



Galilee achieves strategy milestone- NZ coal sale completed

KEY POINTS

- NZ coal sale completed on 18 March 2011 (sale announced 15 November 2010)
- Received A\$25.7 million, balance of approximately A\$6 million due May 2011
- Now positioned as a hydrocarbon energy company
- Galilee basin CSG work and reserves/resource booking program underway
- Cash (today \$35.5million) provides a growth platform for pursuing oil and gas plays

Galilee Energy Limited (ASX:**GLL**) ("Galilee") is pleased to announce that the sale of NZ coal subsidiary Eastern Resources Group (ERG), completed on 18 March 2011, marks the end of the corporate and asset re-structure of the group commenced in 2009.

In November 2010 the Company announced the sale of its NZ coal business to Bathurst Resources Limited (ASX:**BTU**) for \$35 million. To date \$28.1¹ million has been paid by BTU. The balance, approximately A\$6 million, is expected in May 2011 after finalising accounts. Today Galilee has cash of A\$35.5 million and no debt.

"The finalisation of the sale to Bathurst completes the Board's re-structuring process and provides management with the cash and focus to execute our hydrocarbon development strategy" Chairman Steve Koroknay said.

"Galilee has a coal seam gas exploration position of 9,000 km² in the Galilee basin held in ATP 529P and ATP 799P. Cash from the sale more than supports the AGL current year budget of \$12 million (\$6 million GLL) including the pilot production work at Glenaras and reserves/resource booking program within ATP 529P and future work programs" CEO Glenn Haworth said.

"In addition, we have been actively assessing hydrocarbon appraisal and development opportunities. Our cash position provides greater scope in terms of the opportunities and deals we can address" Mr Haworth said.

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¹ Total consideration includes loan repayments made by ERG since the sale was announced

