

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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**Galilee Energy Limited**

**ABN 11 064 957 419**

**and controlled entities**



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number

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## Directors' Report

In accordance with a resolution of the Board, the directors present their report on the consolidated entity ("Galilee" or "Group") consisting of Galilee Energy Limited and the entities it controlled at the end of or during the half-year ended 31 December 2022. The financial statements have been reviewed and approved by the directors based on the recommendation of the Audit Committee.

### 1. Directors

The directors of Galilee in office during the half year and up to the date of this report were:

David Casey	Appointed Director 01/12/2021, Managing Director since 01/12/2021
Ray Shorrocks	Appointed Director 02/12/2013, Non-executive Chairman since 31/03/2018
Stephen Kelemen	Appointed Director 31/03/2018, Non-executive Director since 31/03/2018
Gordon Grieve	Appointed Director 06/09/2019, Non-executive Director since 06/09/2019
Greg Columbus	Appointed Director 17/09/2020, Non-executive Director since 17/09/2020

### 2. Principal activities

Galilee Energy Limited (The Company) is a Brisbane based energy company with a portfolio of assets primarily focussed onshore Australia.

The principal activity of the consolidated entity is oil and gas exploration and production. The foundation asset of the Company is the Glenaras Gas Project located in the Galilee Basin near Longreach in Queensland and further details are contained in the Review of Operations below.

### 3. Strategy

The Company's strategy is to build a balanced portfolio of high quality, conventional and unconventional oil and gas assets. The primary focus is on commercialising the Glenaras Gas Project with an emphasis on the structurally short supplied eastern Australia gas market. Outlook for new gas supply into the east coast market is tight, with gas supply shortfalls forecast over future years by ACCC and AEMO, this timing accords well with the Company's significant uncontracted resource base.

### 4. Results from operations

The net loss for the half-year from continuing operations was \$8,722,071 (2021: \$8,133,530).

The loss for the half-year primarily reflects expenditure on drilling and the pump enhancement programme at the Glenaras multi well pilot, Glenaras pilot operating costs and water management projects, in addition to staff costs and overheads, totalling \$8,819,080 (2021: \$8,152,926).

### 5. Dividends

No dividends have been declared, provided for, or paid in respect of the half year ended 31 December 2022 (2021: Nil).

## Directors' Report (continued)

### 6. Review of operations

The Company's flagship Glenaras Gas Project ("Pilot") lies within the highly prospective ATP 2019 permit in Queensland's Galilee Basin. The permit covers an area of approximately 3,200 km<sup>2</sup> and is 100% owned and operated by Galilee Energy. The project contains a significant coal seam gas Contingent Resource position in the Betts Creek and Aramac coals with a 1C of 308 PJ, a 2C of 2,508 PJ and a 3C of 5,314 PJ.

Following the completion of the multi-well pilot drill program earlier in 2022, Galilee's key focus during the half has been monitoring the depressurisation of the Betts Creek coals and adjacent sands, required to initiate gas desorption and confirm commercial gas production. The objective of the multi-well programme was to capitalise on over \$100m of previous exploration and appraisal expenditure and with all the wells drilled, the results are confirming the geological model as interpreted. During the period we have seen water rates peak and begin to decline, reservoir pressure declining and gas production rates hit record levels.

Late in the half, the Pilot achieved a record gas rate exceeding 100 Mscfd. With all 16 wells online and pumping, the declining water rates are indicative of decreasing reservoir pressure over an area not seen previously at the Pilot. Notably, while still predominantly solution gas, this is the first time that the gas rate, and in particular gas primarily from the target seams, has shown an increasing trend, or remained steady with concurrent decreasing water rates.

This is evidence that a larger area of the pilot is approaching the desorption pressure window. Importantly, the reservoir pressure sink has been observed to be both deepening and widening across the Pilot. In summary, the recent increasing gas production trend demonstrates that the focus of continuing to drive the reservoir pressure lower and getting more coal under the desorption pressure is beginning to achieve the desired results. The aim of the data being yielded by the Pilot is to underpin the conversion of a portion of the Project's independently derived and certified Contingent Resource estimate to a maiden reserve certification.

