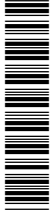


31 October 2017



GLL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Shareholder

Galilee Energy Limited One (1) for Ten (10) Fully Underwritten Non-Renounceable Pro Rata Rights Issue

Galilee Energy Limited (**Company**) announced on 30 October 2017 a one (1) for ten (10) fully-underwritten non-renounceable pro-rata offer to Eligible Shareholders to subscribe for fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.15 per New Share (**Issue Price**) to raise approximately \$2.58 million (before transaction costs) (**Rights Issue**).

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

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

Any New Shares not taken up by Eligible Shareholders pursuant to the Rights Issue can be applied for by other Eligible Shareholders in accordance with the Shortfall Facility outlined in the offer document for the Rights Issue (**Offer Booklet**).

Shortly, Eligible Shareholders will receive an Offer Booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Rights Issue.

The net proceeds of the Rights Issue and Placement will be used primarily to fund the Company's new multi-lateral pilot incorporating three new lateral wells, as well as general working capital expenses.

The Rights Issue is being conducted under section 708AA of the Corporations Act as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and does not require a Prospectus.

Holders of options that are exercisable may exercise their options before the Record Date to participate in the Rights Issue.

Details of the Rights Issue are set out in the Offer Document and Appendix 3B that have been lodged with the ASX. Please ensure you read the Offer Booklet in its entirety and refer to the Company's ASX announcements before considering whether to participate in the Rights Issue. Both documents are available on the ASX's website (www.asx.com.au) and on the Company's website www.galilee-energy.com.au.

If you do not wish to participate in the Rights Issue you do not need to take any action.

Summary of Key Information

Type of offer	Fully underwritten non-renounceable pro rata one (1) for ten (10) rights issue of approximately 17,246,154 fully paid ordinary shares to Eligible Shareholders that are recorded as holding shares on the Company's share register as at the Record Date, being Monday, 6 November 2017.
Issue Price	\$0.15 per New Share.
Offer ratio	One (1) New Share for every Ten (10) existing Shares held at the Record Date. Fractions will be rounded up to the next whole New Share.
Non-renounceable	Your entitlement to subscribe for New Shares may not be sold on the ASX or otherwise transferred.
Ranking of New Shares	The New Shares will be fully paid and will rank equally in all respects with the Company's existing shares, on and from their date of issue.
Number of Shares quoted on ASX	The number of fully paid ordinary shares to be quoted on ASX on completion of the Rights Issue, including the New Shares to be issued pursuant to the Rights Issue and Placement, will be approximately 189,707,690.
Additional Shares	If you take up your Entitlement to New Shares in full you are entitled to apply for additional New Shares. There is no guarantee that applications for additional New Shares will receive all or any of the additional shares applied for.
Eligible Shareholders	Eligible Shareholders are persons who are registered as a holder of shares as at the Record Date that are recorded in the Company's share register as having an address in Australia or New Zealand or are a Shareholder that the Company has otherwise determined (in its absolute discretion) is eligible to participate in the Rights and are 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 US Person.

Underwriting Fee

An underwriting fee of 6% of the total dollar amount raised under the Offer is payable to the underwriters, together with a lead management fee of 1% of the total dollar amount raised in the Placement and Offer and placement fee of 6% of the total dollar amount raised under the Placement.

Gleneagle, 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 expiry of 5:00pm AEDT on 31 December 2019.

Security holder approval is not required for the issue of New Shares or Placement Shares.

Indicative Timetable

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

Note: dates and times are indicative only and subject to change. Subject to compliance with the ASX Listing Rules, the Company reserves the right to: (i) not proceed with the Rights Issue and return any applications moneys received (without interest); or (ii) vary the dates and times above including closing the Rights Issue earlier or later.

For further information regarding the Rights Issue please refer to the Offer Document (which you will receive shortly) or contact the Company Secretary:

Stephen Rodgers
Level 36 Riverside Centre, 123 Eagle Street,
Brisbane Qld 4000
Telephone: +61 7 3177 9970
Website: www.galilee-energy.com.au

Subscribing to receive New Shares may have taxation, financial and other implications. If you are in any doubt as to how to deal with your entitlement to receive New Shares, you should contact your stockbroker or other professional adviser.

Yours sincerely



Peter Lansom
Managing Director
Galilee Energy Limited