CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Galilee Energy Limited

ABN 11 064 957 419

and controlled entities

Contents

Page number

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 2023. 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, resigned on 06/12/2023
Ray Shorrocks	Appointed Director 02/12/2013, Non-executive Chairman since 31/03/2018, appointed Executive Chairman since 06/09/2023
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 $1,350,153 (2022: $8,722,071).

The loss for the half-year primarily reflects expenditure on well interventions at the Glenaras multi well pilot, Glenaras pilot operating costs and water management projects, in addition to staff costs and overheads, totalling $6,482,896 (2022: $8,819,080).

5. Dividends

No dividends have been declared, provided for, or paid in respect of the half year ended 31 December 2023 (2022: 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 km2 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.

Galilee continued to monitor the depressurisation of the Betts Creek coals and adjacent sands during the first half. It seems clear that following all the work the Company has undertaken over 2023, in particular from data captured since the completion of the successful workovers and interventions during FY23, that the Project is exhibiting signs typical of a reservoir in transition.

During the period, the Company continued to increase its understanding of the subsurface and commissioned the first ever 3D seismic survey over the Pilot, the 'Glenaras Pad 3D Seismic Survey', undertaken by Oceania Geo. Data acquisition, processing and interpretation were safely completed by mid-way through the half.

Oceania Geo's cutting-edge seismic acquisition technology has proven to be of very high value with significantly reduced operational costs and logistical requirements to produce excellent results. The final data set is world-class with considerably increased resolution of the subsurface across a ~6 km2 area.

Over the balance of the period, the interpreted 3D data set was then integrated with the pilot's extensive well data, production data and formation pressure data to update the subsurface static and dynamic models. This new modelling is of improved accuracy due to the combination of the higher resolution structural framework provided by the 3D data and the recently acquired PIBOT pressure data from GA17A, which clearly identified the Betts Creek Beds coal seams have not yet reached, but are verging on, critical desorption pressure.

Recognising the advanced level of data collection and analysis achieved at Glenaras during the quarter, as well as the progress towards gas desorption, the Company resolved to open a data room to industry participants contemplating an investment into the Project. Our Operatorship and 100% ownership of Glenaras provides maximum flexibility to take the project forward as the Company contemplates engagement with potential partners.

During the period, applications opened for the Queensland Government's Frontier Gas Exploration Program, under which \$21m in grant funding is available "to explore and unlock new reserves in the Bowen and Galilee Basins and bring Queensland gas to market sooner". The development of new gas supply is crucial for energy security and will continue to play an important role in underpinning the reliability of the electricity market as Queensland works towards a 70 per cent renewable energy target by 2032. Galilee Energy is of course well placed to assist in this regard with one of the largest uncontracted gas resources in eastern Australia.

The Company is encouraged by the state Government's focus on the Galilee Basin and will be submitting an application to the program prior to the January 31, 2024 deadline.

In the half, Galilee signed a non-binding Memorandum of Understanding (MoU) with the Queensland Government-owned corporation Energy Queensland Limited ('EQL') for the supply of natural gas and to progress the development of a hydrogen facility in the State's central west. The terms of the non-binding MoU provide a framework for Galilee and EQL to progress preliminary discussions for the supply of natural gas to the Barcaldine Power Station to the south east of Glenaras, in addition to collaborating on the development of a hydrogen facility at the site.

At our Kumbarilla Project on ATP2043, evaluation of the conventional oil prospectivity has been the primary technical focus during the quarter. Several strong structural leads have been identified on the reprocessed 2D seismic data, that are analogous to the nearby Moonie oil field (~24 million barrels of oil produced to-date), which is located approximately 30km downdip and along trend to the southwest of ATP 2043.

Directors' Report (continued)

6. Review of operations (continued)

The geological elements of the ATP 2043 leads are essentially identical to the geological elements that successfully created the Moonie oil trap. At Moonie and in ATP 2043, the deeper oil generating coals in the Permian, rise upwards to connect with the shallower Precipice Sandstone and allow direct oil charge into the high quality Precipice Sandstone. The only derisking activity remaining to mature these strong oil leads in ATP 2043 to drill-ready status, is additional 2D seismic, which will confirm their structural robustness and precise drilling location.

