

## Earnings guidance and company update

### KEY POINTS

- Profit after tax for FY 2011 expected to be in the range \$21 million to \$22 million
- Sale of NZ coal business (ERG):
  - A\$5.4 million for ERG debt and exploration costs received in May 2011
  - A final adjustment of less than \$1million remains to be finalised
  - No tax payable – sale of active foreign business
- ATP529 Galilee Gas Project (AGL JV):
  - Coal Seam Gas resource booking on track
  - Three-hole drilling program to commence in the second half of 2011
- Cash on hand as at today totals \$39.5 million

Galilee Energy Limited (ASX:**GLL**) (“Galilee”) today announced expected profit for FY 2011 to be in the range \$21 million to \$22 million. That result arises from the sale of the NZ coal subsidiary Eastern Resources Group (ERG).

On 21 March 2010 the Company announced completion of the sale of ERG to Bathurst Resources Limited (ASX:**BTU**). After a completion audit, Bathurst paid a completion adjustment of A\$5.24 million on 18 May 2011 covering debt and exploration costs. A final completion payment of less than \$1 million remains to be finalised.

The sale of ERG is largely capital gains tax exempt as ERG qualified as an active foreign business. ERG’s active assets represented 87% of all assets and capital gains tax is only payable on 13% of the gain. The company’s existing tax losses offset this gain.

AGL, JV Operator of the Galilee Gas Project, has submitted all data requested by SRK Consulting for a resource estimate. The JV anticipates that the resource estimate will be completed by the end of June 2011.

Work to date at the Glenaras pilot has focused on reliable pump operation and gas desorption management. Equipment failures and abnormal flooding events have significantly delayed progress. The JV aims to deliver a reserve estimate by December 2011.



The Galilee Gas Project has issued and received tenders for a three-hole step-out drilling program, plus one contingent hole, from the Glenaras Pilot. Drilling is expected to commence in the second half 2011.

The ongoing work at the Glenaras Pilot coupled with the results of the step-out drilling program is aimed at delivering a reserve upgrade.

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## About Galilee

Galilee Energy Limited (ASX:**GLL**) is an emerging energy company with coal seam gas interests in Australia.

Galilee holds two highly prospective coal seam gas and hydrocarbon tenements in the Galilee Basin in central Queensland through subsidiary, Galilee Resources. The tenements, ATP 529P and 799P, cover approximately 9,000 Km<sup>2</sup>.

ATP 529P is held in a 50/50 joint venture with AGL Energy Limited (AGL) under which AGL is the operator. ATP 799P is wholly owned and operated by Galilee.

Galilee has an experienced board and management with collective track records in growing junior resource companies. It is actively pursuing growth through hydrocarbon development opportunities.

