



NON-RENOUNCEABLE ENTITLEMENT OFFER BOOKLET

A Non-Renounceable Pro-Rata Entitlement Offer of one (1) New Share for every ten (10) Shares held at an Issue Price of A\$0.15 per New Share ("Offer") to raise up to approximately A\$2.58 million

The Offer opens at 9am AEDT on Thursday, 9 November 2017

The Offer closes at 5pm AEDT on Friday, 24 November 2017

The Entitlement Offer is fully underwritten by Patersons Securities Limited and Gleneagle Securities (Aust) Pty Limited

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This Offer Booklet dated 30 October 2017 and the accompanying personalised Entitlement and Acceptance Form contain important information. Please read both the Offer Booklet and the personalised Entitlement and Acceptance Form carefully and in their entirety and call your professional adviser or Galilee Energy Limited (**Galilee Energy**) if you have any queries. In particular, Eligible Shareholders should refer to the risk factors set out in Section 5 of this document. If you do not understand these documents, or are in doubt as to how to act, you should consult your financial or other professional adviser before making any investment decision.

The Offer Booklet is not a prospectus prepared in accordance with the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Booklet does not necessarily contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document. As Galilee Energy is a listed disclosing entity which meets the requirements of section 708AA of the Corporations Act, as modified by ASIC Instrument 2016/84, the Offer will be made without a prospectus.

Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates

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1. Important Information

No person is authorised to give any information or make any representation in connection with the Offer other than as contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in this Offer Booklet is not, and may not be relied upon as having been, authorised by the Company or any of its officers.

This Offer Booklet should be read in its entirety before you decide to participate in the Offer. This Offer Booklet is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form, or otherwise paying for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Offer detailed in this Offer Booklet.

Notwithstanding any references to the contrary, all references to time in this Offer Booklet are to AEDT.

References to “you” and “your Entitlement”

In this Offer Booklet, references to “you” are references to Eligible Shareholders and references to “your Entitlement” (or “your Entitlement and Acceptance Form”) are references to the Entitlement and Acceptance Form of Eligible Shareholders.

No Entitlement trading

Entitlements are non-renounceable and will not be tradable on the ASX or otherwise transferable. Accordingly, you cannot, in most circumstances, withdraw your application for New Shares once it has been accepted.

Defined terms

Defined terms and abbreviations used in this Offer Booklet are explained in Section 7 Glossary.

1.1 Overseas Shareholders

This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. This Offer Booklet has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country.

Subject to certain exceptions in respect of certain foreign jurisdictions, Galilee Energy has determined that it would be unreasonable to make the Offer to Shareholders with Registered Addresses that are outside Australia or New Zealand, having regard to the number of Shareholders and the costs in complying with the legal and regulatory requirements in those jurisdictions. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of New Shares in any jurisdiction outside Australia and New Zealand. Accordingly, this Offer Booklet and Entitlement and Acceptance Forms will not be sent to Shareholders who have a Registered Addresses outside of Australia or New Zealand.

The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions.

Any failure to comply with those restrictions may constitute a violation of applicable securities laws. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form which does not comply with the requirements of this Offer Booklet or the Entitlement and Acceptance Form or which the Company believes has been sent for, or on the account of, an Ineligible Shareholder or a person not entitled to participate in the Offer.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Galilee Energy to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Galilee Energy with Registered Addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

None of the information in this Offer Booklet, or the Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to Eligible Shareholders, constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States of America (**United States**). Neither this Offer Booklet (or any part of it), the accompanying ASX announcements nor the Entitlement and Acceptance Form when that is to be made available, may be released or distributed directly or indirectly, to persons in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act of 1933 and applicable securities laws of any state or other jurisdiction in the United States.

Other jurisdictions

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been taken to register the New Shares or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia and New Zealand. The return of an Entitlement and Acceptance Form to Galilee Energy shall be taken by Galilee Energy to constitute a representation and warranty by you that there has been no breach of any such laws. The distribution of this Offer Booklet and/or Entitlement and Acceptance Form (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company disclaims all liabilities to such persons. Eligible Shareholders who hold Shares on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Offer does not breach the selling restrictions set out in this Offer Booklet or otherwise violate the securities laws in the relevant overseas jurisdictions.

No action has been taken to register or qualify this Offer Booklet, the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand. The foreign selling restrictions set out in the "Foreign Jurisdictions" Section in Section 6 of this Offer Booklet will also apply and relate to the issue of New Shares and Additional Shares under the Offer.

Notice to Nominees and Custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up any Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form or payment by BPAY® will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.2 Financial Forecasts and Forward Looking Statements

Some of the statements appearing in this Offer Booklet may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', or 'intends' and other similar such words that involve risks or uncertainties.

You should be aware that such statements are not statements of fact or guarantees and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. These risk factors are discussed further in Section 5 of this Offer Booklet. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward looking statement in this Offer Booklet.

To the maximum extent permitted by law, none of Galilee Energy or any person named in this Offer Booklet or any person involved in the preparation of this Offer Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any intentions or outcomes expressed or implied in any forward looking statement and disclaim all responsibility and liability for such forward looking statements (including, without limitation, liability for negligence). The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Booklet, except where required by law. You are cautioned not to place undue reliance on any forward looking statement having regard to the fact that the outcome may not be achieved.

Any pro forma financial information (including past performance information) provided in this Offer Booklet is for information purposes only and is not a forecast of operating results to be expected in any future period. Except as required by law, and only then to the extent so required, neither Galilee Energy nor any other person warrants or guarantees the future performance of Galilee Energy or any return on any investment made pursuant to this Offer Booklet.

1.3 Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or to the Company's Share Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons lawfully entitled to inspect the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you by contacting the Company or its Share Registry. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application for New Shares.

1.4 Not investment advice

The information provided in this Offer Booklet does not constitute financial product advice or investment advice and does not take into account your investment objectives, financial situation or particular needs. If after reading this document, you have questions about the Offer, you should contact your stockbroker, accountant or other professional advisers.

The potential tax effects of the Offer will vary between individual investors, and each investor should seek their own professional taxation advice before deciding whether or not to participate in the Offer.

If you have any questions about your Entitlement to New Shares, please contact either Galilee Energy using the contact details provided in the Corporate Directory in Section 8 or your stockbroker or professional adviser.

1.5 Risks

You should consider the Section 5 (Risk Factors) for a summary of general and specific risk factors that may affect Galilee Energy.

1.6 Publicly available information

The Offer Booklet should be read in conjunction with Galilee Energy's continuous disclosure announcements made to the ASX available from the ASX website (at www.asx.com.au – Galilee Energy ASX Code: GLL). Galilee Energy may release further announcements after the date of this Offer Booklet which may be relevant to your consideration of the Offer.

1.7 Past performance

Investors should note that past performance, including past Share price performance, cannot be relied on as an indicator of, and provides no guidance as to, future Company performance, including future Share performance.

1.8 Future Performance

This Offer Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Galilee Energy and certain plans and objectives of the management of Galilee Energy. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Galilee Energy, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Galilee Energy. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Applicants should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures. Except as required by law or regulation (including ASX Listing Rules), Galilee Energy undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

1.9 Underwriting

The Entitlement Offer is fully underwritten by the Underwriters, subject to the terms of an agreement between Galilee Energy and the Underwriters. See Section 6 for full particulars.

