

# June 2019 Quarterly Report & Appendix 5B

24 July 2019

## Highlights

- ❖ Glenaras drilling programme successfully executed safely and under budget.
- ❖ Completions rig has successfully installed downhole electrical submersible pumps (ESPs) in Glenaras 14L, 15L and 16L.
- ❖ Glenaras 14L and 15L commissioned with final commissioning on Glenaras 16L underway.
- ❖ Highly responsive pressure communication already observed between Glenaras 10L, 12L and the new Glenaras 14L and 15L wells.
- ❖ Galilee was the Preferred Tenderer for ATP 2043 in the world class Walloon CSG fairway of the Surat Basin.
- ❖ Significant milestone achieved for the Galilee Gas Pipeline with Jemena lodging the Voluntary EIS Application and EPBC Act referral with the relevant authorities.
- ❖ Strong balance sheet with a 30 June cash position of \$11.6 million with no debt.

## Glenaras Gas Project (ATP 2019) – GLL 100%

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on the Glenaras multi-lateral pilot programme (“Pilot”) in the Galilee Basin in Queensland (Figure 1).

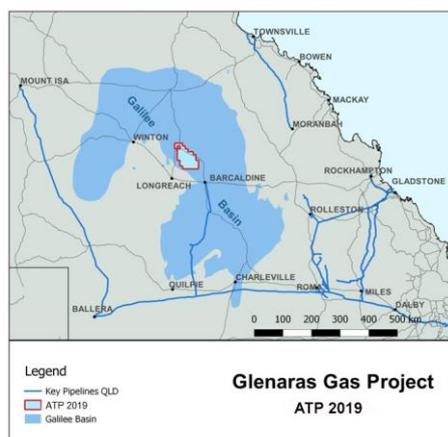


Figure 1 – Glenaras Gas Project

The Pilot is part of the Glenaras Gas Project (“Project”) located in ATP 2019, which is 100% owned and operated by Galilee. The Permit covers an area of approximately 4000 km<sup>2</sup>

The Project has one of the largest contingent gas resources with the potential to supply the eastern Australian market which AEMO forecasts will need supply from currently booked Contingent Resources from the early 2020’s. The independently derived and certified Contingent Resource within the Betts Creek coals are a 1C of 308 PJ, a 2C of 2,508 PJ and a 3C of 5,314 PJ. The Company’s primary focus is on converting these Contingent Resources to Reserves.

As previously announced, Easternwell's Rig 103 successfully completed the drilling campaign with the drilling of Glenaras 14L, 15L and 16L. The completions rig has now successfully installed ESPs in Glenaras 14L, 15L and 16L. Figure 2 provides a schematic of the Pilot wells in the coal seam.

Commissioning at Glenaras 14L and 15L is complete and commissioning has commenced on the final Glenaras 16L well. Strong initial productivity has been observed during commissioning and this early outcome, combined with observed pressure responses in the flanking laterals of Glenaras 10L and 12L, confirms the excellent productivity and connectivity of the targeted R3 coal seam. This augurs well for achieving the intended objectives of the enhanced Pilot of accelerating the depressurisation process and achieving commercial gas flow rates.

Once the Pilot is fully operational, the well configuration will provide shielding to the central Glenaras 14L well from the large area which the previous two lateral wells were draining. It is expected that three months of production drawdown will be required in order for material gas production rates to be observed.

The expected cost of this three-well lateral programme including drilling, completion and tie-in is still within the original budget of approximately \$8 million, resulting in a strong financial position for the company.

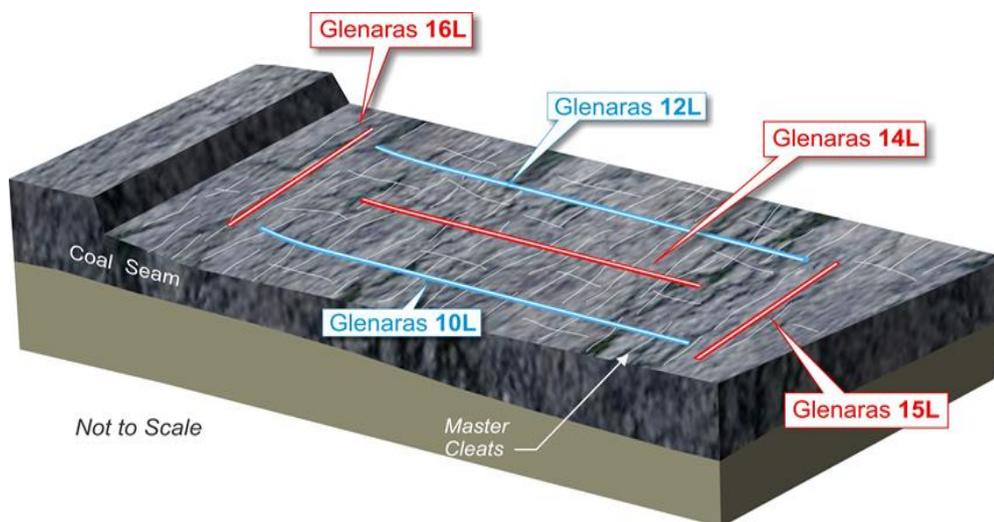


Figure 2 – Enhanced multi-lateral programme

A successful Pilot achieving commercial gas rates has the potential to book 500 PJ+ of Proved and Probable Reserves. The Pilot will be on production for an extended period to de-water and lower the pressure in the surrounding coal to achieve gas flow.