To support efforts for the future commercialisation of the Glenaras gas resource, in September 2022 the Company signed a non-binding MoU with leading Australian energy infrastructure business, APA Group ('APA'), (through its wholly owned subsidiary APT Management Services Pty Limited) with regards to a potential pipeline to connect the Glenaras Project to east coast gas markets. The terms of the non-binding MoU provide a framework for Galilee and APA to negotiate agreements under which APA could potentially design, develop and operate the infrastructure to connect the Project and utilise APA's existing assets to provide transport to multiple natural gas markets on the east coast.

APA's initial concept is to potentially design and develop a pipeline from the Project to the Cooladdi compressor station on the South West Queensland Pipeline ('SWQP'), (the Galilee Basin Pipeline). The SWQP is owned and operated by the APA Group. The Cooladdi compressor station is approximately 420 km south of the Glenaras Project area.

A key benefit of connection to the SWQP is the possibility of supplying gas from Glenaras to customers interstate, as well as in Queensland. The SWQP connects the Moomba gas hub in northeast South Australia to the Wallumbilla Gas hub, allowing bidirectional flow of gas between Queensland and southern markets via the Moomba to Sydney Pipeline ('MSP') and the Moomba to Adelaide Pipeline System ('MAPS'). At Ballera, there is a connection to the Carpentaria Gas Pipeline which supplies gas to Mount Isa. Demonstrating to potential gas customers the deliverability of gas from Glenaras via suitable downstream infrastructure remains a key priority for the Company.

Galilee has two additional exploration tenements, ATP 2050 (Springsure Project) in the Denison Trough region of the Bowen Basin and ATP 2043 (Kumbarilla Project) in the Surat Basin.

At the Kumbarilla Project, in conjunction with the ongoing assessment of the identified conventional oil and gas leads and the coal seam gas potential of the Walloons Coal Measures, a review has also commenced on the coal seam gas potential of the Bandanna Coal Measures. These Late Permian coals rise to shallower levels on the eastern flank of the Taroom Trough and lie at drillable depths for exploration and development in ATP 2043. Considerable, deep-seated structuring also exists within the Permian section inside ATP 2043 that may be conducive to fracture enhanced permeability in the coals.

## Directors' Report (continued)

### 6. Review of operations (continued)

The Late Permian coals of the Bandanna Coal Measures and its stratigraphic equivalents have long been established as commercial coal seam gas targets with world-class production assets in the Spring Gully and Fairview fields on the western flank of the Taroom Trough and the Scotia and Peat fields on the eastern flank.

At the Company's 100% owned Springsure Project in ATP 2050 Galilee continues to review the coal seam gas potential of the Bandanna Coal Measures. These Late Permian coals extend through a fairway along the permit's north-eastern portion and are analogous to the Mahalo Development located 20 km to the east. The review is confirming the depth of the coal seams, the architecture and thickness of individual seams and the gas contents, to determine where appropriate exploration wells could be positioned to mature the resource to reserves. This review is being conducted in parallel to the ongoing assessment of the multiple conventional gas prospects and leads which the seismic reprocessing and remapping have identified in the permit. Any material gas discovery at ATP 2050 can be potentially expedited to market, due to its proximity to both conventional gas production facilities and the planned Mahalo coal seam gas development.

With a high tempo of activity at Glenaras, particularly in the second half of FY22, progress at the Kumbarilla and Springsure Projects was more modest but ongoing.

In December 2022 the Company signed a non-binding memorandum of Understanding (MoU) with Oil India Limited (OIL) to investigate partnering on CSG opportunities in India and Australia. OIL is a state-owned enterprise of the Government of India and is the country's second largest national oil and gas company. It operates and participates in multiple domestic Indian exploration and production ventures as well as owning a significant international portfolio of assets spread across seven countries and three continents.