Key Entitlement Offer Details

| Key Statistics | |
|---|--------------------------------------|
| Offer Price | \$0.15 per New Share |
| Ratio | 1 New Share for every 10 Shares held |
| Maximum number of New Shares to be issued under Entitlement Offer | 17,246,154 (approximately) |
| Maximum amount to be raised under Entitlement Offer | \$2,586,923 (approximately) |
| Maximum number of Shares on issue following the Placement and Entitlement Offer | 189,707,690 (approximately) |

| Indicative Timetable for the Entitlement Offer * | |
|---|---------------------------|
| Activity | Date |
| Announcement of the Placement and Offer and lodgement of offer booklet, Appendix 3B and 708AA cleansing notice with the ASX | Monday, 30 October 2017 |
| Letter to Eligible and Ineligible Shareholders Re: The Offer | Tuesday, 31 October 2017 |
| Issue Appendix 3B and Cleansing Notice for Placement Shares Trading on Ex basis | Friday, 3 November 2017 |
| Record Date for the Offer (7.00pm AEDT) | Monday, 6 November 2017 |
| Offer Booklet and Entitlement and Acceptance Form sent to Eligible Shareholders | Thursday, 9 November 2017 |
| Offer opens | Thursday, 9 November 2017 |
| Last day to extend the Offer Closing Date | Tuesday, 21 November 2017 |
| Closing date for acceptances under the Offer (5.00pm AEDT) | Friday, 24 November 2017 |
| Trading on deferred settlement basis | Monday, 27 November 2017 |
| ASX notified of shortfall | Monday, 27 November 2017 |
| Allotment of New Shares issued under the Offer and Lodgement of Appendix 3B. | Friday, 1 December 2017 |
| Expected Despatch of Holding Statement and Normal ASX trading for New Shares issued under the Offer. | Monday, 4 December 2017 |

*The above dates are indicative only and may be subject to change. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Directors reserve the right to vary the dates of the Offer in consultation with the Underwriters. The Directors reserve the right not to proceed with the whole or part of the Offer at any time prior to issue of the New Shares. In that event, Application Monies (without interest) will be returned in full to the Applicants. An extension of the Closing Date for the Offer will delay the anticipated date for issue of the New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX.

Eligible Shareholders wishing to participate in the Offer are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Offer opens.

You cannot, in most circumstances, withdraw an application once it has been accepted. No cooling-off rights apply to the Offer.

2. Chairman's Letter

Dear Shareholder

On behalf of the Board of Galilee Energy Limited ("**Galilee Energy**" or the "**Company**") I invite you to participate in the Company's fully underwritten non-renounceable pro-rata entitlement offer of (one) 1 New Share for every ten (10) Shares held at the Record Date, at an Issue Price of \$0.15 per New Share (**Offer**).

On 30 October 2017, Galilee Energy announced that it would raise up to approximately \$5.6 million through a Placement of new Shares at an issue price of \$0.15 per Share to raise approximately \$3.05 ("**Placement**") and a non-renounceable pro-rata entitlement offer to raise up to approximately \$2.58 million ("**Entitlement Offer**").

Under the Entitlement Offer, Eligible Shareholders who are on the Company's share register at 7.00pm (AEST) on Friday, 3 November 2017 ("**Record Date**") will be entitled to subscribe for one (1) New Share for every ten (10) Shares held, on the terms set out in this Offer Booklet ("**Entitlement**"). Eligible Shareholders who subscribe for their full Entitlement may also apply for New Shares in excess of their Entitlement ("**Additional Shares**") in accordance with the Shortfall Offer.

The Offer is fully underwritten by Patersons Securities Limited and Gleneagle Securities (Aust) Pty Ltd.

The Offer Price represents a 9.1% discount to the last traded price of Shares on Wednesday 25 October 2017, being the last trading day prior to the announcement of the Offer, and also represents a 7.4% discount to the theoretical ex-rights price.

The proceeds of the Offer and Placement, together with the Company's existing cash, will be used to fund the Company's new multi-lateral pilot incorporating three new lateral wells, as well as general working capital requirements.

The new multi-lateral pilot will be located a short distance from the current pilot with the objective of achieving a commercial gas flow result in a short time frame, so as to support the timely booking of Reserves by late 2018.

Each of the Directors of Galilee Energy are participating in the Offer for all or part of their Entitlements as an indication of their ongoing support for the Company.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferrable. Eligible Shareholders who do not take up their Entitlement will not receive any value in respect of those Entitlements.

The Offer is to be made pursuant to s708AA of the Corporations Act and the Offer Booklet has been lodged with the ASX. A copy of that document can be accessed on the ASX website or Galilee Energy's website and is anticipated to be despatched to Eligible Shareholders (with personalised Entitlement and Acceptance Forms) on or before Thursday, 9 November 2017.

The Offer is scheduled to close at 5.00pm (AEDT) on Friday, 24 November 2017. To participate in the Offer, you must have applied for New Shares so that your completed Entitlement and Acceptance Form and application money, or BPAY® payment is received by this time. Shareholders recorded on the share register with an address outside Australia and New Zealand are not eligible to participate in the Offer.

Full details of the Offer and how to participate can be found in this Offer Booklet. I encourage you to read this document before deciding whether or not to take up your Entitlement. If you have any questions in respect of the Offer please consult your stockbroker, accountant or other professional adviser.

As a Board, we appreciate the support of our existing Shareholders and we have been mindful of providing existing Shareholders, the opportunity to increase their investment in the Company.

We look forward to your participation in the Offer.

A handwritten signature in black ink, appearing to read "Dr. King". The signature is fluid and cursive, with the first letter of each word being significantly larger and more prominent.

Dr. David King
Non-Executive Chairman

3. Details of the Offer

3.1 The Offer

The Company is conducting a fully-underwritten non-renounceable pro rata offer of New Shares to Eligible Shareholders.

Eligible Shareholders who are recorded on the Company's share register at 7.00pm (AEDT) on Monday, 6 November 2017 ("**Record Date**") will be entitled to subscribe for one (1) New Share for every ten (10) Shares held on the Record Date. The Issue Price for each New Share is \$0.15, which is payable in full on application. Fractional Entitlements are being rounded up to the next whole New Share.

To participate in the Offer, Eligible Shareholders need to ensure that Entitlement and Acceptance Forms and/ or payment of Application Monies is received by the Company on or before the Closing Date, in accordance with the instructions in Section 4.

The maximum number of New Shares to be issued under the Offer will be approximately 17,246,154, to raise up to approximately \$2.58 million (before costs). The details of the use of the proceeds of the Offer are set out in Section 3.4 (Use of funds) below.

All of the New Shares offered under this Offer Booklet will rank equally with the Shares on issue at the date of this Offer Booklet, on and from their date of issue.

On 30 October 2017, the Company also announced it had completed a private placement to issue 20,321,070 Shares ("**Placement Shares**") to raise approximately \$3.05 million ("**Placement Amount**") at the same price as this Offer, namely \$0.15 per Share ("**Placement**"). The Placement Shares are expected to be issued prior to the Record Date for the Offer and will be included in the number of issued Shares for the purposes of determining Entitlements to subscribe for Shares pursuant to this Offer.

The Directors may, at any time, decide to withdraw this Offer Booklet and the offers of New Shares made under it, in which case the Company will return all Application Monies (without interest) within 28 days of giving such notice of withdrawal.

