

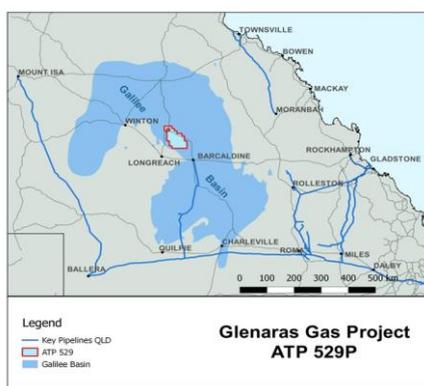
Lateral well project at Glenaras Pilot completed

ASX/MEDIA ANNOUNCEMENT

6 September 2016



Galilee Energy Limited (ASX: GLL) (“Galilee” or the “Company”) is pleased to announce the completion of drilling activities associated with the Glenaras R1 Pilot lateral well project located within ATP529. The drilling programme has been completed safely, in a timely manner and within budget despite adverse weather conditions in what is now on record as the wettest winter in the Longreach area.



The rig mobilised to the site of the Glenaras 3 well on 16th August to remove the downhole equipment and to mill out the casing across the coal seam. The rig then moved to the Glenaras 5 well site and drilled the horizontal well through, to successfully intersect with Glenaras 3. The horizontal well was drilled with excellent geological control and was able to stay in the bottom section of the R1 coal as planned. A total of 400 m of lower R1 coal has now been opened for production in the horizontal well and will be drawn down from the Glenaras 3 vertical well. The rig is now completing the final operation to recomplete Glenaras 3 for production.

During the horizontal drilling operation, excellent pressure responses were seen at the central Glenaras 4 well (located approximately 40 m from the horizontal well), confirming excellent directional permeability in this coal and exceeding the Company’s expectations.

Commenting on the success of the programme Managing Director Peter Lansom said, “The Glenaras lateral well programme presented some significant challenges, but our experienced team along with the principal drilling contractor, Schlumberger, have achieved a fantastic technical outcome. We look forward to bringing the well onto production in the coming weeks and hopefully achieving a more rapid drawdown on this R1 coal”.



The aim of this lateral drilling programme is to increase the 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.

Pending weather conditions the Glenaras 3 well will be put back on production within the next week. 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 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 – 53.6%*

Directors and Management – 8.1%*

*As at 6 September 2016