Figure 3 – Installation of surface equipment at Glenaras 14L and install of ESP on TDC Rig 8 at Glenaras 15L.

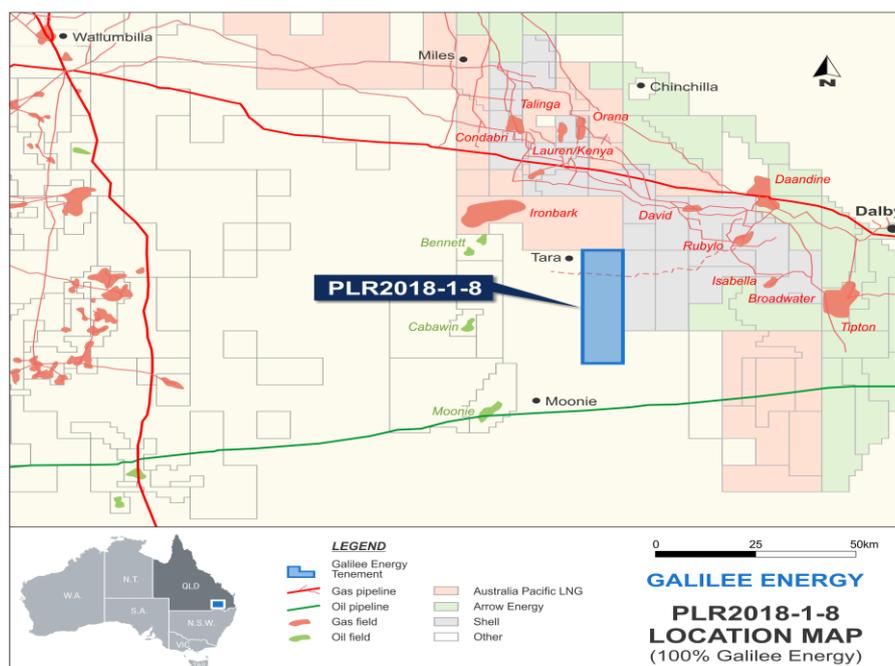
**ATP 2043**

Galilee was appointed the Preferred Tenderer for ATP 2043 by the Queensland Government in the most recent release of new petroleum resource areas. Refer to location map below.

The award of this acreage was designed to stimulate exploration in Queensland and provide sustainable benefits to local communities in the region and energy benefits for all Queenslanders. Galilee was successful with its targeted approach for this high-graded block and was awarded the acreage following a non-cash consideration competitive tender process. The acreage has dual prospectivity within both the world-class Walloon Subgroup coal seam gas fairway and the oil and gas prone eastern flank of the Taroom Trough, proximal to the Moonie Field. The area is significantly under-explored and will benefit greatly from Galilee applying contemporary exploration technology to advance the understanding of this highly prospective area.

ATP 2043 is also strategically close to existing production and pipeline infrastructure, being less than 10 km from established coal seam gas production facilities and adjacent to the south of the Ironbark coal seam gas asset which was recently acquired by APLNG for \$231 million. This positioning provides considerable potential to gain expedited access to the eastern Australian gas market.

Galilee will leverage off its highly experienced management team’s proven track record of successfully exploring, appraising and developing coal seam gas tenures in the Surat Basin, in addition to the excellent standard of committed operatorship demonstrated so far at its flagship asset, ATP 2019 in the Galilee Basin. Importantly Galilee has sufficient resources in place to drive both ATP 2019 and ATP 2043 forward in parallel.



**Jemena update**

Jemena has passed a significant milestone for the Galilee Gas Pipeline route (Figure 4) connecting the Glenaras Gas Project to the east coast gas market with the formal lodgement of the Voluntary Environmental Impact Statement (EIS) Application and EPBC Act referral with the relevant authorities.

This public recognition of Jemena’s preferred pipeline route is further validation of Jemena’s commitment to transport gas from the Glenaras Gas Project to end users. Following successful Pilot results, the next step by Jemena will be to submit a proposed Terms of Reference for the Galilee Gas Pipeline EIS. These milestones are important steps in proving up a clear pathway to the east coast gas market for the Glenaras Gas Project.