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 but over the Half Year work also focused on analysis of the conventional potential, particularly the Wandana Prospect. This prospect, which was drilled in 1992, failed to properly evaluate the Permian reservoirs within the mapped closure due to operational challenges. Preliminary petrophysical studies have determined a strong probability of gas saturation in multiple sands intersected in the well. However, despite employing underbalanced air-drilling methods, which are designed to minimise water-based formation damage in the reservoirs, significant water influx occurred. This water influx may have prevented gas inflow during drilling and adversely affected the wireline log signatures of the potential gas pay zones post drilling.

Additionally, the original Wandana 1 well only drilled through the Freitag and Upper Aldebaran Sandstone reservoirs, leaving a further four, deeper potential reservoirs untested (Mid and Lower Aldebaran, Staircase Sandstone and Reids Dome Beds), all of which are either commercially producing or proven gas-bearing in other fields and wells in the Northern Denison Trough region. This provides up to six potential gas reservoirs to be tested by a new well in the Wandana Prospect, which together with employing contemporary, high-integrity airdrilling methods, further maximises the chances of making a successful gas discovery. Any gas reserves which may be proven up at Wandana could potentially be sent to market via the adjacent, existing gas infrastructure in the Northern Denison Trough fields.

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 2023.

9. Shares under option

As at 6 March 2024, no share options have been issued to directors as part of their remuneration. Further information is included in Note 9, share-based payments.

10. Shares issued on the exercise of options

No options have been exercised during the half year ended 31 December 2023 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, 6 March 2024

Audit Independence Declaration

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO DIRECTORS OF GALILEE ENERGY LIMITED

As lead auditor of Galilee Energy Limited for the half-year ended 31 December 2023, 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.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 6 March 2024

Consolidated Statement of Profit or Loss & Other Comprehensive Income
for the half-year ended 31 December 2023

	Note	Consolidated	
		31 Dec 23	31 Dec 22
		$	$
Revenue and other income			
Interest received		**155,490**	74,809
Other income	8	**4,977,253**	22,200
		5,132,743	97,009
Expenses			
Exploration and evaluation costs		**(4,456,777)**	(6,084,465)
Employee benefits expense		**(916,195)**	(799,927)
Contractors' & consulting fees		**(215,946)**	(352,455)
Professional fees		**(25,425)**	(62,323)
Corporate expenses		**(56,214)**	(78,009)
Occupancy costs		**(10,751)**	(19,760)
Administration expenses		**(712,466)**	(657,933)
Depreciation		**(97,871)**	(80,240)
Share-based payments	9	**8,749**	(683,968)
Total expenses		**(6,482,896)**	(8,819,080)
Loss before income tax		**(1,350,153)**	(8,722,071)
Income tax benefit/(expense)		**-**	-
Loss for the half year		**(1,350,153)**	(8,722,071)
Other comprehensive (loss)/income, net of income tax			
Total other comprehensive income, net of income tax		**-**	-
TOTAL COMPREHENSIVE LOSS		**(1,350,153)**	(8,722,071)
LOSS PER SHARE		**Cents**	Cents
Basic loss per share	7	**0.40**	2.58
Diluted loss per share	7	**0.40**	2.58

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 2023

	Note	Consolidated 31 Dec 23 $	30 Jun 23 $
ASSETS			
Current assets			
Cash and cash equivalents		**5,898,509**	7,313,567
Trade and other receivables	5	**253,671**	453,533
Total current assets		**6,152,180**	7,767,100
Non-current assets			
Trade and other receivables	5	**1,352,786**	1,352,786
Property, plant and equipment		**218,307**	268,271
Right of use asset		**146,943**	239,066
Total non-current assets		**1,718,036**	1,860,123
Total assets		**7,870,216**	9,627,223
LIABILITIES			
Current liabilities			
Trade and other payables	6	**398,129**	708,939
Lease liability		**139,613**	191,249
Total current liabilities		**537,742**	900,188
Non-current liabilities			
Trade and other payables	6	**58,108**	51,469
Provisions		**4,832,598**	4,832,598
Lease liability		**-**	42,298
Total non-current liabilities		**4,890,706**	4,926,365
Total liabilities		**5,428,448**	5,826,553
NET ASSETS		**2,441,768**	3,800,670
EQUITY			
Issued capital	7	**134,087,081**	134,087,081
Reserves		**(943,933)**	(935,184)
Accumulated losses		**(130,701,380)**	(129,351,227)
TOTAL EQUITY		**2,441,768**	3,800,670

