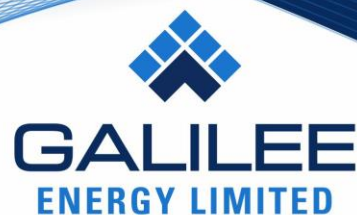


Operations Update

ASX/MEDIA ANNOUNCEMENT

11 December 2015



- **Hoffer A1 well drilling completed and determined to have no significant production potential**
- **Management and financial resources will be focused on the flagship Glenaras Gas Project in the Galilee Basin, Queensland**
- **Company to carry out a strategic review of its portfolio and cost structures**

Galilee Energy Limited (ASX: GLL) (“**Galilee**” or the “**Company**”) has been advised by the Operator that it has completed drilling and logging operations at the Hoffer A1 well in Lavaca County, Texas.

The gross reservoir intersection confirmed the seismic interpretation, with over 140ft of Middle and Upper Midcox sandstones intersected at a structurally similar subsurface elevation to the Hoffer B1 well drilled earlier in the year. While the target reservoir section intersected was significantly thicker than that in the Hoffer B1 well, based on electric log data across the section none of the sandstones intersected are interpreted to have potential for commercial production. The Operator has consequently decided to plug and abandon the well.

With the disappointing results from the Hoffer A1 well, and as a response to the continued decline in the global oil and gas market, Galilee will undertake a strategic review of its portfolio and operating costs. The strategic review will include a review of the current administration and operating cost structures, along with an assessment of the potential to rationalise non-core assets. Galilee is suspending any future US investment until the conclusion of the strategic review.

In line with the strategic review and shareholder feedback, Galilee wishes to advise that the immediate operational focus is to progress the flagship Glenaras Gas Project (“**GGP**”), located in the Galilee Basin, Queensland. GGP is a highly strategic asset with an opportunity to supply meaningful volumes of gas into the structurally undersupplied east coast gas market.

Chairman Dr David King said “*The strategic review and focus on Glenaras is a strong message that we will be pro-active in addressing the deteriorating global oil and gas equity market conditions. We are seeing increasing interest from a variety of parties in the potential of the Glenaras Gas Project and we are focused on translating this into shareholder value. Whilst it is still early, the R1 coal seam test is progressing and will be crucial in converting our recently expanded contingent resources into commercial reserves*”.

The R1 coal seam production testing is underway at the GGP with initial results expected in early 2016. Galilee remains confident about the commercial potential of the project and is looking forward to unlocking its significant reserve potential through the production test.

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
Executive Director – Paul Bilston
Non-executive Director – Ray Shorrocks

Shares

Shares on issue – 152,140,466
Top 20 holders – 54.9% *
Directors and Management – 10.7%

*As at 10 December 2015