

**RIU Good Oil Conference - Perth  
2 September 2015**

# **Galilee Basin in Focus**

**Peter Lansom – Managing Director**



**GALILEE**  
**ENERGY LIMITED**

## Financial information

Share price (28-Aug-15) A\$0.099

Number of shares 152.1M

**Market capitalisation A\$15.1M**

Cash (30-Jun-15)<sup>1</sup> A\$16.0M

Debt (30-Jun-15) No debt

**Enterprise Value (A\$0.9M)**

Source: IRESS, company filings

Note:

<sup>1</sup> Excludes 3.45m unlisted performance rights on issue (exercise price A\$0.25 – A\$0.35; expiry date Dec-15 – Dec-17)

**WELL FUNDED  
DIVERSIFIED EXPLORER  
TRADING BELOW CASH  
BACKING**

## Top shareholders

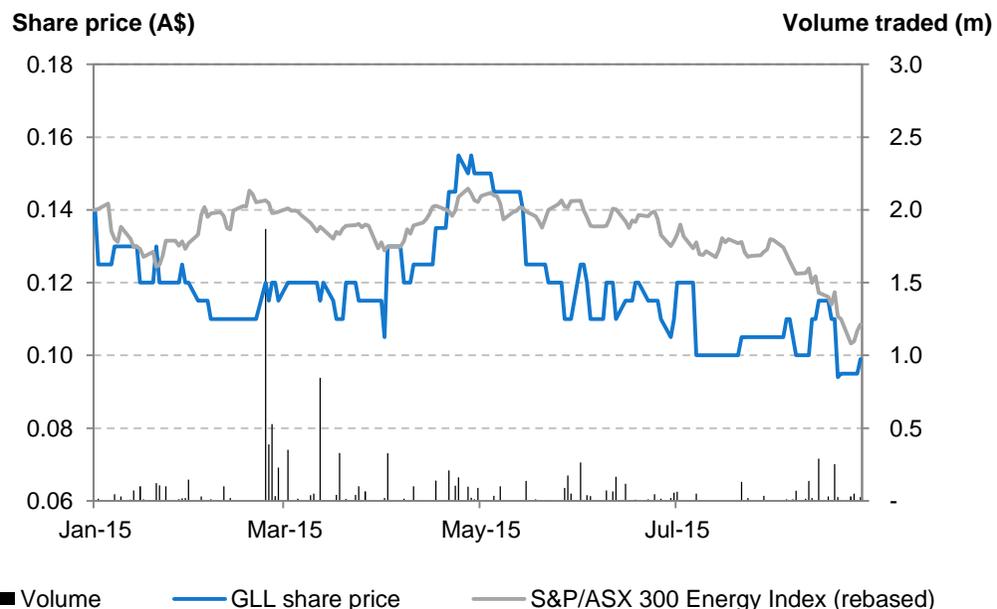
Ecarlate 12.1%

Ekco Investments 4.9%

AMP Capital Investors 5.5%

Nero Resource Fund 4.2%

Directors and management 7.2%



## **STRONG LEADERSHIP TEAM ASSEMBLED WITH PROVEN WORLD CLASS EXPLORATION SUCCESS**

### Proven exploration success of Galilee Energy Board and management team

- Core Galilee Energy exploration team is ex-Origin
  - Team was fundamental in building Origin's portfolio of upstream CSG assets
- Board and management have a track record of successfully increasing reserves and creating asset value
  - Expanded Gloucester (AGL) 3P resource to > 700PJ
  - Increased Narrabri (*Eastern Star Gas*) 3P Reserves to 2,797PJ

#### **Peter Lansom** - *Managing Director*

- 25+ years experience in conventional and unconventional exploration and development
- Former Chief Petroleum Engineer at Origin Energy
- Previous Executive Director at Eastern Star Gas

#### **Ashley Edgar** - *Geoscience consultant*

- 25+ years experience in conventional and unconventional exploration
- Instrumental in building Origin's CSG portfolio
- Former Executive GM Exploration at Eastern Star Gas

#### **David King** - *Non-Executive Chairman*

- Former Executive Director Gas2Grid and Eastern Star Gas
- Former CEO of Beach Petroleum

#### **Paul Bilston** - *Executive Director*

- Senior executive roles at AGL Energy, AJ Lucas and Challenger Energy

#### **Ray Shorrocks** - *Non-Executive Director*

- Director at Patersons Securities
- Heads the corporate finance team in Sydney

## EXECUTION OF OUR STRATEGY IS WELL UNDERWAY WITH STRONG PERFORMANCE IN ALL THREE FOCUS AREAS

### Maximise the value of the foundation asset ATP 529P

*Demonstrate commercial gas flow, book reserves and optimise value for shareholders*

