

TARGET MARKET DETERMINATION

MADE BY: Galilee Energy Limited (ACN 064 957 419) of Level 6, 167 Eagle Street, Brisbane QLD 4000 (**Galilee** or **the Company**)

PRODUCT: Attaching unquoted options (**Attaching Options**) to acquire fully paid ordinary shares in the capital of the Company (**Shares**) that are to be issued on the basis of one (1) Attaching Option for every one (1) Share issued to them pursuant to Galilee's share purchase plan dated 4 March 2022 (**SPP**) under a prospectus dated 26 April 2022 (**Prospectus**).

EFFECTIVE DATE: 26 April 2022

Capitalised terms used but not otherwise defined within this target market determination (**TMD**) have the meaning ascribed to them within the Prospectus.

This TMD has been approved by the Company in relation to the offer of Attaching Options made by the Company in the Prospectus (**Offer**). The Prospectus was lodged with Australian Securities and Investments Commission (**ASIC**) on 26 April 2022.

The Attaching Options entitle participants in the SPP (**Participants**) to subscribe for one (1) Attaching Option for every one (1) Share issued to the Participants pursuant to the SPP.

The Offer will be made in the Prospectus. Recipients of this TMD are only entitled to acquire Attaching Options under the Offer if they are Participants and will need to complete the application form that accompanies the Prospectus. This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth) (**Corporations Act**) and therefore has not been lodged, and does not require lodgement, with ASIC.

This TMD does not take into account a Participants' investment objectives, financial situation or particular needs. This TMD is not, and should not, be treated as a full summary of the terms and conditions of the Attaching Options and is not intended to provide financial advice. Participants should refer to the Prospectus for the terms and conditions of the Attaching Options when making a decision in respect of the Attaching Options. The Company is not licensed to provide financial product advice in relation to the Attaching Options

Target market

The Offer is to Participants.

Application will be made for the Attaching Options to be quoted on the Australian Securities Exchange (**ASX**), subject to compliance with any conditions imposed by ASX. Subject to the commencement of quotation, the Attaching Options will be transferable on ASX.

Shares that are issued on exercise of the Attaching Options will rank equally in all respects with the then issued Shares in the Company.

The information below summarises the overall class of investors that fall within the target market for the Attaching Options.

The Company expects an investment in Attaching Options will be suitable to Participants, on the basis that they are likely to be investors who take a short to medium term outlook on their investment and are accustomed to making speculative investments in the mining exploration sector and who will be in a financial position to have sufficient available funds so as to facilitate an exercise of the Attaching Options over the period for which the Attaching Options can be exercised.

Investors with a short-term outlook for their investment will benefit from the ability to, prior to the 4 September 2023 expiry date (**Expiry Date**), trade the Attaching Options or the underlying Share on exercise of the Attaching Options should the exercise price be lower than the Share price at that time.

Investors with a medium term outlook will benefit from the ability to exercise the Attaching Options prior to the Expiry Date and increase their Shareholding and exposure to potential upside on the Shares of the Company into the future.

An exercise price is required to be paid to acquire Shares on the exercise of Attaching Options. As such the capacity to realise the underlying value of the Attaching Options could require that they be exercised on or before the Expiry Date. Investors in the target market will need to be in a financial position to have sufficient available funds so as to facilitate an exercise of the Attaching Options prior to the Expiry Date. Prior to the Expiry Date, investor's ability to liquidate the Attaching Options may be limited by a lack of liquidity in the trading of the Company's securities and the price of the Shares.

While the Company does not have an established eligibility framework for investors such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment and will be those who wish to obtain optionality for exposure to the Company's ongoing operations. The Attaching Options offer no income guarantee or capital protection for investors.

The Company considers that an investment in the Attaching Options is highly speculative, such that an investment in the Company may not be appropriate for an investor who would not be able to bear the loss of some or all of their investment. Investors should also have sufficient financial literacy and resources (including appropriate advisers) to understand and appreciate the potential risk of investing in the Company (including the Attaching Options) as an asset class generally and the more specific risks of investing in an ASX listed oil and gas exploration entity.

The Attaching Options are not suitable for investors:

- (a) requiring a tradeable instrument, as the Attaching Options will only be quoted on ASX subject to ASX approval and satisfaction of any associated conditions;
- (b) who are not seeking to have the potential to increase their investment in the Company; and
- (c) who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in an ASX listed oil and gas exploration entity.

Distribution conditions

The Offer of Attaching Options is made under the Prospectus to be sent to Participants, such Participants being persons who are or were shareholders of the Company having their address recorded in the Company's register of members as being in Australia or New Zealand as at 7:00pm (AEDT) 23 February 2022.

Therefore, the Offer includes jurisdictional conditions on eligibility. The Company will include a copy of this TMD on its website.

The Company considers that these distribution conditions will ensure that persons who invest in the Attaching Options will fall within the target market.

Review triggers

The Attaching Options are being offered for a limited period, between the date the Offer opens (being 26 April 2022) and the closing date for applications (currently being 27 May 2022) (**Offer Period**).

The Attaching Options will not be available following the end of the Offer Period. Accordingly, this TMD applies for the duration of the Offer Period.

To allow the Company to determine whether circumstances exist indicating this TMD is no longer appropriate to the Attaching Options, the following review triggers apply for the Offer Period:

- (a) the Company receiving notice that:
 - i. there is a material statement in the Prospectus that is false or misleading;
 - ii. there is an omission from the Prospectus of material required by the Corporations Act to be including in the Prospectus;
 - iii. there is a significant change affecting any matter contained in the Prospectus; or
 - iv. the Company becoming aware of any significant new matter having arisen, the inclusion of information in respect of which would have been required to be included if the matter had arisen prior to the lodgement of the Prospectus;
- (b) the Company issuing, or becoming aware of the need to issue, a supplementary or replacement prospectus for the Offer;
- (c) the Company identifies a substantial divergence in how the Attaching Options are being distributed from this TMD;
- (d) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the Attaching Options or this TMD; or
- (e) the Company becoming aware of any material change to the legislative regime applying to the Offer in Australia or New Zealand.

Review period

If a review trigger occurs during the Offer Period, the Company will review this TMD in light of the review trigger. The Company will otherwise complete a review of the TMD immediately prior to the end of the Offer Period, and after such time the TMD will no longer apply.

Review Trigger information reporting requirements

Distributors of the Attaching Options must provide the following information to the Company, within the required timeframes:

Information type	Description	Timeframe for reporting
Complaints about the Attaching Options	Information relating to the number of complaints received and a summary of the nature of each complaint or a copy of each complaint	During the Offer Period, the distributor is to make a report within 10 business days after the end of each quarter. A report is also to be made 10 business days after the end of the Offer Period
A significant dealing of the Attaching Options that is not consistent with this TMD	Information to include details of the significant dealing and reasons the distributor considers the significant dealing is not consistent with this TMD	Report as soon as reasonably practicable (and in any event no more than 10 business days) after the significant dealing occurs

Contact

For further information please contact the Company Secretary, Stephen Rodgers, by email at admin@galilee-energy.com.au