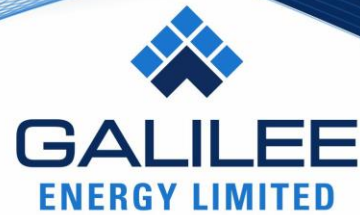


Illinois Drilling Update

ASX/MEDIA ANNOUNCEMENT

12 November 2014



Galilee Energy Limited (ASX: **GLL**) ("**Galilee**" or the "**Company**") is pleased to provide an update on drilling activities in Illinois.

The Company has now completed the first four wells in the Illinois Basin shallow oil exploration programme. These low cost tests have provided strong evidence to support further exploration in the area. Each well confirmed the presence, in multiple horizons, of hydrocarbon charge and migration.

A significant portion of the hydrocarbon indications in the programme were from the deeper targets in the wells. These targets are much more difficult to map using the "surface geology and shallow coal bore and well data" technique. These techniques can map simple structural traps but will need to be supplemented with additional data for the deeper targets due to the presence of unconformities in the section. The amount of data available on these deeper horizons is limited as historically the drilling success targeting shallow oil has resulted in little need to drill to the deeper targets. For this same reason, and due to the relatively high cost compared to the drilling of wells, very little seismic data has been acquired in the areas around the programme wells.

The fourth and final well of the current programme, Wenzel 1 located in Bond County, has been drilled to a total depth of 2,757 ft after losing circulation in the Silurian Racine formation. Good live oil shows were encountered in the lower portion of the Benoist sand. A drill stem test conducted on this interval from 1,115 – 1,130 ft did not recover oil or other commercial hydrocarbons. No other zones of interest were identified during drilling or on the logs, and the well was not deep enough to recover samples from shale in the Maquoketa Group.

Given the impending winter season, which creates rig access problems in the high quality black soil farmland, Galilee and its JV partners have decided to suspend further field activity in the basin until early in Q2, 2015. During this period, Galilee will review the results of the four well program including laboratory studies on sampling and fracture logging of the resource targets and will consider options for improving the subsurface control before carrying out further drilling. In summary, the results indicate strong evidence to support further exploration in this area.

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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 – 53.75% *
Directors and Management – 6.22%

*As at 31 October 2014