

Drilling Hoffer B commences

ASX/MEDIA ANNOUNCEMENT

7 January 2015



Galilee Energy Limited (ASX: **GLL**) (“**Galilee**” or the “**Company**”) is pleased to announce that the Hoffer B well was spud on 6 January 2015. Galilee is participating on equal terms with the other Joint Venture partners for a 35% working interest (“WI”) in the Hoffer Prospect in Lavaca County, Texas. The well is expected to take between 40 – 60 days to reach TD.

The well will be drilled to an anticipated total depth (“TD”) of 14,250 ft (4,340m). The primary target for the well is in the Lower Wilcox formation with a ~3.6 sq km (~900 acre) structural closure identified by 3D seismic (see figure 1). The well has also been designed to test a number of secondary targets in the middle Wilcox. Both the lower and middle Wilcox reservoirs are proven and prolific producers in the region. The well is targeting liquids rich natural gas.

Successful testing of the target will result in immediate follow up development wells and rapid commercialisation with an existing pipeline infrastructure located approximately 500m from the well. The JV partner has publically disclosed the following estimate of prospect size: 70 Bcf of gas + 1.8 million bbls of oil¹.

The 3-D seismic (see Figure 1) over this area shows the main target horizon, the Lower Wilcox sand, has created an “umbrella structure” with a prognosed 200m of gross sand development, down-faulted on a ~3.6 sq km (~900 acre) structural closure.

“This is a very exciting well for the company. We expect our total exposure including our entry cost to be less than US\$1.5M, yet we are testing a material prospect which if successful will deliver a significant cashflow stream to Galilee within months.” Managing Director Peter Lansom said.

Trio Consulting and Management LLC, are the Operator have had extensive experience in drilling and field operations in the area.

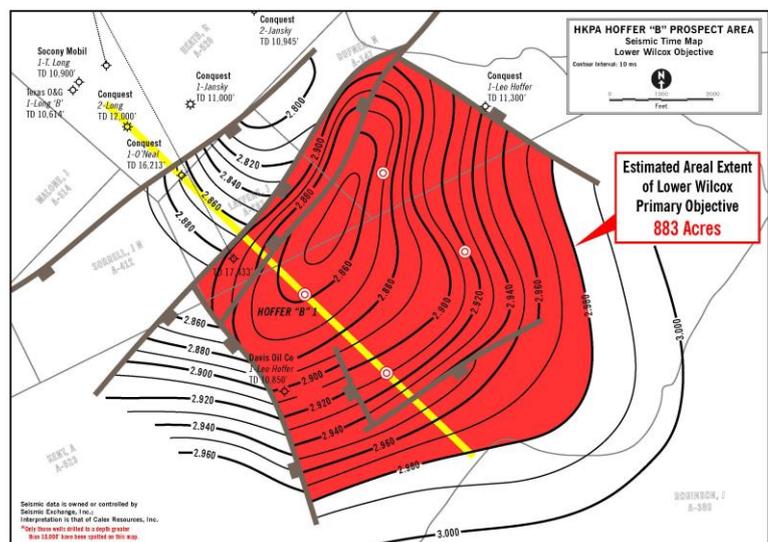


Figure 1 – seismic time map of Hoffer prospect

¹ Hoffer B Prospect Estimate was disclosed in presentation material at PLS Houston May 2014. These estimates have not been prepared or certified as resource or reserve under PRMS.

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 – 54.23% *
Directors and Management – 6.29%

*As at 30 November 2014