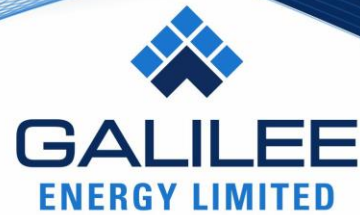


Illinois Drilling Update

ASX/MEDIA ANNOUNCEMENT

24 October 2014



Galilee Energy Limited (ASX: **GLL**) ("**Galilee**" or the "**Company**") is pleased to provide an update on drilling activities in Illinois.

The second well, Kramer 1 located in Sangamon County, has been drilled to a total depth ("TD") of 2,625 ft measured depth ("MD"). The well encountered the primary Silurian Racine Formation at 1,600 ft MD, with strong live oil and gas shows recorded in conjunction with a drilling break from 1,652 ft to 1,668 ft MD. A drill stem test ("DST") carried out across the zone identified good permeability but unfortunately did not recover commercial hydrocarbons. The secondary target Ordovician Galena Group (Trenton Limestone / Black River Formation) was intersected at 2,124 ft MD. Good live oil shows were encountered across the top 56 ft of the zone, however in the absence of good porosity indications, a decision was made to continue drilling until the St Peter Sandstone. This target was intercepted at 2,524 ft MD and drilling terminated at 2625 ft MD due to the absence of hydrocarbon shows. On the inspection of logs following drilling, no further testing was conducted, and the well is currently being plugged and abandoned.

Hydrocarbon show development in Kramer 1 was more prolific than in the first well Hanner 1, located 10 miles to the north. Continuous oil shows were again noted in the shale of the Maquoketa Group which overlies the Galena Group, thus extending the area of interest for the resource play study commenced in the Hanner 1 well. Additionally, the lower New Albany Group shales were found to contain strong oil and gas shows over an 80 ft high porosity interval and imaging logs were run in the well to investigate fracture development.

The rig has now moved onto Cunningham #1, the third well of the current program. This well is also located in Sangamon County and on a hydrocarbon migration pathway from a nearby oil field. The well will again target the Silurian Racine Formation at similar depths (approximately 1,500 ft), but closer to the prolific producers located along the Mt Auburn trend four miles to the southeast. Cunningham 1 has secondary objectives in the Ordovician Galena Group and Shakopee Dolomite close to the prognosed 3,000 ft TD.

Further information will be provided in due course.

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About Galilee

Galilee's Board and management are focused on building and expanding its asset mix to create a mid-tier exploration and production company. Galilee has a clear plan to grow shareholder value and the capacity to execute.

- Strong Balance sheet
- Proven successful Board and Management
- New strategic direction

Directors

Chairman - David King
Managing Director – Peter Lansom
Executive Director – Paul Bilston
Non-executive Director – Ray Shorrocks

Shares

Shares on issue – 152,140,466
Top 20 holders – 54.48% *
Directors and Management – 6.22%

*As at 26 August 2014