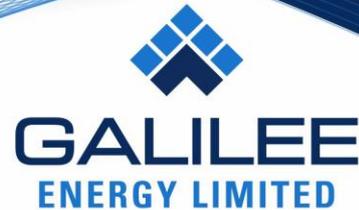


Rig mobilisation to test ATP 529P commercial flows

ASX/MEDIA ANNOUNCEMENT

17 September 2015



- **Workover rig has been mobilised to the ATP 529P project in the Galilee Basin**
- **Works will focus on testing the commercial flow potential of the R1 coal seam**
- **Delivers on strategy of maximising the value of the foundation asset ATP 529P**

Galilee Energy Limited (ASX:GLL) (“Galilee” or the “Company”) is pleased to announce the mobilisation of a workover rig and commencement of operations at the 100%-owned ATP 529P project in the Galilee Basin, Queensland.

The mobilisation has occurred less than 3 weeks post the completion of the ATP 529P acquisition from AGL Energy Limited (remaining 50% and operatorship), announced on 27 August 2015. This demonstrates that with the transfer of project operatorship to Galilee, we are able to deliver cost effective and responsive operational capacity to this important project. The R1 coal seam testing program is now underway.

The immediate program will focus on a workover of the five existing Glenaras pilot wells. The program involves setting a bridge plug below the R1 seam to isolate the lower seams previously tested in these pilot wells. Galilee will then perforate the R1 coal seam and re-install pumps. Once all the wells have been completed, the wells will be put on production. This well completion will target the production potential of the uppermost R1 coal seam, allowing pressure drawdown of the coal without contribution from neighbouring sands.

The workover program is anticipated to be completed in approximately 6 weeks, with the initial phase of the production testing to take between 6-9 months.

Successful commercial flow rates will be critical in converting the recently expanded Contingent Resources into reserves. Galilee recently announced a significant increase to the ATP 529P Contingent Resources to 308 PJ (1C), 2,507 PJ (2C) and 5,314 PJ (3C). Refer to the Galilee ASX Announcement released 1 September 2015.

Managing Director Peter Lansom said “*The speed of the rig mobilisation has been first rate and in line with our strategy of maximising the value of our foundation asset ATP 529P. The rig was mobilised less than 3 weeks after completion of the ATP 529P acquisition and Galilee assuming operatorship of the project. The upcoming workovers and R1 coal seam test will be crucial in converting our recently expanded ATP 529P Contingent Resources into Reserves.*”

Competent person's statement

The estimates of contingent resource estimates were determined by Mr Tim Hower, a full time employee of MHA Petroleum Consultants LLC., Denver, Colorado, USA, on 1 September 2015, in accordance with Petroleum Resources Management System guidelines. Mr Tim Hower is a Licensed Petroleum Engineer in the State of Colorado, a qualified person as defined under the ASX Listing Rule 5.41 and has consented to the reporting of the contingent resource figures in the context and manner in which they appear in this announcement.

***Listing Rule 5 - Reporting of Oil & Gas Activities**

Contingent Resource estimates appearing in this announcement have been prepared in accordance with the Society of Petroleum Engineers ("SPE") 2007 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 Guidelines for Application of the PRMS approved by the SPE. Contingent Gas Resources are (100%) Unrisked Gross. For the purposes of Listing Rule 5.25.3 this announcement records the total estimate of contingent resources attributable to Galilee Energy. No petroleum reserves have been attributed to Galilee Energy. In accordance with Listing Rule 5.34.3, Galilee Energy confirms that it is not aware of any new information or data that materially affects the information in the announcement to the market of the Contingent Resources 1 September 2015 and that all of the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

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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 – 55.51% *
Directors and Management – 7.23%

*As at 6 July 2015