

Galilee acquires 100% of ATP 529P

ASX/MEDIA ANNOUNCEMENT

4 June 2015



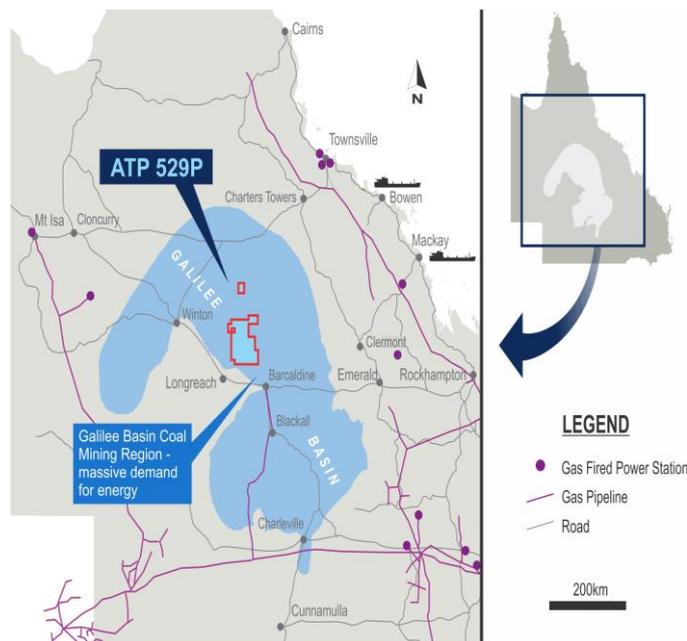
- Galilee to acquire 100% of ATP529P at no cost
- AGL to contribute funds to future operations
- Galilee to assume Operatorship and planning for R1 pilot test underway
- Key potential gas supply source for East Coast market

Galilee Energy Limited (ASX:GLL) (“Galilee” or the “Company”) is pleased to announce AGL Energy Limited (“AGL”) has agreed to transfer its 50% interest in ATP 529P to Galilee. The transaction will be at no upfront cost to Galilee and is subject to the finalisation of a formal sale and purchase agreement, audits into the asset and Queensland government approval. As part of the transaction AGL will also contribute \$590,000 to Galilee to support future operations at Glenaras.

Subject to any unforeseen issues and timing around regulatory approvals, completion of the transaction is expected in late July or early August 2015 with an effective date of 1 June 2015. Galilee will become Operator of the permit from the effective date (subject to completion of audits on different elements of the asset).

In commenting on the transaction, Managing Director Peter Lansom said “I am very pleased that we have reached agreement with AGL on this transaction. This allows the planning and execution of the R1 pilot test to progress as soon as practical. If successful, this will unlock a new material source of gas for east coast Australia”

Further information on timing of the R1 test will be provided in due course.



Resource	1C of	11.8 Bcf (100%)
Estimate	2C of	247.8 Bcf (100%)
	3C of	1,042.9 Bcf (100%)

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Background to proposed R1 test.

In late February 2014 Galilee completed a detailed review of the Glenaras Pilot (ATP 529P) that utilised the technical skills and experience of the new board and management.

The review included a comprehensive geological and engineering assessment of all the available technical data from both the Glenaras and Rodney Creek pilots along with information from exploration wells and seismic data collected across ATP 529P.

In summary the review:

- Confirmed the prospectivity of the late Permian Betts Creek coal beds over a large area of ATP 529P. The quality of this resource, including the coal thickness, permeability and gas content, has the potential to support commercial gas production.
- Determined that the well completion design utilised for the current Glenaras Pilot and the previous Rodney Creek Pilot, particularly the application of fracture stimulation, is not appropriate for this geological setting.
- Concluded that the current design is unlikely to result in sufficient pressure drawdown of the coals in a timely manner, as a result of water influx from other zones within the Betts Creek coal beds. This lack of pressure drawdown in the coals is the reason for the minimal gas production to date.

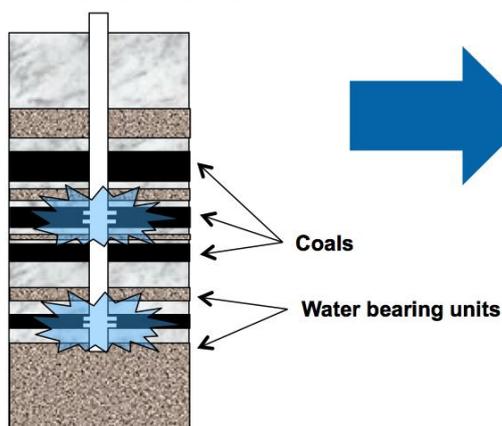
Recompletion and restart

Galilee has developed a modest recompletion programme utilising the existing Glenaras Pilot wells and infrastructure and an alternate completion design. Galilee believes this programme has the best chance of delivering a significant drawdown of the coal utilising existing infrastructure and therefore provides a true test of the gas production potential of this project.

Current

- Existing pilots utilised multi-stage fracture stimulations
- Considered necessary for productivity
- This resulted in high permeability water zones being connected to the coal.

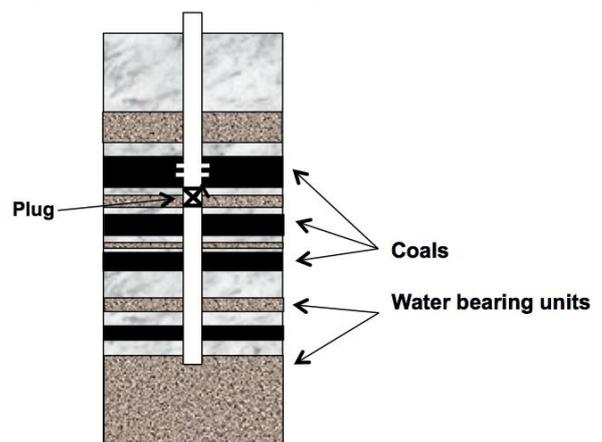
Most production has come from the water zones with little drawdown of the coals



Planned

- Proposing a completion of the coal only
- Simple design and significant reduction in cost
- Coal permeability should be sufficient to achieve commercial flow rates.

Production will be from the coal beds only allowing pressure drawdown and gas production



The programme will involve isolating the existing open completions and perforate and test the uppermost R1 coal within the Betts Creek Formation. Pumps will then be re-run and the wells put back on production test. This completion design will provide drawdown on the coal only, and not the permeable sandstones within the Betts Creek Formation, allowing a definitive test of the gas production potential of this project.

The design will enable a true drawdown on the coals without any significant contribution from the neighbouring sands. This will enable the partners to properly assess the production performance of the coals and may bring the project towards a reserves certification.

The figure above, shows the differences in approach from the previous fracture stimulated method to the simple design planned for the R1 seam.

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 – 55.32% *

Directors and Management – 7.23%

*As at 17 April 2015

ASX Listing Rules Chapter 5 - Reporting on Oil and Gas Activities

1. *The Contingent Resource estimates provided in the table above were released to the ASX on 30 June 2011 and were determined by Dr Bruce McConachie, Principal Consultant of SRK Consulting (Australasia) Pty Ltd (SRK) in accordance with the 2007 Petroleum Resource Management System (PRMS) guidelines. Galilee Energy Limited confirms that it is not aware of any new information or data that materially affects the information included in the three announcements referred and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed*