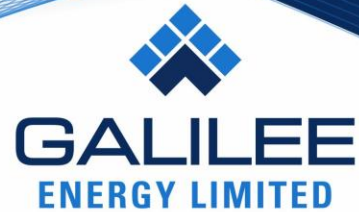


Glenaras Gas Project – Production Update

ASX/MEDIA ANNOUNCEMENT

13 September 2018



Highlights

- ❖ First measured gas flow from Glenaras Gas Project - currently 15-20 Mscfd from both wells and steadily increasing.
- ❖ Glenaras 10L and 12L on continuous production with excellent water rates of up to 3,600 BWPD (barrels of water per day) in aggregate from both wells. Water rates continuing to level off as gas production increases.
- ❖ Procured, installed and commissioned new transformer and higher capacity variable speed drive (VSD) to add additional flow capacity to Glenaras 12L.
- ❖ Production will continue to be ramped up over the coming weeks to achieve full reservoir drawdown.

Galilee Energy Limited (ASX:GLL) ("Galilee") is pleased to provide an update on production operations at its 100% held Glenaras multi-lateral pilot programme located in the Galilee Basin.

Metered gas rates, measured via orifice plate meters at each well separator, are currently around 15-20 Mscfd in aggregate with gas rates continuing to increase as fluid levels in the wells are reduced further and more coal area is drawn down below the critical desorption pressure.

The surface facilities, which were originally designed for 2,000 BWPD per well, have now been upgraded in order to accommodate Glenaras 12L which is producing approximately 2,500 BWPD. A higher capacity transformer and VSD have been procured, installed and commissioned to enhance the flow capacity at Glenaras 12L with the aim of achieving around 3,000 BWPD capacity.

These surface facilities upgrades required a number of small shutdown periods to facilitate the equipment installation, with the benefit of these shutdown periods being the validation of reservoir depletion within the pilot area.

The wells are now back on full production with water rates of approximately 3,600 BWPD in aggregate from both wells, fluid levels are reducing in line with expectations and both wells are now flowing back through the separator.

"First measurable gas flows are a major milestone in the Glenaras Gas Project. This pilot continues to exceed expectations and we look forward to seeing the increased drawdown of the coal and gas production ramping up over the ensuing months" Managing Director Peter Lansom stated.

The pilot will be on production for an extended period to de-water and lower the pressure in the surrounding coal to achieve a commercial gas flow.

All rates quoted in this announcement are 24 hour daily averages.

Peter Lansom
Managing Director
Galilee Energy Limited
+61 (0) 7 3177 9970
plansom@galilee-energy.com.au

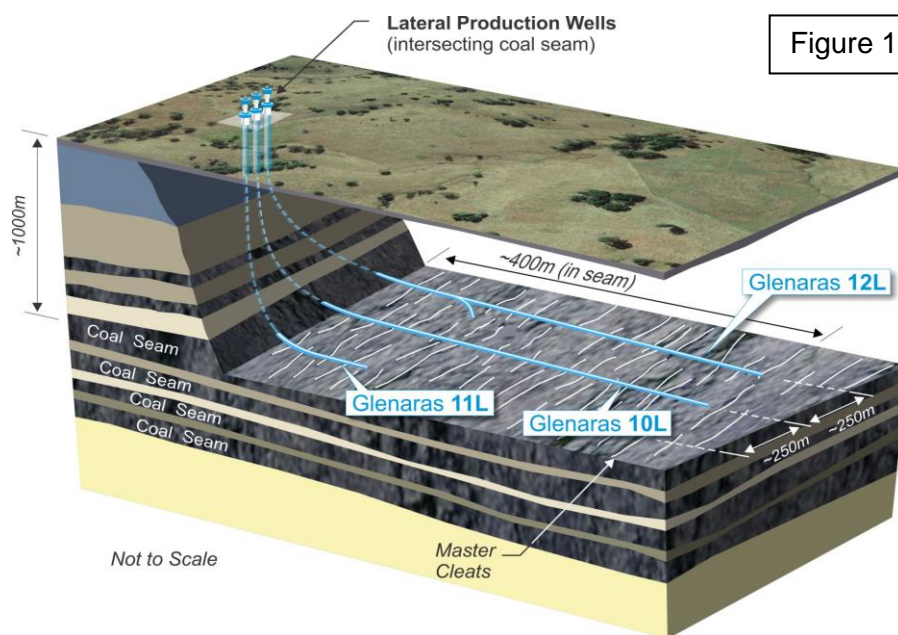


Figure 1 – Glenaras multi-lateral pilot

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 – 204,012,690

Top 20 holders – 49.6% *

Directors and Management – 7.2%

***As at 3 September 2018**