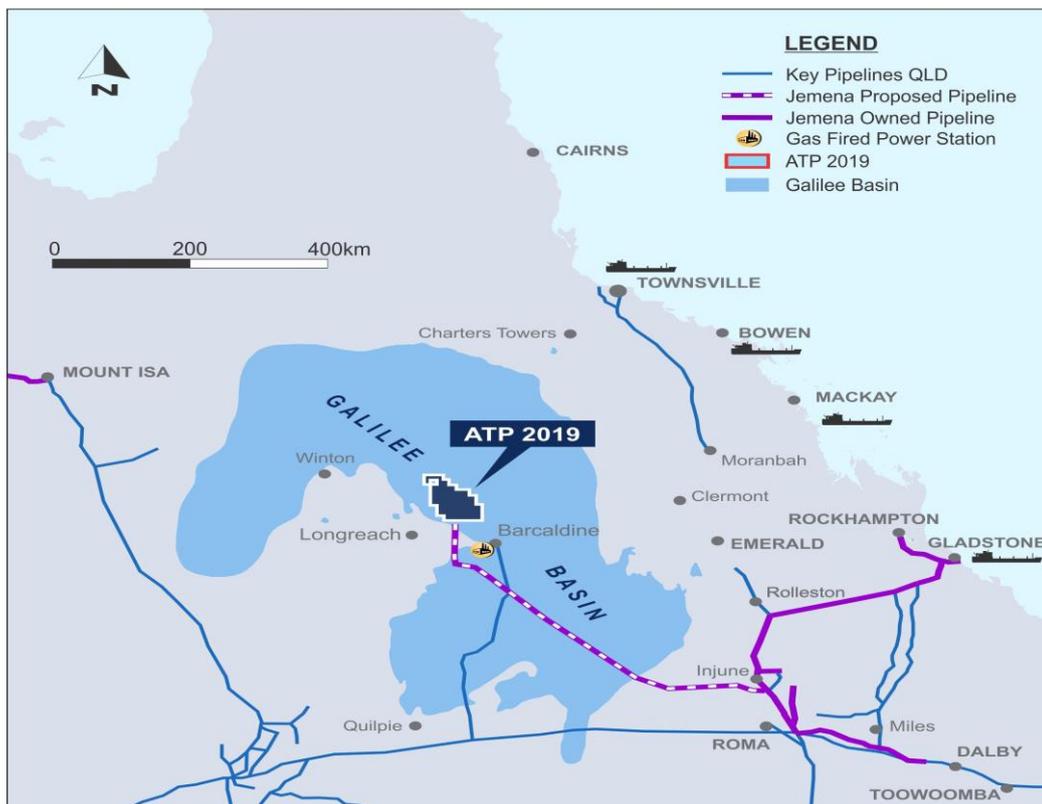


Figure 4 – Proposed Pipeline Route

## Financials

The cash flow for the Quarter is presented in the attached Appendix 5B report. The Company continues to maintain a very strong cash position of \$11.6 million with no debt. The expenditure forecast for the next quarter is primarily related to resumed operations of the Pilot and payment of the remaining drilling, completions and facilities costs with the overall programme coming in under the budgeted \$8 million cost estimate.

## For further information contact:

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## About Galilee

Galilee Energy is focused on creating a mid-tier exploration and production company building on its core strengths in coal seam gas appraisal and development. Its primary area of focus is Queensland where it is appraising the Galilee Basin whilst looking to add further acreage to its portfolio.

### Directors

Chairman – Ray Shorrocks  
Managing Director – Peter Lansom  
Non-executive Director – Dr David King  
Non-executive Director – Stephen Kelemen

Shares on issue – 225,679,361

Top 20 holders – 56.4%\*

Directors and Management – 4.4%

\*As at 1 July 2019

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

GALILEE ENERGY LIMITED

**ABN**

11 064 957 419

**Quarter ended ("current quarter")**

June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(4,847)	(9,680)
(b) development	-	-
(c) production	-	-
(d) staff costs	(372)	(1,018)
(e) administration and corporate costs	(433)	(1,247)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	92	285
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(5,560)</b>	<b>(11,660)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(70)	(120)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (restricted cash term deposits)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(70)</b>	<b>(120)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	18,700
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(254)
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 (movement in bonds)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>18,446</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	17,213	4,917
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,560)	(11,660)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(70)	(120)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	18,446
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>11,583</b>	<b>11,583</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	2,443	17,213
5.2 Call deposits	9,140	-
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>11,583</b>	<b>17,213</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
160
-

**7. Payments to related entities of the entity and their associates**

**Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Exploration and evaluation

2,399

9.2 Development

-

9.3 Production

-

9.4 Staff costs

726

9.5 Administration and corporate costs

305

9.6 Other (provide details if material)

-

**9.7 Total estimated cash outflows**

**3,430**

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  .....  
(Director/Company secretary)

24/07/19

Print name: Stephen Rodgers

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.