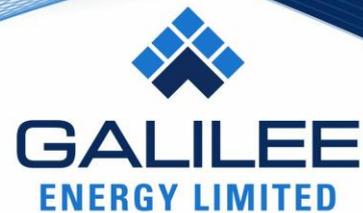


Drilling to commence in Illinois

ASX/MEDIA ANNOUNCEMENT

8 October 2014



Galilee Energy Limited (ASX: **GLL**) ("**Galilee**" or the "**Company**") is pleased to announce that the drilling of the first well of the shallow oil program in Illinois is expected to spud this week.

The well, Hanner 1 located in Logan County, will be drilled to an estimated total depth ("TD") of 2,990 ft. The primary target is Silurian reefal limestone in the Racine Formation at a prognosed depth of 1,550 ft. Secondary objectives are the Devonian dolomites draped over the reef, and the underlying Ordovician Trenton dolomites and St Peter sandstones at 2,100 ft and 2,700 ft respectively.

Subject to logistics following the drilling of the first well, the Company expects to immediately move the drilling rig onto the second well of the program. The Kramer 1 well is located in Sangamon County approximately 10 miles south of Hanner 1 and close to an existing oil field. The well will again target the Silurian Racine Formation at similar depths (approximately 1,590 ft), but closer to the prolific producers located along the Mt Auburn trend eight miles to the southeast. Kramer 1 has secondary objectives in the Ordovician aged Trenton dolomites and St Peter sandstones, which are expected to be deeper in this area and closer to the prognosed 3,000 ft TD.

"I am very excited to see the first drilling activity for Galilee shareholders in a number of years. These wells are low cost and shallow, with expected dry hole costs of less than \$US200,000, yet are targeting material opportunities in each instance." said Managing Director, Peter Lansom.

Further information will be provided in due course.

For further information contact:

Peter Lansom
Managing Director
Galilee Energy Limited
+61 (0) 7 3211 8555

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. 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 – 54.48% *
Directors and Management – 6.22%

*As at 26 August 2014