1



- ✓ 100% GLL following AGL acquisition
- ✓ New resource assessment
- ✓ Govt. approval of R1 work programme
- ✓ R1 planning well underway
- ✓ Commence field work within 2 months

### Build a strong production base

*Deliver value and upside in assets by utilising our expertise*

2



- ✓ Hoffer gas discovery made in Texas
- ✓ First development well mid Q4 2015
- ✓ Exciting prospects in Kansas 3D seismic

### Grow the exploration portfolio

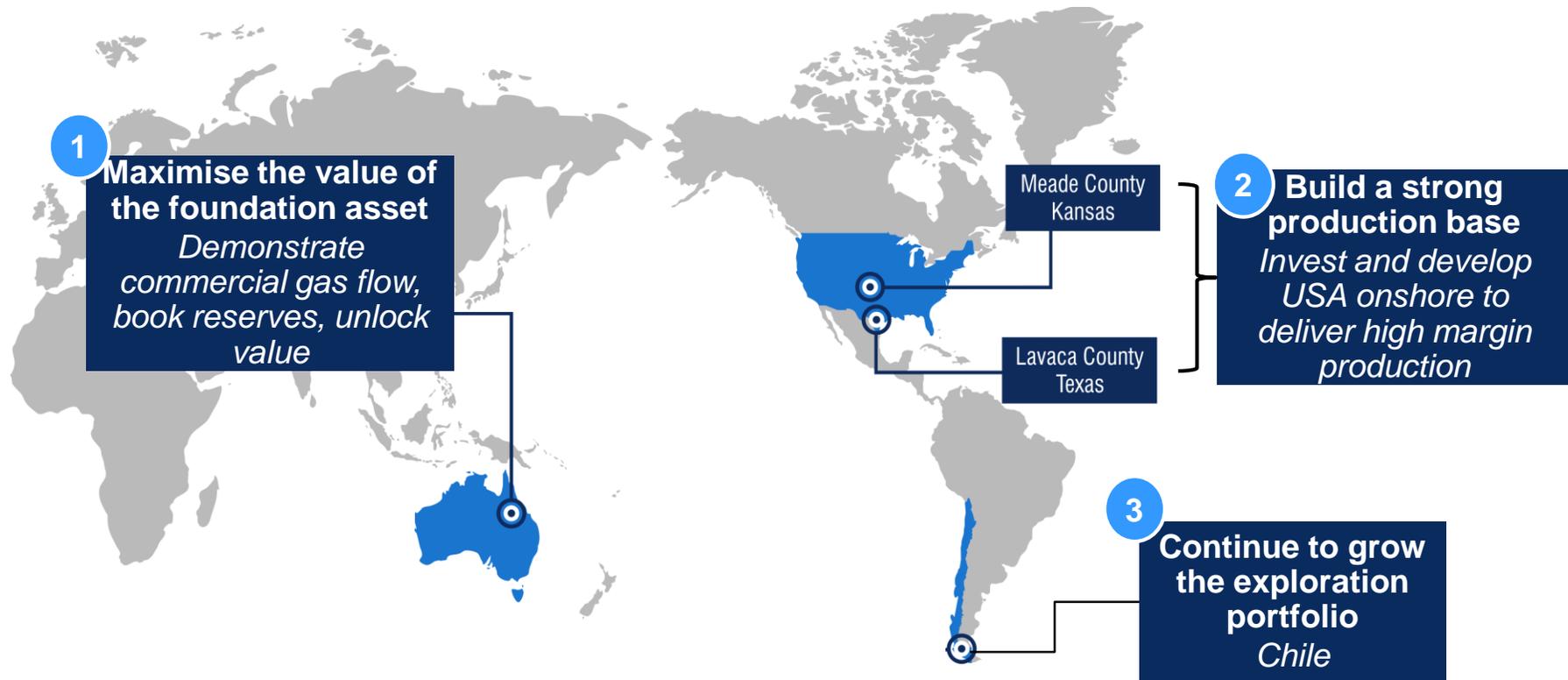
*Acquire low cost, early stage positions in frontier basins*

