

GALILEE ENERGY LIMITED

AGM 2010

Chairman's Address

Ladies and gentlemen, good afternoon.

Thank you for taking the time to attend your company's annual general meeting. Further I would like to thank you and all our long standing shareholders for your continued support through a year of major changes in your company.

As we stand here today your company, Galilee Energy Limited, has become a hydrocarbon energy company with an initial focus on Coal Seam Gas (CSG), with a clear strategy moving forward, which will be addressed by our new Chief Executive Officer, Glenn Haworth, and a very sound financial position to implement that future.

The transition from a coal company to a hydrocarbon company has been achieved through a sequence of changes during the past year all of which have been announced. The sequence began with the sale of the Broughton asset in Queensland which contributed to the significant profit recorded in the last financial year. The merger of the two operating companies in the group, Eastern and Galilee, with the name change to Galilee Energy Limited, established a full ownership position in respect of the highly prospective CSG tenements in Queensland. Finally the recently announced sale of the New Zealand coal assets to Bathurst Coal has completed the corporate and operating transition.

I should take a minute to address the most recent sale. Your board had announced the proposed float (IPO) of the New Zealand coal assets in a new company which was to be called Eastern Resources Group Limited (ERG). Once our IPO announcement was made we received a number of proposals to purchase those assets before the float was to proceed. The best of those proposals was received from Bathurst which was ultimately converted into a complete offer capable of acceptance. The Board did not invite the proposals and continued its commitment to the IPO until 14 November when the final offer from Bathurst was accepted. Once the complete and final offer was received the Board weighed up the 23cents/share (approx.) from Bathurst against the IPO value of 9cents/share (approx), acknowledging that the IPO value would increase in the fullness of time with the predicted up side to be derived from future exploration, it was decided to take the clearly higher offer, in



today's terms, and apply those funds in the new direction of the company. Accordingly the Bathurst transaction was announced a week ago and consequently the IPO of ERG has been terminated.

At this point we have received the non-refundable deposit of \$2.4million and the remainder of the purchase price is in a trust account until all governmental approvals are received for the transfer of title for the tenements in New Zealand. We anticipate receiving access to those funds in the first quarter of the next calendar year.

A large number of people put a lot of effort into the preparation of the documentation for the implementation of the IPO, and on behalf of the Board I would like to thank those people for the contributions they made which obviously bore fruit for the company, albeit in a manner that was not originally intended. In addition I would like to thank the investors who showed overwhelming support for the IPO.

Along with the change of operational assets there have been a number of personnel changes during this year. We have a new CEO appointed 1 September and a new board; all the directors are up for re-election and our past experience is available in the explanatory memorandum. The past directors who have departed are Richard May, John McIntyre and Campbell Smith, collectively they have guided the company for several years and must be thanked, on behalf of shareholders and the current Board, for their efforts to get the company to its current healthy state.

At an operational level we have a very small but dedicated and hard working group in Brisbane and a larger but equally dedicated group in New Zealand. While the focus is often on the Board and senior executives I am grateful, as are my fellow directors, for the contribution of the staff whose inputs are ultimately the fundamental building blocks for our positive progress.

In conclusion I thank my fellow directors for their continuing support and I look forward to working with them, subject to all of us being re-elected, to create sustainable value for you, our shareholders.

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