The Board has completed the process of embedding best practice environmental, social and governance ("ESG") principles into its strategy and core business operations. These principles underpin the Company's ability to create and sustain long-term value in a rapidly changing world, and to manage the risks and opportunities associated with these changes.

## Directors' Report (continued)

### 7. Matters subsequent to the end of the half-year

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

### 8. Environmental regulations and performance statement

The Company conducts its operations in compliance with the Queensland Petroleum and Gas (Production and Safety) Act 2004. These activities are subject to relevant exploration licences, permits and environmental approvals which specify the environmental regulations applicable to the exploration, construction, and operations of petroleum activities as appropriate. Environmental considerations of any activities not already covered by a specific regulation or directive are reviewed with and approved by the Queensland Department of Environment and Science under the Environmental Protection Act 1994. The Company has not recorded or aware of any breaches of any of its environmental licence conditions nor has it been notified of any material environmental breaches by any government agency during the half-year ended 31 December 2022.

### 9. Shares under option

As at 13 March 2023, no share options have been issued to directors as part of their remuneration. Further information is included in Note 8, share-based payments.

### 10. Shares issued on the exercise of options

No options have been exercised during the half year ended 31 December 2022 and up to the date of this report.

### 11. Directors and officer's insurance

The Company has agreed to indemnify the directors, officers and secretaries of the Company and its subsidiaries against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as a director or officer of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial period, the Company paid premiums for directors' and officers' liability insurance. The contract prohibits disclosure of the details of the nature of the liabilities covered or the premium paid.

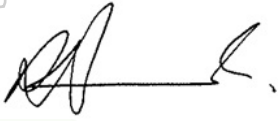
The Company has not indemnified its auditors, BDO Audit Pty Ltd.

### 12. Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings.

## Auditor's independence declaration

The auditor's independence declaration is included on Page 6 of the financial report for the year.  
Signed in accordance with a resolution made pursuant to s306(3) of the Corporations Act 2001.  
On behalf of the Directors



Raymond Shorrocks  
Chairman

Brisbane, 13 March 2023

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## DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF GALILEE ENERGY LIMITED

As lead auditor of Galilee Energy Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Galilee Energy Limited and the entities it controlled during the period.



**T J Kendall**

Director

**BDO Audit Pty Ltd**

Brisbane, 13 March 2023

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## Consolidated Statement of Profit or Loss & Other Comprehensive Income

for the half-year ended 31 December 2022

### Revenue and other income

Interest received  
Other income

### Expenses

Exploration and evaluation costs  
Employee benefits expense  
Contractors' & consulting fees  
Professional fees  
Corporate expenses  
Occupancy costs  
Administration expenses  
Depreciation  
Share-based payments

### Total expenses

### Loss before income tax

Income tax benefit/(expense)

### Loss for the half year

### Other comprehensive (loss)/income, net of income tax

### Total other comprehensive income, net of income tax

### TOTAL COMPREHENSIVE LOSS

### LOSS PER SHARE

Basic loss per share

Diluted loss per share

Note	Consolidated	
	31 Dec 22	31 Dec 21
	\$	\$
	74,809	16,396
	22,200	3,000
	<u>97,009</u>	<u>19,396</u>
	(6,084,465)	(5,977,665)
	(799,927)	(995,519)
	(352,455)	(256,599)
	(62,323)	(94,283)
	(78,009)	(95,175)
	(19,760)	(15,988)
	(657,933)	(311,937)
	(80,240)	(328,960)
8	(683,968)	(76,800)
	<u>(8,819,080)</u>	<u>(8,152,926)</u>
	(8,722,071)	(8,133,530)
	-	-
	<u>(8,722,071)</u>	<u>(8,133,530)</u>
	-	-
	<u>(8,722,071)</u>	<u>(8,133,530)</u>
	Cents	Cents
7	<u>2.58</u>	<u>2.75</u>
7	<u>2.58</u>	<u>2.75</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position as at 31 December 2022