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 2023

	Issued Capital	Accumulated Losses	Non-controlling Interests Elimination Reserve	Foreign Currency Translation Reserve	Share-based Payments Reserve	Total
	$	$	$	$	$	$
Balance at 1 July 2023	**134,087,081**	**(129,351,227)**	**(7,656,400)**	**(48,456)**	**6,769,672**	**3,800,670**
Loss for the period	-	(1,350,153)	-	-	-	**(1,350,153)**
Other comprehensive loss	-	-	-	-	-	**-**
Total comprehensive loss	-	(1,350,153)	-	-	-	**(1,350,153)**
Share-based payments expense	-	-	-	-	(8,749)	**(8,749)**
Balance at 31 December 2023	**134,087,081**	**(130,701,380)**	**(7,656,400)**	**(48,456)**	**6,760,923**	**2,441,768**
Balance at 1 July 2022	134,087,081	(120,410,753)	(7,656,400)	(48,456)	5,248,215	11,219,687
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
Balance at 31 December 2022	134,087,081	(129,132,824)	(7,656,400)	(48,456)	5,932,183	3,181,584

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 2023

	Note	Consolidated	
		31 Dec 23	31 Dec 22
		$	$
Cash flows from operating activities			
Payments for exploration (including GST)		**(5,023,355)**	(8,885,297)
Payments to suppliers and employees (including GST)		**(2,002,724)**	(2,228,995)
GST refunds received		**592,706**	1,017,116
Other income received		**4,977,253**	22,200
Interest received		**143,070**	48,497
Interest paid		**(5,788)**	(5,689)
Net cash used in operating activities		**(1,318,838)**	(10,032,168)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,286)**	(296,367)
Refunds of/(Payments for) bonds and deposits		**-**	62,195
Net cash provided by/(used in) investing activities		**(2,286)**	(234,172)
Cash flows from financing activities			
Payment for principal portion of lease liabilities		**(93,934)**	(75,957)
Net cash provided by financing activities		**(93,934)**	(75,957)
Net Increase in cash and cash equivalents		**(1,415,058)**	(10,342,297)
Cash and cash equivalents at the beginning of the period		**7,313,567**	16,149,733
Cash and cash equivalents at the end of the period		**5,898,509**	5,807,436

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 2023

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 2023 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 cash outflows for the half year of $1,415,058 (2022: $10,342,297) and as at 31 December 2023 has cash and cash equivalents of $5,898,509 (2022: $5,807,436). The consolidated entity also generated a loss after tax of $1,350,153 (2022: $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 future research and development (R&D) grants; and
- 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 2023

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 23	30 Jun 23
Current	**$**	$
Trade receivables	**1,543**	817
GST receivable	**50,758**	120,236
Interest receivable	**81,950**	69,530
Prepayments	**119,420**	262,950
	253,671	453,533
Non-Current		
Environmental bonds and deposits	**1,310,668**	1,310,668
Rental bond	**42,118**	42,118
	1,352,786	1,352,786
	1,606,457	1,806,319

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2023

6. Trade and other payables

	Consolidated	Consolidated
Current	**31 Dec 23**	**30 Jun 23**
Trade payables	**209,976**	360,155
Other payables	**88,115**	218,769
Employee benefits	**100,038**	130,015
	398,129	708,939
Non-Current		
Employee benefits	**58,108**	51,469
	58,108	51,469
	456,237	760,408

7. Issued Capital

	Consolidated	
	31 Dec 23	**30 Jun 23**
	$	$
Ordinary shares - fully paid 338,804,672 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)
	134,087,081	134,087,081

The weighted average number of shares used to calculate the basic and diluted loss per share was 338,804,672 (31 December 2022: 338,537,499)

8. Other Income

	Consolidated	
	31 Dec 23	**31 Dec 22**
	$	$
Sundry Income	**23,700**	22,200
R&D Tax Incentive	**4,953,553**	-
	4,977,253	22,200

9. 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:

	Consolidated	
	31 Dec 23	**31 Dec 22**
Statement of profit or loss and other comprehensive income	**$**	**$**
Share based payments expense	**(157,622)**	(683,968)
Reversal of unvested share-based payments	**166,371**	-
	8,749	(683,968)

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2023

9. 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:

(a) provide an incentive for employees/contractors to remain in their employment and continue to provide services to the Group in the long-term; and
(b) recognise the ongoing efforts and contributions of employees/contractors to the long-term performance and success of the Group; and
(c) 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.

