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NEWS RELEASE

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GALLIC ENERGY LTD. OUTLINES CORPORATE STRATEGY AND ANNOUNCES 617 BCF NET UNRISKED CONVENTIONAL RECOVERABLE PROSPECTIVE GAS RESOURCES ON ITS GER PERMIT IN FRANCE

CALGARY, ALBERTA – Gallic Energy Ltd. (“Gallic” or “the Company”) (TSXV: GLC) is pleased to announce its corporate strategy and the results of the independent evaluation of prospective resources report prepared by Chapman Petroleum Engineering Ltd. for one of the Company’s two exploration permits in the Aquitaine Basin, France, the Ger Permit. The report has a preparation date of January 4, 2011 and an effective date of November 1, 2010, and was prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”), section 5.9 standards for review and assessment of prospective resources.

Mr. William H. Smith, Gallic’s CEO stated “the Company has assembled an exploration portfolio that exposes shareholders to over 615 billion cubic feet (“BCF”) of net unrisked conventional recoverable prospective resources on the Ger Permit alone. The report does not include the potential of Gallic’s other 100% operated block, the Ledoux Permit, which also has a history of conventional sweet gas production. The Company believes the Chapman Report conservatively risks the Ger Permit and there may be potential upside opportunity for shareholders through ongoing geological, geophysical, and engineering work, as well as unconventional gas potential on the permit. In 2011 Gallic is planning a significant work program to reactivate some of the existing wells on the Ger Permit to commence production and generate cash flow. The Company is also focused on expanding its conventional and unconventional portfolio in the European Union through bid rounds, selective acquisitions and farm-ins.”

**Ger Permit, France
Summary Prospective Resources and Economics**

	SALES GAS (BCF) ⁽¹⁾		NPV 10 (before tax) ⁽⁴⁾
	Gross ⁽²⁾	Net ⁽³⁾	US \$ millions
<i>Unrisked:</i>			
Low	273	269	327
Best	546	531	1218
High	1093	1,052	2983
Arithmetic Average	637	617	1509
<i>Risked:</i>			
Arithmetic Average ⁽⁵⁾	217	210	507

Source: Chapman Petroleum Engineering Ltd. Evaluation of Prospective Resources Report effective November 1, 2010 (the “Chapman Report”)

- (1) In billion cubic feet (“BCF”)
- (2) Gross resources are the total of the Company’s working and royalty interest share before deduction of government gas royalties.
- (3) Net resources are the total of the Company’s working and royalty interest share after deduction of government gas royalties. Government royalties are 5% of that amount of total annual gas production from the Ger permit that exceeds 10.6 BCF. No royalties would be levied on that amount of annual production less than 10.6 BCF from the permit.
- (4) Represents cumulative cash flow discounted at 10% per year.
- (5) Risked with a chance of success of 34%.

Ger Permit (100% working interest)

Located in the Aquitaine Basin of southwest France and adjacent to Lacq and Meillon gas fields, which represent collectively 10 trillion cubic feet (“TCF”) of ultimate recoverable gas reserves, the Company’s Ger Permit is approximately 127,000 acres in size. The Ger Permit is one of two permits in this basin in which the Company has 100% working interest. Nine exploratory wells were drilled between 1966 and 1978 on the permit. One of these

wells, Ger 101 was drilled and produced 4 BCF from 1975 until 1989 from the Eocene interval. The Company estimates there is a remaining 1.1 BCF of gas available for capture in the Ger 101 well.

As detailed in the Chapman Report, the Company utilized existing area well reports, petrophysical well data, and 2D seismic to map a gas-charged fairway, representing approximately 34,000 acres, within the silt and sand beds of the Eocene interval. The Company believes the Eocene interval offers shareholders meaningful opportunity due to the large thickness of the interval, which averages 1,400 meters in the gas-charged fairway of the Ger permit. Additionally, the Company is currently reviewing potential unconventional shale gas resources also located within the Eocene interval, which were not evaluated in the Chapman Report. Unconventional gas is now attracting a lot of interest in Central Europe as governments seek to address security of supply issues through the development of indigenous resources. Gallic believes there may be opportunities to apply technology and management's experience to enhance returns for shareholders.

Ledeux Permit *(100% working interest)*

Located in the Aquitaine Basin of southwest France and adjacent to Lacq and Meillon gas fields, which represent collectively 10 trillion cubic feet ("TCF") of ultimate recoverable gas reserves, the Company's Ledeux permit is approximately 193,000 acres in size. The Ledeux permit is one of two permits in this basin in which the Company has 100% working interest. Thirteen exploratory wells were drilled between 1953 and 1991 on this permit. Two of these wells, Ledeux 1 and Saucedo 1, have produced gas from Cretaceous and Jurassic intervals. The Company is currently gathering and interpreting well data and seismic data from this permit to evaluate its resource potential.

