

30 October 2017

Dear Optionholder

**Notice to Optionholders of One (1) for Ten (10) Non-Renounceable Rights Issue**

Galilee Energy Limited (**Company**) has today announced that it will be conducting a pro-rata non-renounceable rights issue. The issue is being made pursuant to an Offer Booklet which has been lodged with ASX this morning (**Offer Booklet**). The Offer Booklet is available on the Company's website at [www.galilee-energy.com.au](http://www.galilee-energy.com.au) or on the ASX website (company announcements section, ASX code: GLL) at [www.asx.com.au](http://www.asx.com.au).

The offer is made up of a one (1) for ten (10) fully-underwritten non-renounceable pro-rata offer to Eligible Shareholders to subscribe for fully paid ordinary shares (**New Shares**) at an issue price of \$0.15 per New Share (**Issue Price**) to raise approximately \$2.58 million (before transaction costs) (**Rights Issue**).

The Rights Issue is fully underwritten by Patersons Securities Limited (ABN 69 008 896 311) and Gleneagles Securities Pty Ltd (ABN 58 136 930 526).

In addition, the Company has also announced that it has entered into placement subscription agreements with professional and sophisticated investors to raise approximately an additional \$3.05 million (before transaction costs) through the issue of 20,321,070 ordinary shares (**Placement**). The Placement shares will be issued within the Company's existing Listing Rule 7.1 placement capacity.

The Company has applied for quotation of the New Shares on the ASX.

You will not be entitled to participate in the Rights Issue unless you have a registered address in Australia and New Zealand and exercise your options and are entered onto the register as a Shareholder on or before 5.00 pm (ESDT) on the Record Date. Option holders who are resident **outside** of Australia and New Zealand will be ineligible to participate in the Rights Issue even if they exercise their options.

The terms and conditions of the Company's options that you hold do not allow for participation by Optionholders in a pro-rata offer. Optionholders are, however, entitled to exercise their options before the Record Date in order to participate in the Rights Issue.

To exercise your options and thereby be entitled (subject to eligibility) to participate in the Rights Issue in respect of the Shares allotted upon exercise of your options, you will need to deliver to the registered office of the Company a completed Option Exercise Form specifying the number of options to be exercised together with payment of the exercise price for those options by way of a cheque made payable to the Company.

Option Exercise Forms can be obtained by contacting the Company Secretary on +61 7 3177 9970.

In order to participate in the Rights Issue through the shares that will issue as a result of exercising your Options you will need to ensure that the Option Exercise Forms and cleared funds are received by no later than 5.00 pm (WST) on Friday, 3 November 2017. The Rights Issue closing date is Friday, 24 November 2017.

**If you do not wish to exercise your options you do not need to take any action. The Company advises that as at the date of this letter the options held by you are out of the money, that is, they are exercisable at a higher price than the underlying share price.**

If you choose to participate in the Rights Issue by exercising some or all of your options prior to the Record Date, you will be sent an Offer Booklet and personalised entitlement and acceptance form. Before deciding whether to exercise all or any of your options, you should consider the terms of the Rights Issue carefully and consult with your professional adviser if necessary.

If you require further information regarding the exercise of your Options or the Rights Issue, please or contact the Company Secretary:

Stephen Rodgers  
Level 36 Riverside Centre  
123 Eagle Street,  
Brisbane Qld 4000

Telephone: +61 7 3177 9970

Website: [www.galilee-energy.com.au](http://www.galilee-energy.com.au)

Yours sincerely



Peter Lansom  
Managing Director  
**Galilee Energy Limited**