3

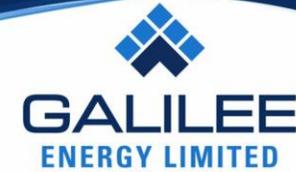


- ✓ CEOP submitted in Southern Chile
- ✓ Multi Tcf CSG resource potential

## GALILEE HAS ASSEMBLED A GLOBAL PORTFOLIO OF DIVERSIFIED EXPLORATION AND DEVELOPMENT ASSETS



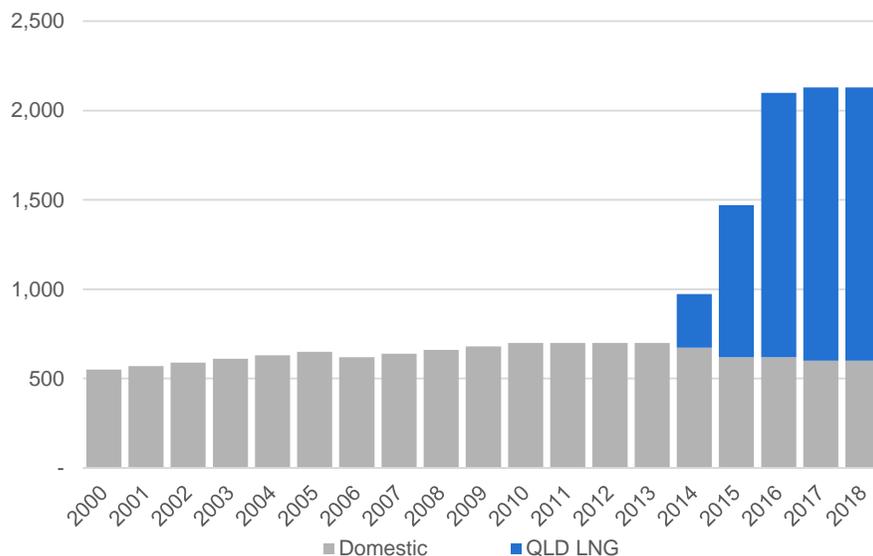
# East coast gas market is structurally short



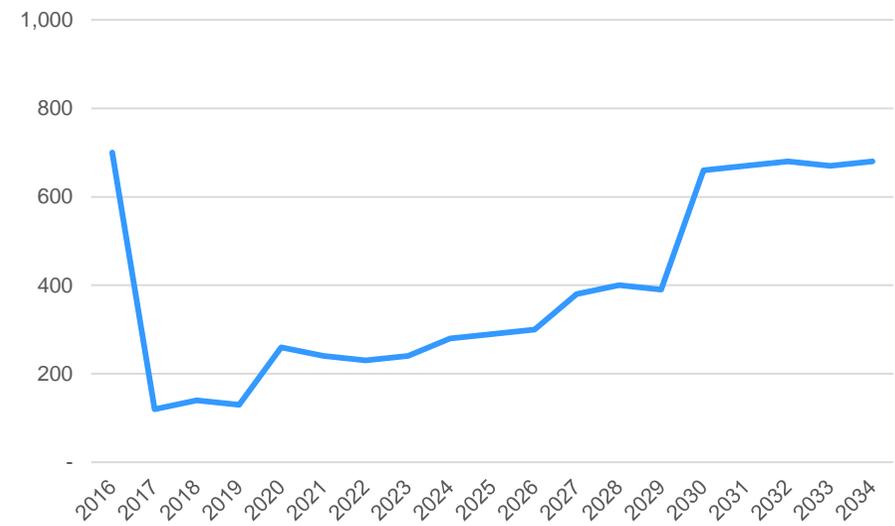
## EAST COAST GAS IS IN LIMITED SUPPLY – NEW GAS SUPPLY VITAL TO MEET SURGING DEMAND

- Demand for QLD gas supply will more than triple with GLNG, APLNG and QCLNG online
- Gas supply market is structurally short – supply needed to service domestic and export demand
- Competitive new gas supply will be highly attractive

East Coast aggregate demand (PJ/a)



Forecast supply gap (PJ)