	Note	Consolidated	
		31 Dec 22	30 Jun 22
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,807,436	16,149,733
Trade and other receivables	5	269,595	647,692
<b>Total current assets</b>		<b>6,077,031</b>	<b>16,797,425</b>
<b>Non-current assets</b>			
Trade and other receivables	5	1,352,786	1,414,981
Property, plant and equipment		345,378	119,715
Right of use asset		331,184	245,239
<b>Total non-current assets</b>		<b>2,029,348</b>	<b>1,779,935</b>
<b>Total assets</b>		<b>8,106,379</b>	<b>18,577,360</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	384,680	2,905,639
Lease liability		174,788	103,024
<b>Total current liabilities</b>		<b>559,468</b>	<b>3,008,663</b>
<b>Non-current liabilities</b>			
Trade and other payables	6	40,643	34,890
Provisions		4,175,833	4,175,833
Lease liability		148,851	138,287
<b>Total non-current liabilities</b>		<b>4,365,327</b>	<b>4,349,010</b>
<b>Total liabilities</b>		<b>4,924,795</b>	<b>7,357,673</b>
<b>NET ASSETS</b>		<b>3,181,584</b>	<b>11,219,687</b>
<b>EQUITY</b>			
Issued capital	7	134,087,081	134,087,081
Reserves		(1,772,673)	(2,456,641)
Accumulated losses		(129,132,824)	(120,410,753)
<b>TOTAL EQUITY</b>		<b>3,181,584</b>	<b>11,219,687</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2022

	Issued Capital	Accumulated Losses	Non- controlling Interests Elimination Reserve	Foreign Currency Translation Reserve	Share- based Payments Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	<b>134,087,081</b>	<b>(120,410,753)</b>	<b>(7,656,400)</b>	<b>(48,456)</b>	<b>5,248,215</b>	<b>11,219,687</b>
Loss for the period	-	(8,722,071)	-	-	-	(8,722,071)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss	-	(8,722,071)	-	-	-	(8,722,071)
Share-based payments expense	-	-	-	-	683,968	683,968
<b>Balance at 31 December 2022</b>	<b>134,087,081</b>	<b>(129,132,824)</b>	<b>(7,656,400)</b>	<b>(48,456)</b>	<b>5,932,183</b>	<b>3,181,584</b>
Balance at 1 July 2021	122,050,707	(100,728,078)	(7,656,400)	(48,456)	3,039,062	16,656,835
Loss for the period	-	(8,133,530)	-	-	-	(8,133,530)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss	-	(8,133,530)	-	-	-	(8,133,530)
Share-based payments expense	-	-	-	-	76,800	76,800
Transfers	76,800	-	-	-	(76,800)	-
<b>Balance at 31 December 2021</b>	<b>122,127,507</b>	<b>(108,861,608)</b>	<b>(7,656,400)</b>	<b>(48,456)</b>	<b>3,039,062</b>	<b>8,600,105</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

for the half-year ended 31 December 2022

	Note	Consolidated	
		31 Dec 22	31 Dec 21
		\$	\$
<b>Cash flows from operating activities</b>			
Payments for exploration (including GST)		(8,885,297)	(6,518,180)
Payments to suppliers and employees (including GST)		(2,228,995)	(1,811,989)
GST refunds received		1,017,116	633,386
Other income received		22,200	-
Interest received		48,497	19,368
Interest paid		(5,689)	-
<b>Net cash used in operating activities</b>		<b>(10,032,168)</b>	<b>(7,677,415)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(296,367)	(14,289)
Refunds of/(Payments for) bonds and deposits		62,195	(142,115)
<b>Net cash provided by/(used in) investing activities</b>		<b>(234,172)</b>	<b>(156,404)</b>
<b>Cash flows from financing activities</b>			
Payment for principal portion of lease liabilities		(75,957)	(267,992)
<b>Net cash provided by financing activities</b>		<b>(75,957)</b>	<b>(267,992)</b>
<b>Net Increase in cash and cash equivalents</b>		<b>(10,342,297)</b>	<b>(8,101,811)</b>
Cash and cash equivalents at the beginning of the period		16,149,733	18,226,603
<b>Cash and cash equivalents at the end of the period</b>		<b>5,807,436</b>	<b>10,124,792</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

