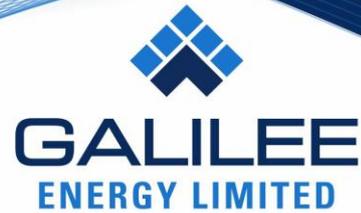


Operations Update

ASX/MEDIA ANNOUNCEMENT

12 March 2015



Galilee Energy Limited (ASX:GLL) (“Galilee” or the “Company”) is pleased to provide an update on its operations, and in particular to confirm that a decision has been made to run production casing and complete the Hoffer B 1 well ahead of production testing and potentially commercial production.

Hoffer B 1 Well (Galilee 35% WI, reducing to 28% after payout)

Lavaca County Texas.

On 23 February 2015, Galilee announced that intermediate open hole logs on the Hoffer B 1 well confirmed the well has intersected a potentially significant net gas pay in the Middle Midcox sandstones, a secondary target in the well.

A total net pay of 43 ft was identified in a number of sandstone units, with two additional shows of significance unable to be logged due to the tool sticking during logging operations. Following successful setting of a production liner at 12,700 ft, the well was drilled to a total depth (“TD”) of 14,150 ft. Drilling of the deeper section required careful management to maintain hole stability as a result of both significant gas influx and extremely high pressures.

Galilee is very pleased to confirm during drilling a number of significant shows have been observed, both in the lower secondary targets, and also strong shows from sandstones developed in the primary target. A total of thirteen significant shows have been recorded at multiple levels in the well, in the depth range 11,230 ft to 14,150 ft.

Two attempts were made to run open hole logs, however it was not possible to get these to bottom. As a result, given the continued influx of gas and high pressures, a decision has been made to run production casing to protect the well and log the well through casing.

The total depth of 14,150 ft was 350 ft shallower than the target depth of the well. It is believed that another 250-300 ft of prospective interval lies below 14,150 ft but this could not be tested in Hoffer B 1 due to the high gas pressures and deteriorating hole conditions. In the event that deep development drilling is required on the Hoffer feature, this deeper section will be tested in a subsequent well.

“The shows and pressures observed to date have been very promising, and bode well for a commercial development in the area. I am pleased with the results and they demonstrate the technical rigor that has been applied. It appears the potential from this area could be in line with the upper end of pre-drilling expectations, with multiple plays having resulted from the well which will certainly lead to additional drilling in the area during 2015 and 2016. Whilst we need to wait for further log and test data, the JV has made a decision to complete the well now, and we are increasingly confident this area will become a core area of our growth into the future”, Managing Director Peter Lansom commented.

Currently the hole is being conditioned ahead of running casing.

Galilee is participating on equal terms with the other Joint Venture partners for a 35% working interest (WI) (reducing to 28% after payout) in the Hoffer Prospect in Lavaca County, Texas.

Dworsky Prospect Area (Galilee holds a 32.46% WI to casing point in the first well and a 24.35% after casing point)

Lavaca County Texas.

Drilling on Dworsky Haas 1 commenced on Saturday 14 February 2015 and was drilled to test multiple zones identified on 3D seismic data, including three different Midcox sandstones and one of the lower Wilcox sandstones.

The well was drilled without incident and below estimated cost to a TD of 11,600 ft on 11 March 2015. A number of subdued shows were observed in the key Midcox targets, however unfortunately open hole logs identified that these sands were all tight, and unlikely to be capable of commercial production. As a result the deeper part of the well below 10,150 ft will be plugged and abandoned, and a testing programme conducted on certain shallower show zones encountered in the depth interval 9000 ft to 10,000 ft.

Kansas WI (Galilee to earn up to a 75% WI via a farmin - 25% WI for 3D Seismic – 25% for each well drilled to casing point to a total of 75% WI)

Galilee has now received the processed 3D data and is integrating the data into its geological model for the area. Preliminary analysis has confirmed the data quality is excellent with a number of features requiring detailed attention. Further work will be undertaken to develop these into prospects and leads.

Further information on all of these activities 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