As the Offer is fully underwritten by the Underwriters, there is no minimum subscription.

| Summary of Offer | |
|---|---|
| Issue Price per New Share | \$0.15 per New Share payable in full on application |
| Entitlement | 1 New Share for every 10 Shares held on the Record Date |
| Discount of the Issue Price to the closing price of \$0.165 on Wednesday, 25 October 2017 | 9.1% |
| Discount of the Issue Price to the 5-day volume weighted average price up to and including Wednesday, 25 October 2017 of \$0.167 | 10.2% |
| Discount of the Issue Price to the theoretical ex-entitlements price of \$0.162 using the closing price on Wednesday, 25 October 2017 | 7.4% |
| Maximum number of New Shares to be issued under the Offer ¹ | 17,246,154 (approximately) |
| Maximum amount to be raised under the Offer | \$2,586,923.10 (approximately) |
| Maximum number of Shares on issue following the Placement and Offer | 189,707,690 (approximately) |

3.2 Eligibility to participate in Offer

The Offer is being offered to Eligible Shareholders only. Eligible Shareholders are persons who are registered as a holder of Shares as at the Record Date that:

- have a Registered Address in Australia or New Zealand or are a Shareholder that Galilee Energy has otherwise determined (in its absolute discretion) is eligible to participate in the Offer; and
- is not located in the United States and are not a US Person or acting for the account of or benefit of a person in the United States or a US Person,

(“**Eligible Shareholders**”).

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement which will accompany the paper copy this Offer Booklet sent to them. Shareholders who are not Eligible Shareholders, will not be entitled to participate in the Offer or to subscribe for New Shares.

3.3 Shortfall Offer

Eligible Shareholders, who apply for their full Entitlement, may apply for New Shares in excess of their Entitlement (“**Additional Shares**”), provided that the issue of those Additional Shares will not result in a breach of the Listing Rules or any applicable law. Any Additional Shares will be limited to the extent that there are sufficient New Shares available after satisfying all Applications received from Eligible Shareholders pursuant to the Offer (i.e. there is a shortfall between the number of New Shares applied for under the Offer and the total number of New Shares offered to Eligible Shareholders under the Offer).

If you apply for Additional Shares, then, subject to the Directors retaining discretion to refuse to accept applications (in whole or in part) for Additional Shares where the effect of issuing Additional Shares will result in the applicant’s, or another person’s, Voting Power in the Company increasing from 20% or below to more than 20%, applicants under the Shortfall Offer will be allocated the lesser of:

- the number of Additional Shares applied for; and
- if the number of Additional Shares available for subscription is less than the aggregate number of Additional Shares applied for by all unsatisfied applicants, the number of Additional Shares applied for, scaled back on a pro rata basis according to all unsatisfied applicants’ respective shareholdings in the Company as at the Closing Date for the Offer.

If, following the allocation process referred to immediately above, there are any remaining Additional Shares, that allocation process will be repeated continuously until all applications for Additional Shares have been satisfied in full or there are no further Additional Shares.

Following completion of the above process, any remaining Additional Shares will be issued to the Underwriter or its nominees in accordance with the Underwriting Agreement.

Galilee Energy’s decision as to the number of Additional Shares to be allocated to you will be final and binding. If scaling back occurs, Application Monies in relation to Additional Shares applied for but not issued will be refunded by cheque to your registered address as noted on the company’s share register as soon as possible following the Closing Date, without interest.

Eligible Shareholders who wish to apply for Additional Shares should insert the number of Additional Shares that they want to apply for in the appropriate Section of the Entitlement and Acceptance Form or otherwise following the instructions in that form if paying via BPAY®. Any Additional Shares that are applied

for must be paid for at the same time, and in the same way, that the New Shares to be issued pursuant to the acceptance of Entitlements are paid for.

There is no guarantee that Eligible Shareholders will receive any or all of the Additional Shares they apply for. New Shares, including Additional Shares issued under the Shortfall Offer will rank equally with the Company's existing Shares.

3.4 Use of Funds

Completion of the Offer will result in an increase in cash at hand of up to approximately A\$5.6 million (before the payment of the costs associated with the Offer).

The Company intends to apply the funds raised under the Offer, along with existing cash and the proceeds of the Placement, to fund the Company's new multi-lateral pilot incorporating three new lateral wells and the ongoing working capital requirements of the Company.

The above is a statement of the Board's current intentions as at the date of this Offer Booklet. However, Shareholders should note that, as with any budget, the allocation of funds set out above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3.5 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Ltd ACN 008 504 532 (**ASTC**), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASTC Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored Sub-register, your statement will be despatched by Computershare Investor Services Pty Limited and will contain the number of New Shares issued to you under this Offer Booklet and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time; however, there may be a charge associated with the provision of this service.

3.6 Capital structure

The principal effect of the Offer will be to increase the total number of Shares and to increase the cash reserves by up to \$5,633,803 (before deducting the costs of the Offer).

The following table shows the capital structure of the Company before, and after completion of the Placement and Offer¹:

| Shares | Number |
|--|-----------------------|
| Shares on issue at the date of this Offer Booklet | 152,140,466 |
| Shares to be issued under the Placement | 20,321,070 (approx.) |
| Total number of Shares expected to be on issue on the Record Date | 172,461,536 (approx.) |
| Maximum number of New Shares to be issued under the Offer ^{1 2} | 17,246,154 (approx.) |
| Maximum number of Shares on issue following the Offer and Placement ² | 189,707,690 (approx.) |

¹ A small number of additional New Shares may be issued due to rounding of individual entitlements.

² Assuming all of the New Shares under the Offer are taken up and issued and there are no Ineligible Shareholders. And none of the options or performance rights are exercised prior to completion of the Offer.

The options and performance rights issued by the Company will not be affected by the Offer and the below table sets out the options and performance Rights issued by the Company before the Offer and immediately after the allotment of New Shares pursuant to the Offer².

| Options and Performance Rights | Exercise Price | Expiry Date | Number |
|--|----------------|-------------|-----------|
| Performance Rights | N/A | 1 Dec 2017 | 600,000 |
| Unlisted Director & Employee Incentive Options | 12.5 cents | 18 Nov 2019 | 7,600,000 |

3.7 Offer fully Underwritten

The Offer is fully underwritten by the Underwriters. Subject to the terms of the Underwriting Agreement, the Underwriters will lodge or cause to be lodged with the Company, Applications for any New Shares not subscribed for by Eligible Shares. The Underwriters is entitled to nominate all the Applicants.

A summary of the other material terms of the Underwriting Agreement is set out in Section 6.10.

3.8 Impact of the Offer on your Shareholding and Possible Dilutive Effect

The dilutionary effect of the Offer on your shareholding will depend on whether you are an Eligible Shareholder and if so, whether you elect to subscribe for some or all of your Entitlement. If Eligible Shareholders take up all of their entitlements under the Offer, which will include any new Shareholders that acquire Shares as part of the Placement, Eligible Shareholders will hold the same percentage interest in the Company as they did immediately prior to completion of the Offer (following the settlement of the Placement Shares). However, to the extent that any Shareholder fails to take up their full Entitlement to

² Does not include the 2,500,000 unlisted options, with an exercise price of 25¢ and expiring on 31 December 2019, to be issued to Gleaneagle (an Underwriter) following Completion of the Offer and assumes that no options or performance rights are exercised prior to completion of the Offer;

New Shares under the Offer, and Ineligible Shareholders are unable to participate in the Offer, that Shareholder's percentage holding in Galilee Energy will be diluted.

3.9 Effect of Offer on Voting Power in the Company

As the acquisition of Shares under the Offer and Shortfall Offer does not satisfy the requirements of exception 10 of section 611 of the Corporations Act, no person (including the Underwriters or any sub-underwriter) shall be entitled to acquire Shares pursuant to the Offer or Shortfall Offer if to do so would result in their, or another person's, Voting Power in the Company increasing from 20% or below to more than 20%, or from a starting point above 20% to below 90%, unless an exception to the restrictions contained in section 606 of the Corporations Act applies.

Accordingly, as there are currently no exceptions to the restrictions contained in section 606 of the Corporations Act and in light of the size of the Offer, the Offer is not expected to have any material effect or consequence on the control of Galilee Energy³.

