement 15 August 2024

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 3,200km².

At present, the Pilot has one well online, consistent with the prior Quarter, with a rotation strategy in place to collect further subsurface data to assist in determining the extent of any preferential, directional reservoir characteristics.

The integrated subsurface model has been 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 the 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 Pilot into the final stages of achieving commercial gas rates and maturing the material Contingent Resource certified in ATP 2019. Work to utilise the outputs of the model in the design of future well configurations is ongoing.

Kumbarilla Project (ATP 2043) – Galilee 100%

Following a review of this asset, the Company has surrendered the permit.

Springsure Project (ATP 2050) – Galilee 100%

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.

Corporate

As a condition of the Heads of Agreement reached with Vintage, Galilee undertook capital raisings during the Quarter totalling \$2.58 million before any costs. These consisted of an underwritten \$0.50 million placement at \$0.012 and a \$2.08 million Non-Renounceable Entitlement Offer at \$0.012, fully underwritten by Canaccord Genuity (Australia) Ltd and sub underwritten for \$0.30 million by Galilee Directors and their associates.

The Company retains a disciplined approach to expenditure at the Glenaras Gas Project. Spend for the Quarter remained modest, during the period the Company spent only \$425,000 on exploration and evaluation activities, primarily relating to Glenaras operations. Following the capital raisings during the period, the Company's cash position remains strong, with cash as at September 30, 2024 of \$3.84 million, with no debt. The Appendix 5B includes an amount in item 6.1 which constitutes director's fees paid in the September Quarter.

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

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%	0%
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

T: +61 7 3177 9970

About Galilee

Galilee Energy is advancing towards becoming an integrated and diversified sustainable energy company and a material 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 CO₂ levels, positions Galilee to be a material supplier of sustainable energy.

Directors

Executive 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")

30 Sep 2024

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) exploration & evaluation	(425)	(425)
(b) development	-	-
(c) production	-	-
(d) staff costs	(268)	(268)
(e) administration and corporate costs	(353)	(353)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	72	72
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - Inventory	-	-
1.9 Net cash from / (used in) operating activities	(974)	(974)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(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 (paid)	(9)	(9)
2.6 Net cash from / (used in) investing activities	(9)	(9)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,580	2,580
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	(201)	(201)
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	(28)	(28)
3.10 Net cash from / (used in) financing activities	2,351	2,351

Consolidated statement of cash flows**4. Net increase/ (decrease) in cash and cash equivalents for the period**

- 4.1 Cash and cash equivalents at beginning of period
- 4.2 Net cash from / (used in) operating activities (item 1.9 above)
- 4.3 Net cash from / (used in) investing activities (item 2.6 above)
- 4.4 Net cash from / (used in) financing activities (item 3.10 above)
- 4.5 Effect of movement in exchange rates on cash held

4.6 Cash and cash equivalents at end of period

Current quarter \$A'000	Year to date (3 months) \$A'000
2,470	2,470
(974)	(974)
(9)	(9)
2,351	2,351
-	-
3,838	3,838

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

- 5.1 Bank balances
- 5.2 Call Deposits
- 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)**

Current quarter \$A'000	Previous quarter \$A'000
2,150	42
1,688	2,428
-	-
-	-
3,838	2,470

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

6.1 - Directors' fees.

Current quarter \$A'000
112
-

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

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
(974)
-
(974)
3,838
-
3,838
3.94

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: 22 October 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.