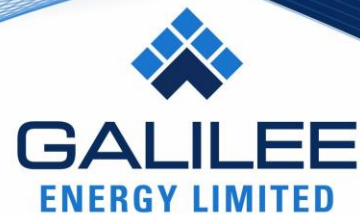


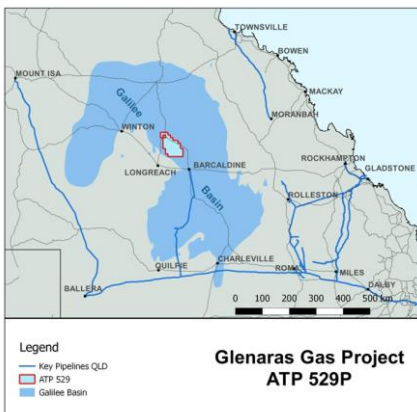
Lateral well project at Glenaras Pilot commences

ASX/MEDIA ANNOUNCEMENT

16 August 2016



Galilee Energy Limited (ASX: GLL) ("Galilee" or the "Company") is pleased to announce that the Glenaras R1 Pilot lateral well project located within ATP529 has commenced. The rig mobilised to site last week and workover activities at Glenaras 3 commenced yesterday. The rig will then move to Glenaras 5 and the horizontal well drilled to intersect Glenaras 3.



The aim of this lateral drilling programme is to increase production offtake from the existing pilot in the R1 coal. This will accelerate reservoir pressure drawdown and the onset of gas production. Conversion of a significant portion of the reported Contingent Resource (currently in excess of 5,300 PJ 3C+) to Reserves will be transformational for the Company.

The drilling and workover activity will take approximately three weeks and then the pilot will be put back on production. Production operations at the pilot are expected to continue through the remainder of 2016.

For further information contact:

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

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.

- Strong Balance sheet
- Proven successful Board and Management

Directors

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

Shares

Shares on issue – 152,140,466
Top 20 holders – 54.5%*
Directors and Management – 7.9%

*As at 13 July 2016