

GALILEE ENERGY LIMITED

Sale of Shares in Eastern Resources Group

The Board of Galilee Energy Limited (ASX:GLL) today announced that it has entered into an agreement with Bathurst Coal Limited and Bathurst Resources Limited (ASX:BTU) for the sale of its New Zealand coal assets held by the wholly owned subsidiary, Eastern Resources Group Limited (ERG), for a consideration of A \$35 million.

GLL had previously announced its intention to float these assets through an Initial Public Offering (IPO). However the Board determined that the BTU offer represented far greater value for GLL shareholders overall than the quantum and nature of the consideration the Company would have received from the IPO.

Summary of key terms:

- Sale Price of A\$35 million in cash(including a non-refundable deposit of A\$2.4million in recovery of IPO costs)
- Conditional on requisite regulatory or other governmental approvals
- Cancellation of the New Zealand coal assets IPO

A non-refundable deposit is to be paid and the transaction is expected to complete in early 2011. The net benefit, after allowing for expenses associated with the IPO and this transaction, will be in the order of \$30million.

The proceeds from the sale of ERG will enable GLL to pursue its strategy of development as a hydrocarbon energy company as outlined by the newly appointed Chief Executive Officer, Glenn Haworth in his letter to GLL shareholders dated 20th September, 2010; included in that strategy is the



For personal use only

ongoing evaluation of the highly prospective Coal Seam Gas (CSG) tenements in the Galilee Basin.

ERG will apply to ASIC to withdraw the prospectus for the IPO and any application monies already received will be returned as soon as possible. The GLL Board wishes to express its gratitude to the investors that have indicated and committed support for the IPO of the coal assets.

For further information contact:

Sam Aarons
Manager, Business Development & Corporate Relations

Tel: 07 3216 1155
Email: info@galilee-energy.com.au
Website: www.galilee-energy.com.au



For personal use only