The following table set out the possible effects of the Offer on the Underwriters' or any sub-underwriters' Voting Power in the Company on Completion of the Offer, under three potential scenarios (depending on the level of Acceptances received pursuant to the Offer and Shortfall Offer).

| Voting Power ⁴ | No Shortfall Amount | | 50% Shortfall Amount | | 100% Shortfall Amount | |
|--|---------------------|---------------|----------------------|---------------|-----------------------|---------------|
| | Number of Shares | Shares % | Number of Shares | Shares % | Number of Shares | Shares % |
| Underwriters or Sub-underwriters | | 0.00 | 8,623,077 | 4.55 | 17,246,154 | 9.1% |
| Existing Shareholders (Post Placement) | 189,707,690 | 100.00 | 181,084,613 | 95.45 | 172,461,536 | 90.9% |
| Total | 189,707,690 | 100.00 | 189,707,690 | 100.00 | 189,707,690 | 100.00 |

Whether the Underwriters are required to subscribe for New Shares pursuant to the Underwriting Agreement and, therefore, any consequential increase in their Voting Power in the Company on the close of the Offer, is dependent on the size of the Shortfall (if any), the extent to which Eligible Shareholders subscribe for Additional Shares pursuant to the Shortfall Offer, the number of New Shares subscribed for by any sub-underwriters and whether the Underwriters' or any sub-underwriters increase their Voting Power in the Company between the date of this Offer Booklet and Completion of the Offer.

3.10 Directors' intentions and participation

The Directors who hold Shares intend to participate in the Offer for some or all of their respective Entitlements. Some Directors may also participate in the sub-underwriting of the Offer.

3.11 Entitlements and acceptance

Details of how to apply under the Offer and Shortfall Offer are set out in Section 4 (What Eligible Shareholders May Do) of this Offer Booklet. The Entitlement of Eligible Shareholders to participate in the

⁴ Assuming that neither the Underwriters nor any sub-underwriters (or their Associates) have, or do not acquire prior to the close of the Offer, any voting power in the Company;

Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Offer Booklet that will be posted to Eligible Shareholders.

3.12 No rights trading

The right to subscribe for New Shares pursuant to the Offer is non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares by the Closing Date, your Entitlement will lapse.

3.13 Risks

There are various risks associated with investing in Galilee Energy, as with any stock market investment, and, specifically, because of the nature of Galilee Energy's exploration business and the present stage of development of Galilee Energy's operations. Potential investors should consider whether the securities are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in Section 5 of this Offer Booklet. Many of those risk factors are outside the control of the Company.

3.14 Issue and dispatch

New Shares issued pursuant to this Offer Booklet will be issued in accordance with the ASX Listing Rules and the indicative timetable set out on page 6 of this Offer Booklet.

Pending the issue of New Shares or the payment of refunds pursuant to this Offer Booklet, all Application Monies will be held in trust for the relevant applicants in a separate bank account as required by the Corporations Act. The Company will, however, be entitled to retain all interest that accrues on the bank account and each applicant of New Shares waives the right to claim interest by completing and returning the Entitlement and Acceptance Form or making payment by BPAY.

The expected dates for the issue of New Shares offered by this Offer Booklet and dispatch of holding statements is expected to occur on the dates specified in the indicative timetable set out on page 6 of this Offer Booklet. It is the responsibility of applicants for New Shares to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

3.15 Taxation Matters

It should not be inferred or implied that the Company, Directors or its officers, purport to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Booklet. The Company, its advisers and its Directors and officers do not accept any responsibility or liability for any such taxation consequences to Eligible Shareholders. Eligible Shareholders should consult their professional tax adviser in connection with the tax consequences of subscribing for any New Shares under this Offer Booklet.

3.16 Continuous Disclosure

Galilee Energy is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Galilee Energy is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In

particular, Galilee Energy has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Galilee Energy Shares. That information is available to the public from ASX.

This Offer Booklet is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Shares. All announcements made by the Company are available from its website galilee-energy.com.au or the ASX at www.asx.com.au (Galilee Energy ASX Code: GLL).

3.17 Ineligible Shareholders

Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

The restrictions upon eligibility to participate in the Entitlement Offer arise because Galilee Energy has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number of Shareholders in the jurisdictions in which the Ineligible Shareholders are located, the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled to subscribe for and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located.

Galilee Energy, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. Galilee Energy may determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, Galilee Energy disclaims all liability in respect of such determination.

3.18 ASX Quotation

Galilee Energy will apply to ASX for quotation of the New Shares on ASX. If ASX does not grant official quotation of the New Shares Galilee Energy will not issue any New Shares and all Application Money will be refunded, without interest. Galilee Energy disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the Official List of ASX or receiving their confirmation of issue, whether on the basis of confirmation of the allocation provided by Galilee Energy or the Share Registry.

3.19 Enquiries

If you have any questions, please contact Galilee Energy using contact details provided in the Corporate Directory during the Offer period. If you are in any doubt as to whether you should participate in the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser.

4. What Eligible Shareholders May Do

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement with the paper copy of this Offer Booklet sent to them. Shareholders, who are not Eligible Shareholders, will not receive an Entitlement and Acceptance form.

Eligible Shareholders' Entitlements to New Shares will be shown on the Entitlement and Acceptance Form accompanying the paper copy of this Offer Booklet sent to them. Before taking any action in relation to the Offer, you should read this Offer Booklet in its entirety, and seek professional advice from your professional adviser.

You may:

- take up all of your Entitlement to New Shares (see Section 4.1 below);
- take up all of your Entitlement to New Shares and apply for Additional Shares in excess of your Entitlement (see Section 4.1 below);
- take up part of your Entitlement to New Shares and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 4.2 below); or
- do nothing and allow all of your Entitlement to New Shares to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 4.5 below).

Eligible Shareholders who do not participate in the Offer, or participate for an amount that is less than their full Entitlement, will have their percentage Shareholding in Galilee Energy reduced or diluted.

Please note that the allocation and issue of Additional Shares is at the sole discretion of Galilee Energy and any scale back may be applied in its discretion, having regard to the circumstances as at the time of the close of the Offer and the terms set out in this Offer Booklet.

Please also note that if you are an Eligible Shareholder who is a "related party" in relation to Galilee Energy (as that term is defined in the ASX Listing Rules) or are otherwise a person to whom Listing Rule 10.11 applies, you may apply to take up your Entitlement in part or in full, but may not apply for Additional Shares.

4.1 If you wish to take up all of your Entitlement to New Shares

If you wish to take up all of your Entitlement to New Shares, or if you wish to take up your Entitlement in full and apply for Additional Shares, you should:

- complete the accompanying Entitlement and Acceptance Form (in accordance with the instructions set out in the Entitlement and Acceptance Form) and indicate the number of New Shares and any Additional Shares you wish to subscribe for in accordance with the instructions set out on the Entitlement and Acceptance Form; and
- send the completed Entitlement and Acceptance Form together with your cheque, bank draft or money order (in Australian currency) made payable to "Galilee Energy" for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form.

Alternatively, Eligible Shareholders may apply for New Shares and pay by BPAY®. For Eligible Shareholders wishing to apply for New Shares and to pay by BPAY®, see Section 4.4 below.

If you take no action or your Application is not supported by cleared funds, you will be deemed not to have taken up your Entitlement and your Entitlement will lapse.

The Company will not allocate or issue Additional Shares where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Additional Shares must consider whether or not the issue of the Additional Shares to them would breach the Corporations Act or Listing Rules having regard to their own circumstances.

4.2 If you wish to take up part of your Entitlement to New Shares and allow the balance to lapse

If you wish to take up part of your Entitlement to New Shares and allow the balance to lapse, you should:

- complete the accompanying Entitlement and Acceptance Form (in accordance with the instructions set out on the Entitlement and Acceptance Form) and indicate the number of New Shares you wish to subscribe for in accordance with the instructions set out on the Entitlement and Acceptance Form; and
- send the completed Entitlement and Acceptance Form together with your cheque (in Australian currency) made payable to “Galilee Energy” for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form.

