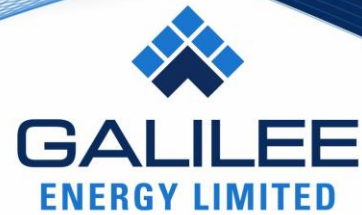


Texas Drilling Update

16 February 2015



Galilee Energy Limited (ASX: **GLL**) ("**Galilee**" or the "**Company**") is pleased to provide an update on current Lavaca County drilling operations.

Hoffer B Prospect

The Hoffer B 1 well, which was spudded on 6 January 2015, has now reached 13,000 ft (3,962 m) measured depth. At current depth the well is in the Lower Wilcox zone, which is one of the secondary targets. The primary target, yet to be intersected, is the Basal Lower Wilcox, the top of which is prognosed at a depth of 13,350 ft (4,069m).

Following the last update, the intermediate casing string has been set at a depth of 11,062 ft (3,371m), following the intersection of a number of strong gas shows. A decision was made to run casing without running wireline logs, as wellbore conditions did not allow logging to proceed. Cased hole logs will be run in conjunction with the open hole logs of the lower part of the well to evaluate these strong shows.

Since drilling ahead from the intermediate casing point the well has intersected further strong gas shows in the Middle and Lower Wilcox sands. These sands have higher than prognosed pressures and as a result the well may require a liner be installed in the wellbore prior to reaching the proposed main target of the well. As with the upper shows in the well, these sands will be evaluated by open-hole logs for possible completion and production testing.

As a result of the additional evaluation operations and hole conditioning prior to running the intermediate casing, the Operator now estimates that the well cost may be between 10-20% over AFE (US\$112k - \$225k Galilee Energy Share).

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 will be drilled to an anticipated total depth (TD) of 14,250 ft (4,343m).

Dworsky Prospect

The Operator has also advised that the Dworsky Haas 1 well was spudded on 14 February 2015.

The Dworsky Prospect area covers an existing 440-acre lease position. The primary objectives for exploration in this area lie in the Midcox section, which is in the depth interval 9,700-11,300 ft. The top of the Midcox section is marked by overpressure at about 9,700-10,100 ft and the base by the erosional unconformity at the Lavaca Channel Erosion Surface at around 11,300 ft.

The analogue wells for the Dworsky prospect area are the three main producers on Hallettsville South field; the Anderson 1 (Middle Midcox, EUR 22 Bcf and 500 Mstb), the Henkes 1 (Lower Wilcox, EUR 7.5 Bcf and 175 Mstb) and the Etzler 1 (Lower Midcox EUR 7.5 Bcf and 250 Mstb). All three wells produce from different Midcox and Lower Wilcox sandstones indicating potential exists for further undrained sandstones in areas away from existing drilling.

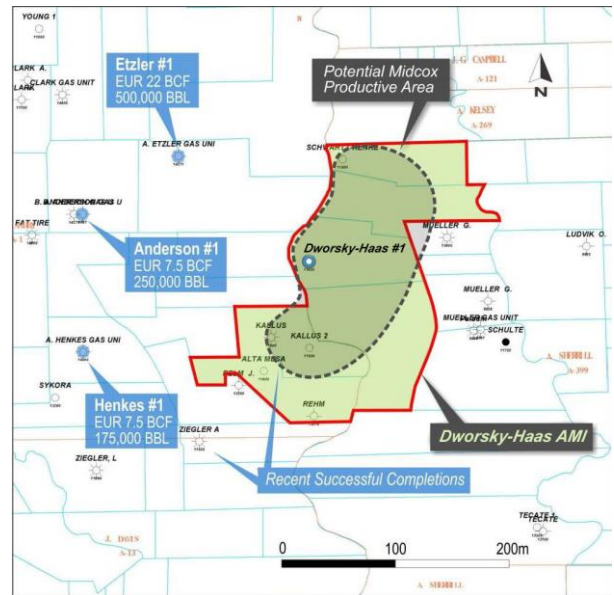


Figure 1 – Dworsky Prospect Area

Dworsky Haas 1

Drilling on Dworsky Haas 1 will test multiple zones identified on 3D seismic data, including three different Midcox sandstones and one of the lower Wilcox sandstones. Galilee has agreed to a 32% WI to casing point (24% WI after casing point) in the Dworsky prospect. The expected total cost to Galilee to casing point is ~US\$786,000. The well is expected to take 21 days to drill.

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 – 54.06% *
Directors and Management – 7.19%*

*As at 23 January 2015