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 2023.

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	30-Jun-24	1,000,000	-	-	-	-	1,000,000	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%
16-Aug-22	30-Jun-24	708,333	-	-	-	-	708,333	0%
16-Aug-22	30-Jun-25	708,332	-	-	-	-	708,332	0%
		4,166,665	-	-	(1,750,000) *	-	2,416,665	

*Forfeited as service condition was not met.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2023

9. Share based payments (continued)

Employee Performance Share Rights (continued)

For the performance rights granted during previous financial year, both Black Sholes 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
		2,291,817					

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
		1,471,448					

9. Share based payments (continued)

Share options

Options are granted either under the Company's Employee Share Incentive Option Plan or on terms determined by the directors or otherwise approved by the Company at a general meeting. The options are granted for no consideration. Options are usually granted for a three to four-year period and entitlements to the options are vested on a time basis and/or on specific performance-based criteria such as share price increases or reserves certification. Options granted either under the plan or otherwise as described above carry no dividend or voting rights. When exercisable, each option is convertible to one ordinary share.

No share options were granted to employees and contractors as part of their remuneration.

The following table shows the number and movements of share options during the year and on issue at reporting date.

Grant date	Expiry date	Opening balance	Granted during the period	Forfeited during the period	Exercised during the period	Expired during the period	Closing balance	% Vested & Exercisable
01-Dec-20	01-Dec-23	8,000,000	-	-	-	(8,000,000)	-	-
18-Feb-21	16-Mar-24	2,500,000	-	-	-	-	2,500,000	-
03-Mar-22	04-Sep-23	36,922,568	-	-	-	(36,922,588)	-	-
26-Apr-22	04-Sep-23	1,375,000	-	-	-	(1,375,000)	-	-
02-Jun-22	04-Sep-23	4,380,750	-	-	-	(4,380,750)	-	-
26-Apr-22	31-Dec-24	3,323,031	-	-	-	-	3,323,031	-
26-Apr-22	31-Dec-24	3,323,031	-	-	-	-	3,323,031	-
		59,824,380	-	-	-	(50,678,338)	9,146,062	

The share options are assessed at the fair value at the grant date. The fair value of the share options issued was determined using a Black-Scholes option pricing model taking into account the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and, as the options had already vested, an estimate of the anticipated exercise date.

The following table lists the inputs to the model used to value the share options granted during previous years:

Input Variables	Input	Input	Input	Input
Options granted	8,000,000	2,500,000	3,323,031	3,323,031
Grant date	01-Dec-20	18-Feb-21	26-Apr-22	26-Apr-22
Vesting date	01-Dec-20	18-Feb-21	26-Apr-22	26-Apr-22
Exercise period	3 years	3 years	2.7 years	2.7 years
Expected exercise date	30-Nov-23	18-Feb-24	31-Dec-24	31-Dec-24
Expected life	3 years	3 years	2.7 years	2.7 years
Exercise price	150 cents	150 cents	44.8 cents	51.2 cents
Risk free rate	0.27%	0.27%	1.00%	1.00%
Expected annual volatility	86.9%	86.9%	48.5%	48.5%
Annual rate of dividends	0%	0%	0%	0%
Value per option	27.54 cents	33.45 cents	16.13 cents	14.00 cents

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2023

10. Contingent liabilities

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

11. Commitments

Bank guarantees

National Australia Bank Limited have provided a bank guarantee totalling $1,294,950 (June 2023: $1,294,950) as follows:

- $1,252,832 (June 2023: $1,252,832) to the State of Queensland in respect of the Group's exploration permits and environmental guarantees.
- $42,118 (June 2023: $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 4 and Kumbarilla (ATP 2043) is in year 5 of their respective initial six-year work programmes. The permits are expected to be substantially compliant by the end of their respective tenures.

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 (2023: $ Nil). There are no commitments beyond 31 December 2023.

12. 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.

13. Related party transactions

There are no related party transactions for the period ended 31 December 2023.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 17 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 2023 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, 6 March 2024

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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 2023, 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 2023 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 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 2023 and its 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

C R Jenkins
Director

Brisbane, 6 March 2024