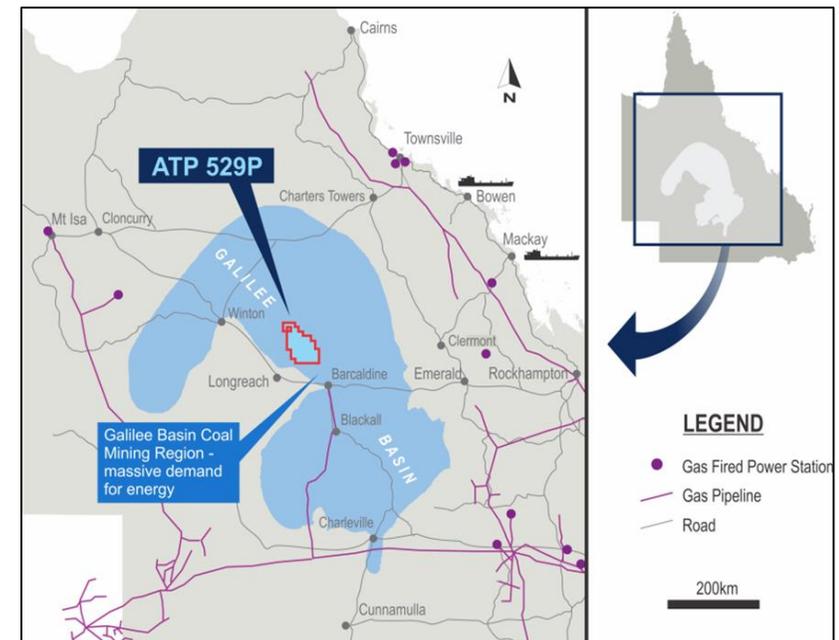


Source: EnergyQuest, company presentations (Santos, AGL)

## SUCCESSFUL DEMONSTRATION OF COMMERCIAL FLOWS MAY UNLOCK THE FUTURE OF THIS PROJECT

- Ingredients in place to become a key supplier to the structurally short east coast gas market
  - ✓ Very large uncontracted resource
  - ✓ High resource concentration (equivalent to Fairview/Spring Gully)
  - ✓ Minimal water treatment with high probability of being able to re-inject produced water
  - ✓ Positive stakeholder relationship
  - ✓ Very low well costs
- Multiple market options exist
  - South or west to Wallumbilla and Mt Isa
  - East to connect to Brisbane or Gladstone LNG
- The distance to market is comparable to the length of the recently constructed CSG-LNG pipelines

### Location of ATP 529P (Galilee Basin)

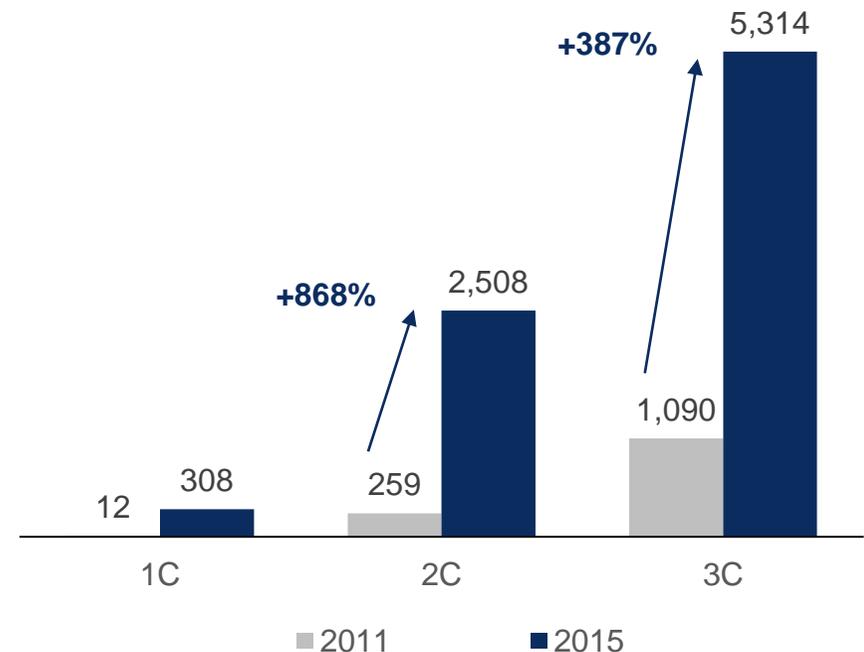


## 2,508PJ OF 2C CONTINGENT RESOURCES HIGHLIGHT THE LARGE SCALE PRODUCTION POTENTIAL OF ATP 529P\*

### 2015 MHA Resource Assessment overview

- 2015 MHA Resource Assessment significantly upgraded the ATP 529P contingent resources
- The 2011 assessment only covered 418km<sup>2</sup> and did not include results from 8 wells drilled and the pilot well gas flows since 2011
- MHA update now includes the results from more than A\$30M of additional expenditure in ATP 529P
- The 2015 MHA assessment highlights the significant potential for ATP 529P to service the east coast gas market
- Larger resource greatly improves economics and underpins pipeline connection