The completed Entitlement and Acceptance Form should be sent together with your cheque bank draft or money order for the applicable Application Monies to the Share Registry at the address set on the Entitlement and Acceptance Form by no later than 5:00 pm AEDT on the Closing Date.

Alternatively, Eligible Shareholders may apply for New Shares and pay by BPAY®. For Eligible Shareholders wishing to apply for New Shares and to pay by BPAY® and for further details about payment, see Section 4.4 below.

4.3 Payment by BPAY®

For Eligible Shareholders wishing to pay by BPAY® (only available to Eligible Shareholders who hold an account with an Australian financial institution that supports BPAY®):

- You should make your payment in respect of your Application Monies via BPAY® for the number of New Shares you wish to subscribe for (being the Issue Price of A\$0.15 multiplied by the number of New Shares you are applying for, including any Additional Shares).
- Please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number).
- Your BPAY® payment must be received by no later than 5.00pm (AEST) on the Closing Date. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time.
- For payment by BPAY® you do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY®, you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.
- Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

If you have more than one holding of Shares you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for your Entitlements to which that Reference Number applies.

If the amount of your cheque, bank draft, money order or BPAY® payment for Application Monies is insufficient to pay in full for the number of New Shares (and any Additional Shares) you have applied for, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for. Alternatively, your Application will be rejected (at the discretion of the Company).

Galilee Energy will treat you as applying for as many New Shares as your payment will pay for in full, subject to any scale back it may determine to implement, in its absolute discretion, in respect of any Additional Shares. Amounts received in excess of the Application Monies for your Entitlement (“**Excess Amount**”) may be treated as an application to apply for as many Additional Shares as your Excess Amount will pay for in full.

Any Application Money received by Galilee Energy in excess of your final allocation of New Shares (and Additional Shares as the case may be) will be refunded by cheque to your registered address as noted on the Company’s share register as soon as practicable after the close of the Offer. It is not practical to refund any amount of less than A\$5.00 to Shareholders and any refunds owing for less than this amount will be retained by the Company. No interest will be paid to Applicants on any Application Money received or refunded.

If you take no action or your fail to take any action prior to the Closing Date, your Entitlement under the Offer will lapse.

4.4 Entitlement to New Shares not taken up

If you decide not to take up all or any part of your Entitlement to New Shares, do not take any further action and your Entitlement will lapse. In this instance, the New Shares to which you would have been entitled to subscribe for shall become Additional Shares and will be issued pursuant to the Shortfall Offer or pursuant to the Underwriting Agreement. You will receive no payment for your lapsed Entitlements. You cannot sell or transfer your Entitlements to another person. Your holding of Shares will, however, be diluted because the issue of New Shares will increase the total number of Shares on issue.

4.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding and irrevocable offer to apply for New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn.

Your application will be considered to be for as many New Shares as your payment will cover. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors’ (or their delegates’) decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and that the Offer can be made to you in accordance with this Offer Booklet, in accordance with applicable securities laws;

- (b) you have read and understood this Offer Booklet and your Entitlement and Acceptance Form in their entirety and provide the authorisations contained in this Offer Booklet and Entitlement and Acceptance Form;
- (c) you agree to be bound by the terms of the Offer, provisions of the Offer Booklet and Galilee Energy's constitution;
- (d) you declare that you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;
- (e) all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) you authorise Galilee Energy to register you as the holder of New Shares issued to you;
- (g) once Galilee Energy (or the Share Registry) receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw it except as allowed by law;
- (h) you agree to apply for the number of New Shares (including any Additional Shares) specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- (i) you agree to be issued the number of New Shares (including any Additional Shares) that you apply for in the Entitlement and Acceptance Form and that potentially (in the case of an application in excess of your Entitlement) a lesser number of Additional Shares may be issued to you than that applied for;
- (j) if you apply for Additional Shares, you declare that you are not a "related party" (as that term is defined in the ASX Listing Rules) or a person to whom Listing Rule 10.11 applies;
- (k) you authorise Galilee Energy, the Underwriters, the Share Registry and their respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (l) you authorise Galilee Energy to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (m) you declare that you were the current registered holder(s) on the Record Date of that number of Shares as indicated on the Entitlement and Acceptance Form as being held by you;
- (n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;
- (o) you acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and that the Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Galilee Energy and is given in the context of Galilee Energy's past and ongoing continuous disclosure announcements to ASX;
- (p) you acknowledge the statement of risks in the "Risk Factors" detailed in Section 5 of this Offer Booklet, and that investments in Galilee Energy are subject to investment risk;
- (q) you acknowledge that none of Galilee Energy, the Underwriters and their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of Galilee Energy, nor do they guarantee the repayment of capital;
- (r) you will also be deemed to have acknowledged, represented and warranted on your behalf and on behalf of and in relation to each person on whose account you are acting that:

- (1) you are not in the United States, are not a US Person or acting for the account of or benefit of a person in the United States or US Person; and
- (2) you have not, and will not, send any materials relating to the Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- (3) you are not otherwise a person to whom it would be illegal or unlawful to make an offer or issue of New Shares under the Offer;
- (4) you represent and warrant that the law of any other place (other than Australia or New Zealand) does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application and that you are otherwise eligible to participate in the Offer and be issued New Shares (including any Additional Shares);
- (5) you have not and will not send any materials relating to the Offer to any person in the United States or any other country outside Australia and New Zealand, except Australian nominees and custodians may send this document to beneficial Shareholders who are institutional investors in other countries listed in, and to the extent permitted under, Section 6 of this Offer Booklet captioned "Foreign Jurisdictions"; and
- (6) you agree that the allotment of New Shares (including, if applicable, Additional New Shares) to you constitutes acceptance of your application.

4.6 Brokerage and stamp duty

No brokerage is payable for the issue of New Shares pursuant to this Offer Booklet. No stamp duty is payable for subscribing for New Shares under the Offer or for Additional Shares under the Shortfall Offer.

4.7 Notice to Nominees and Custodians

Galilee Energy is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. Galilee Energy is not able to advise on foreign laws.

4.8 Withdrawal of the Entitlement Offer

Subject to applicable law, Galilee Energy reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case Galilee Energy will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Galilee Energy will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Galilee Energy.

4.9 Risks

Eligible Retail Shareholders should be aware that an investment in Galilee Energy involves risks. The key risks identified by Galilee Energy are set out in Section 5 of this Offer Booklet.

