

Gas discovery in Lavaca County

ASX/MEDIA ANNOUNCEMENT

23 February 2015



Hoffer B #1 Well (Galilee 35% WI, reducing to 28% after payout)

Galilee Energy Limited (ASX:GLL) (“Galilee” or the “Company”) is pleased to announce that intermediate open hole logs on the Hoffer B1 well in Lavaca County, Texas, have confirmed the well has intersected a potentially significant net gas pay in the Middle Midcox sandstones, a secondary target in the well.

A total net pay of 43 ft was identified in a number of sandstone units. Subject to successful flow testing, this pay alone is expected to be sufficient to achieve a commercial success from the well at current commodity pricing, and materially enhances the prospectivity of Galilee’s other prospects in the area.

The logs also confirmed a potential 40 ft pay zone in the shallower Yegua Formation. This zone was logged through casing and further evaluation will be necessary to determine the commercial potential of this zone in the coming months.

Mud logging while drilling identified two additional shows of significance in the Lower Wilcox below 11,600 ft, which have the potential to add to the interpreted net pay. Unfortunately, logging tools were unable to be run over these zones due to the tool sticking during logging operations.

As previously foreshadowed, a production liner has now been run to a depth of 12,700 feet to allow drilling of the primary target in the basal Lower Wilcox. This should allow open hole logging of one of the previously identified Lower Wilcox shows, with the other to be evaluated using cased hole logs.

“The results in these secondary targets are very exciting. The accumulation of hydrocarbons in these zones confirms the structural and stratigraphic model and adds considerable confidence for a success in the deeper primary target.” Managing Director Peter Lansom commented.

An independent reserve analysis of the zones which have been encountered in the Hoffer B well will be conducted once drilling and testing operations have been completed. This could take several months, however Galilee is encouraged by what we have seen so far.

Galilee is participating on equal terms with the other Joint Venture partners for a 35% working interest (WI) (reducing to 28% after payout) in the Hoffer Prospect in Lavaca County, Texas. The well will be drilled to an anticipated total depth (TD) of 14,250 ft (4,343m).

Further information will be provided in due course.

For further information contact:

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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 – 54.06% *
Directors and Management – 7.19%

*As at 23 January 2015