

September 26, 2008

Galilee Energy Update

Drilling to commence at Rodney Creek

Galilee Energy Limited (Galilee) today announced the signing of a contract between AGL Energy Limited (AGL) and Ensign Australia Pty Ltd to secure a drill rig for the Glenaras coal seam gas production pilot at Rodney Creek.

Galilee and AGL entered into a farmin agreement in July this year under which AGL would fund and operate a two stage coal seam gas exploration and development programme at ATP 529P in the Galilee Basin in Central Queensland. The Rodney Creek area is located in the south of the tenement.

The Glenaras Pilot is stage one of this programme. It will consist of five wells, all of which will be drilled to a total depth of approximately 1,100 metres. Three wells will be fracture stimulated in the Lower Betts Creek seams and two will be under-reamed.

Ensign Rig 20 will be mobilised to the area on September 29 with the spudding of the first well anticipated in early October. Drilling is scheduled to complete by early December.

Eastern Corporation Limited holds 68% of Galilee.

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