5. Risk Factors

5.1 Introduction

The New Shares offered under this Offer Booklet should be considered speculative because of the nature of the Company's business. There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of some of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Booklet in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

5.2 Industry and Company Specific Risks

- (a) **Exploration & Production Risk:** When exploring for, or producing gas from underground structures or coal seams there is always an inherent risk that the geological or reservoir characteristics will prevent ultimate commercial production. These risks can impact the effective application of funds and resources and the ability of the Company to supply gas at commercial rates, and may be the result of events and conditions beyond the Company's control.
- (b) **Operational Risk:** Gas field operations involve the potential for hazards such as well blowouts, explosions, uncontrollable flows, fires, formations with abnormal pressures, pollution, releases of dangerous gas and other environmental hazards and risks. Galilee Energy could suffer substantial losses as a result of any of these events, particularly if it is not fully insured against those risks. Even where Galilee Energy is insured, accidents that damage drilling rigs or other equipment could delay exploration or production operations.
- (c) **Resources and Reserves Risk:** The estimation of natural gas resources and reserves involves subjective judgements and determinations based on geological, technical, contractual and economic information. There is uncertainty in the estimates and it is not an exact calculation. The estimates may change because of new information from operational activities or changes in economic factors, such as assumptions regarding incomes and costs. It may also alter because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques. Published resources and reserves estimates may also be subject to correction in the application of published rules and guidance.
- (d) **Tenement Risk:** Galilee Energy's exploration and appraisal activities are dependent upon the grant and maintenance of appropriate licences, permits, resource consents, access arrangements and regulatory authorities (authorisations), which may not be granted or may be withdrawn or made subject to limitations at the discretion of government or regulatory authorities. Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurances the authorisations will be continued, renewed or granted, or as to the terms of such renewals or grants.
- (e) **Gas Markets Risk:** Galilee Energy's possible future revenues are expected to be derived from domestic and/or export gas sales. The profitability of Galilee Energy's gas business will be determined by the future market for domestic and export gas. LNG prices are generally linked to oil price and in US dollars, and can vary significantly depending on oil prices, exchange rates, worldwide LNG supply and demand and the terms under which LNG off-take arrangements are agreed. Domestic gas prices are historically fixed prices with a percentage escalation of CPI, and may also vary due to various economic factors and factors which influence demand and supply at the time of contracting. Numerous factors outside the control of Galilee Energy impact on gas prices. The prices

required to achieve adequate returns on Galilee Energy's coal seam gas business will vary depending on cost of production including drilling costs, economies of scale and gas flow rates. Any substantial decline in the price of gas is likely to have a material adverse effect on the financial position of Galilee Energy.

- (f) **Gas Flow Rates & Gas Sales Agreement Risk:** The rate at which gas flows from Galilee Energy's wells will be a determinant of its profitability. There is a risk that gas flow rates from Galilee Energy's wells will not be sufficient to meet the requirements of future gas supply contracts. This may result in further remedies and/or increased development expenditure to drill more wells than originally anticipated. There is also a risk that Galilee Energy may not be able to procure gas sales agreements for its gas business on reasonable terms, which may adversely affect the profitability of Galilee Energy.
- (g) **Drilling and Completion Techniques Risk:** Galilee Energy may use horizontal drilling and/or hydraulic fracturing technology in its exploration and development activities. The use of these drilling technologies may be necessary for the production of commercial quantities of gas from geological formations of the type that Galilee Energy is targeting. There has been an increase in interest by governments and the public in hydraulic fracturing and the enactment of any new laws, regulations or requirements by any relevant government authority in respect of hydraulic fracturing could result in operational delays, increased operational costs and potential claims from a third party or governmental authority. Restrictions on the use of hydraulic fracturing may reduce the amount of gas Galilee Energy can produce and may have a material impact on Galilee Energy's business.
- (h) **Access to Infrastructure Risk:** Infrastructure is a key path to market for a gas producer and any limitation of infrastructure exposes a producer to potential cost and capacity constraints. Discoveries in remote locations may be difficult and expensive to commercialise due to infrastructure and transport costs. The sharing with other industry participants of transport and operating infrastructure is common in the gas sector. Any delay or failure to access properly maintained operating infrastructure or shared facilities may have a material adverse effect on the Company.
- (i) **Joint Venture Risk:** Galilee Energy is not currently a party to joint venture or joint operating agreements for any of its tenements in which it holds an interest. If the interest held by Galilee Energy in any of its tenements is relinquished or transferred to a third party this will likely give rise to the establishment of joint venture or joint operating agreement under which Galilee Energy might be voted into programs and budgets which are not in line with the objectives and strategy of Galilee Energy or that Galilee Energy does not have the cash resources to fund. Galilee Energy may be required to contribute to increases in capital expenditure requirements and/or operating costs where the requirements of the project change or in circumstances where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure.
- (j) **Environmental Risk:** Galilee Energy's operations and projects are subject to state and federal laws and regulation regarding the environment. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on Galilee Energy for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by Galilee Energy, or noncompliance with environmental laws or regulations. Galilee Energy proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.
- (k) **Native Title Risk:** Formal agreements with traditional and tribal land owners are required in many areas. Despite Galilee Energy committing to work closely with traditional owners and entering into agreements to formalise Galilee Energy's ongoing commitment to manage cultural heritage matters

in its areas of operations, conflicts are possible and denial of access to the land is possible, if items of cultural heritage significance are identified. Permit applications and existing permits may be affected by native title claims or procedures. This could preclude or delay granting of exploration permits and considerable expenses could be incurred negotiating and resolving issues.

- (l) **Legislation and Regulatory Risk:** Galilee Energy's activities in the petroleum industry are subject to legislation, regulation and approvals. The introduction of new legislation, amendments to existing legislation, the application of developments in existing common law or policies or the interpretation of those laws or policies, particularly in relation to, land access arrangements, environmental approvals, the carbon tax or its substitute, the effect of greenhouse gases legislation, royalties and production and exploration licensing may adversely affect Galilee Energy's future operations and financial performance. Galilee Energy will, from time to time, require various government regulatory approvals for its transactions and operations and must comply with those approvals, applicable laws, regulations and policies. In particular, Galilee Energy may require licences and approvals in relation to mining activities, environmental matters and the manufacture and supply of gas and electricity. There is a risk that Galilee Energy or a joint venture that it is a party to may not obtain, or there may be a delay in obtaining, the necessary licences and approvals. This may affect the timing and scope of transactions and work that can be undertaken. Further, a failure to comply with a licence, approval or applicable law may affect the timing and scope of work that can be done. The loss of granted tenements or failure to obtain relevant approvals in relation to them may have a material adverse effect on Galilee Energy process. By way of example, in the context of the current political environment, the introduction of legislation that further restricts or inhibits gas exploration and production, changes to strategic cropping, native title, land access or overlapping tenement arrangements or the introduction of legislation that restricts or inhibits exploration and production would likely operate to Galilee Energy's detriment.
- (m) **Competition Risk:** As a result of high levels of demand in the natural resource industries, a shortage of supply of material, labour and services could impact adversely on exploration or production activities.
- (n) **Insurance Risk:** Insurance of all risks associated with gas exploration and production is not always available and, where available, the cost can be high. Galilee Energy will have in place insurance considered appropriate for Galilee Energy's needs; however, there is no guarantee that such insurance will be sufficient in all circumstances.
- (o) **Litigation Risk:** Galilee Energy may be exposed to potential legal and other claims or disputes in the future which could negatively impact Galilee Energy's financial performance through damages payments and harm to reputation.
- (p) **Occupational Health and Safety Risk:** Gas exploration and production may expose Galilee Energy's staff to potentially dangerous working environments. If any of Galilee Energy's employees suffered injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business.
- (q) **Financing Risk:** Galilee Energy, in order to meet future ongoing work programs, will likely require additional capital (via asset sales, farm-ins, equity, etc.). There can be no assurance that sufficient capital funding will be available to Galilee Energy on favourable terms or at all. If Galilee Energy is unable to raise necessary capital, there may be a reduction in planned capital expenditure which could have a material adverse effect on Galilee Energy's ability to expand its business and/or maintain operations at current levels; this could, in turn, have a material adverse effect on Galilee Energy's business, financial condition and operations. Any additional capital requirements may dilute existing Shareholdings.
- (r) **Reliance on Key Personnel Risk:** The Company is reliant on its senior management and key personnel. There is a risk that Galilee Energy may not be able to retain or hire all necessary personnel. Galilee Energy's progress in pursuing its exploration and appraisal programs within the

timeframes and currently envisaged cost structure could be influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel as Galilee Energy's exploration and appraisal programs progress. The result of such loss would depend on the quality and timing of the employee's replacement. Although Galilee Energy's key personnel have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives.