Corporate Strategy

Gallic Energy Ltd. is a Calgary-based international oil & gas explorer focused onshore France and other areas of Europe, with additional non-core assets in Australia. The Company is a 100% working interest holder of three exploration permits, representing over 900,000 net acres. To prepare for 2011, the Company has recently assembled a management team and board of directors with a successful track record operating internationally, including Europe. Nominated in December 2010, the Company's new Chief Executive Officer, Mr. William H. Smith, was former Vice President-France with Encana responsible for the unconventional gas evaluation of Europe and the Foix project in the Aquitaine Basin from 2002-2008.

In 2011, the Company's strategy is to re-enter at least two wells on the Ger Permit in the Aquitaine Basin, including the former producing Ger 101 well to capture an additional 1.1 BCF of gas and test deeper conventional zones. Gas pipeline infrastructure is readily accessible to both of the Company's well re-entries providing accelerated opportunities to initiate production and cash flow. Contingent on early success at the Company's Ger Permit, the 34,000-acre potential gas-charged fairway mapped on the Company's Ger Permit contains over 100 drilling locations. Also in 2011 and beyond, Gallic will continue to expand its inventory of exploration opportunities with emphasis on country candidates in the European Union. Those target countries exhibit stable governments, have transportation infrastructure, attractive fiscal policies, are large net-importers of oil and natural gas, and offer exploration opportunities where modern technology can make a difference. The Company plans to divest or farm out its non-core exploration permit in Australia. Between 2012 and 2014, the Company aims to execute a significant exploration program to test and develop the aforementioned conventional and potential unconventional gas in place.

Prospective Resources and Cautionary Statement

The resource estimates above are for prospective resources which are defined, as per NI 51-101, as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

About Gallic Energy Ltd.

Gallic Energy Ltd. is a Calgary-based international oil & gas explorer focused onshore France and other areas of Europe, with additional non-core assets in Australia. The Company is listed on the TSX Venture Exchange under the symbol GLC. Additional information can be found at <http://www.gallicenergy.com>

Chapman Petroleum Engineering Ltd.

Chapman Petroleum Engineering Ltd., founded in 1985, is a Canadian consulting firm providing comprehensive petroleum engineering, geological, geophysical and management services covering the full spectrum of the oil & gas industry, domestically and internationally. Their services include reserve and economic evaluations and resource assessments, acquisition analyses, specialized technical studies, property exploitation and resource management, and representation for regulatory and legal purposes. They have previously acted as technical advisors to other international clients in the Aquitaine Basin and Paris Basin of France, as well as the Asturian Basin of Spain, the Po Basin of Italy, and other basins in Hungary and Romania. Chapman is a qualified reserves evaluator and is independent of Gallic, each as determined in accordance with NI 51-101.

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Reader Advisory: Potential resource estimates and forward-looking statements

Gallic has no reserves. The estimates of petroleum volumes described in this news release are for prospective resources only. These estimates constitute forward-looking statements. Readers are cautioned not to place undue diligence reliance on forward looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections in the forward-looking statements will not occur, and that the actual performance or results expressed or implied by such forward looking statements.

Potential resources estimates are subject to certain assumptions, risks and uncertainties, including those associated with exploration for oil and gas, the drilling and completion of future wells, limited available geological data and uncertainties regarding the actual production characteristics of, and recovery efficiencies associated with, the reservoirs, all of which are being assumed. As estimates, there is no guarantee that the estimated resources will be recovered or produced. Actual resources may be greater than or less than the estimates provided in this presentation. There is no certainty that any portion of these prospective resources described above will be discovered. There is also no certainty that it will be commercially viable to produce any portion of such prospective resources, if discovered.

This press release also contains forward looking-statements concerning anticipated: (i) capital expenditures for 2011 and into 2014, (ii) exploration, development, acquisition and disposition activities, (iii) future production levels, (iv) funds from operations, (v) operational decisions and the timing thereof, and (vi) development and exploration plans and the timing thereof. The forward-looking statements are based on certain key expectations and assumptions made by Gallic, including expectations and assumptions concerning geological success in undertaking exploration programs, successful re-entry and drilling of wells, anticipated expenses, cash flow and capital expenditures and the application of regulatory and royalty regimes. Although Gallic believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Gallic can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations, uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures, and the ability of Gallic to obtain financing on acceptable terms. This is not an exhaustive list of all of the risks involved and risk factors are set out in more detail in Gallic's Annual Information Form which has been filed on SEDAR and can be accessed at www.sedar.com.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by applicable securities laws, Gallic, disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, Gallic undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.