

# ASX / MEDIA ANNOUNCEMENT



## September 2023 Quarterly Report & Appendix 5B

30 October 2023

### HIGHLIGHTS

- **Receipt of \$4.9 million for FY23 R&D refund.**
- **A non-binding MoU executed between Galilee Energy and Essar Exploration & Production covering potential collaboration on each Company's respective upstream assets.**
- **Data acquired, processed and reviewed on the first ever 3D seismic survey over Glenaras Gas Project.**
- **Strong cash balance of \$8.6 million with no debt.**

Galilee's Executive Chairman, Ray Shorrocks commented:

*"The Company continued to make steady progress this quarter. In recent times, particularly in the last quarter, Galilee has collected and assessed a wealth of data, including the first ever 3D survey of the Project, and has increased its understanding of what's happening in the subsurface at Glenaras more than at any time in the last decade. We see encouraging signs that the impact of the shield wells on reducing reservoir pressure is only now being realised and the Pilot is exhibiting signs typical of a reservoir in transition. Galilee now has all the critical information it needs to progress discussion with existing and any potential new counterparties to accelerate commercialisation of the Project."*

Building an integrated & diversified sustainable energy company



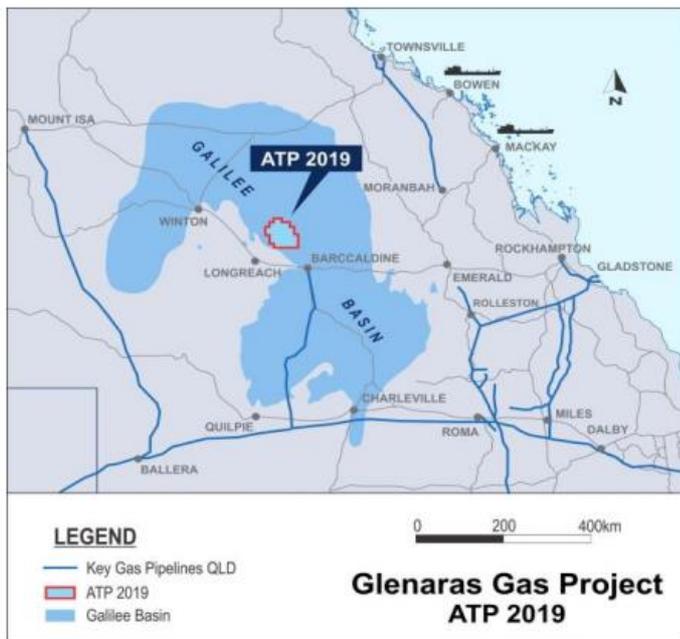
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ASX Code  
GLL

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



**Figure 1:** Glenaras Gas Project

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>.

With the completion of remedial activities related to mitigating suspected aquifer cross flow, Galilee continued to advance the Glenaras Project. In addition to ongoing monitoring of the depressurisation of the Betts Creek coals and adjacent sands, the Company reviewed the data collected in the recent 3D seismic survey of the Project, the first in its history.

The Glenaras Pad 3D Seismic Survey acquisition, processing and interpretation were safely completed during the quarter. Oceania Geo’s cutting-edge seismic acquisition technology has proven to be very high value with significantly reduced operational costs and logistical requirements to produce excellent results. The final data set is world-class with considerably increased resolution of the subsurface across a ~6 km<sup>2</sup> area covering the Glenaras Pilot.

All technical objectives have been met, including:

- Improving the structural and stratigraphic resolution of the Betts Creek Beds across the Glenaras Pilot area;
- Identifying and increasing definition of small-scale faulting that may be impacting individual well and Pilot performance;
- Providing possible solutions for further optimizing the Glenaras Pilot towards achieving commercial rates of gas flow, including drilling additional wells.