### ATP 529P estimated resources (PJ)

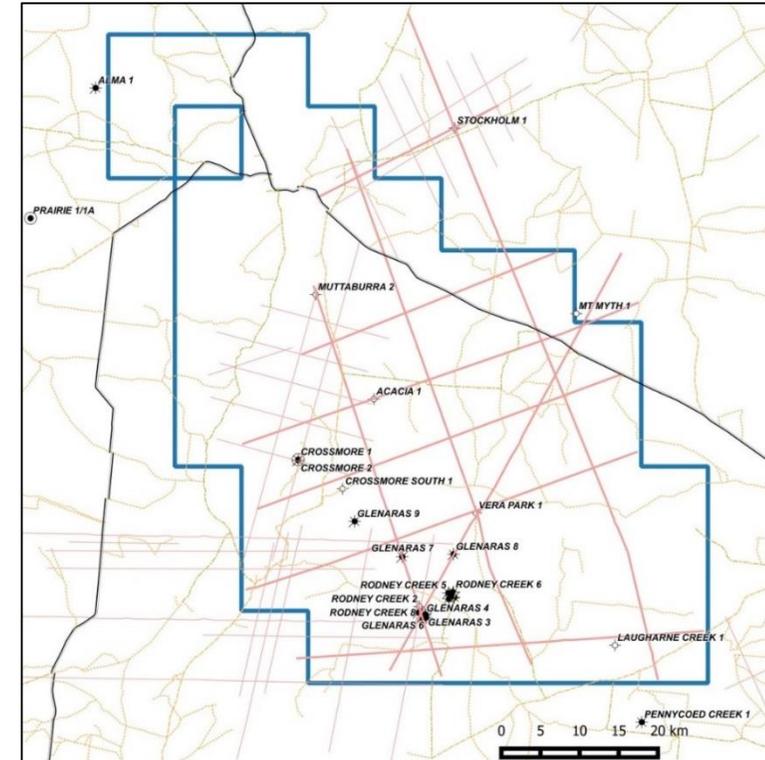


\* Refer ASX Announcement made 1 September 2015 Source: MHA Petroleum Consultants LLC (2015), SRK Consulting (2011)

## SUPERIOR GEOLOGICAL UNDERSTANDING BUILT ON COMPREHENSIVE HISTORIC DATABASE

- Significant historic exploration activity
  - Commenced in 1992
- Historic works provided an excellent geological database across the entire permit
  - Database focuses on structure, coal thickness and CSG properties
- 2 production pilots have provided excellent data on permeability, desorption, well interference and appropriate pump design
- Grand total of 12 coreholes, 2 of 5-spot production pilots and 4 step-out production wells and over 700 km of seismic data has been acquired over the permit to date

ATP 529P project map



## BETTS CREEK COAL EXHIBITS EXCELLENT CSG PROPERTIES

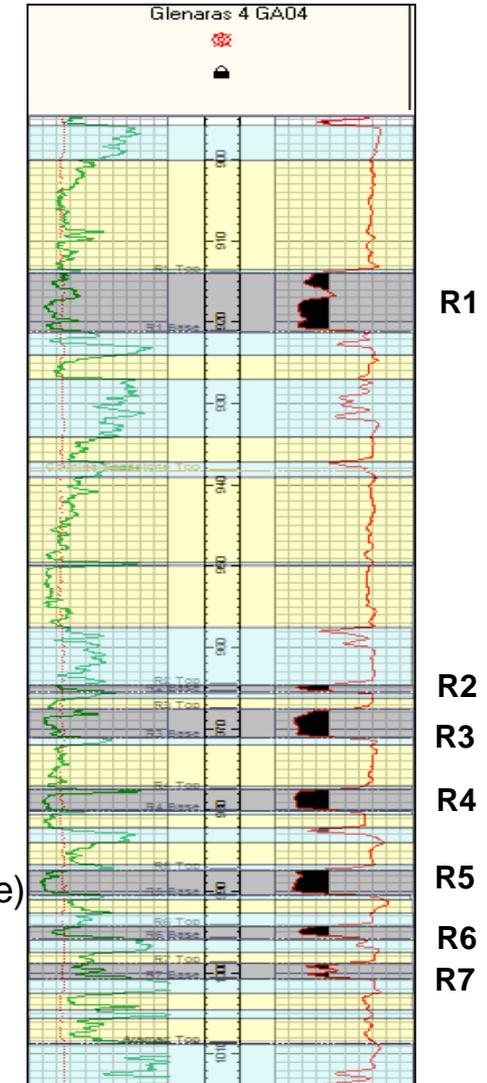
- Successful CSG projects require three key parameters:
  - Resource Concentration (*thickness, gas content*)
  - Productivity (*thickness, permeability*)
  - Pressure drawdown in the coal (*well design*)
- Resource concentration and coal productivity have been proven across the permit
- Comparable to world class projects such as Spring Gully and Fairview