### 1. Principal Activities

Galilee Energy Limited (the Parent Company) and Subsidiaries (the Group) principal activities are to carry out oil and gas exploration and appraisal. The Group has tenement interests and exploration and evaluation activities in Australia, United States and Chile, with no material activities or expenditure in the United States and Chile.

There have been no significant changes in the nature of the Group's principal activities during the half-year.

### 2. Basis of preparation

The interim consolidated financial statements (the interim financial statements) are for the six months ended 31 December 2022 and are presented in Australian Dollar (\$AUD) which is the functional currency of the Parent Company. The interim financial statements are a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting".

The financial statements have been prepared on an accruals basis and are based on historical costs.

The interim financial statements do not include all the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the Group together with any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity has net operating cash outflows for the half year of \$10,032,167 and as at 31 December 2022 has cash and cash equivalents of \$5,807,436. The consolidated entity also generated a loss after tax of \$8,722,071.

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following conditions:

- successful receipt of research and development (R&D) grant;
- the ability of the consolidated entity to raise sufficient capital and when necessary; and
- the ability to complete successful development and commercialisation of its projects in a manner that generates sufficient operating cash inflows.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to the Company's proven history of successfully raising funds and successful receipt of R&D grant in the prior year.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

### 3. Significant accounting policies

The accounting policies adopted in the preparation of this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period other than for the impact of the new and amended Accounting Standards that became applicable for the current reporting period. The accounting policies have been applied consistently throughout the Group for the purpose of preparation of the interim financial statements.

Several new or amended standards became applicable for the current reporting period but there is no new standard that has an impact on the group's accounting policies and did not require retrospective adjustments.

### 4. Segment Information

#### Identification of reportable segments

The Group has identified its operating segments based on the geographic location of its respective areas of interest (tenements), all assets of the group are located in Australia. The internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources are prepared on the same basis.

The principal operating activities of the Group are the exploration and evaluation of its tenements for oil and gas reserves. Other than the expensing of exploration and evaluation expenditure, income and expenditure as per the statement of profit or loss and other comprehensive income consists of incidental revenue including interest and corporate overhead expenditure which are not allocated to the Group's operating segments.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

### 5. Receivables

	Consolidated	
	31 Dec 22	30 Jun 22
<b>Current</b>	\$	\$
Trade receivables	65	9,648
GST receivable	111,988	375,551
Interest receivable	34,940	8,628
Prepayments	122,602	253,865
	<b>269,595</b>	<b>647,692</b>
<b>Non-Current</b>		
Environmental bonds and deposits	1,310,668	1,372,863
Rental bond	42,118	42,118
	<b>1,352,786</b>	<b>1,414,981</b>
	<b>1,622,381</b>	<b>2,062,673</b>

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

### 6. Trade and other payables

#### Current

Trade payables
Other payables
Employee benefits

#### Non-Current

Employee benefits
-------------------

	Consolidated 31 Dec 22	Consolidated 30 Jun 22
Trade payables	186,387	2,593,092
Other payables	113,617	220,938
Employee benefits	84,676	91,609
	<b>384,680</b>	<b>2,905,639</b>
Employee benefits	40,643	34,890
	<b>40,643</b>	<b>34,890</b>
	<b>425,323</b>	<b>2,940,529</b>

### 7. Issued Capital

Ordinary shares - fully paid 338,537,499 shares (PY 338,537,499 shares)
Share issue transaction costs (net of tax)