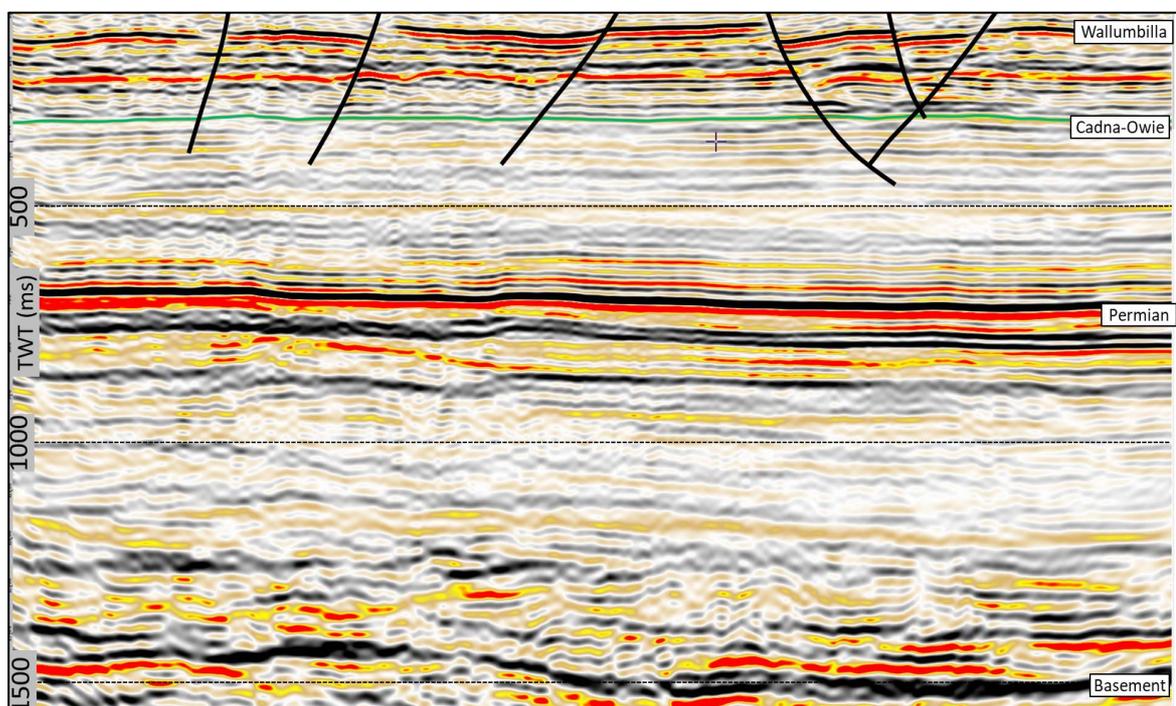
The interpreted 3D data set is currently being integrated with the pilot’s extensive well data, production data and formation pressure data to update the subsurface static and dynamic models. This new modelling will be of improved accuracy due to the combination of the higher resolution structural framework 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.

PIBOT i.e. packer inflation bleed off test, allows the measurement of the actual pressure in each individual seam or reservoir without interference from other reservoirs that are present in that wellbore.

In addition, the improved fault mapping at considerably smaller scale across the Glenaras Pilot as identified in the 3D, will provide greater insights into the dynamic variability of gas and water movement and production between and from individual wells. With this greater depth of analysis, the Pilot's current trend towards material gas desorption and commercial gas rates can be accelerated by optimising well performance and potentially drilling new, highly targeted wells.

The Company is encouraged by progress highlighted by data collection over the quarter with the recent shield wells having depleted the reservoir more than ever before, as evidenced by extensive pressure surveys. It seems clear that following all the work the Company has undertaken in the last 12 months, 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.

Recognising the advanced level of data collection and analysis achieved at Glenaras during the quarter, as well as the progress towards gas desorption, the Company resolved to open a data room to industry participants contemplating an investment into the Project. Our Operatorship and 100% ownership of Glenaras provides maximum flexibility to take the project forward as the Company contemplates engagement with potential partners.