**Betts Creek**

✓  
✓  
?

### Betts Creek Coal – Core area properties

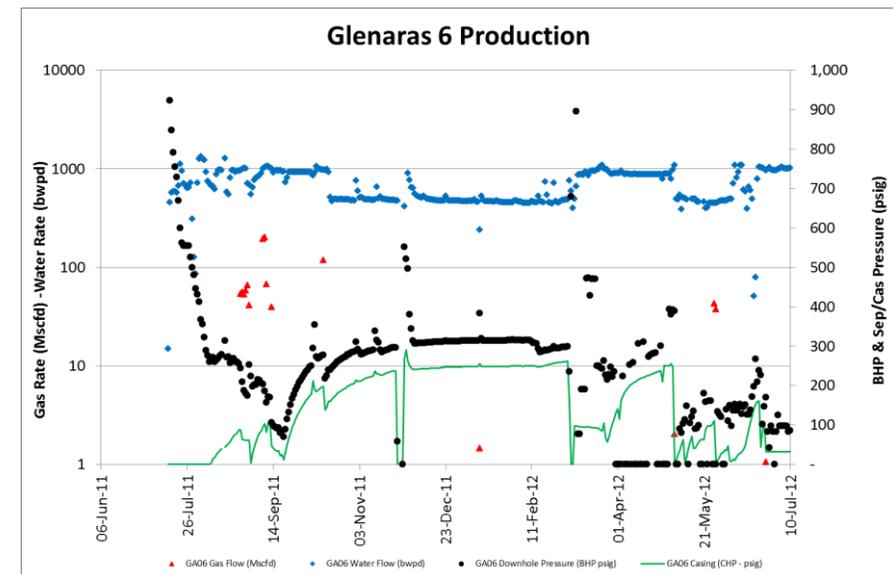
Coal depth (m)	900 - 1,000
Net coal (m)	19
Gas content (m <sup>3</sup> /t)	5.3
Permeability (md)	45
Resource concentration (bcf/km <sup>2</sup> )	5.2



## DESPITE LIMITED HISTORIC PERFORMANCE THERE WERE SIGNS OF COMMERCIAL PRODUCTION POTENTIAL

- Demonstrating commercial flow is the final element to booking reserves
- Previous pilot well designs have failed to achieve sufficient pressure drawdown in the coal
- Wells have been completed over multiple coals and fracture stimulated. Induced fracs have grown into neighboring high productivity sands
- Pilot production has been dominated by water production from sands, not from the coals
- Despite this, sustained gas production was achieved in all Rodney Creek pilot wells
  - Flow rates of up to 200 Mscfd from Glenaras wells
- Strong well interference and communication demonstrated excellent permeability
- Numerous shut-ins due to pump failures caused coal recharging and crossflow from sands