5.3 General investment risks

- (a) **Economic Risk:** Factors such as economic outlook, inflation, currency fluctuation, interest rates, demand, global geo-political events and hostilities and industrial disruption have an impact on operating costs, oil and gas prices and share market conditions. Galilee Energy's future possible profitability and the market price of Galilee Energy Shares can be affected by these factors which are beyond the control of its Directors.
- (b) **Investing in Shares:** Once the New Shares are quoted on the ASX, their price may rise or fall and they may trade at prices below or above the Issue Price. There also can be no assurance that the New Shares will be traded actively. In common with other listed entities, Galilee Energy's Shares can be affected by factors that are unrelated to the operating performance or underlying value of the Company, such as domestic and international economic conditions. These fluctuations may adversely affect the price of Galilee Energy's Shares, including the New Shares once issued.
- (c) **General economic conditions:** Galilee Energy's operation and financial performance is affected by general economic business conditions including inflation levels, interest rates, exchange rates, government fiscal and monetary policies, and changing healthcare policy and medical reimbursement in the jurisdictions in which Galilee Energy operates. A sustained decline in general economic condition, such as an increase in interest rates, could be expected to have a material adverse effect on Galilee Energy's operation and financial standing.
- (d) **Accounting standards:** Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**) and are therefore outside the Directors' and Galilee Energy's control. Changes to accounting standards issued by the AASB could materially adversely affect the way in which Galilee Energy's financial performance is perceived by the market.
- (e) **Taxation risks:** Changes to tax law in Australia, New Zealand or other jurisdictions in which Galilee Energy and its Shareholders operate may affect Galilee Energy and its Shareholders. Personal tax liabilities are the responsibility of each individual investor and Galilee Energy has no responsibility for taxation or taxation penalties incurred by its Shareholders.
- (f) **Equity market conditions:** Securities listed on the stock market can experience extreme price and volume fluctuations that are unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.
- (g) **Business factors:** The continuing economic viability of Galilee Energy will be dependent on managing risk factors normally found in conducting a business, including management of contractual risks, litigation due to breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise), strikes, lockouts, loss of services of key management or operational

personnel or change in tax and accounting laws. There can be no assurance that parties with whom Galilee Energy has entered into commercial arrangements will adhere to the terms of the contracts and arrangements. There is the potential of material failure by or insolvency of any contractor used by Galilee Energy in any of its activities. Such being the case, this could cause disruption to the operations of Galilee Energy. Galilee Energy is unable to predict the risk of insolvency or other managerial failure by any of its contractors or other service providers used by the Company. All of the mentioned business factors could have a material adverse effect on the results of the operations or the financial condition of Galilee Energy.

6. Additional Information

This Offer Booklet and the Entitlement and Acceptance Form ("**Information**") have been prepared by Galilee Energy.

You should read this Information carefully and in its entirety before deciding to invest in New Shares. In particular you should consider the risk factors referred to in the "Risk Factors" Section 5 of this Offer Booklet that could affect the performance of Galilee Energy or the value of an investment in Galilee Energy.

The past performance of Galilee Energy, and the past Share price of Galilee Energy should not be relied upon as (and is not) an indication of future performance.

6.1 Nominees and Custodians

Nominees and custodians (which hold Shares) should consider carefully the contents of this Offer Booklet and note in particular that the Offer is not available to Ineligible Shareholders.

Galilee Energy is not required to determine whether or not any Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares or Entitlements. Where any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. Galilee Energy is not able to advise on foreign laws. Nominees and custodians may not distribute any part of this Offer Booklet in the United States or in any other country outside Australia and New Zealand, except to beneficial shareholders who are institutional investors in other countries listed in, and to the extent permitted under, the Section captioned "Foreign Jurisdictions" in Section 6 of this Offer Booklet.

6.2 Rights issue exception not available

No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in Item 10 of Section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of their Entitlement, they must have regard to section 606 of the Corporations Act. Eligible Shareholders who may be at risk of exceeding the 20% Voting Power threshold in section 606 as a result of acceptance of their Entitlement or subscribing for Additional Shares pursuant to the Shortfall Offer should seek professional advice before completing and returning the Entitlement and Acceptance Form.

6.3 Litigation

So far as the Company is aware, there are no legal or arbitration proceedings, active or threatened against, or being brought by, the Company which may have a material effect on the Company's financial position.

6.4 No Cooling-Off Rights

Cooling-off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

6.5 Disclaimer and Forward-Looking Statements

This Offer Booklet contains certain forward-looking statements. The words "anticipate", "believe", "except", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks,

uncertainties and other factors, many of which are beyond the control of Galilee Energy, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements. You should not place undue reliance on forward-looking statements and neither Galilee Energy nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

To the maximum extent permitted by law, Galilee Energy and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information or likelihood of fulfilment of any forward looking statements (including, without limitation, liability for negligence).

Please refer to Section 5 ("Risk Factors") of this Offer Booklet for a summary of certain risk factors which may affect Galilee Energy when considering this information. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Galilee Energy.

Galilee Energy does not guarantee any particular rate of return or the performance of Galilee Energy nor does it guarantee the repayment of capital from Galilee Energy or any particular tax treatment.

6.6 Governing Law

This Offer Booklet and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law of Queensland, Australia. Each applicant submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

6.7 Other interests

Persons holding rights or interests in relation to Shares (such as options to subscribe for Shares), will not be entitled to participate in the Offer in respect of those rights or interests unless they have become entitled to exercise their right or interest under the terms of their issue and do so such that they become the holder of Shares and an Eligible Shareholder in respect of those Shares.

6.8 Taxation

Eligible Shareholders should be aware that there may be taxation implications of participating in the Offer and subscribing for Additional Shares. Eligible Shareholders should consult a professional taxation adviser to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. Neither Galilee Energy, nor any of its Directors, officers, employees, agents or advisers accepts any liability or responsibility with respect to taxation consequences connected with participating in the Offer or subscribing for Additional Shares.

6.9 Alteration of terms

Galilee Energy reserves the right, at its discretion, to vary all or part of the Offer at any time, subject to the Corporations Act and ASX Listing Rules and any other law or regulation to which the Company is subject.

6.10 Underwriting

The Company has entered into an underwriting agreement with the Underwriters dated 30 October 2017 (**Underwriting Agreement**), pursuant to which the Underwriters have agreed to underwrite the Offer by

procuring Applications for any New Shares that are not subscribed for by Eligible Shareholders pursuant to the Offer and Shortfall Offer.

The Company has agreed to pay to the Underwriters an aggregate fee of 6% of the total gross amount underwritten by the Underwriters (**Underwriting/ Selling Fee**).

As the underwriters were also engaged to act as Joint Lead Managers of the Placement and the Offer, the Underwriters are also entitled to be paid:

- (a) a Joint Lead Manager Fee of 1% of the total dollar amount raised in the Placement and the Offer; and
- (b) a Placement Fee of 6% of the total dollar amount raised in the Placement.

The Company will also be required to indemnify the Underwriter for certain costs and expenses incurred by it in relation to the Offer, including certain legal fees.

Gleaneagle, being one of the Underwriters, or its nominee(s), is also entitled to receive 2,500,000 unlisted options to acquire Shares, having an exercise price of 25¢ and expiring at 5:00pm AEST on 31 December 2019.

The Underwriting Agreement contains various representations, warranties, indemnities and undertakings in favour of the Underwriters that are not unusual for an underwriting arrangement of this sort. In particular, the Underwriting Agreement contains various representations and warranties by the Company relating to the Company and its business, including information provided to the Underwriters and disclosed to the ASX. The Underwriting Agreement also imposes various obligations on the Company, including undertakings to do certain things, including providing certain notices to the Underwriters and the ASX within prescribed periods. The Underwriting Agreement also places certain restrictions on the Company for a period of three months from the date of the Underwriting Agreement, including restrictions on amendments to its constitution, disposing of the whole or a substantial part of its business or property and restrictions on the issue of Shares by the Company.