**Figure 2:** 3D seismic depth profile section.

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



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

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Technical work in ATP 2050 Springsure focused on the Wandana Prospect, which was drilled in 1992, but due to operational challenges failed to properly evaluate the Permian reservoirs within the mapped closure. Preliminary petrophysical studies have determined a strong probability of gas saturation in multiple sands intersected in the well.

However, despite employing underbalanced air-drilling methods, which are designed to minimise water-based formation damage in the reservoirs, significant water influx occurred. This water influx may have prevented gas inflow during drilling and adversely affected the wireline log signatures of the potential gas pay zones post-drilling.

Additionally, the original Wandana 1 well only drilled through the Freitag and Upper Aldebaran Sandstone reservoirs, leaving a further four, deeper potential reservoirs untested (Mid and Lower Aldebaran, Staircase Sandstone and Reids Dome Beds), all of which are either commercially producing or proven gas-bearing in other fields and wells in the Northern Denison Trough region. This provides up to six potential gas reservoirs to be tested by a new well in the Wandana Prospect, which together with employing contemporary, high-integrity air-drilling methods, further maximises the chances of making a successful gas discovery.

Any gas reserves which may be proven up at Wandana could potentially be sent to market via the adjacent, existing gas infrastructure in the Northern Denison Trough fields.

## New Ventures

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Early in the quarter, and after extensive discussions, the Company signed a non-binding Memorandum of Understanding (MoU) with Essar Exploration & Production Ltd (EEPL). EEPL is fast emerging as one of the leaders in natural gas exploration and production, worldwide, through operating a portfolio of geographically diversified conventional & unconventional hydrocarbon assets, including a 100% stake in subsidiary Essar Oil and Gas Exploration and Production Limited (EOGEPL).

EOGEPL is a pioneer and one of the largest exploration and production companies in India with about 25 years of experience and a combined CSG and shale gas resource base of 12 trillion cubic feet. EOGEPL has invested in excess of AUD\$1 billion into its flagship Raniganj CSG block, establishing the asset as India's highest CSG producer to date and the only CSG project in India to produce over 82 billion cubic feet of gas.

The MoU highlights the industry's recognition of the in-house technical capabilities of Galilee with respect to unconventional CSG appraisal activities.

## Corporate

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

The Company continues to maintain a strong cash position and as at September 30, the cash balance was \$8.6 million, with no debt. During the September quarter, the ATO approved the Company's R&D application and an R&D tax offset of \$4.9m for the 2022/23 financial year was received.

This R&D receipt both strengthens the Company's cash position as well as providing 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.

During the period, the Company spent \$2.95m on exploration and evaluation activities, this expenditure was primarily on Glenaras operations and well remediation activities. The Appendix 5B includes an amount in item 6.1 which constitutes director's fees paid in the September quarter.

During the quarter, Ray Shorrocks assumed the role of Executive Chairman following the resignation of the Managing Director David Casey from the Company. Mr Shorrocks commented that "David has made a significant impact on the advancement of the Glenaras Gas Project and put the Company on a clear pathway for a stronger future."

## 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**

Executive Chairman – Ray Shorrocks

Non-Executive Director – Gordon Grieve

Managing Director – David Casey

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 2023**

#### Consolidated statement of cash flows

	Current quarter	Year to date
	\$A'000	(3 months) \$A'000
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from customers	13	13
1.2 Payments for:		
(a) exploration & evaluation	(2,948)	(2,948)
(b) development	-	-
(c) production	-	-
(d) staff costs	(462)	(462)
(e) administration and corporate costs	(348)	(348)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	81	81
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	4,954	4,954
1.8 Other - Inventory	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,290</b>	<b>1,290</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	-	-
(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>-</b>	<b>-</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	(46)	(46)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(46)</b>	<b>(46)</b>

### 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
7,314	7,314
1,290	1,290
-	-
(46)	(46)
-	-
<b>8,558</b>	<b>8,558</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

- 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
109	158
8,449	7,156
-	-
-	-
<b>8,558</b>	<b>7,314</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
257
-

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.

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**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)

\$A'000
1,290
-
1,290
8,558
-
8,558
N/A

**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: 30 October 2023

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.