### Previous Glenaras pilot performance

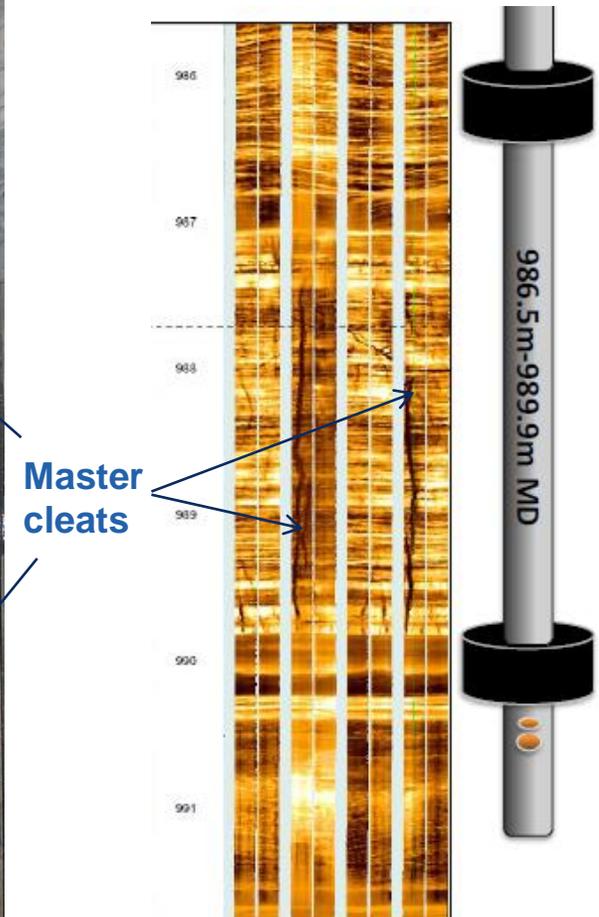


## BETTS CREEK COAL SHOW EXCELLENT PERMEABILITY

- New completion design formulated to suit the geological setting
- Key is accessing the coal and drawing down pressure in the coal and not the sand
- Coals have excellent master cleat development and good permeability
- A standard perforated completion will isolate coal and allow drawdown of the coal below critical desorption pressure, achieving gas flow
- Glenaras R1 seam pilot will test this thesis
- Completion design can then be applied to the complete Betts Creek section

