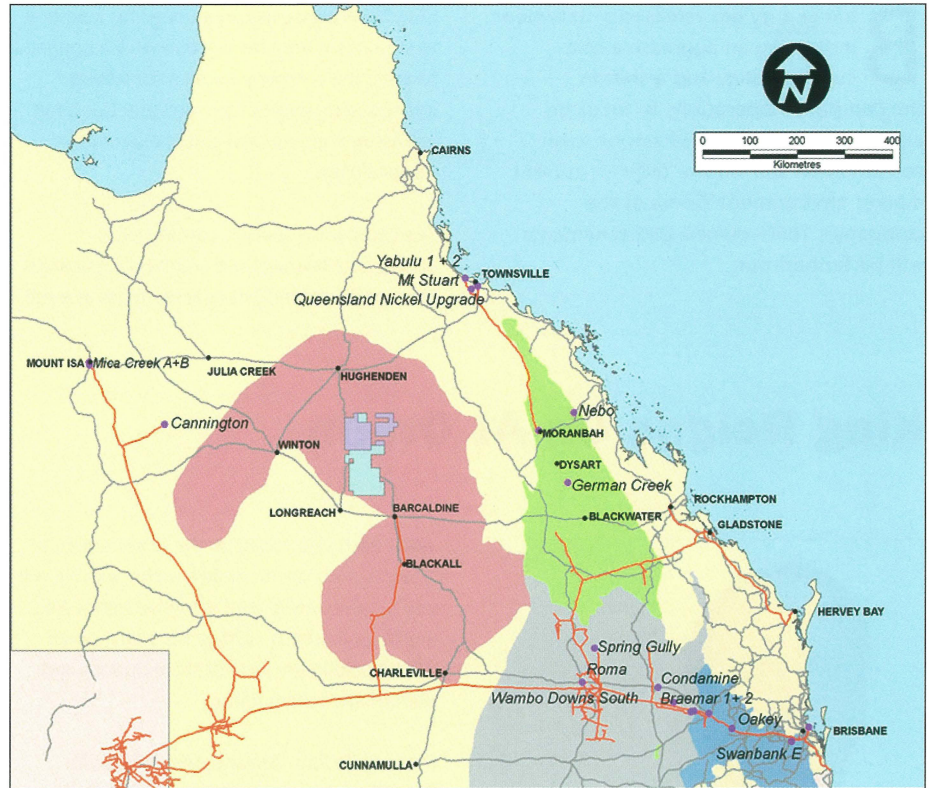


Galilee Completes Rodney Creek Campaign



Location map showing exploration permits ATP 529P and ATP 799P in central Queensland.

Joint venture partners Galilee Energy and AGL have wrapped up their Rodney Creek coalbed methane (CBM) exploration and appraisal programme in Queensland after drilling a five-well test project at Glenaris.

Operator AGL Energy invested a 37 MM in the project in July 2008 in return for a 50% interest in ATP 529P and is leading a two-stage programme under a joint operating agreement. Stage 1 involved the Rodney Creek production pilot in the permit area in which Galilee Energy's parent company, Eastern Corporation, said the joint venture partners had drilled and logged the five wells since early October 2008.

Stage 2 will involve an exploration and appraisal work programme. The parties have also entered into a 10-year gas marketing agreement.

Galilee and AGL said they were seeking a permit to build a water-holding pond, after which it would start dewatering the well to test the commercial viability of the programme. It said the process of dewatering was expected to continue throughout 2009.

Galilee Energy holds exploration permits ATP 529P and ATP 799P in central Queensland which combined cover an area of approximately 10,000 km² 80 km northwest of the Barcardine gas-fired power station which has a gas pipeline connection to Moomba and Brisbane.

Consultants JR Holland & Associates concluded in a preliminary Exploration & Well Completion Report for the Rodney Creek-8 well in ATP 529P that:

- the gas resource is substantial;
- is characterised by 24 m of gassy coal measures (considered thick enough to enable coal seam gas production);
- coal seams are dull, low in ash and exhibit strong cleating (fracturing); and
- gas composition is of pipeline quality with 97–98% methane.

The Rodney Creek area has a Gas in Place estimate of up to 20 Tcf based on the observed coal thicknesses and the measured gas contents of the coals in Rodney Creek 8.

With AGL engaged in ATP 529P, Galilee Energy has said it will focus on capital raising to fund further exploration and development in ATP 799P. ■