	Consolidated	
	31 Dec 22	30 Jun 22
	\$	\$
Ordinary shares - fully paid 338,537,499 shares (PY 338,537,499 shares)	139,528,167	139,528,167
Share issue transaction costs (net of tax)	(5,441,086)	(5,441,086)
	<b>134,087,081</b>	<b>134,087,081</b>

The weight average number of shares used to calculate the basic and diluted loss per share was 338,537,499 (31 December 2021:296,889,363)

### 8. Share based payments

#### Share-based payments expense

The share-based payments expense included in the financial statement with respect to performance rights issued during the half- year is as follows:

<b>Statement of profit or loss and other comprehensive income</b>
Share based payments expense

	Consolidated	
	31 Dec 22	31 Dec 21
	\$	\$
Share based payments expense	683,968	76,800

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

### 8. Share based payments (continued)

#### Employee Performance Share Rights

Employee Performance Rights are provided to certain employees via the Galilee Energy Limited Performance Rights Plans for employees and contractors. Performance Rights are granted on terms determined by the directors.

The object of the plans is to:

- provide an incentive for employees/contractors to remain in their employment and continue to provide services to the Group in the long-term;
- recognise the ongoing efforts and contributions of employees/contractors to the long-term performance and success of the Group; and
- provide employee/contractors with the opportunity to acquire performance rights, and ultimately shares in Galilee Energy Limited.

Performance Rights are issued for no consideration and provide an equity-based reward for employees that is linked with achieving performance conditions determined when the Performance Rights are granted. The performance criteria are determined on a case-by-case basis by the Board. These performance criteria are likely to be matters such as length of employment, successful operational results and/or direct increase in shareholder value linked to the share price of the Company or performance targets.

During the half year, 3,763,265 performance share rights were granted of which nil shares vested at 31 December 2022.

The following table shows the movement in the number of performance rights granted in the current and prior periods and the balance at 31 December 2022.

Grant date	Assumed Vesting date	Opening balance	Granted during the period	Vested during the period	Forfeited during the period	Expired during the period	Closing balance	% Vested
01-Jul-21	01-Jul-22	1,000,000	-	(400,000)	(600,000)	-	-	40%
01-Jul-21	30-Jun-23	1,000,000	-	-	-	-	1,000,000	0%
01-Jul-21	30-Jun-24	1,000,000	-	-	-	-	1,000,000	0%
01-Dec-21	01-Jul-22	500,000	-	-	(500,000)	-	-	0%
01-Dec-21	24-Nov-22	500,000	-	(450,000)	(50,000)	-	-	90%
01-Dec-21	30-Jun-23	750,000	-	-	-	-	750,000	0%
01-Dec-21	30-Jun-24	750,000	-	-	-	-	750,000	0%
01-Dec-21	30-Jun-25	1,000,000	-	-	-	-	1,000,000	0%
02-Feb-22	30-Jun-23	125,000	-	-	(125,000*)	-	-	0%
02-Feb-22	30-Jun-24	125,000	-	-	(125,000*)	-	-	0%
02-Feb-22	30-Jun-25	125,000	-	-	(125,000*)	-	-	0%
16-Aug-22	30-Jun-23		708,335	-	-	-	708,335	0%
16-Aug-22	30-Jun-24		708,333	-	-	-	708,333	0%
16-Aug-22	30-Jun-25		708,332	-	-	-	708,332	0%
24-Nov-22	30-Jun-23		547,288	-	-	-	547,288	0%
01-Sep-22	30-Jun-23		1,090,977	-	-	-	1,090,977	0%
		<b>6,875,000</b>	<b>3,763,265</b>	<b>(850,000)</b>	<b>(1,525,000)</b>	<b>-</b>	<b>8,263,265</b>	

\*Forfeited as service condition was not met.



## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

### 8. Share based payments (continued)

#### Employee Performance Share Rights (continued)

For the performance rights granted during the current financial year, both Black Scholes and Monte Carlo simulation methodologies were used to determine the fair value of performance rights at grant date to meet the different terms and conditions.