The obligation of the Underwriters to underwrite the Offer are conditional on customary conditions including, amongst others, the dispatch of this Offer Booklet and certain events not occurring during the Offer Period.

If certain events occur, the Underwriters have the right to terminate the Underwriting Agreement. In summary, these include:

- (a) the all ordinances index or the Standard and Poors / ASX 200 Index being, at the close of trading on three consecutive days, 7.5% or more below its respective level as at the close of trading on the trading day prior to the date of the Underwriting Agreement;
- (b) the five-day volume weighted average price of Shares is less than 13.5 cents;
- (c) the Company defaults on certain terms, conditions, covenants or undertakings of the Underwriting Agreement;
- (d) a suspension, disruption or material limitation in trading generally on ASX or in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom or the United States of America;
- (e) certain force majeure events occurring that affect the Company's business or any obligation of the Company under the Underwriting Agreement and lasting in excess of 7 days;
- (f) insolvency or similar event occurs in respect of the Company;

- (g) any person is appointed under legislations to investigate the affairs of the Company;
- (h) there is an outbreak of hostilities or a material escalation of hostilities (including a terrorist act or any diplomatic, military, commercial or political establishment) involving one or more of Australia, New Zealand, the United Kingdom, the United States of America;
- (i) a contravention by the Company of its Constitution, the Corporations Act or the Listing Rules or any other applicable legislation, policy or requirement of ASIC or ASX;
- (j) certain litigation, arbitration, administrative or industrial proceedings are commenced or threatened against the Company;
- (k) there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer, without the prior written consent of the Underwriters;
- (l) a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (m) there is a delay in any specified date in the timetable which is greater than 7 days;
- (n) the Company alters its capital structure in any manner not contemplated by this Offer Booklet; or
- (o) a statement contained in this Offer Booklet or any information given to the Underwriters becomes misleading or deceptive or likely to mislead or deceive or a representation, warranty or undertaking in the Underwriting Agreement becomes untrue or incorrect.

For the sake of completeness, it is noted that Mr Ray Shorrocks, a director of Galilee Energy, is an employee of one of the Underwriters, Patersons Securities Limited.

6.11 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by Galilee Energy, or its related bodies corporate in connection with the Offer. Except as required by law, and only to the extent so required:

- None of Galilee Energy, or any other person, warrants or guarantees the future performance of Galilee Energy or any return on any investment made pursuant to the Offer Booklet; and
- Galilee Energy, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Offer Booklet being inaccurate or incomplete in any respect.

7. Glossary

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|---------------------------------|---|
| \$ or Dollars | means dollars in Australian currency (unless otherwise stated). |
| Additional Shares | has the meaning set out in Section 3.3. |
| AEDT | means Australian Eastern Daylight Time. |
| Application | means an application for New Shares pursuant to this Offer Booklet and the term Applicant means a person who has submitted an Application. |
| Application Monies | means the aggregate amount of money payable for New Shares applied for calculated by multiplying A\$0.15 by the number of New Shares subscribed for. |
| ASIC | means the Australian Securities and Investments Commission. |
| ASTC | means ASX Settlement Pty Ltd ACN 008 504 532. |
| ASX | means the Australian Securities Exchange. |
| ASX Limited | ASX Limited ACN 008 624 691. |
| Board | means the Directors as at the date of this Offer Booklet. |
| CHESS | means Clearing House Electronic Sub-register System of ASTC. |
| Closing Date | means 5:00pm AEDT on the date specified in the timetable set out on page 6 of this Offer Booklet or such other date as may be determined by the Directors. |
| Company or Galilee Energy | means Galilee Energy Limited ABN 11 064 957 419. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth). |
| Directors | means the directors of the Company. |
| Eligible Shareholder | has the meaning set out in Section 3.2. |
| Entitlement and Acceptance Form | means the form accompanying this Offer Booklet which sets out the entitlements of Eligible Shareholders under the Offer. |
| Entitlement or Entitlements | means the non-renounceable entitlement for Eligible Shareholders to subscribe for New Shares on the basis of one (1) New Share for every ten (10) Shares held on the Record Date. |
| Ineligible Shareholders | any Shareholder who is not an Eligible Shareholder. |
| Issue Price | means A\$0.15 per New Share. |
| Listing Rules | means the official listing rules of ASX Limited, as amended from time to time. |
| New Share or New Shares | means a new fully paid share in the capital of the Company to be issued pursuant to the Offer or Shortfall Offer. |
| Offer or Entitlement Offer | means the entitlement offer for New Shares set out in this Offer Booklet. |
| Offer Booklet | means this offer booklet dated 30 October 2017 and includes any amended or replacement summary document. |
| Placement | means the issue of 20,321,070 Shares to sophisticated and professional investors at an issue price of \$0.15 per Share to raise approximately \$3,048,160.50. |

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|------------------------|--|
| Record Date | means 7.00pm AEDT on the date specified in the timetable set out on page 6 of this Offer Booklet. |
| Registered Address | means, in respect of a Shareholder, the address that is recorded in the Company's share register as being the address for the Shareholder. |
| Regulation S | means Regulation S promulgated under the US Securities Act. |
| Share Registry | means Computershare Investor Services Pty Limited ACN 078 279 277. |
| Shareholder | means a holder of a Share. |
| Share or Shares | means a fully paid ordinary share in the capital of the Company. |
| Shortfall | means the extent to which Eligible Shareholders do not subscribe for New Shares pursuant to the Offer. |
| Shortfall Offer | means the offer to Eligible Shareholders to subscribe for Additional Shares in excess of their Entitlement in accordance with Section 3.3 of this Offer Booklet. |
| Underwriters | means Patersons Securities Limited ABN 69 008 896 311 and Gleneagle Securities (Aust) Pty Limited ABN 58 136 930 526. |
| Underwriting Agreement | means the underwriting agreement between the Underwriters and the Company dated 30 October 2017, as summarised in Section 6.10. |
| US Person | means, among other things and subject to certain exceptions: (i) any natural person resident in the US, (ii) any partnership, corporation or other entity organised or incorporated in the US, (iii) any trust of which any trustee is a US person, (iv) any agency or branch of a foreign entity located in the US, (v) any account held by a dealer or other fiduciary that either is organised, incorporated or resident in the US or holds for the benefit or account of a US Person, or (vi) any partnership or corporation that is organised or incorporated in a foreign jurisdiction by a US person principally for the purpose of investing in securities not registered under the US Securities Act. |
| US Securities Act | means the United States Securities Act of 1933, as amended. |
| Voting Power | has the meaning given to that term in the Corporations Act. |

8. Corporate Directory

Board of Directors

David King
(Chairman, Non-Exec. Director)

Peter Lansom
(Managing Director)

Ray Shorrocks
(Non-Exec. Director)

Auditors

BDO Audit (Qld) Pty Ltd
12 Creek Street
Brisbane Qld 4000

Lawyers

Piper Alderman
Level 36, Riverside Centre
123 Eagle Street
Brisbane Qld 4000

Registered Office in Australia

Level 36
123 Eagle Street
Brisbane QLD 4000
Australia
Telephone: + 61 7 3177 9970
Website: www.galilee-energy.com.au
Email: admin@galilee-energy.com.au
ASX code: GLL

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Telephone: 1300 552 270 (within Australia) or
+61 (3) 9415 4000 (outside Australia)
www.investorcentre.com