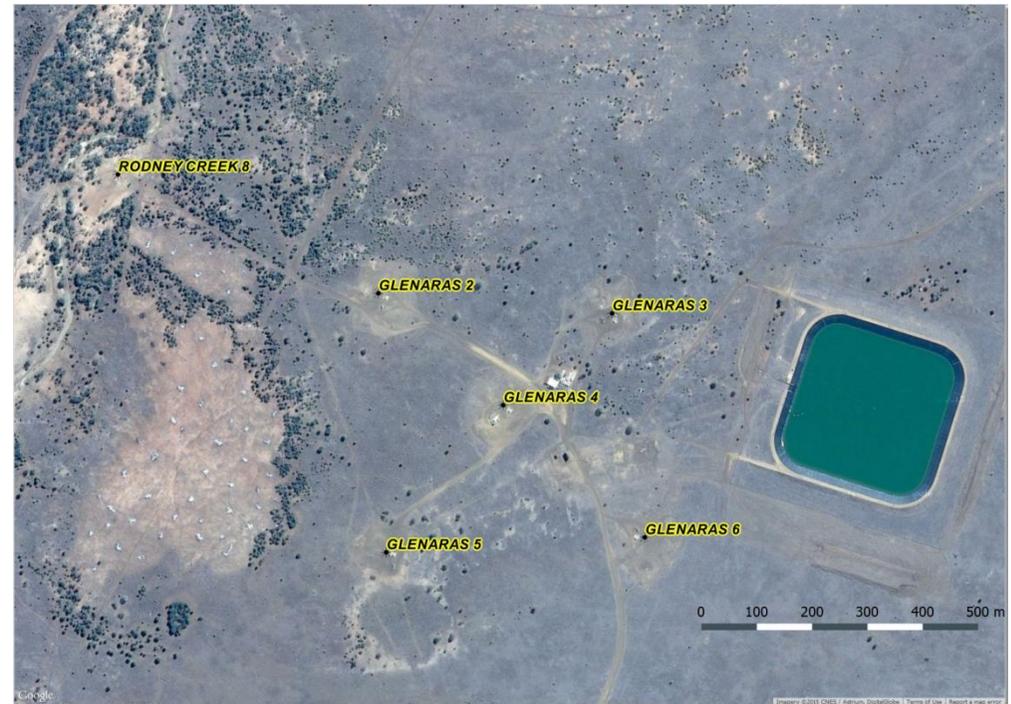


Formation Image Log



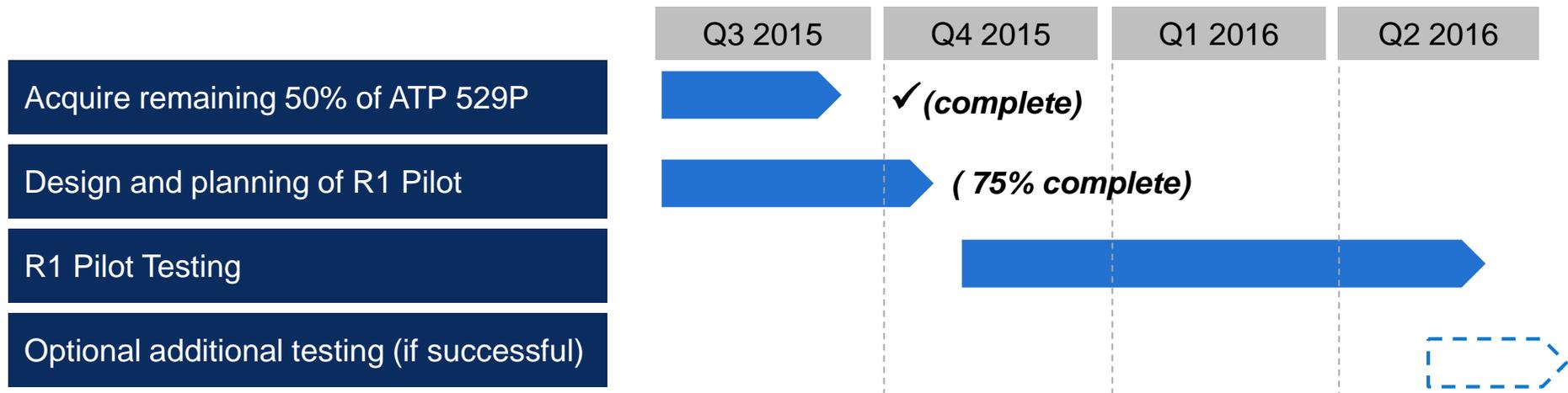
## THE R1 SEAM HAS NOT BEEN TESTED AND HAS THE POTENTIAL TO PROVE SIGNIFICANT RESERVES

- Galilee intend to re-complete the Glenaras wells to test the R1 seam
  - R1 is thickest seam, never completed in initial pilot testing
- Program is to isolate lower coals via bridge plug, perforate the R1 coal, and produce
- Utilise all existing surface facilities, flowlines and holding pond (now empty)
- Expecting to recomplete all 5 wells and produce for up to 12 months



## ASSESSMENT OF R1 SEAM COMMERCIAL PRODUCTION POTENTIAL EXPECTED TO COMPLETE IN 1H 2016

- Testing of the uppermost R1 coal seam is planned to commence early in Q4 2015
- Cash expenditure will be prudently managed over the next 3 quarters with clear focus
- The initial phase of the R1 pilot test will be in the order of A\$2.0M
- Additional testing completely at the option of Galilee management in the event of successful initial production testing



## **GALILEE IS WELL FUNDED AND HAS THE EXPERIENCE TO EXECUTE ON OUR CLEAR STRATEGY**

### **Strong Balance Sheet**

- ~A\$16.0m\* of cash and fully funded
- Prudent deployment of cash
- Major resource upgrade in Galilee Basin and now 100% ownership and Operator

### **Clear catalysts**

- Glenaras R1 pilot to commence in Q4 2015
- Has the potential to prove significant reserves, material change in company value
- First development well in Hoffer scheduled for mid Q4 2015

### **Delivering on Strategy**

- Maximising the potential in ATP 529P
- Near term cashflow from Hoffer
- Long term growth in Chile with permit application submitted

\* As at 30 Jun 2015

## **Competent Persons Statement & Listing Rule 5 Reporting on Oil & Gas Activities**

The estimate of Contingent Resources for the ATP 529 as appears on page 8 of this presentation, is based on, and fairly represents, information and supporting documentation determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC Inc Denver, Colorado, USA, an independent petroleum reserve and resource evaluation company, in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA, and is a qualified person as defined under the ASX Listing Rule 5.41. His career spans over 30 years petroleum engineering evaluations experience including field development planning, unconventional reservoir assessment and reserves, reservoir simulation, enhanced recovery, and industry training courses. His qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves in accordance with the Society of Petroleum Engineers ("SPE") 2007 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 Guidelines for Application of the PRMS approved by the SPE.

Mr Hower has consented to the publication of the Contingent Resource estimates for Galilee Energy 100% interest in ATP529 in the form and context in which they appear in this presentation. The Contingent gas resource estimates for ATP 529 provided in this presentation were originally released to the market in the Company's announcement of 1 September 2015, and were estimated using the deterministic method with the estimate of contingent resources for ATP 529 not having been adjusted for commercial risk.

Galilee Energy confirms that it is not aware of any new information or data that materially affects the information included in the announcement of the 1<sup>st</sup> of September 2015 and that all of the material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

## **Forward Looking Statements**

This presentation may contain forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Investors should undertake their own analysis and obtain independent advice before investing in GLL shares.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.