The Black Scholes model was used to determine the fair value of performance rights, are as follows:

Grant date	Assumed Vesting date	Performance rights Granted	Share price at grant date	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
			\$				\$
16-Aug-22	30-Jun-23	283,335	0.3000	70.00%	0.00%	1.248%	0.3000
16-Aug-22	30-Jun-24	283,333	0.3000	70.00%	0.00%	1.248%	0.3000
16-Aug-22	30-Jun-25	283,332	0.3000	70.00%	0.00%	1.248%	0.3000
24-Nov-22	30-Jun-23	437,830	0.3180	70.00%	0.00%	1.248%	0.3180
01-Sep-22	30-Jun-23	1,003,987	0.3180	70.00%	0.00%	1.248%	0.3180
		<b>2,291,817</b>					

Monte Carlo simulation methodology was used to determine the fair value of performance rights, are as follows:

Grant date	Assumed Vesting date	Performance rights Granted	Share price at grant date	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
			\$				\$
16-Aug-22	30-Jun-23	212,500	0.3000	70.00%	0.00%	3.051%	0.1665
16-Aug-22	30-Jun-24	212,500	0.3000	70.00%	0.00%	3.051%	0.1671
16-Aug-22	30-Jun-25	212,500	0.3000	70.00%	0.00%	3.051%	0.1673
16-Aug-22	30-Jun-23	212,500	0.3000	70.00%	0.00%	3.051%	0.1860
16-Aug-22	30-Jun-24	212,500	0.3000	70.00%	0.00%	3.051%	0.1872
16-Aug-22	30-Jun-25	212,500	0.3000	70.00%	0.00%	3.051%	0.1888
24-Nov-22	30-Jun-23	109,458	0.3180	70.00%	0.00%	3.480%	0.1485
01-Sep-22	30-Jun-23	86,990	0.3180	70.00%	0.00%	3.480%	0.1485
		<b>1,471,448</b>					

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

### 9. Contingent liabilities

The directors are not aware of any contingent assets or liabilities.

### 10. Commitments

#### Bank guarantees

National Australia Bank Limited have provided a bank guarantee totalling \$1,294,950 (June 2022: \$1,378,705) as follows:

- \$1,252,832 (June 2022: \$1,336,587) to the State of Queensland in respect of the Group's exploration permits and environmental guarantees.
- \$42,118 (June 2021: \$42,118) to the landlord of the Brisbane office premises to support the Group's obligations under the lease of the Edward Street, Brisbane premises.

The bank guarantees are secured by term deposits.

#### Exploration expenditure

In order to maintain its interests in the exploration permits in which the Group is involved, the Group is required to meet certain conditions imposed by the various statutory authorities granting the exploration permits or that are imposed by the various joint arrangements entered into by the Group. These conditions include minimum expenditure commitments.

At reporting date, the Group's minimum work program commitments for the Galilee Basin permit (ATP 2019) have been met. Springsure (ATP 2050) is in year 3 and Kumbarilla (ATP 2043) is in year 4 of their respective initial six year work programmes. They are fully compliant with the commitments on these tenements.

Actual expenditure may vary significantly from the minimum commitment obligations and will be dependent on the outcome of exploration activity currently being planned.

Commitments in the United States of America and South America in the next 12 months are nil (2022: \$ Nil). There are no commitments beyond 31 December 2022.

### 11. Events occurring after reporting date

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

### 12. Related party transactions

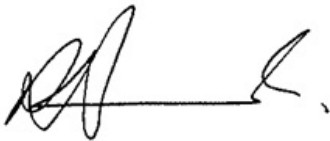
There is no related party transaction as at 31 December 2022.

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 16 are in accordance with the Corporations Act 2001, including:
- (i) complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Raymond Shorrocks

Chairman

Brisbane, 13 March 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Galilee Energy Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Galilee Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

BDO



**T J Kendall**

Director

Brisbane, 13 March 2023