



Galilee Energy encounters thick gaseous coals at Hillview 06

KEY POINTS

- ◆ Two continuous coal seams encountered measuring 5.51m and 7.15m thick
- ◆ Early gas desorption tests indicate highest gas potential so far in tenement ATP 799P
- ◆ Oil detected in the Toolebuc Shale and chip samples collected for analysis
- ◆ Cores now undergoing detailed tests to support potential resource booking
- ◆ Exploration well safely plugged and abandoned as designed
- ◆ 2D Seismic survey to identify the next exploration targets

Galilee Energy Limited (ASX:GLL) ("Galilee") today announced the successful completion of coal seam gas exploration well Hillview 06. The rig left site on Friday 7 December 2012. Hillview 06 is located in the Galilee Basin central Queensland, approximately 200kms NE of Longreach (see figure 1) and completes the 2012 exploration drilling program.

Hillview 06 was a successful well. It encountered thicker and gassier coals than previous tenement wells with encouraging potential for a contingent resource booking on completion of core and wireline technical analysis. Shale cuttings from the Toolebuc shale formation, which exuded oil, will require more detailed technical analysis.

Coring operations commenced on 19 November at 1,019m. A total of 386m of core was recovered from the Betts Creek beds and Aramac Coal Measures including 16.99m of net coal and 11.96m of net carbonaceous mudstone. Gas desorption testing has commenced on 24 core samples with results due in Q1 2013.

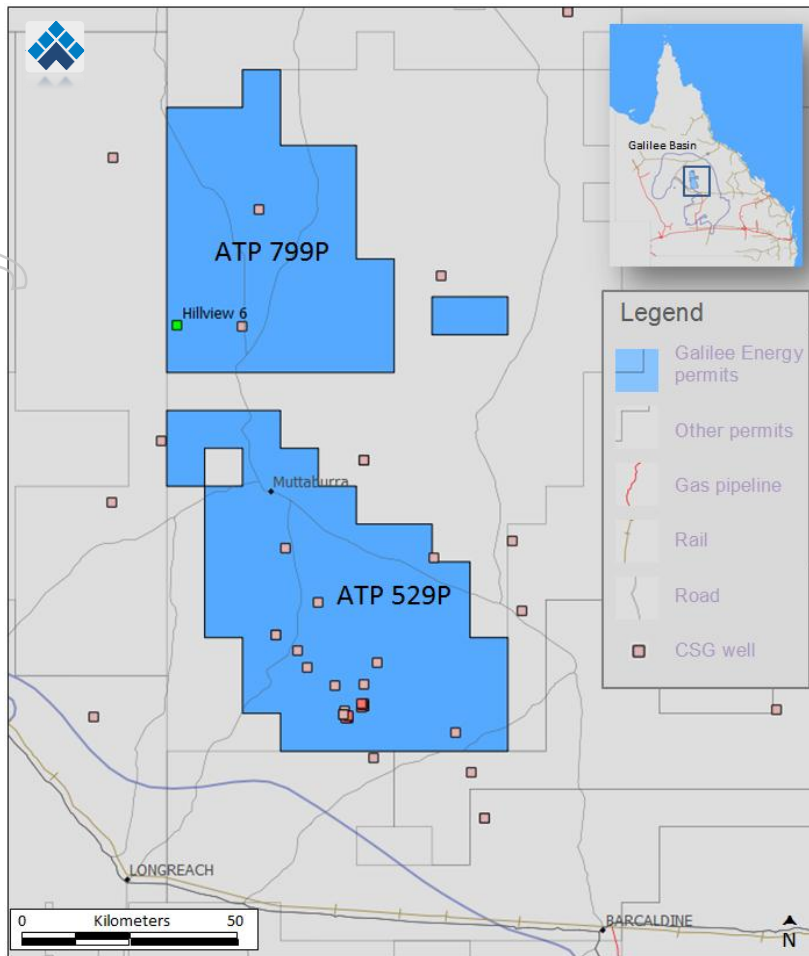
The exploration well site was selected with the following aims:

Key exploration objectives	Scorecard
◆ Confirm seismic indication of thicker coals	✓
◆ Test for higher reservoir temperatures	✓
◆ Assess the presence of oil and gas shows	✓
◆ Recover core to determine rock and reservoir properties	✓
◆ Evaluate the permeability of the coal seams	✓
◆ Acquire wireline logs of the cored interval	✓

Hillview 06 was drilled 15km west of Dotswood 01 on 2D seismic line 2009-GEL-03. This seismic line exhibits multiple stacked reflectors at this position, predicted and confirmed to increase the probability of thicker coal seams. The well is also located on a basement high where present day temperatures were predicted and confirmed to be higher than previous tenement wells due to thinner underlying basement sediment cover. In addition the Toolebuc shale was predicted and confirmed to be at the thickest and most thermally mature in this region of the tenement.

Forward exploration plans in ATP 799P include a 100km of 2D seismic acquisition to extend the understanding of the Hillview structure and two coal seam gas exploration wells.





Key Information

Tenement	ATP 799P
Operator	Galilee Energy (GLL)
Ownership	GLL 100%
Area	3,097 km ²
Status	Granted
Expiry date	28 February 2018
Later work due date	28 February 2014
Commitment	Drill 3 core wells Acquire 100km 2D Engineering studies

Prospectivity

- Coal Seam Gas: Galilee Basin sub bituminous to bituminous Late Permian Betts Creek Coals.
- Eromanga Basin Post-Permian Toolebuc shale gas/oil.
- Conventional Oil and Gas accumulation are considered to be high risk.

Figure 1: Galilee exploration ATP 799P

For further information contact:

Glenn Haworth
Chief Executive Officer
Galilee Energy Limited
+61 (0) 7 3216 1155
info@galilee-energy.com.au

Simon Brodie
Chief Financial Officer
Galilee Energy Limited
+61 (0) 411 558 544
sbrodie@galilee-energy.com.au

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 7,000 km².

The Galilee Gas Project, ATP 529P, is held in a 50/50 joint venture with AGL Energy Limited (AGL, ASX: **AGK**) under which AGL is the operator. ATP 799P is wholly owned and operated by Galilee. In June 2011 the joint venture announced its first Contingent Resource estimate of 259 petajoules (PJ) of 2C and 1,090 PJ of 3C Resources (technically recoverable) from 450km² of ATP 529P, centred on the Glenaras pilot. The pilot is undergoing gas flow testing, having produced 1,170 mscf in May 2012.

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